

Texas Water Development Board

PROJECT FUNDING REQUEST

BOARD DATE: May 4, 2023

Team Manager: Nancy Richards

ACTION REQUESTED

Consider approving by resolution a request from the Dogwood Springs Water Supply Corporation (Anderson County) for \$1,000,000 in financing from the Texas Water Development Fund for planning, design, and construction of a water system improvement project.

STAFF RECOMMENDATION

Approve No Action

BACKGROUND

Dogwood Springs Water Supply Corporation (Corporation) is located in Anderson County approximately 25 miles southeast of Tyler, Texas. The Corporation provides water service to a population of approximately 636 residents and 212 connections.

PROJECT NEED AND DESCRIPTION

The Corporation's existing Well No. 2 has become inoperable due to a failing screen, leaving one producing well to supply water to customers. The Corporation is also over the water loss threshold for apparent loss.

The Corporation is proposing to drill a new well to provide additional water supply and to act as a redundancy to the existing operating well. The proposed well will have a planned capacity of 200 gallons per minute. The project also includes plugging Well No. 2, ground storage tank cleaning, and general site improvements at Water Plant No. 1. Furthermore, the Corporation will calibrate their intake meter and replace it if necessary.

PROJECT SCHEDULE

Task	Schedule Date
Closing	September 1, 2023
Engineering Feasibility Report Completion (End of Planning Phase)	October 11, 2023
Design Phase Completion	December 11, 2023
Start of Construction	February 1, 2024
Construction Completion	July 1, 2024

LEGAL/SPECIAL CONDITIONS

- Adopt water conservation plan
- Water rights certification
- Conversion and conveyance
- Significant rates and charges
- Cash reserve fund

COMMITMENT PERIOD: TWELVE (12) MONTHS TO EXPIRE MAY 31, 2024

- 2022 Form 990 required prior to closing

Attachments

1. Financial Review
2. Project Budget
3. Resolution (23-)
4. Water Conservation Review
5. Location Map

Financial Review

Dogwood Springs WSC

Attachment 1

Risk Score: 2C

Form 990 Year Reviewed: 2021

Key Indicators

Indicator	Result	Benchmark
Population Growth, Average Annual 2010-2020	County: -0.4%	State: 1.49%
Top 10 Customers % of Total Revenue	10%	10-15%
Median Household Income as % of State	68%	100%
Days of Cash on Hand (3-year Average)	693 days	30-149 days
Net Fixed Assets/ Annual Depreciation	23 years	12-24 years
Debt Service Coverage Ratio	0.31x	1.0x
Debt-to-Operating Revenues	10.68x	4.00-5.99x
Unemployment Rate (December, 2022)	Anderson County: 3.0%	State: 3.6%
Working Capital Ratio	1.572	> 1.0
Cash Balance Ratio	-82.95%	0-9.99%

Key Risk Score Strengths

- A high working capital ratio provides the Corporation with ample resources to cover short-term liabilities and shows a strong liquidity position.
- Although the Corporation has seen an increase in maintenance and repair cost, it shows a 3-year average of 693 days of cash on hand with 380 days of cash on hand since the end of the 2021 tax year. With the recent extinguishment of debt in 2022, the Corporation is projected to improve its financial position going forward.

Key Risk Score Concerns

- Debt-to-operating revenues ratio is above benchmark, and the debt service coverage ratio is below the benchmark due to the currently proposed loan obligation. Based on a no growth scenario, the Corporation is projected to need a rate increase totaling \$19.53 by 2051 with \$15.73 required in the first year of repayment; however, the Corporation recently implemented a \$15 rate increase in April 2022 in addition to the recent extinguishment of debt in early 2022.
- The population growth of the County has slightly declined over the past eight years, but system connections have remained stable.
- The Corporation's cash balance ratio of -82.95% is due to ongoing maintenance and repairs made to the primary and secondary well. A special condition has been added to the resolution requiring the Corporation to reserve 90 days of cash for maintenance and operating expenses and to show evidence of the adoption and implementation of sufficient system rates and charges 120 days prior to closings. Additionally, a condition was added requiring the Corporation to provide a copy of its 2022 Form 990 filed with the Internal Revenue Service 30 days prior to closing.

PLEDGE

Legal Pledge Name	Water System Revenue
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 (Year 2051)	Current Household Cost Factor	Projected Household Cost Factor
Water	3,110	\$49.45	\$68.98	2.41	2.96

Cost Savings

Based on a 30-year maturity schedule and current interest rates, the Corporation could save approximately \$347,533 over the life of the financing.

Project Data Summary

Responsible Authority	Dogwood Springs WSC
Program	WDF
Commitment Number	L1001615
Project Number	21806
List Year	2022
Type of Pledge	Revenue Pledge
Pledge Level (if applicable)	First Lien
Legal Description	\$1,000,000 Dogwood Springs WSC Loan Agreement
Tax-exempt or Taxable	Taxable
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	Approvable
Overall Risk Score	2C

PROJECT TEAM

Team Manager	Financial Analyst	Engineering Reviewer	Environmental Reviewer	Attorney
Nancy Richards	Rand Zeolla	Bill Blaik	Gayla Duaine	Michael Perez

ISSUE BEING EVALUATED
FOR ILLUSTRATION PURPOSES ONLY
Dogwood Springs WSC

\$1,000,000 Dogwood Springs WSC Loan Agreement

Dated Date: 9/1/2023	Source: WDF
Delivery Date: 9/1/2023	Rate: 4.66%
First Interest: 3/15/2024	IUP Year: 2022
First Principal: 3/15/2025	Case: Revenue
Last Principal: 3/15/2054	Admin.Fee: \$0
Fiscal Year End: 12/31	Admin. Fee Payment Date: N/A
Required Coverage: 1.0	

FISCAL YEAR	PROJECTED NET SYSTEM REVENUES	CURRENT DEBT SERVICE	\$1,000,000 ISSUE				TOTAL DEBT SERVICE	COVERAGE
			PRINCIPAL PAYMENT	INTEREST RATE	INTEREST PAYMENT	TOTAL PAYMENT		
2024	\$47,026	\$0	\$0	-	\$47,026	\$47,026	\$47,026	1.00
2025	60,034	-	15,000	3.10%	45,034	60,034	60,034	1.00
2026	60,034	-	15,000	3.35%	44,550	59,550	59,550	1.01
2027	60,034	-	15,000	3.50%	44,036	59,036	59,036	1.02
2028	63,414	-	20,000	3.60%	43,414	63,414	63,414	1.00
2029	63,414	-	20,000	3.75%	42,679	62,679	62,679	1.01
2030	63,414	-	20,000	3.85%	41,919	61,919	61,919	1.02
2031	63,414	-	20,000	3.95%	41,139	61,139	61,139	1.04
2032	63,414	-	20,000	4.05%	40,339	60,339	60,339	1.05
2033	63,414	-	20,000	4.15%	39,519	59,519	59,519	1.07
2034	63,414	-	20,000	4.25%	38,679	58,679	58,679	1.08
2035	63,414	-	20,000	4.35%	37,819	57,819	57,819	1.10
2036	63,414	-	25,000	4.45%	36,827	61,827	61,827	1.03
2037	65,589	-	30,000	4.55%	35,589	65,589	65,589	1.00
2038	65,589	-	30,000	4.60%	34,216	64,216	64,216	1.02
2039	65,589	-	30,000	4.66%	32,827	62,827	62,827	1.04
2040	65,589	-	30,000	4.66%	31,429	61,429	61,429	1.07
2041	65,589	-	30,000	4.66%	30,031	60,031	60,031	1.09
2042	65,589	-	30,000	4.66%	28,633	58,633	58,633	1.12
2043	67,002	-	40,000	4.66%	27,002	67,002	67,002	1.00
2044	67,002	-	40,000	4.74%	25,122	65,122	65,122	1.03
2045	67,002	-	40,000	4.74%	23,226	63,226	63,226	1.06
2046	67,002	-	40,000	4.74%	21,330	61,330	61,330	1.09
2047	67,002	-	40,000	4.74%	19,434	59,434	59,434	1.13
2048	67,301	-	50,000	4.74%	17,301	67,301	67,301	1.00
2049	67,301	-	50,000	4.74%	14,931	64,931	64,931	1.04
2050	67,301	-	50,000	4.74%	12,561	62,561	62,561	1.08
2051	69,954	-	60,000	4.74%	9,954	69,954	69,954	1.00
2052	69,954	-	60,000	4.74%	7,110	67,110	67,110	1.04
2053	69,954	-	60,000	4.74%	4,266	64,266	64,266	1.09
2054	69,954	-	60,000	4.74%	1,422	61,422	61,422	1.14
		\$0	\$1,000,000		\$919,359	\$1,919,359	\$1,919,359	

AVERAGE (MATURITY) LIFE	19.71 YEARS
NET INTEREST RATE	4.665%
COST SAVINGS	\$347,533
AVERAGE ANNUAL REQUIREMENT	\$61,915

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
Dogwood Springs WSC
21806 - New Public Water Well / System
Improvements

Budget Items	This Commitment	Local and Other Funds	Total
Construction			
Construction	\$640,000.00	\$0.00	\$640,000.00
Subtotal for Construction	\$640,000.00	\$0.00	\$640,000.00
Basic Engineering Services			
Construction Engineering	\$48,700.00	\$0.00	\$48,700.00
Design	\$82,900.00	\$0.00	\$82,900.00
Planning	\$53,320.00	\$0.00	\$53,320.00
Subtotal for Basic Engineering Services	\$184,920.00	\$0.00	\$184,920.00
Fiscal Services			
Bond Reserve Fund	\$30,180.00	\$58,170.00	\$88,350.00
Financial Advisor	\$33,500.00	\$0.00	\$33,500.00
Fiscal/Legal	\$41,000.00	\$0.00	\$41,000.00
Issuance Costs	\$6,400.00	\$0.00	\$6,400.00
Subtotal for Fiscal Services	\$111,080.00	\$58,170.00	\$169,250.00
Contingency			
Contingency	\$64,000.00	\$0.00	\$64,000.00
Subtotal for Contingency	\$64,000.00	\$0.00	\$64,000.00
Total	\$1,000,000.00	\$58,170.00	\$1,058,170.00

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF
\$1,000,000 TO DOGWOOD SPRINGS WATER SUPPLY CORPORATION
FROM THE FINANCIAL ASSISTANCE ACCOUNT OF
THE TEXAS WATER DEVELOPMENT FUND II
THROUGH THE PROPOSED PURCHASE OF
A PROMISSORY NOTE IN THE AMOUNT OF \$1,000,000
AND EXECUTION OF A LOAN AGREEMENT

(23 -)

WHEREAS, the Dogwood Springs Water Supply Corporation (Corporation), located in Anderson County, Texas, has filed an application for financial assistance in the amount of \$1,000,000 from the Financial Assistance Account of the Texas Water Development Fund II, established by Texas Water Code § 17.959, to finance the planning, design, and construction of certain water system improvements, identified as Project No. 21806; and

WHEREAS, the Corporation seeks financial assistance from the Texas Water Development Board (TWDB) in the amount of \$1,000,000 through the TWDB's purchase of a Promissory Note in the amount of \$1,000,000 and execution of a Loan Agreement (together with all authorizing documents (Obligations)), all as is more specifically set forth in the application and in recommendations of the TWDB's staff; and

WHEREAS, the Corporation has offered a pledge of system revenues and a mortgaged deed of trust on the Corporation's system as sufficient security for the repayment of the Obligations; and

WHEREAS, 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; and

WHEREAS, 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; and
2. the availability of revenue to the Corporation, from all sources, for the ultimate repayment of the cost of the water supply project, including interest.

WHEREAS, the TWDB hereby finds:

1. that the public interest requires state assistance in the water supply project, in accordance with Texas Water Code § 17.125(a)(1);

2. that in its opinion the tax and/or revenue pledged by the Corporation will be sufficient to meet all the Obligations assumed by the Corporation during the succeeding period of not more than 50 years, in accordance with Texas Water Code § 17.125(a)(2);
3. that the Corporation has submitted a proposed program of water conservation 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;
4. that 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;
5. that 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. that the current water audit required by Texas Water Code § 16.0121 has been completed by the Corporation and filed with the TWDB, in accordance with Texas Water Code § 16.053(j); and

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

A commitment is made by the TWDB to the Dogwood Springs Water Supply Corporation for financial assistance in the amount of \$1,000,000 from the Financial Assistance Account of the Texas Water Development Fund II, to be evidenced by the TWDB's purchase of a Promissory Note in the amount of \$1,000,000 and execution of a Loan Agreement. This commitment will expire on May 31, 2024.

Such 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;
2. prior to closing, the Corporation must submit to the Executive Administrator an attorney's opinion confirming the legal authority for the Corporation to incur the debt;
3. this commitment is contingent upon the Corporation's 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), including but not limited to 31 TAC Chapter 363;

4. the Obligations must provide that the Corporation may prepay all or part of the amounts of principal and interest then due on the loan on any regularly scheduled payment date as specified in the Repayment Schedule, as revised, beginning no earlier than the first interest payment date that is 10 years from the date of the first delivery of funds from the TWDB to the Corporation pursuant to this Agreement;
5. the Obligations must include a provision wherein 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 or obligated persons, will, at a minimum, covenant to comply with requirements for continuing disclosure on an ongoing basis substantially in the manner required by 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 such rule, such 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 such Obligations, and the beneficial owners of the TWDB's bonds if the Corporation is an obligated person with respect to such bonds under SEC Rule 15c2-12;
6. the Obligations must contain a provision requiring the Corporation to levy a tax and/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;
7. the Obligations must include a provision requiring the Corporation to use any surplus loan proceeds from the Obligations remaining after completion of a final accounting in a manner as approved by the Executive Administrator; and
8. 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;
9. financial assistance proceeds are public funds and, as such, 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;
10. financial assistance proceeds shall not be used by the Corporation when sampling, testing, removing or disposing of contaminated soils and/or media at the project

site. The Obligations shall include an environmental indemnification provision wherein the Corporation agrees to indemnify, hold harmless and protect the TWDB from any and all claims, causes of action or damages to the person or property of third parties arising from the sampling, analysis, transport, storage, treatment and disposition of any contaminated sewage sludge, contaminated sediments and/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;

11. prior to closing, and if required under the TWDB's financial assistance program and not previously provided with the application, the Corporation shall 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 that are 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;
12. prior to closing, when any portion of financial assistance proceeds are to be held in escrow or in trust, the Corporation shall execute an escrow agreement or trust agreement, approved as to form and substance by the Executive Administrator, and shall submit that executed agreement to the TWDB;
13. the Executive Administrator may require that the Corporation execute a separate financing agreement in form and substance acceptable to the Executive Administrator;
14. the Corporation shall 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;
15. the Obligations must include a provision stating that the Corporation's indebtedness to the TWDB shall be 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;
16. 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;

17. 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;
18. prior to 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;
19. prior to 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;
20. prior to 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;
21. prior to 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 entity; no part of the income of the Corporation will be distributed to the Corporation's members, directors, or officers;
22. prior to 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; and

23. 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 For The Loan:

24. 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 sixty (60) months following the issuance of the Obligations;
25. if the Corporation has existing revenue obligations with the same pledge of security as the proposed Obligations that will remain outstanding after any loan(s) made by the TWDB pursuant to this commitment, the lien or liens securing the Obligations issued to the TWDB shall be at least on a parity with lien or liens securing such outstanding obligations;
26. the Obligations must contain a provision providing that additional revenue obligations may only be incurred if 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 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;

PROVIDED, however, the commitment is subject to the following special conditions:

Special Conditions:

27. prior to closing, the Corporation shall adopt and implement the water conservation program approved by the TWDB;
28. prior to the release of funds for the costs of planning, engineering, architectural,

- legal, title, fiscal, or economic investigation, studies, surveys, or designs for that portion of a project that proposes surface water or groundwater development, the Executive Administrator must either issue a written finding that the Corporation has the right to use the water that the project financed by the TWDB will provide or a written determination that a reasonable expectation exists that such a finding will be made before the release of funds for construction;
29. prior to 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 Corporation has the right to use the water that the project financed by the TWDB will provide;
 30. the Corporation must notify the Executive Administrator in writing thirty (30) days prior to taking any actions to alter its legal status in any manner;
 31. the Obligations must include a provision requiring that the Corporation notify the Executive Administrator in writing prior to 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;
 32. at least one hundred and twenty (120) days prior to closing, the Corporation shall submit documentation evidencing the adoption and implementation of sufficient system rates and charges for the repayment of all debt service requirements;
 33. at least thirty (30) days prior to closing, the Corporation shall submit documentation acceptable to the Executive Administrator (EA) of the TWDB that it has reserved ninety (90) days of cash, based on the daily average of total expenses, excluding depreciation and amortization, reflected in the Corporation's 2021 Form 990 filed with the Internal Revenue Service. While the TWDB is the holder of the Obligations, this cash reserve requirement shall be maintained based on the Corporation's most recent Form 990 filed with the Internal Revenue Service. The restricted cash shall be kept in a bank account separate and apart from the Corporation's other cash. Upon the disbursement of any restricted cash, the Corporation shall notify the EA. The restricted cash account shall be replenished within ninety (90) days;
 34. at least thirty (30) days prior to closing, the Corporation shall provide a copy of the 2022 Form 990 filed with the Internal Revenue Service to the TWDB and this commitment may be terminated if the Executive Administrator determines that the Corporation's financial condition is unacceptable. While the TWDB is the holder of the Obligations, the Corporation shall timely file its annual Form 990 with the Internal Revenue Service and provide a copy of the filing to the TWDB within thirty (30) days from the date of filing.

APPROVED and ordered of record this, the 4th day of May 2023.

TEXAS WATER DEVELOPMENT BOARD

Brooke T. Paup, Chairwoman

DATE SIGNED: _____

ATTEST:

Jeff Walker, 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:

Service connections:

Length of main lines (miles):

Water Loss GCD:

Retail population:

Connections per mile:

Water Loss GPCD:

ILI¹:

1 – Infrastructure Leakage Index only applicable if > 16 connections per mile and > 3,000 service connections

WATER LOSS THRESHOLDS

Water Loss Project:

Wholesale Adjusted:

Threshold Type:

Apparent Loss Gallons per connection per day	Real Loss Gallons per mile per day	Real Loss Gallons per connection per day	Apparent Loss Threshold Gallons per connection per day	Real Loss Threshold Gallons per mile per day	Real Loss Threshold Gallons per connection per day

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.

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.

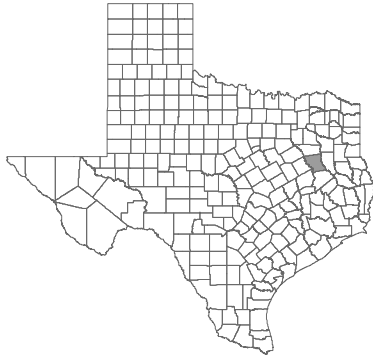
Water loss is the difference between the input volume and the authorized consumption within a water system. Water Loss consists of real losses and apparent losses.

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 size and 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.



Dogwood Springs WSC Anderson County

