



## PROJECT FUNDING REQUEST

**BOARD DATE:** July 23, 2024

**Team Manager:** David Firgens

### ACTION REQUESTED

Consider approving by resolution a request from the Guadalupe-Blanco River Authority (Guadalupe, Comal, Hays, Caldwell counties) for \$87,705,000 in multi-year financing from the State Water Implementation Revenue Fund for Texas for planning, acquisition, design, and construction of a water supply project.

### STAFF RECOMMENDATION

☒ Approve      ☐ No Action

### BACKGROUND

The Guadalupe-Blanco River Authority (Authority) was established in 1933 by the State of Texas to develop, conserve and protect the water resources of 10 counties in the Guadalupe River Basin from Kendall County northwest of San Antonio to Refugio County along the Gulf Coast.

The Authority's Carrizo Groundwater Supply Project currently includes three participants: the New Braunfels Utilities, the City of Lockhart, and Goforth Special Utility District. These communities continue to expand rapidly with the continued growth of the dynamic San Antonio and Austin regions to the south and north. To address projected long-term water supply shortages, in 2018 the Authority and Alliance Regional Water Authority (Alliance) agreed to a joint project to provide water to the Authority's participants and the cities of San Marcos, Kyle, and Buda, and Canyon Regional Water Authority. This initial project phase is designed to serve the growing populations of the participants are projected to grow to over 232,000 by 2032.

In 2018, the Authority received State Water Implementation Revenue Fund for Texas (SWIRFT) funding for this phase. The initial project phase includes 18.3 million gallons per day (MGD) initial capacity water treatment plant, a well field with a capacity of 15,000 acre-feet per year of groundwater, and a booster pump station located approximately 6 miles east of the City of San Marcos, which also serves as the primary junction for transmission lines to customers to the north and south with eight connection points and elevated storage tanks. The construction for this phase is substantially complete.

Multi-Year Commitment	Expiration Date
\$40,000,000 Proposed Series 2024	December 31, 2024
\$47,705,000 Proposed Series 2025	December 31, 2025

## PROJECT NEED AND DESCRIPTION

In 2022, the Authority received additional SWIRFT financing to add 7 wells in the existing well field and 3 nearby wells to produce an additional 9,000 acre-feet per year of groundwater. The Authority also received financing to construct new transmission lines to convey treated water from the Lockhart Water Treatment Plant site to a new ground storage tank and booster pump station northwest of Lockhart. The project included additional transmission lines to connect this station to existing participant Goforth Special Utility District and new participants County Line Special Utility District, Maxwell Special Utility District, and Camino Real Utility to the east of Buda. The final component of this phase was to increase the capacity of the water treatment plant by 10.3 million gallons per day (MGD) to 28.6 MGD.

The expansion phase financing did not include a funding contribution from Alliance but includes cost sharing between the initial phase participants and the three expansion phase participants.

The Authority now requests additional funding for the expansion phase of the project due to cost increases, and to construct a regional SCADA tower.

Task	Schedule Date
Closing	November 15, 2024
Engineering Feasibility Report Completion (End of Planning Phase)	June 25, 2024
Design Phase	January 20, 2025
Start of Construction	November 4, 2024
Construction Completion	June 10, 2027

## KEY ISSUES

The proposed project does not include a funding contribution from Alliance but includes cost sharing between the initial phase participants and the three new participants for this expansion phase of the project.

Each participant is responsible for repaying debt service and the additional contractual costs for its allocated amount, which is based on the amount of water provided by the Authority. Each participant will be required to pay its allocated share of debt service regardless of whether the projected amount of water is used. In addition, each participant pays annually an additional 10 percent of the annual debt service. The allocation between the expansion phase participants for annual contractual payments is shown in the table below. Camino Real Utility is a cash-only participant in the project, representing \$40.2 million of local funds in the attached project budget.

Expansion phase participants

Participant	Financing Allocation (Percent)
Goforth SUD	38.17
Maxwell SUD	23.66
County Line SUD	38.17

The proposed expansion project will result in cost reductions to the initial phase customers for shared facilities required for expansion. However, the proportion of cost sharing between initial phase customers is unchanged and shown in the table below.

#### Initial Phase Participants

<b>Participant</b>	<b>Financing Allocation (Percent)</b>
City of New Braunfels	53.33
Goforth SUD	26.67
City of Lockhart	20.00

#### **LEGAL/SPECIAL CONDITIONS**

- Water rights determination

#### Attachments:

1. Financial Review
2. Project Budget
3. Resolution (24- )
4. Water Conservation Review
5. Location Map

# Financial Review

## GBRA Carrizo Groundwater Supply Project

<u>Participant</u>	<u>Risk Score</u>	<u>Audit Reviewed:</u>
County Line SUD - 2B	2B	FY 2023
Goforth SUD - 2C	2C	FY 2022
Maxwell SUD - 2B	2B	FY 2023

### Key Indicators

Indicator	County Line SUD	Goforth SUD	Maxwell SUD	Benchmark
Population Growth, Average Annual 2010-2020	Counties: 3.93%	Counties: 2.61%	Counties: 3.93%	State: 1.49%
Top 10 Customers % of Total Revenue	15%	38%	18%	10-15%
Median Household Income as % of State	89%	94%	89%	100%
Days of Cash on Hand (3-year Average)	1,103 days	27 days	1,175 days	30-149 days
Net Fixed Assets/ Annual Depreciation	30 years	12 years	15 years	12-24 years
Debt Service Coverage Ratio	1.38x	.31x	1.03x	1.1x*
Debt-to-Operating Revenues	6.84	14.03	7.27	4.00-5.99x
Unemployment Rate (April 2024)	Counties: 3.00%	Counties: 3.00%	Counties: 3.00%	State: 3.50%
Working Capital Ratio	8.78	2.47	17.44	> 1.0
Cash Balance Ratio	143.60%	4.05%	191.64%	0-9.99%

\* GBRA requires that each of its customers pay 1.10x the debt service requirements.

### Key Risk Score Strengths

- Goforth SUD, County Line SUD, and Maxwell SUD, all of which are seeking financing this year, have a robust working capital ratio. This indicates they possess sufficient resources to cover short-term liabilities and demonstrate a strong liquidity position.
- All 3 Districts cash balance has increased by 143.60 percent for County Line SUD, 4.05 percent for Goforth SUD, and 191.64 percent for Maxwell SUD. This growth in cash reserves demonstrates strong financial health and resilience.

## Key Risk Score Concerns

- The District's debt-to-operating revenues ratio is above the benchmark due to system revenues supporting all outstanding debt. However, this indicator does not account for future rate increases. As operating revenues rise, this ratio will decrease.
- Pledged revenues are derived from the contract revenues of Goforth SUD, Maxwell SUD, and County Line SUD, based on their share of the project. In a no-growth scenario, Goforth SUD projects an initial rate increases of \$51.56 in 2025, followed by incremental increases until reaching a maximum projected rate increase of \$95.15 in 2046. Maxwell SUD projects a rate increase of \$5.64 in 2028, followed by incremental increases until reaching a maximum projected rate increase of \$7.03 in 2048. However, each entity has substantial impact and installation fees, considered non-operating revenues, which were partially factored into our risk score analysis. If the full amount is utilized, this additional revenue could offset a large percentage of the projected rate increases. In the previous fiscal year, the combined impact and installation fee revenue for the districts totaled \$15,197,786.
- The household cost factor is above the benchmark for County Line SUD at 2.55, Goforth SUD at 3.00, and Maxwell SUD at 2.79. However, the three districts have experienced substantial growth, as indicated by the impact fees and the connection growth rates. County Line SUD has seen an 83.17% increase in connections over the past five years, Goforth SUD has experienced a 38.73% growth over the past four years, and Maxwell SUD has seen a 93.57% increase over the past four years. With the increase in connections, the projected household cost factor could be reduced.

## PLEDGE

Legal Pledge Name	Combination Tax and Surplus System 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 checked="" type="checkbox"/> First <input type="checkbox"/> Second <input type="checkbox"/> Third <input type="checkbox"/> N/A

## RATES AND CHARGES – County Line SUD

Average Residential Use	Gallons/Month	Current Rates	Projected Rates	Current Household Cost Factor	Projected Household Cost Factor
Water	5,255	\$71.00	\$71.00	2.55	2.55

## RATES AND CHARGES – Goforth SUD

Average Residential Use	Gallons/Month	Current Rates	Projected Rates (Year 2046)	Current Household Cost Factor	Projected Household Cost Factor
Water	5,872	\$50.00	\$145.15	1.03	3.00

## RATES AND CHARGES – Maxwell SUD

Average Residential Use	Gallons/Month	Current Rates	Projected Rates (Year 2048)	Current Household Cost Factor	Projected Household Cost Factor
Water	5,598	\$137.00	\$144.03	2.64	2.79

### Cost Savings

Based on a 30-year maturity schedule and current interest rates, the Authority could save approximately \$10,404,411 over the life of the financing.

## Project Data Summary

<b>Responsible Authority</b>	Guadalupe-Blanco River Authority
<b>Program</b>	SWIFT
<b>Commitment Number</b>	LM2401832, LM2501832
<b>Project Number</b>	51055
<b>List Year</b>	2024
<b>Type of Pledge</b>	Contract Revenue Pledge
<b>Pledge Level (if applicable)</b>	First Lien
<b>Legal Description</b>	\$40,000,000 Guadalupe-Blanco River Authority Contract Revenue Bonds, Series 2024 (Carrizo Groundwater Supply Project), \$47,705,000 Guadalupe-Blanco River Authority Contract Revenue Bonds, Series 2025 (Carrizo Groundwater Supply Project)
<b>Tax-exempt or Taxable</b>	Tax-Exempt
<b>Refinance</b>	No
<b>Outlay Requirement</b>	No
<b>Disbursement Method</b>	Escrow
<b>Outlay Type</b>	Outlay <> Escrow Release
<b>Qualifies as Disadvantaged</b>	No
<b>SWIFT Financing Type</b>	Low-Interest
<b>Financial Managerial &amp; Technical Complete</b>	N/A
<b>Phases Funded</b>	Planning, Acquisition, Design, and Construction
<b>Pre-Design</b>	Yes
<b>Project Consistent with State Water Plan</b>	Yes
<b>Water Conservation Plan</b>	Adopted
<b>Overall Risk Score - County Line SUD</b>	2B
<b>Overall Risk Score - Goforth SUD</b>	2C
<b>Overall Risk Score - Maxwell SUD</b>	2B

### PROJECT TEAM

<b>Team Manager</b>	<b>Financial Analyst</b>	<b>Engineering Reviewer</b>	<b>Environmental Reviewer</b>	<b>Attorney</b>
David Firgens	Raul Flores	Shubham Aggarwal	Chris Caran	Marshall Walters

ISSUE BEING EVALUATED  
FOR ILLUSTRATION PURPOSES ONLY  
Guadalupe-Blanco River Authority

**\$40,000,000 Guadalupe Blanco River Authority Contract Revenue Bonds, Series 2024 (Carrizo Groundwater Supply Project)**

<b>Dated Date:</b>	<b>11/15/2024</b>	<b>Source:</b>	<b>SWIFT-LOW-30YR</b>
<b>Delivery Date:</b>	<b>11/15/2024</b>	<b>Rate:</b>	<b>4.01%</b>
<b>First Interest:</b>	<b>2/15/2025</b>	<b>IUP Year:</b>	<b>2024</b>
<b>First Principal:</b>	<b>8/15/2028</b>	<b>Case:</b>	<b>Revenue</b>
<b>Last Principal:</b>	<b>8/15/2054</b>	<b>Admin.Fee:</b>	<b>\$0</b>
<b>Fiscal Year End:</b>	<b>08/31</b>	<b>Admin. Fee Payment Date:</b>	<b>N/A</b>
<b>Required Coverage:</b>	<b>1.1</b>		

PROJECTED		CURRENT	<b>\$40,000,000 ISSUE</b>				<b>\$47,705,000 Series 2025</b>			
FISCAL YEAR	NET SYSTEM REVENUES	DEBT SERVICE	PRINCIPAL PAYMENT	INTEREST RATE	INTEREST PAYMENT	TOTAL PAYMENT	TOTAL PAYMENT	TOTAL DEBT SERVICE	COVERAGE	
2025	\$15,853,062	\$13,256,191	\$0	-	\$1,155,683	\$1,155,683		\$14,411,875	1.10	
2026	20,327,373	13,689,477	-	-	1,540,911	1,540,911	3,249,042	18,479,430	1.10	
2027	23,492,760	17,962,491	-	-	1,540,911	1,540,911	1,853,653	21,357,055	1.10	
2028	25,505,743	18,012,475	850,000	3.13%	1,540,911	2,390,911	2,783,653	23,187,039	1.10	
2029	25,505,743	17,978,704	880,000	3.13%	1,514,306	2,394,306	2,789,544	23,162,554	1.10	
2030	25,505,743	17,965,886	910,000	3.13%	1,486,762	2,396,762	2,794,340	23,156,988	1.10	
2031	25,825,543	18,281,448	940,000	3.14%	1,458,279	2,398,279	2,798,040	23,477,766	1.10	
2032	25,825,543	18,254,055	975,000	3.16%	1,428,763	2,403,763	2,805,541	23,463,358	1.10	
2033	25,825,543	18,229,059	1,010,000	3.18%	1,397,953	2,407,953	2,806,571	23,443,582	1.10	
2034	25,825,543	18,206,811	1,045,000	3.19%	1,365,835	2,410,835	2,816,273	23,433,919	1.10	
2035	25,825,543	18,213,610	1,080,000	3.28%	1,332,500	2,412,500	2,819,428	23,445,537	1.10	
2036	25,825,543	18,196,254	1,125,000	3.38%	1,297,076	2,422,076	2,830,232	23,448,561	1.10	
2037	25,825,543	17,664,564	1,170,000	3.49%	1,259,051	2,429,051	2,838,151	22,931,766	1.13	
2038	25,825,543	16,612,304	1,215,000	3.62%	1,218,218	2,433,218	2,847,956	21,893,477	1.18	
2039	25,825,543	17,454,770	1,265,000	3.69%	1,174,235	2,439,235	2,854,086	22,748,090	1.14	
2040	25,825,543	17,608,059	1,320,000	3.73%	1,127,556	2,447,556	2,867,241	22,922,856	1.13	
2041	26,121,704	18,411,274	1,380,000	3.81%	1,078,320	2,458,320	2,877,410	23,747,004	1.10	
2042	27,706,819	19,828,349	1,440,000	3.86%	1,025,742	2,465,742	2,893,927	25,188,017	1.10	
2043	27,706,819	19,803,105	1,505,000	3.90%	970,158	2,475,158	2,906,781	25,185,044	1.10	
2044	27,718,910	19,796,480	1,575,000	3.94%	911,463	2,486,463	2,916,066	25,199,009	1.10	
2045	27,718,910	19,770,329	1,645,000	4.12%	849,408	2,494,408	2,931,722	25,196,458	1.10	
2046	27,746,054	19,781,344	1,720,000	4.12%	781,634	2,501,634	2,940,708	25,223,686	1.10	
2047	27,746,054	19,754,252	1,800,000	4.12%	710,770	2,510,770	2,956,192	25,221,214	1.10	
2048	27,746,054	19,736,430	1,880,000	4.12%	636,610	2,516,610	2,967,762	25,220,802	1.10	
2049	27,746,054	18,770,640	1,970,000	4.12%	559,154	2,529,154	2,980,418	24,280,212	1.14	
2050	27,746,054	18,367,678	2,060,000	4.23%	477,990	2,537,990	2,993,954	23,899,622	1.16	
2051	27,746,054	17,775,038	2,155,000	4.23%	390,852	2,545,852	3,010,606	23,331,496	1.19	
2052	27,746,054	16,792,116	2,255,000	4.23%	299,696	2,554,696	3,022,394	22,369,206	1.24	
2053	27,746,054	13,528,239	2,360,000	4.23%	204,309	2,564,309	3,039,318	19,131,866	1.45	
2054	27,746,054	5,933,403	2,470,000	4.23%	104,481	2,574,481	3,050,954	11,558,837	2.40	
		\$530,246,164	\$40,000,000		\$30,839,534	\$70,839,534		\$684,327,652		

<b>AVERAGE (MATURITY) LIFE</b>	<b>19.25 YEARS</b>
<b>NET INTEREST RATE</b>	<b>4.005%</b>
<b>COST SAVINGS</b>	<b>\$10,404,41</b>
<b>AVERAGE ANNUAL REQUIREMENT</b>	<b>\$2,285,14</b>

*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**  
**Guadalupe-Blanco River Authority 51055**  
**Carrizo Groundwater Supply Project**

Budget Items	Previous Commitments	This Commitment	TWDB Funds	Local and Other Funds	Total
<b>Construction</b>					
Construction	\$109,463,995.81	\$46,713,463.00	\$101,001,592.60	\$53,981,012.00	\$154,982,604.60
<b>Subtotal for Construction</b>	<b>\$109,463,995.81</b>	<b>\$46,713,463.00</b>	<b>\$156,177,458.81</b>	<b>\$61,275,823.33</b>	<b>\$217,453,282.14</b>
<b>Basic Engineering Services</b>					
Construction Engineering	\$16,849,065.65	\$0.00	\$16,849,065.65	\$1,872,000.00	\$18,721,065.65
Design	\$12,161,500.48	\$3,039,500.00	\$15,201,000.48	\$2,776,050.00	\$17,977,050.48
Planning	\$13,155,232.50	\$0.00	\$13,155,232.50	\$0.00	\$13,155,232.50
<b>Subtotal for Basic Engineering Services</b>	<b>\$42,165,798.63</b>	<b>\$3,039,500.00</b>	<b>\$45,205,298.63</b>	<b>\$4,648,050.00</b>	<b>\$49,853,348.63</b>
<b>Special Services</b>					
Environmental	\$1,996,297.51	\$0.00	\$1,996,297.51	\$0.00	\$1,996,297.51
Geotechnical	\$1,246,900.00	\$0.00	\$1,246,900.00	\$0.00	\$1,246,900.00
Permits	\$230,000.00	\$0.00	\$230,000.00	\$0.00	\$230,000.00
Special Service Other (Routing)	\$250,000.00	\$0.00	\$250,000.00	\$0.00	\$250,000.00
Surveying	\$2,643,879.00	\$0.00	\$2,643,879.00	\$0.00	\$2,643,879.00
<b>Subtotal for Special Services</b>	<b>\$6,367,076.51</b>		<b>\$6,367,076.51</b>	<b>\$0.00</b>	<b>\$6,367,076.51</b>
<b>Fiscal Services</b>					
Bond Counsel	\$884,580.00	\$202,680.00	\$1,087,260.00	\$0.00	\$1,087,260.00
Capitalized Interest	\$14,247,508.26	\$8,570,433.00	\$22,817,941.26	\$0.00	\$22,817,941.26
Financial Advisor	\$671,560.75	\$160,000.00	\$831,560.75	\$173,724.00	\$1,005,284.75
Fiscal/Legal	\$66,500.00	\$19,000.00	\$85,500.00	\$0.00	\$85,500.00
Issuance Costs	\$103,128.44	\$11,200.00	\$114,328.44	\$0.00	\$114,328.44
<b>Subtotal for Fiscal Services</b>	<b>\$15,973,277.45</b>	<b>\$8,963,313.00</b>	<b>\$24,936,590.45</b>	<b>\$173,724.00</b>	<b>\$25,110,314.45</b>
<b>Other</b>					
Capacity Buy-in	\$0.00	\$1,809,500.00	\$1,809,500.00	\$690,500.00	\$2,500,000.00
Land/Easements Acquisition	\$11,429,125.84	\$18,279,224.00	\$29,708,349.84	\$4,142,200.00	\$33,850,549.84
Other Shared Contracts with ARWA	\$98,393,995.22	\$0.00	\$98,393,995.22	\$61,501,284.10	\$159,895,279.32
Project Legal Expenses		\$2,000,000.00	\$2,000,000.00	\$0.00	\$2,000,000.00
Water Rights Purchase	\$28,609,225.00		\$28,609,225.00	\$1,990,775.00	\$30,600,000.00
<b>Subtotal for Other</b>	<b>\$138,432,346.06</b>	<b>\$22,088,724.00</b>	<b>\$160,521,070.06</b>	<b>\$68,324,759.10</b>	<b>\$228,845,829.16</b>
<b>Contingency</b>					
Contingency	\$12,887,505.54	\$6,900,000.00	\$19,787,505.54	\$2,050,312.00	\$21,837,817.54
<b>Subtotal for Contingency</b>	<b>\$12,887,505.54</b>	<b>\$6,900,000.00</b>	<b>\$19,787,505.54</b>	<b>\$2,050,312.00</b>	<b>\$21,837,817.54</b>
<b>Total</b>	<b>\$325,290,000.00</b>	<b>\$87,705,000.00</b>	<b>\$412,995,000.00</b>	<b>\$136,472,668.43</b>	<b>\$549,467,668.43</b>

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD  
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE TO  
THE GUADALUPE-BLANCO RIVER AUTHORITY  
IN THE FORM OF A MULTI-YEAR COMMITMENT  
FROM THE STATE WATER IMPLEMENTATION REVENUE FUND FOR TEXAS  
THROUGH THE PROPOSED PURCHASE OF  
\$87,705,000 GUADALUPE-BLANCO RIVER AUTHORITY CONTRACT REVENUE  
BONDS,  
PROPOSED SERIES 2024 AND PROPOSED SERIES 2025

(24- )

Recitals:

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

The Authority seeks financial assistance from the Texas Water Development Board (TWDB) in the form of a multi-year commitment through the TWDB's proposed purchase of \$87,705,000 Guadalupe-Blanco River Authority Contract Revenue Bonds, Proposed Series 2024 and Proposed Series 2025, (together with all authorizing documents (Obligations)), all as is more specifically set forth in the application and in recommendations of the Executive Administrator's staff.

The Authority has offered a pledge of contract revenues from the treated water supply agreements between the Authority and County Line Special Utility District, Goforth Special Utility District, and Maxwell Special Utility District as sufficient security for the repayment of the Obligations.

Subject to the Authority's use of an approved debt service structure, interest rate subsidies are available to the Authority for State Fiscal Year 2024 at up to the following levels: 25% for financial assistance for a term of 20 years, 18% for financial assistance for a term of 21 to 25 years, and 14% for financial assistance for a term of 26 to 30 years. The interest rate subsidy applicable to each subsequent proposed series may be different than the interest rate subsidy available for State Fiscal Year 2024 and will be set through each financing agreement executed between the TWDB and the Authority.

The interest rate subsidies provided above are based on assumptions necessary to generate an optimum debt service structure for the anticipated TWDB SWIRFT bond issuance and are subject to modification as necessary to preserve and maintain the integrity of the SWIRFT Program.

Findings:

1. The application and assistance applied for meet the requirements of Texas Water Code, Chapter 15, Subchapters G and H and 31 TAC Chapter 363, Subchapters A and M.
2. The Project is a recommended water management strategy project in the State Water Plan adopted pursuant to Texas Water Code § 16.051, in accordance with Texas Water Code § 15.474(a).
3. The Authority has submitted and implemented a water conservation plan in accordance with Texas Water Code § 16.4021 and 31 TAC § 363.1309(b)(1).
4. The Authority has completed its current water audit and filed it with the TWDB in accordance with Texas Water Code § 16.0121 and 31 TAC § 358.6.
5. The Authority acknowledges its legal obligation to comply with any applicable requirements of federal law related to contracting with disadvantaged business enterprises and any applicable state law related to contracting with historically underutilized businesses, in accordance with Texas Water Code § 15.435(h) and 31 TAC § 363.1309(b)(3).

NOW THEREFORE, based on these findings, the TWDB commits to the following:

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

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

The commitment is subject to the following:

Standard Conditions:

1. This commitment is contingent on a future sale of bonds by the TWDB or on the availability of funds on hand.
2. This commitment is contingent upon the issuance of a written approving opinion of the Attorney General of the State of Texas stating that the Authority has complied with all of the requirements of the laws under which the Obligations were issued, that the Obligations were issued in conformity with the Constitution and laws of the State of Texas, and that the Obligations are valid and binding obligations of the Authority.

3. This commitment is contingent upon the Authority's continued compliance with all applicable laws, rules, policies, and guidance as these may be amended from time to time to adapt to a change in law, in circumstances, or any other legal requirement.
4. This commitment is contingent upon the Authority executing a separate financing agreement, approved as to form and substance by the Executive Administrator, and submitting the executed agreement to the TWDB consistent with the terms and conditions described in it.
5. Interest rate subsidies for non-level debt service structure are subject to adjustment by the Executive Administrator.
6. The Authority shall use a paying agent/registrar in accordance with 31 TAC § 363.42(c)(2) and shall require the paying agent/registrar to provide a copy of all receipts documenting debt service payments to the TWDB and to the TWDB's designated Trustee.

Required Obligation Conditions:

7. The Obligations must provide that the Obligations can be called for early redemption on any date beginning on or after the first interest payment date that is 10 years from the dated date of the Obligations, at a redemption price of par, together with accrued interest to the date fixed for redemption.
8. The Obligations must provide that the Authority will comply with all applicable TWDB laws and rules related to the use of the financial assistance.
9. The Obligations must provide that the Authority must comply with all conditions as specified in the final environmental finding of the Executive Administrator when issued, including the standard emergency discovery conditions for threatened and endangered species and cultural resources.
10. The Obligations must contain a provision requiring the Authority to maintain insurance coverage sufficient to protect the TWDB's interest in the project.
11. The Obligations must include a provision wherein the Authority, or an obligated person for whom financial or operating data is presented to the TWDB in the application for financial assistance either individually or in combination with other issuers of the Authority's Obligations or obligated persons, will, at a minimum, regardless of the amount of the Obligations, covenant to comply with requirements for continuing disclosure on an ongoing basis substantially in the manner required by the Securities and Exchange Commission (SEC) in 17 CFR § 240.15c2-12 (Rule 15c2-12) and determined as if the TWDB were a Participating Underwriter within the meaning of SEC rule 15c2-12, the continuing disclosure undertaking being for the benefit of the TWDB and the beneficial

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

12. The Obligations must include a provision requiring the Authority to use any proceeds from the Obligations that are determined to be surplus proceeds remaining after completion of the Project and completion of a final accounting in a manner approved by the Executive Administrator.
13. The Obligations must contain a provision that the TWDB may exercise all remedies available to it in law or equity, and any provision of the Obligations that restricts or limits the TWDB's full exercise of these remedies shall be of no force and effect.
14. Financial assistance proceeds are public funds and, as such, the Obligations must include a provision requiring that these proceeds shall be held at a designated state depository institution or other properly chartered and authorized institution in accordance with the Public Funds Investment Act, Government Code, Chapter 2256, and the Public Funds Collateral Act, Government Code, Chapter 2257.
15. Financial assistance proceeds shall not be used by the Authority when sampling, testing, removing, or disposing of contaminated soils or media at the Project site. The Obligations shall include a provision that states the Authority is solely responsible for liability resulting from acts or omissions of the Authority, its employees, contractors, or agents arising from the sampling, analysis, transport, storage, treatment, recycling, and disposition of any contaminated sewage sludge, contaminated sediments or contaminated media that may be generated by the Authority, its contractors, consultants, agents, officials, and employees as a result of activities relating to the Project to the extent permitted by law.
16. The Obligations must include a provision stating that the Authority shall report to the TWDB the amounts of Project funds, if any, that were used to compensate historically underutilized businesses that worked on the Project, in accordance with 31 TAC § 363.1312.
17. The Obligations must contain a provision that the TWDB will purchase the Obligations, acting through the TWDB's designated Trustee, and the Obligations shall be registered in the name of Cede & Co. and closed in book-entry-only form in accordance with 31 TAC § 363.42(c)(1).
18. The Authority must immediately notify TWDB in writing of any suit against it by the Attorney General of Texas under Texas Government Code § 2.103 and Texas Penal Code § 1.10(f), related to federal laws regulating firearms, firearm accessories, and firearm ammunition.

19. The Obligations must provide that the Authority will submit annually an audit prepared by a certified public accountant in accordance with generally accepted auditing standards.

Tax-Exempt Conditions:

20. The Obligations must include a provision prohibiting the Authority from using the proceeds of this financial assistance in a manner that would cause the Obligations to become “private activity bonds” within the meaning of section 141 of the Internal Revenue Code as amended (Code) and the Treasury Regulations promulgated under it (Regulations).
21. The Obligations must provide that no portion of the proceeds of the financial assistance will be used, directly or indirectly, in a manner that would cause the Obligations to be “arbitrage bonds” within the meaning of section 148(a) of the Code and Regulations, including to acquire or to replace funds that were used, directly or indirectly, to acquire Nonpurpose Investments, as defined in the Code and Regulations, that produce a yield materially higher than the yield on the TWDB’s bonds issued to provide the financial assistance (Source Series Bonds), other than Nonpurpose Investments acquired with;
  - a. proceeds of the TWDB’s Source Series Bonds invested for a reasonable temporary period of up to three (3) years after the issue date of the Source Series Bonds until the proceeds are needed for the facilities to be financed;
  - b. amounts invested in a bona fide debt service fund within the meaning of section 1.148-1(b) of the Regulations; and
  - c. amounts deposited in any reasonably required reserve or replacement fund to the extent the amounts do not exceed the lesser of maximum annual debt service on the Obligations, 125% of average annual debt service on the Obligations, or 10 percent of the stated principal amount (or, in the case of a discount, the issue price) of the Obligations.
22. The Obligations must include a provision that the Authority must take all necessary steps to comply with the requirement that amounts earned on the investment of gross proceeds of the Obligations be rebated to the federal government in order to satisfy the requirements of section 148 of the Code. The Obligations must provide that the Authority will:
  - a. account for all Gross Proceeds, as defined in the Code and Regulations, (including all receipts, expenditures, and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures, and investments thereof) and retain all records of the accounting for at least six years after the final Computation Date. The Authority may, however, to the extent permitted by law, commingle Gross

Proceeds of its financial assistance with other money of the Authority, provided that the Authority separately accounts for each receipt and expenditure of the Gross Proceeds and the obligations acquired with the Gross Proceeds;

- b. calculate the Rebate Amount, as defined in the Code and Regulations, with respect to its financial assistance, not less frequently than each Computation Date, in accordance with rules set forth in section 148(f) of the Code, section 1.148-3 of the Regulations, and the associated rulings. The Authority shall maintain a copy of the calculations for at least six years after the final Computation Date;
  - c. pay to the United States the amount described in paragraph (b) above within 30 days after each Computation Date as additional consideration for providing financial assistance and in order to induce providing financial assistance by measures designed to ensure the excludability of the interest on the TWDB's Source Series Bonds from the gross income of the owners of TWDB's Bonds for federal income tax purposes;
  - d. exercise reasonable diligence to ensure that no errors are made in the calculations required by paragraph (b) and, if an error is made, to discover and promptly correct the error within a reasonable amount of time, including payment to the United States of any interest and any penalty required by the Regulations.
23. The Obligations must include a provision prohibiting the Authority from taking any action that would cause the interest on the Obligations to be includable in gross income for federal income tax purposes.
24. The Obligations must provide that the Authority will not cause or permit the Obligations to be treated as "federally guaranteed" obligations within the meaning of section 149(b) of the Code.
25. The Obligations must contain a covenant that the Authority will refrain from using the proceeds of the Obligations to pay debt service on another issue of the borrower's obligations in contravention of section 149(d) of the Code (related to "advance refundings").
26. The Obligations must provide that neither the Authority nor a party related to it will acquire any of the TWDB's Source Series Bonds in an amount related to the amount of the Obligations to be acquired from the Authority by the TWDB.

#### Pledge Conditions:

27. The Obligations must contain a provision requiring that, upon request by the Executive Administrator, the Authority shall submit annual audits of contracting parties for the Executive Administrator's review.
28. The Obligations must contain a provision requiring the Authority to maintain and enforce the contracts with its customers so that the revenues paid to the Authority by its customers are sufficient to meet the revenue requirements of the Authority's obligations arising from the operation of the water system.
29. The Obligations must contain a provision that the pledged contract revenues from the Authority may not be pledged to the payment of any additional parity obligations of the Authority secured by a pledge of the same contract revenues unless the Authority demonstrates to the Executive Administrator's satisfaction that the pledged contract revenues will be sufficient for the repayment of all Obligations and additional parity obligations.

#### Conditions To Close or For Release of Funds:

30. Before closing, if not previously provided with the application, the Authority shall submit executed contracts for engineering and, if applicable, financial advisor and bond counsel for the Project that are satisfactory to the Executive Administrator. Fees to be reimbursed under the contracts must be reasonable in relation to the services performed, reflected in the contract, and acceptable to the Executive Administrator.
31. Before closing, when any portion of financial assistance is to be held in escrow or in trust, the Authority shall execute an escrow agreement or trust agreement, approved as to form and substance by the Executive Administrator, and shall submit that executed agreement to the TWDB.
32. Before closing, the Authority shall provide certification that the average weighted maturity of the Obligations purchased by the TWDB does not exceed 120% of the average reasonably expected economic life of the Project.
33. Before closing, the Authority's bond counsel must prepare a written opinion that states that the interest on the Obligations is excludable from gross income or is exempt from federal income taxation. Bond counsel may rely on covenants and representations of the Authority when rendering this opinion.
34. Before closing, the Authority's bond counsel must prepare a written opinion that states that the Obligations are not "private activity bonds." Bond counsel may rely on covenants and representations of the Authority when rendering this opinion.



35. The transcript must include a No Arbitrage Certificate or similar Federal Tax Certificate setting forth the Authority's reasonable expectations regarding the use, expenditure, and investment of the proceeds of the Obligations.
36. The transcript must include evidence that the information reporting requirements of section 149(e) of the Internal Revenue Code will be satisfied. This requirement may be satisfied by filing an IRS Form 8038 with the Internal Revenue Service. In addition, the applicable completed IRS Form 8038 or other evidence that the information reporting requirements of section 149(e) have been satisfied must be provided to the Executive Administrator within fourteen (14) days of closing. The Executive Administrator may withhold the release of funds for failure to comply.
37. Before closing, the Authority must submit executed contracts between the Authority and the contracting parties regarding the contract revenues pledged to the payment of the Authority's Obligations, in form and substance acceptable to the Executive Administrator. The contracts shall include provisions consistent with the provisions of this Resolution regarding the contracting parties' annual audits, the setting of rates and charges and collection of revenues sufficient to meet the Authority's debt service obligations and additional parity obligations.

Special Condition:

38. Before the release of construction funds for that portion of a Project that proposes surface water or groundwater development, the Executive Administrator must have issued a written finding that the Authority has the right to use the water that the Project financed by the TWDB will provide.

APPROVED and ordered of record this, the 23rd day of July 2024.

TEXAS WATER DEVELOPMENT BOARD

\_\_\_\_\_  
Brooke T. Paup, Chairwoman

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

ATTEST:

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

Water  
Wastewater  
Other

## WATER CONSERVATION REVIEW

Review Date:

Project ID:

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:

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.

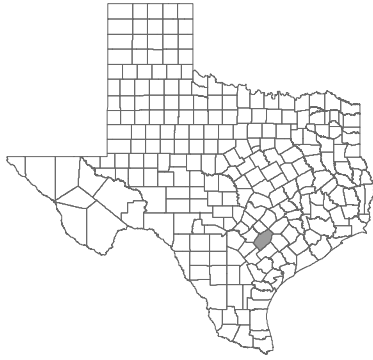
**Water loss** is the difference between the input volume and the authorized consumption within a water system. Water Loss consists of real losses and apparent losses.

**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.



## GBRA (Carrizo) Gonzales County

