

Water for Texas

Financial Assistance Application Review Process

All entities that wish to apply for TWDB infrastructure financial assistance must fill out a standard TWDB application form, found on our website. Guidance is available online and staff is available to assist with any questions you may have. In addition to general information regarding the project, the application includes specific information on the following:

- ▶ Financial
- ▶ Legal
- ▶ Engineering
- ▶ Environmental
- ▶ Planning and Water Conservation
- ▶ “Green” Projects and Project Components—federal programs only
- ▶ Disadvantaged Business Enterprises—federal programs only

For each application, TWDB conducts a technical review of the above subjects. This technical review varies from project to project because of the wide diversity of projects submitted for funding. The review, however, often includes the examples listed below.

Financial Review

- ▶ Verifies valuation of taxable property
- ▶ Verifies tax rates, unemployment rates, etc.
- ▶ Verifies financial ratios such as total debt per capita or general obligation debt per capita
- ▶ Assesses the reasonableness of projected growth
- ▶ Reviews the most recent audit and considers potential impacts of any recent findings
- ▶ Confirms debt authorized and issued to date to applicant
- ▶ Reviews applicant’s current operations budget
- ▶ Determines if there are outstanding contingent liabilities potentially impacting the ability to repay such as pending litigation with potential financial consequences

Legal Review

- ▶ Verifies borrower’s legal authority to issue debt
- ▶ Determines if there is pending litigation that would impact the status of debt, governmental structure, or financial condition of the applicant
- ▶ Determines if there are outstanding regulatory issues impacting licenses or permits, such as enforcement actions
- ▶ Evaluates the pledge for payment and/or the proposed security
- ▶ Reviews proposed bond covenants and contracts

Engineering Review

- ▶ Coordinates permitting requirements with the Texas Commission on Environmental Quality
- ▶ Ensures budgeted project costs are eligible under the requested funding program
- ▶ Verifies the plan is certified by a Texas licensed professional engineer
- ▶ Evaluates the project in context with regional issues

Environmental Review

- ▶ Evaluates project plan to determine level of environmental review required during project planning
- ▶ Evaluates project schedule and budget to ensure adequate time and funds are allocated for environmental review
- ▶ Reviews project information to determine if the project qualifies for a Categorical Exclusion

Planning and Water Conservation Review

- ▶ Ensures a valid Water Conservation Plan is included
- ▶ Considers water loss audit issues
- ▶ Ensures reasonableness of population and water demand projections in comparison to State Water Plan
- ▶ Checks that the applicant has replied to the Water Use Survey in each of the past three years
- ▶ Coordinates with Groundwater and Surface Water staff to assure that water will be available for the life of the loan
- ▶ For a project proposing an interbasin transfer, checks to assure that all in-basin needs for the next 50 years would be met
- ▶ For a project applying for State Water Plan dedicated funding, checks to assure that (a) the project is a recommended water management strategy in the State Water Plan and (b) the applicant responded to the most recent Infrastructure Finance Survey
- ▶ For other water supply projects, checks the project is consistent with the State Water Plan with respect to source of supply

“Green” Projects and Project Components Review—federal projects only

- ▶ Verifies projects meet federal definition of “green”
- ▶ Evaluates reasonableness of the projected conservation and reuse efforts

Disadvantaged Business Enterprise (DBE) Review—federal projects only

- ▶ Verifies DBE goals meet federal minimum standard
- ▶ Confirms applicant has appropriately asserted good faith effort

Application Approval Process

After the TWDB staff conducts their technical review of the application, it is presented to the TWDB’s governing Board for approval at a public meeting. Once the funding commitment has been made, the applicant may close on the financing. Depending on the specific program, funds may be delivered to escrow which can then be released as the project is constructed.

Where may I get more information?

For more information, please contact the TWDB at (512) 463-0991 or Financial_Assistance@twdb.texas.gov.

Additional information on financial assistance programs is also available at <http://www.twdb.texas.gov/financial/programs>.