



PROJECT FUNDING REQUEST

BOARD DATE: March 31, 2026

Team Manager: Joe Koen

ACTION REQUESTED

Consider approving by resolution a request from the Greater Texoma Utility Authority on behalf of the City of Whitewright (Grayson and Fannin counties) for \$3,168,285 in financial assistance consisting of \$965,000 in financing and \$2,203,285 in principal forgiveness from the Drinking Water State Revolving Fund for planning, design, and construction of a water system improvements project.

STAFF RECOMMENDATION

Approve No Action

BACKGROUND

The Greater Texoma Utility Authority (Authority) provides its member cities with assistance in financing and construction of water and wastewater facilities. The Authority may also be requested to provide operations services for water and wastewater facilities by member cities and others.

The City of Whitewright (City) is located in Fannin and Grayson counties, approximately 50 miles north of Dallas. The City provides drinking and wastewater services to a population of approximately 1,800 residents and 858 connections.

PROJECT NEED AND DESCRIPTION

The City's water distribution system has experienced service outages, capacity and water loss and disinfection issues, due to aging and undersized water lines. The City also has an existing well that has gone out of service and needs to be replaced.

The City utilized funding from the 2019 Drinking Water State Revolving Fund (DWSRF) program for planning, design, and construction of approximately 30,000 linear feet of water lines, a new 230,000 gallons-per-minute production water well, a new 200,000-gallon ground storage tank, a new high service pump station, as well as SCADA, disinfection, and electrical components, and improvements to the three existing elevated storage tanks. The City's current funding request is for additional funds to complete the construction of the project as well as the addition of a new backup generator, electrical, and SCADA modifications to an existing water well site.

COMMITMENT PERIOD: SIX (6) MONTHS TO EXPIRE SEPTEMBER 30, 2026

PROJECT SCHEDULE

Task	Schedule Date
Closing	August 15, 2026
Engineering Feasibility Report Completion (End of Planning Phase)	May 26, 2020
Design Phase Completion	March 5, 2021
Start of Construction	January 19, 2022
Construction Completion	March 30, 2027

KEY ISSUES

The City qualifies for \$2,203,285 in principal forgiveness and \$965,000 in zero percent financing as a small/rural disadvantaged community through the DWSRF.

The City is proposing to fund the bond reserve fund with bond proceeds.

LEGAL/SPECIAL CONDITIONS

- Executed principal forgiveness agreement
- Return of surplus principal forgiveness funds
- Water rights certification

Attachments:

1. Financial Review
2. Project Budget
3. Resolution (26-)
4. Water Conservation Review
5. Location Map

Financial Review

Greater Texoma UA - City of Whitewright

Risk Score: 2B

Audit Reviewed: FY 2024

Key Indicators

Indicator	Result	Benchmark
Population Growth, Average Annual 2010-2020	City: 0.73%	State: 1.49%
Top 10 Customers % of Total Revenue	0.2%	10-15%
Median Household Income as % of State	71%	100%
Household Cost Factor	2.03%	1.51-2.00%
Days of Cash on Hand (3-year Average)	225 days	30-149 days
Net Fixed Assets/ Annual Depreciation	15 years	12-24 years
Debt Service Coverage Ratio	0.68x	1.0x
Debt-to-Operating Revenues	7.77	4.00-5.99x
Unemployment Rate (November 2025)	County: 4.00%	State: 4.20%
Working Capital Ratio	0.6	> 1.0

Key Risk Score Strengths

- The City's days of cash on hand is above the benchmark, indicating the City has an average of seven months of unrestricted cash to cover operating expenses.
- The Corporation's top water customers account for only one percent of the Corporation's revenue, indicating it's well diversified and is not reliant on a small group of customers to generate revenue.

Key Risk Score Concerns

- Based on 2024 audited financial figures, the City is projected to need an initial rate increase of \$15.12 in 2028 followed by an additional 0.12 cents in 2031. However, City staff projects a smaller rate increase will be needed due to one-time operating expenses occurring that year. A scenario was run removing the one-time expenses, which were \$150,000, and the maximum needed rate increase was reduced to 0.70 cents.
- The debt-to-operating revenues ratio is below the benchmark due to system revenues supporting most of the outstanding debt. The City's revenues have been trending positively by 24 percent over the last three years, improving the City's financial flexibility despite the large amount of debt.
- The City has a low working capital ratio, indicating the system's current liabilities exceed its current assets. This was primarily caused by the City deciding to write off a large amount of old account receivables as bad debt in 2024 and the City spending a significant amount of cash to purchase wastewater sludge from surrounding wastewater systems due to a chemical spill.

PLEDGE

Legal Pledge Name	Contract Revenues
Type of Pledge	<input type="checkbox"/> Tax <input type="checkbox"/> Revenue <input type="checkbox"/> Tax & Revenue <input checked="" type="checkbox"/> Contract <input type="checkbox"/> Other
Revenue Pledge Level	<input 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 (2031)	Current Household Cost Factor	Projected Household Cost Factor
Water	5,000	\$40.00	\$55.24	1.69	2.03
Wastewater	5,000	\$36.00	\$36.00		

Cost Savings

Based on a 30-year maturity schedule and current interest rates, the City could save approximately \$689,785 over the life of the financing. The City is also saving \$2,203,285 in principal forgiveness.

Project Data Summary

Responsible Authority	Greater Texoma UA
Program	DWSRF
Commitment Number	L1002362, LF1002361
Project Number	62831
List Year	2024
Type of Pledge	Contract Revenue Pledge
Pledge Level (if applicable)	First Lien
Legal Description	\$965,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2026 (City of Whitewright Project), \$2,203,285 Principal Forgiveness Agreement
Tax-exempt or Taxable	Tax-Exempt
Refinance	No
Outlay Requirement	Yes
Disbursement Method	Escrow
Outlay Type	Outlay = Escrow Release
Qualifies as Disadvantaged	Yes
State Revolving Fund Type	Equivalency
Financial Managerial & Technical Complete	Yes
Phases Funded	Planning, Design, and Construction
Pre-Design	Yes
Project Consistent with State Water Plan	Yes
Water Conservation Plan	Adopted
Overall Risk Score	2B

PROJECT TEAM

Team Manager	Financial Analyst	Engineering Reviewer	Environmental Reviewer	Attorney
Joe Koen	Jacob Berdoll	Jason Asbury	Kylie Beard	Michael Perez

ISSUE BEING EVALUATED
FOR ILLUSTRATION PURPOSES ONLY
City of Whitewright

\$965,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2026 (City of Whitewright Project)

Dated Date: 8/15/2026	Source: DWSRF-EQUIVALENCY
Delivery Date: 8/15/2026	Rate: 0.00%
First Interest: 10/1/2027	IUP Year: 2024
First Principal: 10/1/2027	Case: Revenue only
Last Principal: 10/1/2056	Admin.Fee: \$18,922
Fiscal Year End: 09/30	Admin. Fee Payment Date: 08/15/2026
Required Coverage: 1.0	

FISCAL YEAR	REQUIRED NET SYSTEM REVENUES	CURRENT DEBT SERVICE	\$965,000 ISSUE				TOTAL DEBT SERVICE	COVERAGE
			PRINCIPAL PAYMENT	INTEREST RATE	INTEREST PAYMENT	TOTAL PAYMENT		
2028	\$483,657	\$448,657	\$35,000	-	\$0	\$35,000	\$483,657	1.00
2029	483,657	444,334	35,000	-	-	35,000	479,334	1.01
2030	484,734	449,734	35,000	-	-	35,000	484,734	1.00
2031	484,871	449,871	35,000	-	-	35,000	484,871	1.00
2032	484,871	430,953	35,000	-	-	35,000	465,953	1.04
2033	484,871	432,961	35,000	-	-	35,000	467,961	1.04
2034	484,871	429,877	35,000	-	-	35,000	464,877	1.04
2035	484,871	431,722	35,000	-	-	35,000	466,722	1.04
2036	484,871	438,326	35,000	-	-	35,000	473,326	1.02
2037	484,871	429,593	35,000	-	-	35,000	464,593	1.04
2038	484,871	386,105	35,000	-	-	35,000	421,105	1.15
2039	484,871	387,833	35,000	-	-	35,000	422,833	1.15
2040	484,871	384,311	35,000	-	-	35,000	419,311	1.16
2041	484,871	385,603	30,000	-	-	30,000	415,603	1.17
2042	484,871	391,632	30,000	-	-	30,000	421,632	1.15
2043	484,871	387,470	30,000	-	-	30,000	417,470	1.16
2044	484,871	388,159	30,000	-	-	30,000	418,159	1.16
2045	484,871	388,615	30,000	-	-	30,000	418,615	1.16
2046	484,871	383,911	30,000	-	-	30,000	413,911	1.17
2047	484,871	389,031	30,000	-	-	30,000	419,031	1.16
2048	484,871	388,916	30,000	-	-	30,000	418,916	1.16
2049	484,871	388,605	30,000	-	-	30,000	418,605	1.16
2050	484,871	388,102	30,000	-	-	30,000	418,102	1.16
2051	484,871	387,451	30,000	-	-	30,000	417,451	1.16
2052	484,871	272,275	30,000	-	-	30,000	302,275	1.60
2053	484,871	272,542	30,000	-	-	30,000	302,542	1.60
2054	484,871	272,643	30,000	-	-	30,000	302,643	1.60
2055	484,871	272,576	30,000	-	-	30,000	302,576	1.60
2056	484,871	-	30,000	-	-	30,000	30,000	16.16
2057	484,871	-	30,000	-	-	30,000	30,000	16.16
		\$10,901,803	\$965,000		\$0	\$965,000	\$11,866,803	

AVERAGE (MATURITY) LIFE	15.06 YEARS
NET INTEREST RATE	0.000%
COST SAVINGS	\$689,785
AVERAGE ANNUAL REQUIREMENT	\$395,560

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
Greater Texoma UA
62831 - City of Whitewright Water System Improvements
Project

Budget Items	This Commitment	Previous Commitment	Total
Construction			
Construction	\$2,348,813.00	\$279,270.25	\$2,628,083.25
Construction Contract		\$2,272,064.75	\$2,272,064.75
Subtotal for Construction	\$2,348,813.00	\$2,551,335.00	\$4,900,148.00
Basic Engineering Services			
Construction Engineering	\$220,000.00	\$161,739.53	\$381,739.53
Design	\$100,000.00	\$306,000.00	\$406,000.00
Planning		\$85,000.00	\$85,000.00
Subtotal for Basic Engineering Services	\$320,000.00	\$552,739.53	\$872,739.53
Special Services			
Application	\$7,500.00	\$10,000.00	\$17,500.00
Environmental	\$1,000.00	\$30,000.00	\$31,000.00
Geotechnical		\$14,662.50	\$14,662.50
Inspection		\$19,000.00	\$19,000.00
Permits		\$27,000.00	\$27,000.00
Project Management (by engineer)		\$180,572.50	\$180,572.50
Surveying		\$37,500.00	\$37,500.00
Water Conservation Plan		\$5,070.00	\$5,070.00
Subtotal for Special Services	\$8,500.00	\$323,805.00	\$332,305.00
Fiscal Services			
Bond Counsel	\$26,400.00	\$26,695.00	\$53,095.00
Bond Reserve Fund	\$141,545.00		\$141,545.00
Financial Advisor	\$20,850.00	\$22,525.00	\$43,375.00
Fiscal/Legal	\$3,220.00	\$3,755.00	\$6,975.00
Issuance Costs	\$2,000.00	\$2,000.00	\$4,000.00
Loan Origination Fee	\$18,922.00	\$56,197.00	\$75,119.00
Subtotal for Fiscal Services	\$212,937.00	\$111,172.00	\$324,109.00
Other			
Administration	\$10,000.00	\$10,000.00	\$20,000.00
Land/Easements Acquisition		\$0.00	\$0.00
Other (Paying Agent Fee)	\$2,500.00	\$1,901.00	\$4,401.00
Project Legal Expenses	\$1,500.00	\$2,000.00	\$3,500.00
Subtotal for Other	\$14,000.00	\$13,901.00	\$27,901.00
Contingency			
Contingency	\$264,035.00	\$205,153.47	\$469,188.47
Subtotal for Contingency	\$264,035.00	\$205,153.47	\$469,188.47
Total	\$3,168,285.00	\$3,758,106.00	\$6,926,391.00

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
 APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF
 \$3,168,285 TO THE GREATER TEXOMA UTILITY AUTHORITY
 FROM THE DRINKING WATER STATE REVOLVING FUND
 THROUGH THE PROPOSED PURCHASE OF
 \$965,000 GREATER TEXOMA UTILITY AUTHORITY CONTRACT REVENUE BONDS,
 PROPOSED SERIES 2026 (CITY OF WHITEWRIGHT PROJECT)
 AND
 \$2,203,285 IN PRINCIPAL FORGIVENESS

(26 -)

Recitals:

The Greater Texoma Utility Authority (Authority), located in Grayson and Fannin Counties, has applied for financial assistance in the amount of \$3,168,285 from the Drinking Water State Revolving Fund (DWSRF) to finance the construction of certain water system improvements identified as Project No. 62831.

The Authority seeks financial assistance from the Texas Water Development Board (TWDB) through the TWDB's proposed purchase of \$965,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2026 (City of Whitewright Project) (Obligations), together with all authorizing documents, and the execution of a Principal Forgiveness Agreement in an amount of \$2,203,285, as is more specifically set forth in the application and in recommendations of the TWDB's staff.

The Authority has offered a pledge of contract revenues as sufficient security for the repayment of the Obligations.

Findings:

1. The revenue or taxes pledged by the Authority will be sufficient to meet all the Obligations assumed by the Authority, in accordance with Texas Water Code § 15.607.
2. The application and assistance applied for meet the requirements of the Safe Drinking Water Act, 42 U.S.C. §§ 300f *et seq.*, as well as state law, in accordance with Texas Water Code § 15.607.
3. The term of the Obligations does not exceed the expected useful life of the project proposed by the Authority.
4. The Authority 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 consistent with the approved regional and state water plans, as required by Texas Water Code § 16.053(j).

6. The Authority has completed a current water audit required by Texas Water Code § 16.0121 and 31 TAC § 358.6 and filed it with the TWDB in accordance with Texas Water Code § 16.053(j).
7. The Authority meets the definition of “Disadvantaged Community” in 31 TAC § 371.1(24) and is therefore eligible for principal forgiveness in the amount of \$2,203,285. The Authority meets the definition of a “small” or “rural” disadvantaged community in the applicable IUP and is therefore eligible for principal forgiveness in the amount of financial assistance with a reduced interest rate of zero percent. The Authority is therefore eligible for principal forgiveness through the in a total amount not to exceed \$2,203,285 and financial assistance in the amount of \$965,000 with a reduced interest rate of zero percent.

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

A commitment is made by the TWDB to the Greater Texoma Utility Authority for financial assistance in the amount of \$3,168,285 from the Drinking Water State Revolving Fund through the TWDB’s proposed purchase of \$965,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2026 (City of Whitewright Project) and the execution of a Principal Forgiveness Agreement in the amount of \$2,203,285. This commitment will expire on September 30, 2026.

The 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. 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. This 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 were 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 Authority.
3. This commitment is contingent upon the Authority’s compliance with all applicable requirements contained in 31 TAC Chapter 371.
4. The Obligations must provide that the Authority 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 ten years from the dated date of the Obligations at a redemption price of par.
6. 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 the rule, this 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 those bonds under SEC Rule 15c2-12.
7. The Obligations must include a provision requiring the Authority to use any financial assistance proceeds from the Obligations that are determined to be remaining unused funds, which are those funds unspent after the original approved project is completed, for enhancements to the original project explicitly approved by the Executive Administrator, or, if no enhancements are authorized by the Executive Administrator, requiring the Authority to submit a final accounting and disposition of any unused funds.
8. The Obligations must include a provision requiring the Authority to use any financial assistance proceeds from the Obligations 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.
9. The Obligations must contain a provision that the TWDB may exercise all remedies available to it in law or equity, and any provision of the Obligations that restricts or limits the TWDB's full exercise of these remedies shall be of no force and effect.
10. Proceeds of this commitment are public funds. Therefore, the Obligations must include a provision requiring that these proceeds shall be held at a designated state depository institution or other properly chartered and authorized institution in accordance with the Public Funds Investment Act, Government Code, Chapter 2256, and the Public Funds Collateral Act, Government Code, Chapter 2257.
11. Proceeds of this commitment must not be used by the Authority when sampling, testing, removing, or disposing of contaminated soils or media at the project site, except for an LSLR project or associated activity directly connected to the identification, planning, design, and replacement of lead service lines or for an EC project to address PFAs or any contaminant listed on EPA's Contaminant Candidate Lists. The Obligations must include an environmental indemnification provision wherein the Authority agrees, and agrees to cause its construction contractors, to indemnify, hold harmless and protect the TWDB from any and all claims, causes of action, or damages arising from activities performed by the Authority or its

construction contractors, including their officials and employees, in connection with the project, to the extent permitted by law.

12. Before closing, and if not previously provided with the application, the Authority shall submit executed contracts for engineering and, if applicable, financial advisor and bond counsel contracts for the project that are satisfactory to the Executive Administrator. Fees to be reimbursed under the contracts must be reasonable in relation to the services performed, reflected in the contract, and acceptable to the Executive Administrator.
13. Before closing, when any portion of the financial assistance is to be held in escrow or in trust, the Authority shall execute an escrow or trust agreement, approved as to form and substance by the Executive Administrator, and shall submit that executed agreement to the TWDB.
14. The Executive Administrator may require the Authority to execute a separate financing agreement in form and substance acceptable to the Executive Administrator.
15. The TWDB retains the option to purchase the Obligations in separate lots or on an installment basis, with delivery of the purchase price for each installment to be paid against delivery of the relevant installment of Obligations as approved by the Executive Administrator.
16. The Obligations must provide that the Authority will comply with all applicable TWDB laws and rules related to the use of the financial assistance.
17. 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.
18. The Obligations must contain a provision requiring the Authority to maintain insurance coverage sufficient to protect the TWDB's interest in the project.
19. The Authority 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. 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.
21. Before closing, the Authority shall submit to the escrow agent a closing memo signed by the Executive Administrator.

Tax-Exempt Conditions:

22. 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.
23. The Authority's bond counsel opinion must also state that the Obligations are not "private activity bonds." Bond counsel may rely on covenants and representations of the Authority when rendering this opinion.
24. 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 of 1986, as amended (Code) and the Treasury Regulations promulgated under section 141 (Regulations).
25. The Obligations must provide that no portion of the proceeds of this commitment 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 which were used, directly or indirectly, to acquire Nonpurpose Investments (as defined in the Code and Regulations) which produce a yield materially higher than the yield on the TWDB's bonds that are issued to provide financing for this commitment (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 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.
26. The Obligations must include a provision requiring the Authority 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 to satisfy the requirements of section 148 of the Code. The Obligations must provide that the Authority must:
 - 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 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 financing 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 them;

- b. calculate the Rebate Amount, as defined in the Code and Regulations, with respect to its financing, 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 rulings under these sections. The Authority shall maintain a copy of the calculations for at least six years after the final Computation Date;
 - c. as additional consideration for the making of this commitment, and to induce the making of the commitment 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 to 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;
27. 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.
28. 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.
29. 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.
30. The Obligations must contain a provision that the Authority will refrain from using the proceeds provided by this TWDB commitment or the proceeds of any prior bonds to pay debt service on another issue more than 90 days after the date of issue of the Obligations in contravention of the requirements of section 149(d) of the Code (relating to advance refundings).
31. The transcript must include evidence that the information reporting requirements of section 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 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.

32. The Obligations must provide that neither the Authority 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 Authority by the TWDB.
33. The Authority's federal tax certificate shall provide that the weighted average maturity of the Obligations purchased by the TWDB does not exceed 120% of the weighted average reasonably expected economic life of the Project.

State Revolving Fund Conditions;

34. The Authority shall submit outlay reports with sufficient documentation on costs on a quarterly or monthly basis in accordance with TWDB outlay report guidelines.
35. The Obligations must include a provision stating that all laborers and mechanics employed by contractors and subcontractors for projects shall be paid wages at rates not less than those prevailing on projects of a similar character in the locality in accordance with the Davis-Bacon Act, and the U.S. Department of Labor's implementing regulations. The Authority, all contractors, and all sub-contractors shall ensure that all project contracts mandate compliance with Davis-Bacon. All contracts and subcontracts for the construction of the project carried out in whole or in part with the financial assistance made available shall insert in full in any contract in excess of \$2,000 the contracts clauses as provided by the TWDB.
36. The Obligations must include a provision stating that the Authority 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 Authority 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.
37. The Obligations shall provide that all financial assistance proceeds will be timely and expeditiously used, as required by 40 CFR § 35.3135(d), and shall provide that the Authority will adhere to the approved project schedule.
38. The Obligations and Principal Forgiveness Agreement must contain a covenant that the Authority will abide by all applicable construction contract requirements related to the use of iron and steel products produced in the United States, as required by 31 TAC § 371.4 and related State Revolving Fund Policy Guidelines.
39. The Obligations and Principal Forgiveness Agreement must contain a covenant that the Authority shall abide by the prohibition on certain telecommunications and video surveillance services or equipment as required by 2 CFR § 200.216.

Drinking Water State Revolving Fund Conditions;

40. The Authority shall pay at closing an origination fee approved by the Executive Administrator of the TWDB pursuant to 31 TAC Chapter 371.
41. Before closing, the Texas Commission on Environmental Quality, must make a determination, the form and substance of which is satisfactory to the Executive Administrator, that the Authority has demonstrated the necessary financial, managerial, and technical capabilities to proceed with the project or projects to be funded with the proceeds of these Obligations.

Pledge Conditions;

42. Upon request by the Executive Administrator, the Authority shall submit annual audits of contracting parties for the Executive Administrator's review.
43. The Obligations must contain a provision requiring the Authority to maintain and enforce the contracts with its customers so that 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.
44. The Obligations must contain a provision that the pledged contract revenues from the Authority must 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.
45. Before closing, the Authority must submit executed contracts between the Authority and the contracting parties regarding the contract revenues pledged to the payment of the Authority's Obligations, in form and substance acceptable to the Executive Administrator. The contracts shall include provisions consistent with the provisions of this Resolution regarding the contracting parties' annual audits, the setting of rates and charges and collection of revenues sufficient to meet the Authority's debt service obligations and additional parity obligations.

Special Conditions:

46. 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.
47. Before closing, the Authority shall execute a Principal Forgiveness Agreement in a form and substance acceptable to the Executive Administrator.
48. The Principal Forgiveness Agreement must include a provision stating that the Authority shall return any principal forgiveness funds that are determined to be surplus funds.

APPROVED and ordered of record this 31st day of March, 2026.

TEXAS WATER DEVELOPMENT BOARD

L'Oreal Stepney, P.E., Chairwoman

DATE SIGNED: _____

ATTEST:

Bryan McMath, Executive Administrator

Review Date:

Project ID:

Water

Wastewater

Other

WATER CONSERVATION REVIEW

Entity:

Other entity:

WATER CONSERVATION PLAN DATE:**Approvable****Adopted**

	Total GPCD	Residential GPCD	Water Loss GPCD
Baseline			
5-year Goal			
10-year Goal			

WATER LOSS AUDIT YEAR:

Validation Required:

Validation Performed:

Service connections:

Length of main lines (miles):

Water Loss GCD:

Retail population:

Connections per mile:

Water Loss GPCD:

ILI:

Real Loss GMD:

WATER LOSS THRESHOLDS

Water Loss Project:

Waiver Requested:

Wholesale Adjusted:

Apparent Loss GCD

Real Loss GCD

Threshold Type:

Reported

Threshold

Reported

Threshold

Does the applicant meet Water Loss Threshold Requirements?

Yes**No****NA****ADDITIONAL INFORMATION****STAFF NOTES AND RECOMMENDATIONS**

DEFINITIONS

Adopted refers to a water conservation plan that meets the minimum requirements of the water conservation plan rules and has been formally approved and adopted by the applicant's governing body.

Apparent losses are paper losses that occur when the water reaches a customer, but the volume is not accurately measured and/or recorded due to unauthorized consumption, customer meter inaccuracy, or billing system and collection data errors.

Approvable refers to a water conservation plan that substantially meets the minimum requirements of the water conservation plan rules but has not yet been adopted by the applicant's governing body.

Best Management Practices are voluntary efficiency measures that save a quantifiable amount of water, either directly or indirectly, and that can be implemented within a specific time frame.

GPCD means gallons per capita per day.

GCD means gallons per connection per day.

GMD means gallons per mile per day.

Infrastructure Leakage Index (ILI) is the current annual real loss divided by the unavoidable annual real loss (theoretical minimum real loss) and only applies to utilities with more than 3,000 connections and a connection density of more than 16 connections per mile. The **ILI** is recommended to be less than 3 if water resources are greatly limited and difficult to develop, between 3 and 5 if water resources are adequate to meet long-term needs but water conservation is included in long-term water planning, and between 5 and 8 if water resources are plentiful, reliable, and easily extracted. The **ILI** is recommended as a benchmarking 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.



GTUA Whitewright Grayson County

