



## PROJECT FUNDING REQUEST

**BOARD DATE:** September 12, 2024

**Team Manager:** Nancy Richards

### ACTION REQUESTED

Consider approving by resolution a request from the New Ulm Water Supply Corporation (Austin County) for \$1,895,000 in financial assistance consisting of \$495,000 in financing and \$1,400,000 in principal forgiveness from the Clean Water State Revolving Fund for design and construction of a wastewater treatment plant replacement project.

### STAFF RECOMMENDATION

☒ Approve ☐ No Action

### BACKGROUND

The New Ulm Water Supply Corporation (Corporation) is located approximately 80 miles west of Houston. The Corporation provides water and wastewater services to a population of approximately 300 residents through 177 water connections and 126 wastewater connections.

### PROJECT NEED AND DESCRIPTION

The Corporation's existing metal fabricated package wastewater treatment plant is nearing its life expectancy and is not able to withstand any additional rehabilitation. The Corporation has no other means of treating wastewater should the existing plant fail.

The Corporation is proposing to replace the existing metal fabricated package wastewater treatment plant with an in-ground cast-in-place concrete wastewater treatment plant. The new wastewater treatment plant will consist of a concrete aeration basin, concrete clarifier, concrete chlorination basin, and concrete digester.

### PROJECT SCHEDULE

Task	Schedule Date
Closing	December 1, 2024
Engineering Feasibility Report Completion (End of Planning Phase)	July 1, 2025
Design Phase Completion	July 1, 2025
Start of Construction	November 1, 2025
Construction Completion	November 1, 2026

### KEY ISSUES

The Corporation qualifies for principal forgiveness as a very small, disadvantaged community.

<b>COMMITMENT PERIOD:</b> SIX (6) MONTHS TO EXPIRE MARCH 31, 2025
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**LEGAL/SPECIAL CONDITIONS**

- Conversion and conveyance
- Executed principal forgiveness agreement
- Return of surplus principal forgiveness funds

**Attachments:**

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

# Financial Review

## New Ulm Water Supply Corporation

Attachment 1

Risk Score: 2B

Audit Reviewed: FY 2023

### Key Indicators

Indicator	Result	Benchmark
Population Growth, Average Annual 2010-2020	County: 0.60%	State: 1.49%
Top 10 Customers % of Total Revenue	15%	10-15%
Median Household Income as % of State	74%	100%
Days of Cash on Hand (3-year Average)	585 days	30-149 days
Net Fixed Assets/ Annual Depreciation	19 years	12-24 years
Debt Service Coverage Ratio	3.21x	1.0x
Debt-to-Operating Revenues	1.91	4.00-5.99x
Unemployment Rate (June 2024)	County: 4.00%	State: 4.50%
Working Capital Ratio	1.12	> 1.0

### Key Risk Score Strengths

- Water system revenues are sufficient to cover the proposed debt. The system also maintains a low debt to operating revenues ratio due to the proposed debt being the only debt of the system.
- A high working capital ratio provides the Corporation with ample resources to cover short-term liabilities and shows a strong liquidity position.

### Key Risk Score Concerns

- The population growth of the Corporation is below the benchmark over the past 10 years; however, the 2022 State Water Plan projections expect the region to grow by approximately 1 percent over the next 10 years.

### 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	Current Household Cost Factor	Projected Household Cost Factor
WATER	3,243	\$53.76	\$53.76	2.66	2.66
WASTEWATER	2,780	\$47.75	\$47.75		

### Cost Savings

Based on a 30-year maturity schedule and current interest rates, the Corporation could save approximately \$212,074 over the life of the financing. The Corporation is also saving \$1,400,000 in principal forgiveness.

## Project Data Summary

<b>Responsible Authority</b>	New Ulm Water Supply Corporation
<b>Program</b>	CWSRF
<b>Commitment Number</b>	L1001858, LF1001859
<b>Project Number</b>	73952
<b>List Year</b>	2024
<b>Type of Pledge</b>	Revenue Pledge
<b>Pledge Level (if applicable)</b>	First Lien
<b>Legal Description</b>	\$495,000 New Ulm Water Supply Corporation Loan Agreement, \$1,400,000 Principal Forgiveness 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>	Yes
<b>State Revolving Fund Type</b>	Equivalency
<b>Financial Managerial &amp; Technical Complete</b>	N/A
<b>Phases Funded</b>	Design and Construction
<b>Pre-Design</b>	Yes
<b>Project Consistent with State Water Plan</b>	N/A
<b>Water Conservation Plan</b>	Adopted
<b>Overall Risk Score</b>	2B

### PROJECT TEAM

<b>Team Manager</b>	<b>Financial Analyst</b>	<b>Engineering Reviewer</b>	<b>Environmental Reviewer</b>	<b>Attorney</b>
Nancy Richards	Arnoldo Rubio	Will Conte	Britt Paredes	Breann Hunter

ISSUE BEING EVALUATED  
FOR ILLUSTRATION PURPOSES ONLY  
New Ulm Water Supply Corporation

<b>\$495,000 New Ulm Water Supply Corporation Loan Agreement</b>			
<b>Dated Date:</b>	<b>12/1/2024</b>	<b>Source:</b>	<b>CWSRF-EQUIVALENCY</b>
<b>Delivery Date:</b>	<b>12/1/2024</b>	<b>Rate:</b>	<b>3.85%</b>
<b>First Interest:</b>	<b>2/15/2025</b>	<b>IUP Year:</b>	<b>2024</b>
<b>First Principal:</b>	<b>2/15/2025</b>	<b>Case:</b>	<b>System Revenue</b>
<b>Last Principal:</b>	<b>2/15/2054</b>	<b>Admin.Fee:</b>	<b>\$8,514</b>
<b>Fiscal Year End:</b>	<b>12/31</b>	<b>Admin. Fee Payment Date:</b>	<b>12/1/2024</b>
<b>Required Coverage:</b>	<b>1.0</b>		

FISCAL YEAR	PROJECTED NET SYSTEM REVENUES	CURRENT DEBT SERVICE	\$495,000 ISSUE				TOTAL DEBT SERVICE	COVERAGE
			PRINCIPAL PAYMENT	INTEREST RATE	INTEREST PAYMENT	TOTAL PAYMENT		
2025	\$73,729	-	\$10,000	3.70%	\$12,978	\$22,978	\$22,978	3.21
2026	73,729	-	10,000	3.48%	18,112	28,112	28,112	2.62
2027	73,729	-	10,000	3.41%	17,768	27,768	27,768	2.66
2028	73,729	-	10,000	3.41%	17,427	27,427	27,427	2.69
2029	73,729	-	10,000	3.32%	17,090	27,090	27,090	2.72
2030	73,729	-	10,000	3.37%	16,756	26,756	26,756	2.76
2031	73,729	-	10,000	3.38%	16,418	26,418	26,418	2.79
2032	73,729	-	10,000	3.41%	16,079	26,079	26,079	2.83
2033	73,729	-	10,000	3.46%	15,735	25,735	25,735	2.86
2034	73,729	-	15,000	3.52%	15,298	30,298	30,298	2.43
2035	73,729	-	15,000	3.59%	14,765	29,765	29,765	2.48
2036	73,729	-	15,000	3.63%	14,223	29,223	29,223	2.52
2037	73,729	-	15,000	3.65%	13,677	28,677	28,677	2.57
2038	73,729	-	15,000	3.68%	13,128	28,128	28,128	2.62
2039	73,729	-	15,000	3.71%	12,573	27,573	27,573	2.67
2040	73,729	-	15,000	3.85%	12,006	27,006	27,006	2.73
2041	73,729	-	15,000	3.86%	11,428	26,428	26,428	2.79
2042	73,729	-	15,000	3.86%	10,849	25,849	25,849	2.85
2043	73,729	-	20,000	3.87%	10,173	30,173	30,173	2.44
2044	73,729	-	20,000	3.88%	9,398	29,398	29,398	2.51
2045	73,729	-	20,000	3.89%	8,621	28,621	28,621	2.58
2046	73,729	-	20,000	3.89%	7,843	27,843	27,843	2.65
2047	73,729	-	20,000	3.90%	7,064	27,064	27,064	2.72
2048	73,729	-	20,000	3.91%	6,283	26,283	26,283	2.81
2049	73,729	-	20,000	3.91%	5,501	25,501	25,501	2.89
2050	73,729	-	25,000	3.92%	4,620	29,620	29,620	2.49
2051	73,729	-	25,000	3.92%	3,640	28,640	28,640	2.57
2052	73,729	-	25,000	3.93%	2,658	27,658	27,658	2.67
2053	73,729	-	25,000	3.94%	1,675	26,675	26,675	2.76
2054	73,729	-	30,000	3.94%	591	30,591	30,591	2.41
		-	\$495,000		\$334,370	\$829,370	\$829,370	

<b>AVERAGE (MATURITY) LIFE</b>	<b>17.53 YEARS</b>
<b>NET INTEREST RATE</b>	<b>3.854%</b>
<b>COST SAVINGS</b>	<b>\$212,074</b>
<b>AVERAGE ANNUAL REQUIREMENT</b>	<b>\$27,640</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*



**TEXAS WATER  
DEVELOPMENT BOARD**

## Project Budget Summary

New Ulm WSC

73952 - New Ulm WSC Wastewater Treatment  
Plant Replacement

Budget Items	This Commitment	Total
<b>Construction</b>		
Construction	\$1,319,100	\$1,319,100
<b>Subtotal for Construction</b>	<b>\$1,319,100</b>	<b>\$1,319,100</b>
<b>Basic Engineering Services</b>		
Construction Engineering	\$110,000	\$110,000
Design	\$110,000	\$110,000
<b>Subtotal for Basic Engineering Services</b>	<b>\$220,000</b>	<b>\$220,000</b>
<b>Special Services</b>		
Application	\$27,500	\$27,500
Geotechnical	\$4,000	\$4,000
<b>Subtotal for Special Services</b>	<b>\$31,500</b>	<b>\$31,500</b>
<b>Fiscal Services</b>		
Bond Counsel	\$12,000	\$12,000
Bond Reserve Fund	\$16,000	\$16,000
Financial Advisor	\$18,000	\$18,000
Fiscal/Legal	\$10,000	\$10,000
Issuance Costs	\$3,000	\$3,000
Loan Origination Fee	\$8,514	\$8,514
<b>Subtotal for Fiscal Services</b>	<b>\$67,514</b>	<b>\$67,514</b>
<b>Other</b>		
Administration	\$27,500	\$27,500
<b>Subtotal for Other</b>	<b>\$27,500</b>	<b>\$27,500</b>
<b>Contingency</b>		
Contingency	\$229,386	\$229,386
<b>Subtotal for Contingency</b>	<b>\$229,386</b>	<b>\$229,386</b>
<b>Total</b>	<b>\$1,895,000</b>	<b>\$1,895,000</b>

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD  
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF  
\$1,895,000 TO THE NEW ULM WATER SUPPLY CORPORATION  
FROM THE CLEAN WATER STATE REVOLVING FUND  
THROUGH THE PROPOSED PURCHASE OF  
A PROMISSORY NOTE IN THE AMOUNT OF \$495,000 AND  
EXECUTION OF LOAN AGREEMENT  
AND  
\$1,400,000 IN PRINCIPAL FORGIVENESS

(24 - )

Recitals:

The New Ulm Water Supply Corporation (Corporation), located in Austin County, has filed an application for financial assistance in the amount of \$1,895,000 from the Clean Water State Revolving Fund (CWSRF) to finance the design and construction of wastewater system improvements identified as Project No. 73952.

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 \$495,000 and execution of a Loan Agreement (Obligations) (together with all authorizing documents), and the execution of a Principal Forgiveness Agreement in an amount of \$1,400,000, all as is more specifically set forth in the application and in recommendations of the TWDB's staff.

The Corporation has offered a pledge of system revenues and a mortgaged deed of trust 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 § 375.14.

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 application and assistance applied for meet the requirements of the Federal Water Pollution Control Act, 33 U.S.C. §§ 1251 *et seq.* and §§ 1382(b) and 1383(c), as well as state law, in accordance with Texas Water Code § 15.607.
3. The term of the Obligations does not exceed the expected useful life of the project proposed by the Corporation.
4. The Corporation 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 Corporation has considered cost-effective, innovative, and nonconventional methods of treatment, in accordance with Texas Water Code § 15.007.
6. The Corporation qualifies as a Disadvantaged Community and a “small” or “rural” system as determined by the applicable Intended Use Plan, and the project is therefore eligible for principal forgiveness in the amount of \$1,000,000. The Corporation meets the definition of a very small system in accordance with the current Intended Use Plan and is therefore eligible for principal forgiveness in the amount of \$400,000. The Corporation is therefore eligible for principal forgiveness through the CWSRF in a total amount not to exceed \$1,400,000.

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

A commitment is made by the TWDB to the New Ulm Water Supply Corporation for financial assistance in the amount of \$1,895,000 from the Clean Water State Revolving Fund through the TWDB’s proposed purchase of a Promissory Note in the amount of \$495,000 and the execution of a Loan Agreement and the execution of a Principal Forgiveness Agreement in the amount of \$1,400,000. This commitment will expire on March 31, 2025.

The commitment is conditioned as follows.

Standard Conditions:

1. The 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. If the financial assistance is funded with available cash-on-hand, the TWDB reserves the right to change the designated source of funds to bond proceeds issued for the purpose of reimbursing funds used to provide the financial assistance approved in this Resolution.
2. The commitment is contingent upon the issuance of a written approving opinion of the Attorney General of the State of Texas stating that all the requirements of the laws under which the Obligations are issued have been complied with; 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 Corporation.
3. The commitment is contingent upon the Corporation’s compliance with all applicable requirements contained in 31 TAC Chapter 375.
4. The Obligations must provide that the Corporation agrees to comply with all the conditions set forth in the TWDB Resolution.
5. 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 which 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.



6. 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, at a minimum and regardless of the amount of the Obligations, must agree 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 the rule, the 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 the Obligations, and the beneficial owners of the TWDB's bonds if the Corporation is an obligated person with respect to the bonds under SEC Rule 15c2-12.
7. The Obligations must require the Corporation to levy a tax or maintain and collect sufficient rates and charges, as applicable, to produce system funds 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.
8. The Obligations must require the Corporation to use any proceeds from the Obligations that are determined to be remaining unused funds 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. Remaining unused funds are those funds unspent after the original approved project is completed.
9. The Obligations must require the Corporation to use any proceeds from the Obligations that are determined to be surplus funds in a manner approved by the Executive Administrator. Surplus funds are funds remaining after completion of the project and completion of a final accounting.
10. 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.
11. Proceeds of this commitment are public funds. Therefore, the Obligations must require 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.
12. Proceeds of this commitment must not be used by the Corporation when sampling, testing, removing, or disposing of contaminated soils or media at the project site. The Obligations must provide that the Corporation is solely responsible for liability resulting from acts or omissions of the Corporation, 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 Corporation, its contractors,

consultants, agents, officials, and employees as a result of activities relating to the Project to the extent permitted by law.

13. Before closing, the Corporation must submit documentation evidencing the adoption and implementation of sufficient system rates and charges or the levy of an interest and sinking tax rate sufficient for the repayment of all system debt service requirements.
14. Before closing, and if not previously provided with the application, the Corporation must 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, reflected in the contract, and acceptable to the Executive Administrator.
15. Before closing, when any portion of the financial assistance is to be held in escrow or in trust, the Corporation must 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.
16. The Executive Administrator may require the Corporation to execute a separate financing agreement in form and substance acceptable to the Executive Administrator.
17. The Obligations must provide that the Corporation must comply with all applicable federal laws and 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 require the Corporation to maintain insurance coverage sufficient to protect the TWDB's interest in the project.
20. The Obligations must provide that the Corporation must submit annually, an audit prepared by a certified public accountant in accordance with generally accepted auditing standards.

State Revolving Fund Conditions:

21. The Corporation must submit outlay reports on a quarterly or monthly basis with sufficient documentation on costs in accordance with TWDB outlay report guidelines.
22. The Obligations must provide that all laborers and mechanics employed by contractors and subcontractors for projects 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 must 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 must insert in full in any contract in excess of \$2,000 the contract clauses as provided by the TWDB.

23. The Obligations must provide 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 Unique Entity Identification Number and shall register with System for Award Management (SAM) and maintain current registration at all times during which the Obligations are outstanding.
24. The Obligations must provide that all proceeds of this financial assistance will be timely and expeditiously used, as required by 40 CFR § 35.3135(d), and must provide that the Corporation will adhere to the approved project schedule.
25. The Obligations and Principal Forgiveness Agreement must provide 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 § 375.3, 33 U.S.C. § 1388, and related State Revolving Fund Policy Guidelines.
26. The Obligations and Principal Forgiveness Agreement must provide that the Corporation will abide by all applicable requirements related to the Build America, Buy America Act, Public Law 117-58.
27. The Obligations must provide that the Corporation must comply with the requirements set forth in 33 U.S.C. § 1382 *et seq.* related to maintaining project accounts containing financial assistance for planning, design, acquisition, or construction in accordance with generally accepted accounting principles (GAAP). These standards and principles also apply to the reporting of underlying infrastructure assets.
28. The Obligations and Principal Forgiveness Agreement must provide that the Corporation shall abide by the prohibition on certain telecommunications and video surveillance services or equipment as required by 2 CFR § 200.216.

#### Clean Water State Revolving Fund Conditions:

29. The Corporation must pay at closing an origination fee approved by the Executive Administrator of the TWDB pursuant 31 TAC Chapter 375.
30. Before 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.
31. Before release of funds for professional services related to architecture or engineering, including but not limited to contracts for program management,

construction management, feasibility studies, preliminary engineering, design, engineering, surveying, mapping, or other architectural and engineering services as defined in 40 U.S.C. § 1102(2)(A)–(C), the Corporation must provide documentation that it has met all applicable federal procurement requirements as more specifically set forth in 40 U.S.C. § 1101 *et seq* and 33 U.S.C. § 1382(b)(14).

Water Supply Corporation Conditions:

32. 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.
33. 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.
34. 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.
35. Before 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.
36. Before 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.
37. Before the 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.

38. Before 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.
39. Before 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.
40. 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:

41. The Obligations must require the accumulation of a reserve fund of no less than average annual debt service requirements of the Obligations and the annual debt service requirements of all additional debt, to be accumulated in equal monthly installments over the initial sixty (60) months following the issuance of the Obligations.
42. If the Corporation has existing revenue obligations with the same pledge of security as the proposed Obligations that will remain outstanding after the financial assistance made by the TWDB through this commitment, the lien or liens securing the Obligations issued to the TWDB must be at least on parity with lien or liens securing the outstanding obligations.
43. The Obligations must provide that additional revenue obligations may only be incurred if net system revenues are at least 1.25 times the average annual debt service requirements of the Obligations and the annual debt service requirement of all additional debt after giving effect to the additional obligations when net revenues are a) determined from the last completed fiscal year or a 12 consecutive calendar month period ending not more than ninety (90) days preceding the adoption of the additional obligations as certified by a certified public accountant; or b) the

Corporation certifies that the Corporation is expected to continue to meet or exceed the net system revenue test with a minimum coverage of 1.25 times the average annual debt service requirement. An authorized representative of the Corporation must provide the calculations, identifying reasonable assumptions, in a manner and format that is acceptable to the Executive Administrator.

Special Conditions:

44. The Corporation must notify the Executive Administrator in writing, thirty (30) days before taking any actions to alter its legal status in any manner.
45. The Obligations must require that the Corporation notify the Executive Administrator in writing before 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.
46. Before closing, the Corporation must execute a Principal Forgiveness Agreement in a form and substance acceptable to the Executive Administrator.
47. The Principal Forgiveness Agreement must state that the Corporation shall return any principal forgiveness funds that are determined to be surplus funds in a manner determined by the Executive Administrator.

APPROVED and ordered of record this 12th Day of September, 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.

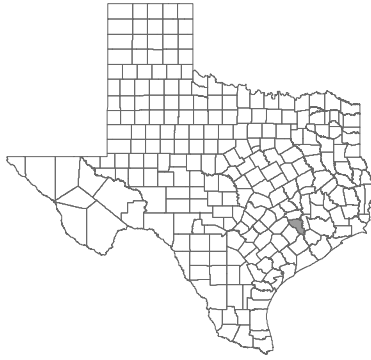
**Water Loss GPCD** is the amount of water loss divided by the retail population divided by 365.

**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.





## New Ulm WSC Austin County

