TEXAS WATER DEVELOPMENT BOARD

PROJECT FUNDING REQUEST

BOARD DATE: May 11, 2026 **Team Manager:** Joe Koen

ACTION REQUESTED

Consider approving by resolution a) a request from the City of Crowley (Tarrant County) for $26,000,000 in financial assistance from the Texas Water Development Fund for planning, acquisition, design, and construction of a water system improvements project. b) a waiver from the requirement to include funds to mitigate water loss as part of this project.

STAFF RECOMMENDATION

☒ Approve ☐ No Action

BACKGROUND

The City of Crowley (City) is located 15 miles south of Fort Worth. The City provides water and wastewater services to a population of approximately 19,007 residents and approximately 8,395 water and 8,177 wastewater connections.

PROJECT NEED AND DESCRIPTION

The City projects that it will add approximately 9,100 connections by 2045, requiring the City to add 266,000 gallons to the 2.3 million gallons of existing storage to meet Texas Commission on Environmental Quality (TCEQ) requirements. In addition, water demand in the City's service area is projected to increase from the current 2.15 million gallons per day (MGD) to 3.9 MGD by 2045.

The City proposes to add 12,000 feet of new 24-inch PVC water transmission line to create looping in the system, a 500,000-gallon elevated storage tank, two 500,000-gallon ground storage tanks and a 2.52 MGD pump station.

PROJECT SCHEDULE

Task	Schedule Date
Closing	August 15, 2026
Engineering Feasibility Report Completion (End of Planning Phase)	November 30, 2026
Design Phase Completion	January 31, 2027
Start of Construction	April 1, 2027
Construction Completion	May 31, 2028

COMMITMENT PERIOD: TWELVE (12) MONTHS TO EXPIRE MAY 31, 2027

KEY ISSUES
The City is requesting a waiver from the requirement to include water loss mitigation funding as part of its project. The City is above its threshold for real water loss. The City is using local funds for a leak detection study to directly address real water loss and has implemented a program to replace meters that is expected to indirectly benefit real water loss and directly benefit apparent loss.

Attachments:
1. Financial Review
2. Project Budget
3. Resolution (26-)
4. Water Conservation Review
5. Water Loss Waiver Request Letter
6. Location Map

Financial Review
City of Crowley

Risk Score: 2A

Audit Reviewed: FY 2025

Key Indicators

Indicator	Result	Benchmark
Population Growth, Average Annual 2010-2020	City: 3.48%	State: 1.49%
Top 10 Customers % of Total Revenue	6%	10-15%
Median Household Income as % of State	121%	100%
Household Cost Factor	1.03%	1.51-2.00%
Days of Cash on Hand (3-year Average)	548 days	30-149 days
Net Fixed Assets/ Annual Depreciation	15 years	12-24 years
Debt Service Coverage Ratio	1.20x	1.00x
Debt-to-Operating Revenues	2.77x	4.00-5.99x
Unemployment Rate (December, 2025)	County: 3.6%	State: 3.9%
Working Capital Ratio	5.701	> 1.0
Net direct debt / Total Assessed Valuation	1.24%	2-5%
Total assessed valuation, per capita	$120,771	$30,000-$64,999

Key Risk Score Strengths

- Debt service coverage is above the benchmark with a debt service coverage of 1.20x.
- The working capital ratio is above the benchmark, indicating that the City's current assets are sufficient to cover its short-term obligations.
- The projected household cost factor is below the benchmark, indicating that utility rates are not projected to create burden on the City's constituency.
- Average current tax collection percentages are near maximum over a three-year period. When combined with the City's below benchmark net direct debt / total assessed valuation percentage and above benchmark total assessed valuation per capita, this indicates a reliable source of tax revenues for repayment of the proposed debt.

PLEDGE

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

RATES AND CHARGES

Average Residential Use	Gallons/Month	Current Rates	Projected Rates	Current Household Cost Factor	Projected Household Cost Factor
Water	6,150	$44.35	$44.35	1.03	1.03
Wastewater	6,000	$35.41	$35.41		

TAXES

	2025 Tax Year Rate	Max Projected Tax Rate	Maximum Allowable Rate	3-Year Avg Current Tax Collections	Assessed Valuation
Maintenance & Operation	$0.4972	$0.4972	$2.50	99.57%	$2,182,326,218
Interest & Sinking	$0.1403	$0.1403			
Total Tax Rate	$0.6375	$0.6375			

Texas Water Development Board

Project Data Summary

Responsible Authority	City of Crowley
Program	WDF
Commitment Number	L1002350
Project Number	21925
List Year	2026
Type of Pledge	Combo Tax and Revenue
Pledge Level (if applicable)	Third Lien
Legal Description	$26,000,000 City of Crowley, Texas Combination Tax and Surplus Utility System Revenue Certificates of Obligation, Proposed 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
Financial Managerial & Technical Complete	N/A
Phases Funded	Planning, Acquisition, Design, and Construction
Pre-Design	Yes
Project Consistent with State Water Plan	Yes
Water Conservation Plan	Adopted
Overall Risk Score	2A

PROJECT TEAM				
Team Manager	**Financial Analyst**	**Engineering Reviewer**	**Environmental Reviewer**	**Attorney**
Joe Koen	Kyle DuQuesnay	Kyleigh Dixon	Kylie Beard	Michael Perez

ISSUE BEING EVALUATED
FOR ILLUSTRATION PURPOSES ONLY
City of Crowley

$26,000,000 City of Crowley, Texas Combination Tax and Surplus Utility System Revenue Certificates of Obligation, Proposed Series 2026

Dated Date:	**8/15/2026**	**Source:**	**WDF**
Delivery Date:	**8/15/2026**	**Rate:**	**4.74%**
First Interest:	**5/15/2027**	**IUP Year:**	**2026**
First Principal	**5/15/2027**	**Case:**	**Tax and Revenue**
Last Principal:	**5/15/2056**	**Admin.Fee:**	**$0**
Fiscal Year End:	**09/30**	**Admin. Fee Payment Date:**	**N/A**
Required Coverage:	**1.1**	**Total Assessed Valuation:**	**$2,182,326,218**

FISCAL YEAR	CURRENT TAX RATE	TAX REVENUES WITH COLL. @ 99.57%	PROJECTED NET SYSTEM REVENUES	PROJECTED TOTAL REVENUES	CURRENT DEBT SERVICE	$26,000,000 ISSUE PRINCIPAL PAYMENT	INTEREST RATE	INTEREST PAYMENT	TOTAL PAYMENT	TOTAL DEBT SERVICE	COVERAGE
2027	$0.14030	$3,048,638	$2,146,000	$5,194,638	$2,995,998	$485,000	2.55%	$852,848	$1,337,848	$4,333,846	1.20
2028	$0.14030	3,048,638	$2,146,000	5,194,638	2,999,450	400,000	2.56%	1,124,764	1,524,764	4,524,214	1.15
2029	$0.14030	3,048,638	$2,146,000	5,194,638	2,987,954	420,000	2.58%	1,114,524	1,534,524	4,522,478	1.15
2030	$0.14030	3,048,638	$2,146,000	5,194,638	2,242,923	445,000	2.61%	1,103,688	1,548,688	3,791,611	1.37
2031	$0.14030	3,048,638	$2,146,000	5,194,638	2,244,114	465,000	2.65%	1,092,073	1,557,073	3,801,187	1.37
2032	$0.14030	3,048,638	$2,146,000	5,194,638	2,084,333	490,000	2.73%	1,079,751	1,569,751	3,654,083	1.42
2033	$0.14030	3,048,638	$2,146,000	5,194,638	1,785,923	515,000	2.83%	1,066,374	1,581,374	3,367,296	1.54
2034	$0.14030	3,048,638	$2,146,000	5,194,638	1,781,069	540,000	2.90%	1,051,799	1,591,799	3,372,868	1.54
2035	$0.14030	3,048,638	$2,146,000	5,194,638	1,779,263	570,000	3.01%	1,036,139	1,606,139	3,385,402	1.53
2036	$0.14030	3,048,638	$2,146,000	5,194,638	1,780,378	600,000	3.10%	1,018,982	1,618,982	3,399,360	1.53
2037	$0.14030	3,048,638	$2,146,000	5,194,638	1,409,373	630,000	3.40%	1,000,382	1,630,382	3,039,755	1.71
2038	$0.14030	3,048,638	$2,146,000	5,194,638	1,406,340	660,000	3.64%	978,962	1,638,962	3,045,302	1.71
2039	$0.14030	3,048,638	$2,146,000	5,194,638	1,407,478	695,000	3.84%	954,938	1,649,938	3,057,416	1.70
2040	$0.14030	3,048,638	$2,146,000	5,194,638	908,475	730,000	4.01%	928,250	1,658,250	2,566,725	2.02
2041	$0.14030	3,048,638	$2,146,000	5,194,638	909,563	770,000	4.20%	898,977	1,668,977	2,578,540	2.01
2042	$0.14030	3,048,638	$2,146,000	5,194,638	-	810,000	4.35%	866,637	1,676,637	1,676,637	3.10
2043	$0.14030	3,048,638	$2,146,000	5,194,638	-	850,000	4.50%	831,402	1,681,402	1,681,402	3.09
2044	$0.14030	3,048,638	$2,146,000	5,194,638	-	890,000	4.62%	793,152	1,683,152	1,683,152	3.09
2045	$0.14030	3,048,638	$2,146,000	5,194,638	-	940,000	4.73%	752,034	1,692,034	1,692,034	3.07
2046	$0.14030	3,048,638	$2,146,000	5,194,638	-	985,000	4.82%	707,572	1,692,572	1,692,572	3.07
2047	$0.14030	3,048,638	$2,146,000	5,194,638	-	1,035,000	4.91%	660,095	1,695,095	1,695,095	3.06
2048	$0.14030	3,048,638	$2,199,586	5,248,224	-	1,090,000	4.95%	609,277	1,699,277	1,699,277	3.09
2049	$0.14030	3,048,638	$2,199,586	5,248,224	-	1,145,000	4.98%	555,322	1,700,322	1,700,322	3.09
2050	$0.14030	3,048,638	$2,199,586	5,248,224	-	1,205,000	5.01%	498,301	1,703,301	1,703,301	3.08
2051	$0.14030	3,048,638	$2,199,586	5,248,224	-	1,265,000	5.04%	437,930	1,702,930	1,702,930	3.08
2052	$0.14030	3,048,638	$2,199,586	5,248,224	-	1,330,000	5.05%	374,174	1,704,174	1,704,174	3.08
2053	$0.14030	3,048,638	$2,199,586	5,248,224	-	1,400,000	5.07%	307,009	1,707,009	1,707,009	3.07
2054	$0.14030	3,048,638	$2,199,586	5,248,224	-	1,470,000	5.08%	236,029	1,706,029	1,706,029	3.08
2055	$0.14030	3,048,638	$2,199,586	5,248,224	-	1,545,000	5.09%	161,353	1,706,353	1,706,353	3.08
2056	$0.14030	3,048,638	$2,199,586	5,248,224	-	1,625,000	5.09%	82,713	1,707,713	1,707,713	3.07
				$156,910,858	$28,722,630	$26,000,000		$23,175,447	$49,175,447	$77,898,077	

AVERAGE (MATURITY) LIFE	**18.79 YEARS**
NET INTEREST RATE	**4.744%**
COST SAVINGS	**$ -**
AVERAGE ANNUAL REQUIREMENT	**$1,639,182**

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.

Attachment 2

Project Budget Summary
City of Crowley
21925 - Crowley Water Storage and Transmission Improvements

Budget Items	TWDB Funds	Total
Construction		
Construction	$19,655,038.00	$19,655,039.00
Subtotal for Construction	**$19,655,038.00**	**$19,655,039.00**
Basic Engineering Services		
Construction Engineering	$165,572.00	$165,572.00
Design	$1,209,340.00	$1,209,340.00
Planning	$100,000.00	$100,000.00
Subtotal for Basic Engineering Services	**$1,474,912.00**	**$1,474,912.00**
Special Services		
Environmental	$12,430.00	$12,430.00
Geotechnical	$63,800.00	$63,800.00
Inspection	$391,414.00	$391,414.00
Permits	$114,000.00	$114,000.00
Subtotal for Special Services	**$581,644.00**	**$581,644.00**
Fiscal Services		
Bond Counsel	$80,000.00	$80,000.00
Financial Advisor	$79,406.00	$79,406.00
Fiscal/Legal	$15,000.00	$15,000.00
Issuance Costs	$25,000.00	$25,000.00
Subtotal for Fiscal Services	**$199,406.00**	**$199,406.00**
Other		
Land/Easements Acquisition	$2,789,000.00	$2,789,000.00
Subtotal for Other	**$2,789,000.00**	**$2,789,000.00**
Contingency		
Contingency	$1,300,000.00	$1,300,000.00
Subtotal for Contingency	**$1,300,000.00**	**$1,300,000.00**
Total	$26,000,000.00	$26,000,000.00

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF $26,000,000 TO CITY OF CROWLEY FROM THE FINANCIAL ASSISTANCE ACCOUNT OF THE TEXAS WATER DEVELOPMENT FUND II THROUGH THE PROPOSED PURCHASE OF $26,000,000 CITY OF CROWLEY, COMBINATION TAX AND SURPLUS REVENUE CERTIFICATES OF OBLIGATION, PROPOSED SERIES 2026

(26-)

Recitals:

The City of Crowley (City), located in Tarrant County, Texas, has filed an application for financial assistance in the amount of $26,000,000 from the Financial Assistance Account of the Texas Water Development Fund II, established by Texas Water Code § 17.959, to finance water system improvements, identified as Project No. 21925.

The City seeks financial assistance from the Texas Water Development Board (TWDB) in the amount of $26,000,000 through the TWDB's purchase of $26,000,000 City of Crowley, Combination Tax and Surplus Revenue Certificates of Obligation, Proposed Series 2026 (Obligations) (together with all authorizing documents), as is more specifically set forth in the application and in recommendations of the TWDB's staff.

The City has offered a pledge of ad valorem taxes and surplus revenues of the City's system as sufficient security for the repayment of the Obligations.

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 § 363.16.

The City requests a waiver of the requirement that a portion of the financial assistance received from the TWDB be used to mitigate the City's system water loss because the City is currently implementing a meter change out program and planning a leak detection study.

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. The availability of revenue to the City, from all sources, for the ultimate repayment of the cost of the water supply project, including interest.

Findings:

1. The public interest requires state assistance in the financing of this project, in accordance with Texas Water Code § 17.125(a)(1).

2. In its opinion the tax or revenue pledged by the City will be sufficient to meet all the Obligations assumed by the City during the succeeding period of not more than 50 years, in accordance with Texas Water Code § 17.125(a)(2).

3. The application and financial assistance requested meet the requirements of Chapter 17, Subchapters D, E, and L, Water Code, and the TWDB's rules set forth in 31 TAC Chapter 363, Subchapter A.

4. The City has adopted and implemented a water conservation program for the more efficient use of water that will meet reasonably anticipated local needs and conditions and that incorporates practices, techniques or technology prescribed by the Texas Water Code and TWDB's rules.

5. 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).

6. The City has completed its current water audit required by Texas Water Code § 16.0121 and has filed it with the TWDB, in accordance with Texas Water Code § 16.053(j).

7. Based on the conditions, described above, the City is satisfactorily addressing the City's system water loss, which supports a waiver of the requirement that a portion of the financial assistance received from the TWDB be used to mitigate the City's system water loss in accordance with Texas Water Code § 16.0121(g).

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

1. For the reasons stated above, the TWDB hereby waives the requirements of Texas Water Code § 16.0121(g).

2. A commitment is made by the TWDB to the City of Crowley for financial assistance in the amount of $26,000,000 from the Financial Assistance Account of the Texas Water Development Fund II, to be evidenced by the TWDB's proposed purchase of $26,000,000 City of Crowley, Combination Tax and Surplus Revenue Certificates of Obligation, Proposed Series 2026. This commitment will expire on May 31, 2027.

   This commitment is conditioned as follows:

Standard Conditions:

1. This commitment is contingent on a future sale of bonds by the TWDB or on the availability of funds on hand as determined by the TWDB.

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 City 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 City.

3. This commitment is contingent upon the City'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. The Obligations must provide that the Obligations can be called for early redemption only in inverse order of maturity, and 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.

5. The Obligations must provide that the City will comply with all applicable TWDB laws and rules related to the use of the financial assistance.

6. The Obligations must provide that the City 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.

7. The Obligations must contain a provision requiring the City to maintain insurance coverage sufficient to protect the TWDB's interest in the project.

8. The Obligations must provide that the City, 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 City'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 City's Obligations, if the TWDB sells or otherwise transfers the Obligations, and the beneficial owners of the TWDB's bonds if the City is an obligated person with respect to the bonds under SEC Rule 15c2-12.

9. The Obligations must require the City to levy a tax 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.

10. The Obligations must require the City 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.

11. 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.

12. 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.

13. Financial assistance proceeds shall not be used by the City when sampling, testing, removing, or disposing of contaminated soils or media at the project site. The Obligations must provide that the City is solely responsible for liability resulting from acts or omissions of the City, 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 City, its contractors, consultants, agents, officials, and employees as a result of activities relating to the Project to the extent permitted by law.

14. Before closing, the City must 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.

15. Before closing, and if required under the TWDB's financial assistance program and not previously provided with the application, the City must submit an executed engineering contract as appropriate for the project scope of work, and an executed financial advisor contract and executed bond counsel contract as appropriate for the work to be performed in obtaining the TWDB's financial assistance for the project, in a form and substance satisfactory to the Executive Administrator. Fees to be reimbursed under any consulting contract must be reasonable in relation to the services performed, must be reflected in the contract, and must be acceptable to the Executive Administrator.

16. Before closing, when any portion of financial assistance proceeds are to be held in escrow or in trust, the City must execute an escrow agreement or trust agreement,

approved as to form and substance by the Executive Administrator, and must submit that executed agreement to the TWDB.

17. The Executive Administrator may require that the City execute a separate financing agreement in form and substance acceptable to the Executive Administrator.

18. The City must abide by all applicable construction contract requirements related to the use of iron and steel products produced in the United States, as required by Texas Government Code, Chapter 2252, Subchapter F and Texas Water Code § 17.183.

19. The City must immediately notify TWDB, in writing, of any suit against it by the Attorney General of Texas under Texas Penal Code § 1.10(f) (related to federal laws regulating firearms, firearm accessories, and firearm ammunition).

20. Before closing, the City shall submit to the escrow agent a closing memo signed by the Executive Administrator.

Conditions Related To Tax-Exempt Status:

21. Before closing, the City's bond counsel must prepare a written opinion that states 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 City when rendering this opinion.

22. Before closing, the City's bond counsel must prepare a written opinion that states the Obligations are not "private activity bonds." Bond counsel may rely on covenants and representations of the City when rendering this opinion.

23. The Obligations must include a provision prohibiting the City from using the proceeds of this financial assistance in a manner that would cause the Obligations to become "private activity bonds" within the meaning of § 141 of the Internal Revenue Code of 1986, as amended (Code) and the Treasury Regulations promulgated thereunder (Regulations).

24. The Obligations must provide that no portion of the proceeds of the financial assistance will be used, directly or indirectly, in a manner that would cause the Obligations to be "arbitrage bonds" within the meaning of § 148(a) of the Code and Regulations, including to acquire or to replace funds 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 such proceeds are needed for the facilities to be financed;

b. amounts invested in a bona fide debt service fund, within the meaning of § 1.148-1(b) of the Regulations; and

c. amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed the least of maximum annual debt service on the Obligations, 125% of average annual debt service on the Obligations, or 10 percent of the stated principal amount, or, in the case of a discount, the issue price of the Obligations.

25. The Obligations must require the City to take all necessary steps to comply with the requirement that certain amounts earned on the investment of gross proceeds of the Obligations be rebated to the federal government in order to satisfy the requirements of § 148 of the Code. The Obligations must provide that the City will:

a. account for all Gross Proceeds, as defined in the Code and Regulations, (including all receipts, expenditures, and investments on its books of account) separately and apart from all other funds (and receipts, expenditures, and investments) and retain all records of such accounting for at least six years after the final Computation Date. The City may, however, to the extent permitted by law, commingle Gross Proceeds of its financial assistance with other money of the City, provided that the City separately accounts for each receipt and expenditure of such Gross Proceeds and the obligations acquired with those 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 § 148(f) of the Code, § 1.148-3 of the Regulations, and the rulings under the Code. The City must maintain a copy of such calculations for at least six years after the final Computation Date;

c. as additional consideration for the making of the financial assistance, and in order to induce the making of the 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 for federal income tax purposes, pay to the United States the amount described in paragraph (b) above within 30 days after each Computation Date; and

d. exercise reasonable diligence to assure that no errors are made in the calculations required by paragraph (b) and, if an error is made, to discover and promptly correct the error within a reasonable amount of time after discovery, including payment to the United States of any interest and any penalty required by the Regulations.

26. The Obligations must include a provision prohibiting the City from taking any action that would cause the interest on the Obligations to be includable in gross income for federal income tax purposes.

27. The Obligations must provide that the City will not cause or permit the Obligations to be treated as "federally guaranteed" obligations within the meaning of § 149(b) of the Code.

28. The Obligations must contain a covenant that the City will refrain from using the proceeds of the Obligations to pay debt service on another issue of obligations of the borrower in contravention of section 149(d) of the Code (related to "advance refundings").

29. The transcript must include a No Arbitrage Certificate or similar Federal Tax Certificate setting forth the City's reasonable expectations regarding the use, expenditure and investment of the proceeds of the Obligations.

30. The transcript must include evidence that the information reporting requirements of § 149(e) of the Code will be satisfied. This requirement may be satisfied by filing an IRS Form 8038 with the Internal Revenue Service. In addition, the completed IRS Form 8038, or other evidence that the information reporting requirements of § 149(e) have been satisfied, must be provided to the Executive Administrator within 14 days of closing. The Executive Administrator may withhold the release of funds for failure to comply.

31. The Obligations must provide that neither the City nor a related party will acquire any of the TWDB's Source Series Bonds in an amount related to the amount of the Obligations to be acquired from the City by the TWDB.

32. Before closing, the City must provide certification that the average weighted maturity of the Obligations purchased by the TWDB does not exceed 120 percent of the average reasonably expected economic life of the Project.

Pledge Conditions:

33. The Obligations must provide as follows:

    a. if system revenues are actually on deposit in the Interest and Sinking Fund in advance of the time when ad valorem taxes are scheduled to be levied for any year, then the amount of taxes which otherwise would have been required to be levied and collected may be reduced to the extent and by the amount of revenues then on deposit in the Interest and Sinking Fund. or

    b. if surplus revenues are based upon budgeted amounts:

        i. the Obligations must require that the City transfer and deposit in the Interest and Sinking Fund each month an amount of not less than 1/12th of the annual debt service on the Obligations until the amount on deposit in the Interest and Sinking Fund equals the amount required for annual debt service on the Obligations; further, that the ordinance authorizing the issuance of the Obligations must include a requirement that the City will not transfer any funds from the City's pledged system revenues to any fund other than the Interest and Sinking Fund until such time as an amount equal to the annual debt service on the Obligations for the then-current fiscal year has been deposited in the Interest and Sinking Fund.

ii. the Obligations must require that for each year the Obligations are outstanding, and before the time taxes are to be levied for that year, the City must adopt and maintain an annual budget that provides for either the monthly deposit of sufficient surplus pledged revenues or tax revenues, the monthly deposit of any other legally available funds on hand at the time of the adoption of the annual budget, or a combination of the two, into the Interest and Sinking Fund for the repayment of the Obligations.

iii. The Obligations must include a requirement that the City will at all times maintain and collect sufficient rates and charges in conjunction with any other legally available funds so that, after payment of the costs of operating and maintaining the system, it produces revenues in an amount not less than 1.10 times debt service requirements of all outstanding Obligations of the City and other obligations of the City which are secured in whole or in part by the pledged revenues, for which the City is budgeting the repayment of the Obligations, or the City must provide documentation which evidences the collection of an ad valorem tax rate dedicated to the Interest and Sinking Fund, in conjunction with any other legally available funds, sufficient for the repayment of debt service requirements.

APPROVED and ordered of record this, the 11th day of May 2026.

TEXAS WATER DEVELOPMENT BOARD

____
L'Oreal Stepney, P.E., Chairwoman

DATE SIGNED: ______________________

ATTEST:

____
Bryan McMath, Executive Administrator

Attachment 4

- [x] Water
- [ ] Wastewater
- [ ] Other ____________

WATER CONSERVATION REVIEW

Review Date: 04/01/2026

Project ID: 21925

Entity: City of Crowley

Other entity:

WATER CONSERVATION PLAN DATE: 2024 ☐ **Approvable** ☑ **Adopted**

	Total GPCD	Residential GPCD	Water Loss GPCD
Baseline	104	76	8
5-year Goal	85	72	10
10-year Goal	72	63	8

WATER LOSS AUDIT YEAR: 2025 Validation Required: Yes Validation Performed: Yes

Service connections: 7,604

Retail population: 20,474

Length of main lines (miles): 104

Connections per mile: 73

Water Loss GCD: 69

Water Loss GPCD: 26

ILI: 4

Real Loss GMD: N/A

WATER LOSS THRESHOLDS Water Loss Project: ☐ Waiver Requested: ☑

Wholesale Adjusted: ☐

Threshold Type:

Connection Density >= 32 per mile

Apparent Loss GCD		Real Loss GCD	
Reported	Threshold	Reported	Threshold
7	15	62	30

Does the applicant meet water loss threshold requirements? **Yes** ☐ **No** ☑ **NA** ☐

ADDITIONAL INFORMATION

The city's water conservation plan exceeds minimum requirements. Efforts to implement conservation goals include:

- using cellular AMI and AMR reading systems,
- operating a valve exercising program,
- enforcing a mandatory watering schedules and water wasting ordinances, and
- distributing public information through conservation literature and website updates.

STAFF NOTES AND RECOMMENDATIONS

The proposed project is not a water loss project. Based on the 2025 water loss audit data the city exceeds its real water loss thresholds. The city is requesting a waiver to utilize funds outside of the requested loan. The waiver submitted meets the statue requirements. The city's current activities include a meter change out program to address apparent loss and help set the meter boundaries of the distribution system to indirectly help with mitigating real loss. Planned activities include a leak detection study to address real loss. Water loss audit validation was completed on 03/02/2026. The validation did change the data of water loss audit, but did not improve the thresholds.

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.

March 31, 2026

Mr. Bryan McMath, Executive Administrator
Texas Water Development Board
Stephen F. Austin Building
1700 N. Congress Avenue, 5th Floor
Austin, Texas 78711-3231

Re: City of Crowley Water Loss Mitigation Waiver Request

Dear Mr. McMath,

We are writing to request a waiver for the water loss mitigation requirement described in Texas Administrative Code § 358.6 (f). This request pertains to our upcoming Texas Water Development Fund (DFUND) application for the Crowley PWS Crowley Water Storage and Transmission Improvements Application No.21925. Our retail public utility currently exceeds its real water loss threshold. The City of Crowley is submitting this request to waive the requirement to use a portion of any financial assistance received from the TWDB for a water supply project to mitigate the utility's water loss based on our current and planned water loss mitigation activities.

This year will mark the 75th anniversary of the City of Crowley. Like most cities in the Fort Worth – Dallas area, Crowley has some older water lines and water meters throughout the city. In 2018, the City contracted with a company to do a water leak study, which yielded actionable results identifying possible leaks. The identified leaks were repaired over the following two years with traditional budget funds. The city also made repairs to one of the storage tanks in 2021. The city has since contracted with a third-party vendor to provide annual storage tank inspection and repair services.

Over the past two years, the real loss values have increased with no apparent obvious source. The city is committed to water conservation and has engaged staff to review the system for visible leaks, repairing them as we locate them. In addition, the city has purchased and utilized audible leak detection equipment over the past few years to detect and repair distribution main leaks. We have reached the point where our current staff and leak detection methods have uncovered the obvious leak sources. We have chosen to engage a third-party leak detection service provider to aid in locating subgrade leaks that may be present but not visibly apparent.

Additionally, the City has undertaken a multiple-year system-wide meter replacement program that is showing great results. We request that these efforts illustrate our desire to locate and correct real and apparent loss items as we discover them.

CURRENT AND PLANNED PROJECTS

Please find below details of the City of Crowley's water loss mitigation activities currently being implemented, as well as planned activities, along with their funding sources, that the Executive Administrator may consider when evaluating this water loss mitigation waiver request.

Current Projects

Customer Meter Replacement Program

- The city is in the middle of a system-wide meter replacement program to address apparent water loss and real loss by improving meter accuracy and updating the system to 100% AMI technology.
- This program started in 2022 and is scheduled to be completed in the spring of 2027.
- This program is self-funded through utility proceeds.
- The balance to complete the project is estimated to be around $280,000 for the 2026 and 2027 fiscal year.
- The positive results from this program are not fully reflected in the current loan application.

Planned Projects

City-wide Leak Detection Survey

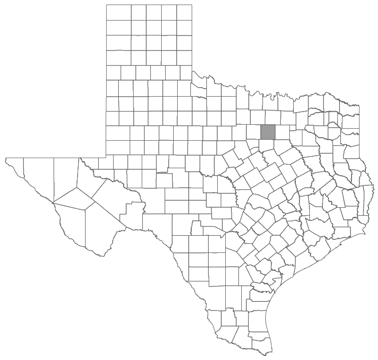
- The city has contracted for a system wide leak detection survey for identifying real loss leaks in the city distribution system. The results of this survey will provide staff with areas to focus our repair efforts.
- This project has a proposed start date in summer 2026, ending in the fall of 2026
- Funding for this project will come through utility proceeds.
- The cost of this service is estimated to be $48,000.
- By using the information from the survey, the city will immediately initiate a program for the repairs using in-house staff. The city will contract repair services as appropriate.

Based on the current and planned water loss mitigation activities described above, the City of Crowley requests that the Executive Administrator and Board grant a waiver as described in Texas Administrative Code §358.6(f).

Sincerely,

Matt Elgin

Matt Elgin
Assistant City Manager



City of Crowley
Tarrant County