



# Groundwater District Loan Program

## What is the Groundwater District Loan Program, and who can apply?

The Texas Water Development Board (TWDB) administers the Groundwater District Loan Program. Through this program, the TWDB provides short-term loans to finance the start-up costs of newly created groundwater conservation districts. The program is authorized under Texas Water Code Chap. 36, Subchap. L, and governed by TWDB rules in 31 Tex. Admin. Code Chap. 363, Subchap. H. Funding is available for any groundwater district or authority that is authorized to regulate the spacing of water wells, production from water wells, or both. To be eligible for funding from the program, the district must be either a confirmed district or a legislatively created district that does not require a confirmation election. The district must demonstrate the need for funds to defray start-up costs.

## How can Groundwater District Loan Program funds be used?

Loan funds may be used to fund or reimburse an applicant's initial expenses, including start-up and operating costs. The following costs may be eligible for funding or reimbursement:

- Creation expenses, including election costs
- Salaries and payroll taxes
- Utilities
- Travel
- Insurance
- Building and office leases
- Office supplies and furniture
- Telephone and computer equipment
- Legal and professional fees

## What are the special terms of the Groundwater District Loan Program?

The TWDB may provide financial assistance to applicants by purchasing a note and entering into a loan agreement with the applicant. System revenues and/or tax pledges are required as pledges

for the loan. The loan may be made for a period not to exceed three years as mandated by 31 Tex. Admin. Code §363.802. Interest rates are established by maturity for each installment closed approximately 45 days prior to closing. The loan is closed (funds transferred) upon execution of the loan agreement. The applicant is not required to engage the services of a bond counsel or a financial advisor.

## What are the application requirements?

The applicant is encouraged to meet with TWDB staff to receive help in preparing the application and to discuss the terms of the loan. The application consists of applicant identification, a resolution requesting the assistance, adequate assurances the loan will be repaid, the operating budget, and the financing plan for repayment of the loan. From the time a complete application is submitted, it takes approximately 60 to 90 days for an application to be reviewed and considered by the TWDB governing Board. Completed applications for loans through the Groundwater District Loan Program are considered by the TWDB governing Board at its regular monthly meeting.

The Board may commit to funding the project if it finds that

- granting financial assistance to the applicant will serve the public interest, and
- the revenue pledged by the applicant from district taxes and fees and other sources will be sufficient to meet all the obligations assumed by the applicant.

## Where may I get more information?

For further information on the Groundwater District Loan Program, please contact the TWDB at (512) 463-5067. Information is also available in the Assistance section of the TWDB website: [www.twdb.texas.gov/financial/programs](http://www.twdb.texas.gov/financial/programs).