



## PROJECT FUNDING REQUEST

**BOARD DATE:** October 2, 2025

**Team Manager:** Candice De Lello

### ACTION REQUESTED

Consider approving by resolution a request from the Bluff Dale Water Supply Corporation (Erath County) to amend Texas Water Development Board Resolution No. 20-094 to authorize \$145,000 in additional financing from the Drinking Water State Revolving Fund for construction of a water system improvements project.

### STAFF RECOMMENDATION

☒ Approve      ☐ No Action

### BACKGROUND

Bluff Dale Water Supply Corporation (Corporation) is located in Erath County approximately 49 miles southwest of Fort Worth. The Corporation provides water services to a population of approximately 252 residents and 90 connections.

In November 2020, Texas Water Development Board (TWDB) approved a \$490,000 commitment to the Corporation for planning, design, and construction of drilling a second well. The Corporation has experienced construction cost increases due to inflation. Project costs have exceeded the budget, and the Corporation requires additional funds to complete construction of the project.

### PROJECT NEED AND DESCRIPTION

The Corporation currently operates a single public water supply well. If this well fails or requires maintenance, the water system has no backup supply, resulting in customers going without water until the well is restored. Additional supply is also required to remain in compliance with the Texas Commission on Environmental Quality (TCEQ) connection capacity requirement of 0.6 gallons per minute (gpm) per connection. The Corporation is currently in violation of the TCEQ's 85 percent maximum production capacity rule, with existing production capacity at approximately 89 percent. Projected population growth in Erath County is one percent per year, according to the most recent Region G projections, creating further demand for additional supply in the near future.

The Corporation is requesting additional construction funding to drill a second well to bring the system into compliance with TCEQ connection capacity and 85 percent maximum production capacity requirements, and to provide an emergency water supply. The new well will also have adequate capacity to meet projected future demand. The proposed well will be connected to the Corporation's existing water supply system, with water treated through the current chlorination equipment and stored in the existing standpipe.

<b>COMMITMENT PERIOD:</b> SIX (6) MONTHS TO EXPIRE APRIL 30, 2026
---

## PROJECT SCHEDULE

Task	Schedule Date
Closing	January 31, 2026
Planning Phase Completion	June 9, 2023
Design Phase Completion	October 1, 2025
Start of Construction	October 1, 2025
Construction Completion	January 15, 2026

## KEY ISSUES

The Corporation is currently in violation of the TCEQ 85 percent capacity requirements.

The Corporation is requesting funding from the 2023 Drinking Water State Revolving Fund project reserve dedicated to an existing project with cost increase.

The Corporation's operational income has been declining for the last three years due to the system losing customers in 2023 as well as slight increase in operational expenses due to the system's planned growth. The Corporation is planning to correct this continued decline by increasing its water rates and expanding capacity.

## LEGAL/SPECIAL CONDITIONS

- Notice of change in legal status
- Notice of conveyance

### Attachments:

1. Financial Review
2. Project Budget
3. Resolution (25- )
4. Resolution 20-094
5. Water Conservation Review
6. Location Map

# Financial Review Bluff Dale WSC

Attachment 1

Risk Score: 2B

Audit Reviewed: FY 2024

## Key Indicators

Indicator	Result	Benchmark
Population Growth, Average Annual 2010-2020	County: 1.17%	State: 1.49%
Top 10 Customers % of Total Revenue	32%	10-15%
Median Household Income as % of State	82%	100%
Household Cost Factor	2.85%	1.51-2.00%
Days of Cash on Hand (3-year Average)	1,377 days	30-149 days
Net Fixed Assets/ Annual Depreciation	22 years	12-24 years
Debt Service Coverage Ratio	0.5x	1.0x
Debt-to-Operating Revenues	8.92	4.00-5.99x
Unemployment Rate (June, 2025)	County: 3.7%	State: 4.1%
Working Capital Ratio	7.0	> 1.0

## Key Risk Score Strengths

- The Corporation three-year average days of cash on hand indicates the Corporation has the ability to cover expenses for more than a year without needing to raise additional revenue.
- The Corporation's working capital ratio far exceeds the benchmark, indicating it has ample resources to cover short-term liabilities and shows a strong liquidity position.
- Over the past 10 years, the County's population has grown by over one percent annually and, according to the 2026 Regional Water Plan projections, Erath County is expected to grow by an additional 22 percent by 2040, positioning the Corporation to maintain strong revenue generation.

## Key Risk Score Concerns

- Based on 2024 audited financial figures, the Corporation does not currently meet the required coverage for the proposed debt service and will need to implement an initial rate increase of \$14.00 in 2026, with a maximum rate increase of \$19.46 being needed by 2027. The Corporation is planning to increase average water rates by \$18.50 next year to cover the initial rate increase and will revise rates annually for each of the consecutive years to meet required coverage. The Corporation is not anticipating any issues with implementing the rates.
- Over 32 percent of the Corporation's system revenue comes from the top 10 customers, with the top customer being an individual who makes up 6.49 percent of the total revenue. A stress test was run removing that revenue resulting in a required maximum rate increase of \$24.40. However, this would likely be mitigated as the Corporation takes on new customers.
- The Corporation's debt-to-operating revenue ratio exceeds the benchmark, indicating a substantial dependence on borrowing that could limit financial flexibility. However, anticipated strong population growth in Erath County is expected to alleviate this concern, as the addition of new customers will expand the revenue base.
- The Corporation's operational income has been declining for the last three years due to the recent customer loss and a slight increase in operational expenses due to the system's planned growth. The Corporation is planning to correct this continued decline by increasing its water rates and expanding capacity.

**PLEDGE**

Legal Pledge Name	Utility System Revenues
Type of Pledge	<input type="checkbox"/> Tax <input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Tax & Revenue <input type="checkbox"/> Contract <input type="checkbox"/> Other
Revenue Pledge Level	<input checked="" type="checkbox"/> First <input type="checkbox"/> Second <input type="checkbox"/> Third <input type="checkbox"/> N/A

**RATES AND CHARGES**

Average Residential Use	Gallons/Month	Current Rates	Projected Rates (2027)	Current Household Cost Factor	Projected Household Cost Factor
Water	2,512	\$72.59	\$92.05	2.46	2.85

Cost Savings

Based on a 30-year maturity schedule and current interest rates, the Corporation could save approximately \$46,649 over the life of the financing.

## Project Data Summary

<b>Responsible Authority</b>	Bluff Dale WSC
<b>Program</b>	DWSRF
<b>Commitment Number</b>	L1002259
<b>Project Number</b>	62891
<b>List Year</b>	2023
<b>Type of Pledge</b>	Revenue Pledge
<b>Pledge Level (if applicable)</b>	First Lien
<b>Legal Description</b>	\$145,000 Bluff Dale WSC Loan Agreement
<b>Tax-exempt or Taxable</b>	Taxable
<b>Refinance</b>	No
<b>Outlay Requirement</b>	Yes
<b>Disbursement Method</b>	Escrow
<b>Outlay Type</b>	Outlay = Escrow Release
<b>Qualifies as Disadvantaged</b>	No
<b>State Revolving Fund Type</b>	Non-Equivalency
<b>Financial Managerial &amp; Technical Complete</b>	Yes
<b>Phases Funded</b>	Construction
<b>Pre-Design</b>	Yes
<b>Project Consistent with State Water Plan</b>	Yes
<b>Water Conservation Plan</b>	Exempt (\$500,000 or less)
<b>Overall Risk Score</b>	2B

### PROJECT TEAM

Team Manager	Financial Analyst	Engineering Reviewer	Environmental Reviewer	Attorney
Candice De Lello	Jacob Berdoll	Luther Medina	Kylie Beard	Walter Dean

ISSUE BEING EVALUATED  
FOR ILLUSTRATION PURPOSES ONLY  
Bluff Dale WSC

\$145,000 Bluff Dale WSC Loan Agreement

Dated Date: 1/31/2026  
Delivery Date: 1/31/2026  
First Interest: 6/1/2026  
First Principal: 6/1/2027  
Last Principal: 6/1/2055  
Fiscal Year End: 12/31  
Required Coverage: 1.0

Source: DWSRF-NON-EQUIVALENCY  
Rate: 4.65%  
IUP Year: 2023  
Case: Revenue  
Admin.Fee: \$2,843  
Admin. Fee Payment Date: 1/31/2026

FISCAL YEAR	PROJECTED NET SYSTEM REVENUES	CURRENT DEBT SERVICE	\$145,000 ISSUE				TOTAL DEBT SERVICE	COVERAGE
			PRINCIPAL PAYMENT	INTEREST RATE	INTEREST PAYMENT	TOTAL PAYMENT		
2026	\$38,395	\$33,062	\$0	-	\$5,333	\$5,333	\$38,395	1.00
2027	44,164	32,872	5,000	3.47%	6,292	11,292	44,164	1.00
2028	44,164	32,638	5,000	3.47%	6,118	11,118	43,757	1.01
2029	44,164	32,366	5,000	3.49%	5,944	10,944	43,310	1.02
2030	44,164	32,062	5,000	3.61%	5,767	10,767	42,829	1.03
2031	44,164	31,725	5,000	3.65%	5,585	10,585	42,310	1.04
2032	44,164	31,352	5,000	3.83%	5,398	10,398	41,750	1.06
2033	44,164	30,949	5,000	3.87%	5,206	10,206	41,155	1.07
2034	44,164	30,525	5,000	4.10%	5,007	10,007	40,532	1.09
2035	44,164	30,084	5,000	4.16%	4,800	9,800	39,884	1.11
2036	44,164	29,628	5,000	4.24%	4,590	9,590	39,218	1.13
2037	44,164	29,155	5,000	4.29%	4,377	9,377	38,532	1.15
2038	44,164	28,659	5,000	4.32%	4,162	9,162	37,820	1.17
2039	44,164	28,139	5,000	4.35%	3,945	8,945	37,084	1.19
2040	44,164	27,608	5,000	4.40%	3,726	8,726	36,334	1.22
2041	44,164	27,070	5,000	4.76%	3,497	8,497	35,567	1.24
2042	44,164	31,471	5,000	4.77%	3,259	8,259	39,729	1.11
2043	44,164	30,807	5,000	4.78%	3,020	8,020	38,827	1.14
2044	44,164	30,138	5,000	4.79%	2,781	7,781	37,919	1.16
2045	44,164	29,469	5,000	4.80%	2,541	7,541	37,010	1.19
2046	44,164	28,798	5,000	4.81%	2,301	7,301	36,099	1.22
2047	44,164	28,126	5,000	4.82%	2,060	7,060	35,186	1.26
2048	44,164	27,451	5,000	4.82%	1,819	6,819	34,270	1.29
2049	44,164	26,775	5,000	4.83%	1,578	6,578	33,353	1.32
2050	44,164	26,096	5,000	4.84%	1,336	6,336	32,432	1.36
2051	44,164	27,378	5,000	4.84%	1,094	6,094	33,472	1.32
2052	44,164	-	5,000	4.85%	852	5,852	5,852	7.55
2053	44,164	-	5,000	4.86%	609	5,609	5,609	7.87
2054	44,164	-	5,000	4.87%	366	5,366	5,366	8.23
2055	44,164	-	5,000	4.88%	122	5,122	5,122	8.62
		\$774,401	\$145,000		\$103,482	\$248,482	\$1,022,883	

AVERAGE (MATURITY) LIFE	15.34 YEARS
NET INTEREST RATE	4.654%
COST SAVINGS	\$46,649
AVERAGE ANNUAL REQUIREMENT	\$8,283

*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**  
**Bluff Dale WSC**  
**62891 - FM 2481 2nd Well**

Budget Items	Previous Commitments	This Commitment	Total
<b>Construction</b>			
Construction	\$363,000	\$140,000	\$503,000
Construction Contract	\$0	\$0	\$0
<b>Subtotal for Construction</b>	<b>\$363,000</b>	<b>\$140,000</b>	<b>\$503,000</b>
<b>Basic Engineering Services</b>			
Construction Engineering	\$9,760	\$0	\$9,760
Design	\$36,000	\$0	\$36,000
<b>Subtotal for Basic Engineering Services</b>	<b>\$45,760</b>	<b>\$0</b>	<b>\$45,760</b>
<b>Special Services</b>			
Environmental	\$23,000	\$0	\$23,000
Permits	\$24,161	\$0	\$24,161
Surveying	\$10,000	\$0	\$10,000
<b>Subtotal for Special Services</b>	<b>\$57,161</b>	<b>\$0</b>	<b>\$57,161</b>
<b>Fiscal Services</b>			
Loan Origination Fee	\$9,608	\$2,843	\$12,451
<b>Subtotal for Fiscal Services</b>	<b>\$9,608</b>	<b>\$2,843</b>	<b>\$12,451</b>
<b>Other</b>			
Land/Easements Acquisition	\$5,500	\$0	\$5,500
<b>Subtotal for Other</b>	<b>\$5,500</b>	<b>\$0</b>	<b>\$5,500</b>
<b>Contingency</b>			
Contingency	\$8,971	\$2,157	\$11,128
<b>Subtotal for Contingency</b>	<b>\$8,971</b>	<b>\$2,157</b>	<b>\$11,128</b>
<b>Total</b>	<b>\$490,000</b>	<b>\$145,000</b>	<b>\$635,000</b>

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD  
AMENDING TEXAS WATER DEVELOPMENT BOARD RESOLUTION NO. 20-094 TO  
PROVIDE ADDITIONAL FINANCIAL ASSISTANCE IN THE AMOUNT OF \$145,000 TO  
THE BLUFF DALE WATER SUPPLY CORPORATION  
FROM THE DRINKING WATER STATE REVOLVING FUND  
THROUGH THE PROPOSED PURCHASE OF A PROMISSORY NOTE IN THE AMOUNT  
OF \$145,000 AND EXECUTION OF A LOAN AGREEMENT

(25 - )

Recitals:

At its November 5, 2020 meeting, the Texas Water Development Board (TWDB), by TWDB Resolution No. 20-094, made a commitment to provide financial assistance in the amount of \$490,000 to the Bluff Dale Water Supply Corporation (Corporation), located in Erath County, from the Drinking Water State Revolving Fund (DWSRF), to be secured by TWDB's purchase of a Promissory Note and execution of a Loan Agreement to finance the construction of certain water system improvements identified as Project No. 62891, all as is more specifically set forth in the TWDB's Resolution and accompanying documentation, to which documents express reference is made.

The Corporation now seeks additional financial assistance from the TWDB through the TWDB's proposed purchase of a Promissory Note in the amount of \$145,000 and the execution of a Loan Agreement (together with all authorizing documents (Obligations)) in order to fund certain reasonable but unforeseen cost overruns, all as is more specifically set forth in the Corporation's application and in recommendations of the TWDB's staff.

The Corporation has offered a pledge of system revenues and a mortgaged deed of trust on the Corporation's system as sufficient security for the repayment of the obligations.

Findings:

1. The revenue or taxes pledged by the Corporation will be sufficient to meet all the Obligations assumed by the Corporation, in accordance with Texas Water Code § 15.607.
2. The term of the Obligations does not exceed the expected useful life of the project proposed by the Corporation.
3. The TWDB hereby finds that granting the Corporation's request is reasonable and that the request is in the public interest and will serve a public purpose.

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

A commitment is made by the TWDB to the Bluff Dale Water Supply Corporation for financial assistance in the amount of \$145,000 from the Drinking Water State Revolving Fund through the TWDB's proposed purchase of Promissory Note in the amount of \$145,000 and the execution of a Loan Agreement. This commitment will expire on October 31, 2026.



All other terms and conditions of TWDB Resolution No. 20-094 shall remain in full force and effect except as follows:

APPROVED and ordered of record this 2<sup>nd</sup> day of October 2025.

TEXAS WATER DEVELOPMENT BOARD

\_\_\_\_\_  
L'Oreal Stepney, P.E., Chairwoman

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

ATTEST:

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

**A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD  
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF  
\$490,000 TO THE BLUFF DALE WATER SUPPLY CORPORATION  
FROM THE DRINKING WATER STATE REVOLVING FUND  
THROUGH THE PROPOSED PURCHASE OF  
A PROMISSORY NOTE IN THE AMOUNT OF \$490,000 AND EXECUTION OF A TAXABLE  
LOAN AGREEMENT**

**(20-094)**

WHEREAS, the Bluff Dale Water Supply Corporation (Corporation), located in Erath County has filed an application for financial assistance in the amount of \$490,000 from the Drinking Water State Revolving Fund (DWSRF) to finance the planning, acquisition, design, and construction of certain water system improvements identified as Project No. 62891; and

WHEREAS, the Corporation seeks financial assistance from the Texas Water Development Board (TWDB) through the TWDB's proposed purchase of a Promissory Note in the amount of \$490,000 and execution of a Loan Agreement, all as is more specifically set forth in the application and in recommendations of the TWDB's staff; and

WHEREAS, the Corporation has offered a pledge of systems revenues and a first lien mortgage on the Corporation's system as sufficient security for the repayment of the Obligations; and

WHEREAS, the commitment is approved for funding under the TWDB's pre-design funding option, and initial and future releases of funds are subject to 31 TAC § 371.13; and

WHEREAS, the TWDB hereby finds:

1. that the revenue pledged by the Corporation will be sufficient to meet all the Obligations assumed by the Corporation, in accordance with Texas Water Code § 15.607;
2. that 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. that the Corporation is exempt from requirements to adopt a water conservation program because the TWDB's financial assistance will be \$500,000 or less;
4. that 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 that is consistent with the approved regional and state water plans, as required by Texas Water Code § 16.053(j); and

5. that a current water audit required by Texas Water Code § 16.0121 and 31 TAC § 358.6 has been completed by the Corporation and filed 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 Bluff Dale Water Supply Corporation for financial assistance in the amount of \$490,000 from the Drinking Water State Revolving Fund through the TWDB's proposed purchase of a Promissory Note in the amount of \$490,000, and the execution of a Loan Agreement. This commitment will expire on November 30, 2021.

Such commitment is conditioned as follows:

Standard Conditions

1. this commitment is contingent on a future sale of bonds by the TWDB or on the availability of funds on hand;
2. prior to closing, the Corporation must submit to the Executive Administrator an attorney's opinion confirming the legal authority for the Corporation to incur the debt;
3. this commitment is contingent upon the Corporation's compliance with all applicable requirements contained in 31 TAC Chapter 371;
4. the Obligations must provide that the Corporation may prepay all or part of the amounts of principal and interest then due on the loan on any regularly scheduled payment date as specified in the Repayment Schedule, as revised, beginning no earlier than the first interest payment date that is 10 years from the date of the first delivery of funds from the TWDB to the Corporation pursuant to this Agreement;
5. the Corporation, 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 Corporation's Obligations or obligated persons, will, at a minimum, regardless of the amount of the Obligations, covenant to comply with requirements for continuing disclosure on an ongoing basis substantially in the manner required by Securities and Exchange Commission (SEC) in 17 CFR § 240.15c2-12 (Rule 15c2-12) and determined as if the TWDB were a Participating Underwriter within the meaning of such rule, such continuing disclosure undertaking being for the benefit of the TWDB and the beneficial owners of the Corporation's Obligations, if the TWDB sells or otherwise transfers such Obligations, and the beneficial owners of the TWDB's bonds if the Corporation is an obligated person with respect to such bonds under SEC Rule 15c2-12;

6. the Obligations must contain a provision requiring the Corporation to levy a tax and/or maintain and collect sufficient rates and charges to produce system revenues 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;
7. the Obligations must include a provision requiring the Corporation to use any loan 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 that are explicitly approved by the Executive Administrator or if no enhancements are authorized by the Executive Administrator, requiring the Corporation to submit a final accounting and disposition of any unused funds;
8. the Obligations must include a provision requiring the Corporation to use any loan proceeds from the Obligations that are determined to be surplus funds remaining after completion of the project and completion of a final accounting in a manner as approved by the Executive Administrator;
9. 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;
10. loan 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;
11. loan proceeds shall not be used by the Corporation when sampling, testing, removing, or disposing of contaminated soils and/or media at the project site. The Obligations shall include an environmental indemnification provision wherein the Corporation agrees to indemnify, hold harmless and protect the TWDB from any and all claims, causes of action or damages to the person or property of third parties arising from the sampling, analysis, transport, storage, treatment and disposition of any contaminated sewage sludge, contaminated sediments and/or contaminated media that may be generated by the Corporation, its contractors, consultants, agents, officials and employees as a result of activities relating to the project to the extent permitted by law;
12. prior to closing, the Corporation shall submit documentation evidencing the adoption and implementation of sufficient system rates and charges or, if applicable, the levy of an interest and sinking tax rate sufficient for the repayment of all system debt service requirements;

13. prior to closing, and if not previously provided with the application, the Corporation 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 under the contract, and acceptable to the Executive Administrator;
14. prior to closing, when any portion of the financial assistance is to be held in escrow or in trust, the Corporation 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;
15. the Executive Administrator may require that the Corporation execute a separate financing agreement in form and substance acceptable to the Executive Administrator;
16. the TWDB retains the option to purchase the Obligations in separate lots and/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;
17. the Obligations must provide that the Corporation will comply with all applicable TWDB laws and rules related to the use of the financial assistance;
18. the Obligations must provide that the Corporation 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;
19. the Obligations must contain a provision requiring the Corporation to maintain insurance coverage sufficient to protect the TWDB's interest in the project;

#### State Revolving Fund Conditions

20. the Corporation shall submit outlay reports with sufficient documentation on costs on a quarterly or monthly basis in accordance with TWDB outlay report guidelines;
21. 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 Corporation, 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 financial assistance made available as provided herein shall insert in

full in any contract in excess of \$2,000 the contracts clauses as provided by the TWDB;

22. the Obligations must include a provision stating that the Corporation 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 Corporation shall obtain a Data Universal Numbering System (DUNS) Number and shall register with System for Award Management (SAM), and maintain current registration at all times during which the Obligations are outstanding;
23. the Obligations shall provide that all loan proceeds will be timely and expeditiously used, as required by 40 CFR § 35.3135(d), and also shall provide that the Corporation will adhere to the approved project schedule;
24. The Obligations must contain a covenant that the Corporation 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;

#### Drinking Water State Revolving Fund Conditions

25. prior to or at closing, the Corporation shall pay an origination fee approved by the Executive Administrator of the TWDB pursuant to 31 TAC Chapter 371;
26. prior to 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 Corporation 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;
27. prior to release of funds for professional consultants including, but not limited to, the engineer, financial advisor, and bond counsel, as appropriate, the Corporation 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;

#### Water Supply Corporation Conditions

28. the Corporation's indebtedness to the TWDB shall be evidenced by loans specifically secured by:
  - a. a first or parity lien on the gross revenues of the Corporation's water system (System); and
  - b. a first or parity lien mortgage on the System;

29. upon closing or within 20 days after closing, the Corporation must file a Deed of Trust with the County Clerk of the county in which the property is located, as required by Business and Commerce Code, Chapter 9, or a Utility Security Instrument with the Secretary of State's Office and corresponding notice with the County Clerk, as required by Business and Commerce Code, Chapter 261, as evidence of the TWDB's security interest in the Corporation's System. Within thirty (30) days of the date of each filing, the Corporation shall submit a copy of the recorded instrument to the TWDB;
30. upon closing or within 20 days after closing, the Corporation must file a security instrument with the Secretary of State's Office, as required by Business and Commerce Code, Chapter 9 or Chapter 261 to evidence the TWDB's security interest in any personal property directly related to water supply and/or sewer service, owned or to be acquired by the Corporation. A copy of the recorded security instrument shall be submitted by the Corporation to the TWDB within thirty (30) days of its filing with the Secretary of State's Office;
31. prior to closing, the Corporation must obtain a commitment from a title insurance company in accordance with the standards established by the Texas Department of Insurance, resulting in the issuance of a mortgagee title insurance policy on the property owned in fee simple, upon which the TWDB will be given a first or parity lien mortgage. A copy of the mortgagee title insurance policy shall be submitted to the TWDB within thirty (30) days of its execution;
32. prior to closing, the Corporation must cure any defects or liens upon the property listed in Schedule C of the title insurance company commitment that the Executive Administrator deems necessary;
33. prior to release of funds for construction, the Corporation must provide the TWDB with evidence that the necessary acquisitions of land, leases, easements, and rights-of-way have been completed, or that the Corporation has the legal authority necessary to complete the acquisitions;
34. prior to closing, the Corporation must submit to the Executive Administrator evidence that the Corporation's bylaws have been amended to include the following requirements:
  - a. as long as the Corporation is indebted for a loan or loans made by or through the TWDB, the bylaws shall not be altered, amended, or repealed without the prior written consent of the Executive Administrator; and
  - b. the Corporation is a nonprofit Corporation; no part of the income of the Corporation will be distributed to the Corporation's members, directors, or officers;

35. prior to closing, if the Corporation is pledging a lien on real property that is to be on parity with a lien or liens on real property securing debt that will remain outstanding after closing the TWDB's loan, then the Corporation must execute a Parity Agreement with each entity that holds such debt that is acceptable in form and substance to the Executive Administrator;
36. the Obligations shall include a special covenant prohibiting the Corporation from encumbering, pledging or otherwise impairing the revenues of the System in any manner with respect to the payment of any Obligations or with respect to any liability, except for the payment of the following: (1) maintenance and operating expenses payable within the current fiscal year with current revenues; and (2) additional debt, and that the Corporation shall in no way encumber, pledge or otherwise impair its title to the land used by or for the System or any interests therein, including improvements and facilities of the System, without prior TWDB approval;

#### Pledge Conditions for the Loan

37. the Obligations must require the accumulation of a reserve fund of no less than average annual debt service requirements, to be accumulated in equal monthly installments over the initial sixty (60) months following the issuance of the Obligations; and
38. if the Corporation has existing revenue obligations with the same pledge of security as the proposed Obligations that will remain outstanding after any loan(s) made by the TWDB pursuant to this commitment, the lien or liens securing the Obligations issued to the TWDB shall be at least on a parity with lien or liens securing such outstanding obligations.

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

#### Special Conditions

39. the Corporation must notify the Executive Administrator in writing, thirty (30) days prior to taking any actions to alter its legal status in any manner;
40. the Obligations must include a provision requiring that the Corporation notify the Executive Administrator in writing prior to 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;
41. prior to the release of funds, the Corporation shall provide a schedule of the useful life of the project components prepared by an engineer as well as a certification by the applicant that the average weighted maturity of the obligations purchased by the TWDB does not exceed 120% of the average estimated useful life of the project, as determined by the schedule; and



42. prior to closing, the Corporation must submit to the Executive Administrator evidence that all debt secured by the Corporation's water system, with the exception of debt held by TWDB, has been paid in full.

APPROVED and ordered of record this 5th day of November, 2020.

TEXAS WATER DEVELOPMENT BOARD



Peter M. Lake, Chairman

DATE SIGNED: 11/9/20

ATTEST:



Jeff Walker, 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:	Apparent Loss GCD		Real Loss GCD	
Threshold Type:	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.



# Bluff Dale WSC Erath County

