



PROJECT FUNDING REQUEST

BOARD DATE: March 31, 2026

Team Manager: Joe Koen

ACTION REQUESTED

Consider approving by resolution a request from the South Rains Special Utility District (Rains County) for \$2,850,000 in financial assistance from the Texas Water Development Fund for planning, design, and construction of a water system improvements project.

STAFF RECOMMENDATION

Approve No Action

BACKGROUND

The South Rains Special Utility District (District) is located 50 miles east of Dallas, near the City of Emory. The District provides water and wastewater services to a population of approximately 3,648 residents and approximately 1,099 water connections.

PROJECT NEED AND DESCRIPTION

The District projects it will add approximately 200 connections by 2050. The current storage capacity of 294,750 gallons is 80,000 gallons less than the Texas Commission on Environmental Quality's requirement for the projected number of connections in 2050.

The District proposes to construct a new 80,000-gallon ground storage tank, a new pump station to facilitate the additional storage capacity, two 2,200-gallon pressure tanks, two 220-gallon per minute service pumps, and a generator. The proposed pump station will be located 0.5 miles south of the intersection of Farm-to-Market Road 779 and United States Highway 69.

PROJECT SCHEDULE

Task	Schedule Date
Closing	August 1, 2026
Engineering Feasibility Report Completion (End of Planning Phase)	October 30, 2026
Design Phase Completion	January 30, 2027
Start of Construction	March 30, 2027
Construction Completion	September 30, 2027

LEGAL/SPECIAL CONDITIONS

- Notice of change in legal status
- Notice of conveyance

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

Attachments:

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

Financial Review South Rains SUD

Risk Score: 2B

Audit Reviewed: FY 2025

Key Indicators

Indicator	Result	Benchmark
Population Growth, Average Annual 2010-2020	County: 1.09%	State: 1.49%
Top 10 Customers % of Total Revenue	2%	10-15%
Median Household Income as % of State	108%	100%
Household Cost Factor	2.14%	1.51-2.00%
Days of Cash on Hand (3-year Average)	302 days	30-149 days
Net Fixed Assets/ Annual Depreciation	15 years	12-24 years
Debt Service Coverage Ratio	0.81x	1.0x
Debt-to-Operating Revenues	2.46	4.00-5.99x
Unemployment Rate (November, 2025)	County: 4.10%	State: 4.20%
Working Capital Ratio	14.87	> 1.0

Key Risk Score Strengths

- The working capital ratio exceeds the benchmark, indicating substantial short-term financial capacity. This level of liquidity reflects current assets are approximately 14 times greater than short-term liabilities, suggesting a low degree of term liabilities, suggesting a low degree of -near term- financial risk and strong ability to withstand operational or economic fluctuations.
- The District's three-year average of 302 days of cash on hand reflects liquidity position, indicating the District's ability to meet short-term obligations and address unanticipated financial requirements. Over the past five years, a five-percent increase in water connections, coupled with stable operating expenses, has further supported the strength of this metric.
- The District's cash balance ratio has increased significantly over the past five years, driven by growth in operating revenues and modest expansion within the service area while maintaining stable expenses. Additionally, the District's current debt level is equivalent to slightly less than 2.5 years of operating revenues, indicating a capacity to pay short-term obligations.

Key Risk Score Concerns

- The District's debt service coverage ratio of 0.81x falls below the required coverage based on the District's 2025 audited financial statements. To meet the required coverage, a projected total rate increase of approximately \$4.00 by 2049 would be required. Effective June 1, 2025, the District implemented an average base rate increase of \$3.50 for residential customers and \$0.50 rate increases made to the tier volume metric. The District's 2025 audited figures do not include the recent rate increase. The debt service schedule below is based on 2025 audited figures.
- The household cost factor is above the benchmark; however, this is partially offset by the District's accounts receivable performance, with receivables collected on average within 47 days over the past three years and revenues exhibiting a positive upward trend during the same periods. Additionally, the District provides a single service and implemented a rate adjustment within the last year, contributing to the current household cost factor.

PLEDGE

Legal Pledge Name	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	5,000	\$78.13	\$78.13	2.14	2.14

Cost Savings

Based on a 30-year maturity schedule and current interest rates, the District could save approximately \$153,961 over the life of the financing.

Project Data Summary

Responsible Authority	South Rains SUD
Program	WDF
Commitment Number	L1002346
Project Number	21920
List Year	2026
Type of Pledge	Revenue Pledge
Pledge Level (if applicable)	First Lien
Legal Description	\$2,850,000 South Rains SUD Revenue Bonds, Proposed Series 2026
Tax-exempt or Taxable	Tax-Exempt
Refinance	No
Outlay Requirement	No
Disbursement Method	Escrow
Outlay Type	Outlay <> Escrow Release
Qualifies as Disadvantaged	No
Financial Managerial & Technical Complete	N/A
Phases Funded	Planning, 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	Chelsea Duran	Grace Davila	Kylie Beard	Michael Perez

ISSUE BEING EVALUATED
FOR ILLUSTRATION PURPOSES ONLY
South Rains SUD

\$2,850,000 South Rains SUD Revenue Bonds, Proposed Series 2026

Dated Date: 8/1/2026	Source: WDF
Delivery Date: 8/1/2026	Rate: 4.82%
First Interest: 2/15/2027	IUP Year: 2026
First Principal: 8/15/2027	Case: Revenue only
Last Principal: 8/15/2056	Admin.Fee: \$0
Fiscal Year End: 06/30	Admin. Fee Payment Date: N/A
Required Coverage: 1.0	

FISCAL YEAR	PROJECTED NET SYSTEM REVENUES	CURRENT DEBT SERVICE	\$2,850,000 ISSUE				TOTAL DEBT SERVICE	COVERAGE
			PRINCIPAL PAYMENT	INTEREST RATE	INTEREST PAYMENT	TOTAL PAYMENT		
2027	\$132,916	\$0	\$0	-	\$69,654	\$69,654	\$69,654	1.91
2028	163,742	-	35,000	2.93%	128,742	163,742	163,742	1.00
2029	167,640	-	40,000	2.95%	127,640	167,640	167,640	1.00
2030	171,386	-	45,000	2.95%	126,386	171,386	171,386	1.00
2031	171,386	-	45,000	2.94%	125,061	170,061	170,061	1.01
2032	173,647	-	50,000	3.01%	123,647	173,647	173,647	1.00
2033	173,647	-	50,000	3.09%	122,122	172,122	172,122	1.01
2034	175,488	-	55,000	3.13%	120,488	175,488	175,488	1.00
2035	175,488	-	55,000	3.20%	118,748	173,748	173,748	1.01
2036	176,878	-	60,000	3.30%	116,878	176,878	176,878	1.00
2037	176,878	-	60,000	3.57%	114,817	174,817	174,817	1.01
2038	177,517	-	65,000	3.78%	112,517	177,517	177,517	1.00
2039	179,906	-	70,000	3.95%	109,906	179,906	179,906	1.00
2040	181,982	-	75,000	4.11%	106,982	181,982	181,982	1.00
2041	183,733	-	80,000	4.27%	103,733	183,733	183,733	1.00
2042	185,147	-	85,000	4.42%	100,147	185,147	185,147	1.00
2043	186,225	-	90,000	4.54%	96,225	186,225	186,225	1.00
2044	186,973	-	95,000	4.65%	91,973	186,973	186,973	1.00
2045	187,390	-	100,000	4.75%	87,390	187,390	187,390	1.00
2046	187,484	-	105,000	4.82%	82,484	187,484	187,484	1.00
2047	187,484	-	110,000	4.89%	77,264	187,264	187,264	1.00
2048	187,484	-	115,000	4.93%	71,740	186,740	186,740	1.00
2049	190,799	-	125,000	4.97%	65,799	190,799	190,799	1.00
2050	190,799	-	130,000	4.99%	59,449	189,449	189,449	1.01
2051	190,799	-	135,000	5.02%	52,817	187,817	187,817	1.02
2052	190,799	-	145,000	5.04%	45,775	190,775	190,775	1.00
2053	190,799	-	150,000	5.06%	38,326	188,326	188,326	1.01
2054	190,799	-	155,000	5.07%	30,601	185,601	185,601	1.03
2055	190,799	-	165,000	5.07%	22,489	187,489	187,489	1.02
2056	190,799	-	175,000	5.08%	13,862	188,862	188,862	1.01
2057	190,799	-	185,000	5.09%	4,708	189,708	189,708	1.01
		\$0	\$2,850,000		\$2,668,365	\$5,518,365	\$5,518,365	

AVERAGE (MATURITY) LIFE	19.43 YEAR
NET INTEREST RATE	4.818%
COST SAVINGS	\$153,961
AVERAGE ANNUAL REQUIREMENT	\$178,012

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
 South Rains SUD
 21920 - FM 779 Pump Station

Budget Items	TWDB Funds	Total
Construction		
Construction	\$1,813,697.00	\$1,813,697.00
Subtotal for Construction	\$1,813,697.00	\$1,813,697.00
Basic Engineering Services		
Construction Engineering	\$90,685.00	\$90,685.00
Design	\$181,370.00	\$181,370.00
Planning	\$10,000.00	\$10,000.00
Subtotal for Basic Engineering Services	\$282,055.00	\$282,055.00
Special Services		
Environmental	\$15,000.00	\$15,000.00
Geotechnical	\$22,500.00	\$22,500.00
Inspection	\$54,411.00	\$54,411.00
Surveying	\$7,500.00	\$7,500.00
Testing	\$22,500.00	\$22,500.00
Subtotal for Special Services	\$121,911.00	\$121,911.00
Fiscal Services		
Bond Counsel	\$32,250.00	\$32,250.00
Bond Reserve Fund	\$270,000.00	\$270,000.00
Financial Advisor	\$49,350.00	\$49,350.00
Fiscal/Legal	\$10,718.00	\$10,718.00
Issuance Costs	\$7,965.00	\$7,965.00
Subtotal for Fiscal Services	\$370,283.00	\$370,283.00
Contingency		
Contingency	\$262,054.00	\$262,054.00
Subtotal for Contingency	\$262,054.00	\$262,054.00
Total	\$2,850,000.00	\$2,850,000.00

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF
\$2,850,000 TO SOUTH RAINS SUPPLY UTILITY DISTRICT
FROM THE FINANCIAL ASSISTANCE ACCOUNT OF
THE TEXAS WATER DEVELOPMENT FUND II
THROUGH THE PROPOSED PURCHASE OF
\$2,850,000 SOUTH RAINS SUPPLY UTILITY DISTRICT REVENUE BONDS,
PROPOSED SERIES 2026

(26-)

Recitals:

The South Rains Supply Utility District (District), located in Rains County, Texas, has filed an application for financial assistance in the amount of \$2,850,000 from the Financial Assistance Account of the Texas Water Development Fund II, established by Texas Water Code § 17.959, to finance water system improvements, identified as Project No. 21920.

The District seeks financial assistance from the Texas Water Development Board (TWDB) in the amount of \$2,850,000 through the TWDB's purchase of \$2,850,000 South Rains Supply Utility District Revenue Bonds, Proposed Series 2026 (Obligations) (together with all authorizing documents), as is more specifically set forth in the application and in recommendations of the TWDB's staff.

The District has offered a pledge of a first lien on the net revenues of the District's water system as sufficient security for the repayment of the Obligations.

The commitment is approved for funding under the TWDB's pre-design funding option, and initial and future releases of funds are subject to 31 TAC § 363.16.

In accordance with Texas Water Code § 17.124, the TWDB has considered all matters required by law and in particular the following:

1. The needs of the area to be served by the water supply project, the benefit of the water supply project to the area, the relationship of the water supply project to the overall, statewide water needs, and the relationship of the water supply project to the approved regional and state water plans.
2. The availability of revenue to the District, from all sources, for the ultimate repayment of the cost of the water supply project, including interest.

Findings:

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

2. In its opinion the tax or revenue pledged by the District will be sufficient to meet all the Obligations assumed by the District during the succeeding period of not more than 50 years, in accordance with Texas Water Code § 17.125(a)(2).
3. The application and financial assistance requested meet the requirements of Chapter 17, Subchapters D, E, and L, Water Code, and the TWDB's rules set forth in 31 TAC Chapter 363, Subchapter A.
4. The District has adopted and implemented a water conservation program for the more efficient use of water that will meet reasonably anticipated local needs and conditions and that incorporates practices, techniques, or technology prescribed by the Texas Water Code and TWDB's rules.
5. The TWDB has approved a regional water plan for the region of the state that includes the area benefiting from the project and the needs to be addressed by the project will be addressed in a manner that is consistent with the approved regional and state water plans, as required by Texas Water Code § 16.053(j).
6. The District has completed its current water audit required by Texas Water Code § 16.0121 and has filed it with the TWDB, in accordance with Texas Water Code § 16.053(j).

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

A commitment is made by the TWDB to the South Rains Supply Utility District for financial assistance in the amount of \$2,850,000 from the Financial Assistance Account of the Texas Water Development Fund II, to be evidenced by the TWDB's proposed purchase of \$2,850,000 South Rains Supply Utility District Revenue Bonds, Proposed Series 2026. This commitment will expire on March 31, 2027.

This commitment is conditioned as follows:

Standard Conditions:

1. This commitment is contingent on a future sale of bonds by the TWDB or on the availability of funds on hand as determined by the TWDB.
2. This commitment is contingent upon the issuance of a written approving opinion of the Attorney General of the State of Texas stating that the District has complied with all of the requirements of the laws under which the Obligations were issued; that the Obligations were issued in conformance with the Constitution and laws of the State of Texas; and that the Obligations are valid and binding obligations of the District.
3. This commitment is contingent upon the District's continued compliance with all applicable laws, rules, policies, and guidance as these may be amended from time

to time to adapt to a change in law, in circumstances, or any other legal requirement.

4. The Obligations must provide that the Obligations can be called for early redemption only in inverse order of maturity, and on any date beginning on or after the first interest payment date that is 10 years from the dated date of the Obligations, at a redemption price of par, together with accrued interest to the date fixed for redemption.
5. The Obligations must provide that the District will comply with all applicable TWDB laws and rules related to the use of the financial assistance.
6. The Obligations must provide that the District must comply with all conditions as specified in the final environmental finding of the Executive Administrator when issued, including the standard emergency discovery conditions for threatened and endangered species and cultural resources.
7. The Obligations must contain a provision requiring the District to maintain insurance coverage sufficient to protect the TWDB's interest in the project.
8. The Obligations must provide that the District, 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 District'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 District's Obligations, if the TWDB sells or otherwise transfers the Obligations, and the beneficial owners of the TWDB's bonds if the District is an obligated person with respect to the bonds under SEC Rule 15c2-12.
9. The Obligations must require the District to levy a tax or maintain and collect sufficient rates and charges to produce system revenues in an amount necessary to meet the debt service requirements of all outstanding obligations and to maintain the funds established and required by the Obligations.
10. The Obligations must require the District to use any surplus financial assistance proceeds from the Obligations remaining after completion of the Project and completion of a final accounting in a manner approved by the Executive Administrator.
11. The Obligations must provide that the TWDB may exercise all remedies available to it in law or equity, and any provision of the Obligations that restricts or limits the TWDB's full exercise of these remedies shall be of no force and effect.

12. Financial assistance proceeds are public funds. Therefore, the Obligations must require that these proceeds be held at a designated state depository institution or other properly chartered and authorized institution in accordance with the Public Funds Investment Act, Government Code, Chapter 2256 and the Public Funds Collateral Act, Government Code, Chapter 2257.
13. Financial assistance proceeds shall not be used by the District when sampling, testing, removing, or disposing of contaminated soils or media at the project site. The Obligations must provide that the District is solely responsible for liability resulting from acts or omissions of the District, 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 District, its contractors, consultants, agents, officials, and employees as a result of activities relating to the Project to the extent permitted by law.
14. Before closing, the District must submit documentation evidencing the adoption and implementation of sufficient system rates and charges or, if applicable, the levy of an interest and sinking tax rate sufficient for the repayment of all system debt service requirements.
15. Before closing, and if required under the TWDB's financial assistance program and not previously provided with the application, the District must submit an executed engineering contract as appropriate for the project scope of work, and an executed financial advisor contract and executed bond counsel contract as appropriate for the work to be performed in obtaining the TWDB's financial assistance for the project, in a form and substance satisfactory to the Executive Administrator. Fees to be reimbursed under any consulting contract must be reasonable in relation to the services performed, must be reflected in the contract, and must be acceptable to the Executive Administrator.
16. Before closing, when any portion of financial assistance proceeds are to be held in escrow or in trust, the District must execute an escrow agreement or trust agreement, approved as to form and substance by the Executive Administrator, and must submit that executed agreement to the TWDB.
17. The Executive Administrator may require that the District execute a separate financing agreement in form and substance acceptable to the Executive Administrator.
18. The District must abide by all applicable construction contract requirements related to the use of iron and steel products produced in the United States, as required by Texas Government Code, Chapter 2252, Subchapter F and Texas Water Code § 17.183.
19. The District must immediately notify TWDB, in writing, of any suit against it by the Attorney General of Texas under Texas Penal Code § 1.10(f) (related to federal laws regulating firearms, firearm accessories, and firearm ammunition).

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

Conditions Related To Tax-Exempt Status:

21. Before closing, the District's bond counsel must prepare a written opinion that states the interest on the Obligations is excludable from gross income or is exempt from federal income taxation. Bond counsel may rely on covenants and representations of the District when rendering this opinion.
22. Before closing, the District's bond counsel must prepare a written opinion that states the Obligations are not "private activity bonds." Bond counsel may rely on covenants and representations of the District when rendering this opinion.
23. The Obligations must include a provision prohibiting the District from using the proceeds of this financial assistance in a manner that would cause the Obligations to become "private activity bonds" within the meaning of § 141 of the Internal Revenue Code of 1986, as amended (Code) and the Treasury Regulations promulgated thereunder (Regulations).
24. The Obligations must provide that no portion of the proceeds of the financial assistance will be used, directly or indirectly, in a manner that would cause the Obligations to be "arbitrage bonds" within the meaning of § 148(a) of the Code and Regulations, including to acquire or to replace funds used, directly or indirectly, to acquire Nonpurpose Investments (as defined in the Code and Regulations) that produce a yield materially higher than the yield on the TWDB's bonds issued to provide the financial assistance (Source Series Bonds), other than Nonpurpose Investments acquired with:
 - a. proceeds of the TWDB's Source Series Bonds invested for a reasonable temporary period of up to three (3) years after the issue date of the Source Series Bonds until such proceeds are needed for the facilities to be financed;
 - b. amounts invested in a bona fide debt service fund, within the meaning of § 1.148-1(b) of the Regulations; and
 - c. amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed the least of maximum annual debt service on the Obligations, 125% of average annual debt service on the Obligations, or 10 percent of the stated principal amount, or, in the case of a discount, the issue price of the Obligations.
25. The Obligations must require the District to take all necessary steps to comply with the requirement that certain amounts earned on the investment of gross proceeds of the Obligations be rebated to the federal government in order to satisfy the

requirements of § 148 of the Code. The Obligations must provide that the District will:

- a. account for all Gross Proceeds, as defined in the Code and Regulations, (including all receipts, expenditures, and investments on its books of account) separately and apart from all other funds (and receipts, expenditures, and investments) and retain all records of such accounting for at least six years after the final Computation Date. The District may, however, to the extent permitted by law, commingle Gross Proceeds of its financial assistance with other money of the District, provided that the District separately accounts for each receipt and expenditure of such Gross Proceeds and the obligations acquired with those proceeds;
 - b. calculate the Rebate Amount, as defined in the Code and Regulations, with respect to its financial assistance, not less frequently than each Computation Date, in accordance with rules set forth in § 148(f) of the Code, § 1.148-3 of the Regulations, and the rulings under the Code. The District must maintain a copy of such calculations for at least six years after the final Computation Date;
 - c. as additional consideration for the making of the financial assistance, and in order to induce the making of the financial assistance by measures designed to ensure the excludability of the interest on the TWDB's Source Series Bonds from the gross income of the owners for federal income tax purposes, pay to the United States the amount described in paragraph (b) above within 30 days after each Computation Date; and
 - d. exercise reasonable diligence to assure that no errors are made in the calculations required by paragraph (b) and, if an error is made, to discover and promptly correct the error within a reasonable amount of time after discovery, including payment to the United States of any interest and any penalty required by the Regulations.
26. The Obligations must include a provision prohibiting the District from taking any action that would cause the interest on the Obligations to be includable in gross income for federal income tax purposes.
 27. The Obligations must provide that the District will not cause or permit the Obligations to be treated as "federally guaranteed" obligations within the meaning of § 149(b) of the Code.
 28. The Obligations must contain a covenant that the District will refrain from using the proceeds of the Obligations to pay debt service on another issue of obligations of the borrower in contravention of section 149(d) of the Code (related to "advance refundings").

29. The transcript must include a No Arbitrage Certificate or similar Federal Tax Certificate setting forth the District's reasonable expectations regarding the use, expenditure and investment of the proceeds of the Obligations.
30. The transcript must include evidence that the information reporting requirements of § 149(e) of the Code will be satisfied. This requirement may be satisfied by filing an IRS Form 8038 with the Internal Revenue Service. In addition, the completed IRS Form 8038, or other evidence that the information reporting requirements of § 149(e) have been satisfied, must be provided to the Executive Administrator within 14 days of closing. The Executive Administrator may withhold the release of funds for failure to comply.
31. The Obligations must provide that neither the District 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 District by the TWDB.
32. Before closing, the District must provide certification that the average weighted maturity of the Obligations purchased by the TWDB does not exceed 120 percent of the average reasonably expected economic life of the Project.

Pledge Conditions:

33. The Obligations must require the accumulation of a reserve fund of no less than average annual debt service requirements, to be accumulated in equal monthly installments over the initial 60 months following the issuance of the Obligations.
34. If the District has existing revenue obligations with the same pledge of security as the proposed Obligations that will remain outstanding after any financial assistance provided by the TWDB pursuant to this commitment, the lien or liens securing the Obligations issued to the TWDB must be at least on a parity with lien or liens securing the outstanding obligations.
35. The Obligations must provide that additional revenue obligations may only be incurred if a) net system revenues are at least 1.25 times the average annual debt service requirements after giving effect to the additional obligations when net revenues are determined from the last completed fiscal year or a 12 consecutive calendar month period ending not more than 90 days before the adoption of the additional obligations as certified by a certified public accountant; or b) the District certifies that the District 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 District must provide the calculations identifying reasonable assumptions in a format that is acceptable to the Executive Administrator.

Special Conditions:

36. The District must notify the Executive Administrator in writing 30 days before taking any actions to alter its legal status in any manner.

37. The Obligations must require that the District 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.

APPROVED and ordered of record this, the 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.



South Rains SUD Rains County

