

CITY OF BANDERA COUNCIL AGENDA

Regular Meeting: Tuesday, March 25, 2025

AGENDA ITEM:

Discussion and take action on Resolution 2025-014 authorizing publication and posting of intention to issue combination tax and surplus revenue certificates of obligation in the maximum principal amount of \$280,000 to finance certain improvements to the City's water system.

SUBMITTED BY: Stan Farmer

BACKGROUND:

On March 13, 2025, the TWDB approved a grant and loan package for a total of \$2,755,800 to address water system improvements.

They approved the City of Bandera's RWF Water System Improvement Project with \$2.475Mil of free money (90%) and a small \$280,000 loan component (10%).

Attached are the Board Agenda and the Board Packet for the City of Bandera. It outlines all the conditions and legal requirements that we will need to follow to Close this transaction. Soon we will get a Board Action Letter (BAL) confirming and providing more detailed information.

The City's Financial Advisor Ben Rosenberg will attend the March 25 Council meeting to start the Certificate of Obligation debt issuance process for the \$280,000 loan component with 20-year financing. This will set us up for a City Council approval in late May and Closing on the financing transaction in late June.

FISCAL ANALYSIS:

20-year financing. Payments will start in FY 2026 and range from \$7000 to no more than \$21,500 annually. There is an early pay-off option after 10 years. This low annual payment can easily be paid through the Utility Fund.

RECOMMENDATION:

Approval of Resolution.

Texas Water Development Board approves \$2,775,800 to the City of Bandera (Bandera County) for water system improvements

For immediate release. Contact:

Media Relations (<mailto:MediaRelations@twdb.texas.gov>) at 512-463-5129

AUSTIN – (March 13, 2025) – The Texas Water Development Board (TWDB) today approved by resolution financial assistance in the amount of \$2,775,800 to the City of Bandera (Bandera County), consisting of \$280,000 in financing and \$2,475,800 in grant funding, from the Rural Water Assistance Fund (RWAFF). The City will use the assistance for the planning, design, and construction of a water system improvement project.

In addition to the grant funding, the City could save approximately \$48,000 over the life of the loan by using the RWAFF.

With the assistance approved today, the City will reduce water loss in its distribution system by replacing 3,000 linear feet of water lines. The City will also add a generator, two booster pumps, and a water well, and develop a water system asset management plan.

The TWDB is the state agency charged with collecting and disseminating water-related data, assisting with regional water and flood planning, and preparing the state water and flood plans. The TWDB administers cost-effective financial assistance programs for the construction of water supply, wastewater treatment, flood mitigation, and agricultural water conservation projects.

AGENDA
TEXAS WATER DEVELOPMENT BOARD
March 13, 2025 – 9:30 AM

1700 Congress Ave., Stephen F. Austin Building, Room 170
Austin, Texas 78701

VIA GO TO WEBINAR
PLEASE SEE www.twdb.texas.gov

1. Discussion regarding outreach efforts and activities by the Board.
2. Consider authorizing the Executive Administrator, Chief Financial Officer, General Counsel, Development Fund Manager and Director of Debt and Portfolio Management to take all necessary actions for the issuance, sale, and delivery of State of Texas Water Financial Assistance and Refunding Bonds, in one or more series; and approving the selection of financial advisor, bond counsel, disclosure counsel, senior managing underwriter, and co-managing underwriters for the negotiation of the bonds. (Thomas Quick)
3. Consider approving by resolution a request from the Ericksdahl Water Supply Corporation (Jones County) for \$2,421,180 in financial assistance consisting of \$550,000 in financing and \$1,871,180 in principal forgiveness from the Drinking Water State Revolving Fund for planning, design, and construction of a water system improvements project. (Nancy Richards)
4. Consider approving by resolution a request from the City of Big Spring (Howard County) for \$3,795,919 in financial assistance consisting of \$1,860,000 in financing and \$1,935,919 in principal forgiveness from the Drinking Water State Revolving Fund Lead Service Line Replacement Program for planning, design, and construction of a water system project. (Tyrone Alcorn)
5. Consider approving by resolution a request from the City of Coleman (Coleman County) for \$1,326,530 in financial assistance consisting of \$650,000 in financing and \$676,530 in principal forgiveness from the Drinking Water State Revolving Fund Lead Service Line Replacement Program for planning, design, and construction of a water system project. (Tyrone Alcorn)
6. Consider approving by resolution a request from the City of Denver City (Yoakum County) for \$2,938,775 in financial assistance consisting of \$1,440,000 in financing and \$1,498,775 in principal forgiveness from the Drinking Water State Revolving Fund Lead Service Line Replacement Program for planning, design, and construction of a water system project. (Tyron Alcorn)
7. Consider approving by resolution a request from the City of Ennis (Ellis County) for \$3,040,816 in financial assistance consisting of \$1,490,000 in financing and \$1,550,816 in principal forgiveness from the Drinking Water State Revolving Fund Lead Service Line Replacement Program for planning, design, and construction of a water system project. (Tyrone Alcorn)

8. Consider approving by resolution a request from the City of Benjamin (Knox County) for \$400,000 in grant funding from the Rural Water Assistance Fund for planning, design, and construction of water system improvements. (Dain Larsen)
9. Consider approving by resolution a request from the City of Benjamin (Knox County) for \$640,000 in principal forgiveness from the Drinking Water State Revolving Fund for planning, design, and construction of a water system project. (Dain Larsen)
10. Consider approving by resolution a request from the Chatt Water Supply Corporation (Hill County) for \$521,475 in grant funding from the Rural Water Assistance Fund for planning, design, and construction of water system improvements. (Dain Larsen)
11. Consider approving by resolution a request from the City of Strawn (Palo Pinto County) for \$367,500 in grant funding from the Rural Water Assistance Fund for planning, design, and construction of water system improvements. (Dain Larsen)
12. Consider approving by resolution a request from the City of Wills Point (Van Zandt County) for \$7,965,000 in financing from the Drinking Water State Revolving Fund for planning, design, and construction of water system improvements. (Dain Larsen)
13. Consider approving by resolution a request from the Ames-Minglewood Water Supply Corporation (Liberty County) for \$4,450,000 in financial assistance consisting of \$445,000 in financing and \$4,005,000 in grant funding from the Rural Water Assistance Fund for planning, design, and construction of water system improvements. (Shubham Aggarwal)
14. Consider approving by resolution a request from the City of Bandera (Bandera County) for \$2,775,800 in financial assistance consisting of \$280,000 in financing and \$2,475,800 in grant funding from the Rural Water Assistance Fund for planning, design, and construction of water system improvements. (Shubham Aggarwal)
15. Consider approving by resolution a request from the City of Daingerfield (Morris County) for \$3,810,000 in financial assistance consisting of \$385,000 in financing and \$3,425,000 in grant funding from the Rural Water Assistance Fund for planning, design, and construction of water system improvements. (Shubham Aggarwal)
16. Consider approving by resolution a request from the City of Honey Grove (Fannin County) for \$4,196,000 in financial assistance consisting of \$420,000 in financing and \$3,776,000 in grant funding from the Rural Water Assistance Fund for planning, design, and construction of water system improvements. (Shubham Aggarwal)
17. Consider approving by resolution a request from the City of Keene (Johnson County) for \$3,523,000 in financial assistance consisting of \$355,000 in financing and \$3,168,000 in grant funding from the Rural Water Assistance Fund for planning, design, and construction of water system improvements. (Shubham Aggarwal)
18. Consider approving by resolution a request from the City of Weimar (Colorado County) for \$5,620,000 in financial assistance consisting of \$565,000 in financing and \$5,055,000 in grant funding from the Rural Water Assistance Fund for planning, design, acquisition, and construction of water system improvements. (Shubham Aggarwal)

19. Consider approving by resolution a request from the City of Winters (Runnels County) for \$3,750,500 in financial assistance consisting of \$380,000 in financing and \$3,370,500 in grant funding from the Rural Water Assistance Fund for planning, design, and construction of water system improvements. (Shubham Aggarwal)
20. Consider approving by resolution a request from the City of Jefferson (Marion County) for \$6,040,000 in financial assistance consisting of \$605,000 in financing and \$5,435,000 in grant funding from the Rural Water Assistance Fund for planning, design, and construction of water system improvements. (Joe Koen)
21. Consider approving by resolution a request from the City of Jefferson (Marion County) for \$2,020,409 in financial assistance consisting of \$990,000 in financing and \$1,030,409 in principal forgiveness from the Drinking Water State Revolving Fund Lead Service Line Replacement Program for planning, design, and construction of a water system project. (Joe Koen)
22. Consider approving by resolution a request from the City of Weatherford (Parker County) for \$14,979,592 in financial assistance consisting of \$7,340,000 in financing and \$7,639,592 in principal forgiveness from the Drinking Water State Revolving Fund Lead Service Line Replacement Program for planning, design, and construction of a water system project. (Joe Koen)
23. Consider approving by resolution a request from the City of Weatherford (Parker County) for \$546,000 in principal forgiveness from the Clean Water State Revolving Fund Emerging Contaminants Program for planning of a wastewater system improvements project. (Joe Koen)
24. Consider amending by resolution the previously adopted Texas Water Development Board Resolution No. 24-083 to extend the East Rio Hondo Water Supply Corporation's Drinking Water State Revolving Fund commitment to September 30, 2025. (William Alfaro)
25. Consider amending by resolution the previously adopted Texas Water Development Board Resolution No. 24-084 to extend the East Rio Hondo Water Supply Corporation's Drinking Water State Revolving Fund commitment to September 30, 2025. (William Alfaro)
26. Consider approving by resolution a request from the Etoile Water Supply Corporation (Nacogdoches County) for \$2,744,091 in financial assistance consisting of \$835,000 in financing and \$1,909,091 in principal forgiveness from the Drinking Water State Revolving Fund for planning, acquisition, design, and construction of a water system project. (Bill Blaik)
27. The Board will receive comments from the public on any matters within the jurisdiction of the TWDB the exception of matters which are subject to the ex parte prohibition found in Texas Government Code Section 2001.061.
28. The Board may adjourn into Executive Session to conduct a closed meeting to consider any item on this agenda if a matter is raised that is appropriate for the Board to conduct a

private consultation with its attorney on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Chapter 551 of the Texas Government Code. The Board may conduct a closed meeting to receive legal advice and discuss pending or contemplated litigation, settlement offers, or the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of specific Board employees, including the Executive Administrator and General Counsel, as permitted by Sections 551.071 and 551.074, the Texas Open Meetings Act, codified as Chapter 551 of the Texas Government Code. The Board may also meet in open meeting to take action on legal or personnel matters considered in the closed meeting as required by Section 551.102 of the Open Meetings Act, Chapter 551 of the Government Code. The Board may conduct a closed meeting to consider and discuss financial matters related to the investment or potential investment of the Board's funds, as permitted by Section 6.0601(a) of the Texas Water Code. The Board may also meet in open meeting to take action on a financial matter discussed in the closed meeting as required by Section 6.0601(b) of the Texas Water Code.

The next currently scheduled meeting of the Texas Water Development Board will be held on April 10, 2025. Other meetings may be scheduled and will be posted in compliance with the Texas Open Meetings Act.

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, large print or Braille, are requested to contact Jacque Lustig at (512) 463-8676 two (2) workdays prior to the meeting so that appropriate arrangements can be made.

NOTICE: ENTRY TO THIS MEETING WITH A HANDGUN IS FORBIDDEN

This meeting is a public meeting under Chapter 551 of the Texas Government Code. Pursuant to Section 30.06, Penal Code (trespass by license holder with a concealed handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law) may not enter this property with a concealed handgun. Pursuant to Section 30.07, Penal Code (trespass by license holder with an openly carried handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law) may not enter this property with a handgun that is carried openly. For purposes of this notice, "property" means the room or rooms where the open meeting of the Texas Water Development Board is held.

This Board meeting will be held both in person at the Stephen F. Austin Building, Room 170, and via webinar. Visitors who will attend the meeting via webinar can access the meeting using the following link:

<https://attendee.gotowebinar.com/register/799073819720073566>

Visitors who wish to address the Board should complete a visitor registration card and either attend the meeting in person or arrange to address the Board via video conference. The Texas Open Meetings Act prohibits visitor participation by telephone only. The visitor registration card is available at <https://www.twdb.texas.gov/board/visitor.asp>.

For those attending via video conference and wishing to address the Board, please complete the registration form no later than 12:00 p.m. on March 12, 2025. The completed form should be submitted via e-mail to Customer_Service@twdb.texas.gov. In addition, please provide a phone number and email address where you may be reached. The TWDB support staff will contact you to test the video conference functionality before the Board meeting begins.

For those attending in person who wish to address the Board, please submit the completed online form no later than 8:00 a.m. on March 13, 2025, or in person at the registration desk on the meeting date.

Direct links to this information can be found on our website at www.twdb.texas.gov.



PROJECT FUNDING REQUEST

BOARD DATE: March 13, 2025

Team Manager: David Firgens

ACTION REQUESTED

Consider approving by resolution a request from the City of Bandera (Bandera County) for \$2,775,800 in financial assistance consisting of \$280,000 in financing and \$2,475,800 in grant funding from the Rural Water Assistance Fund for planning, design, and construction of water system improvements.

STAFF RECOMMENDATION

☒ Approve ☐ No Action

BACKGROUND

The City of Bandera (City) is located 40 miles north of San Antonio. The City provides water and wastewater services to a population of approximately 1,875 residents and approximately 1,070 water and 765 wastewater connections.

PROJECT NEED AND DESCRIPTION

The City's water distribution system has frequent water leaks resulting in high water loss due to aging and deteriorating infrastructure. In addition, the system's booster pumps are undersized and inefficient.

The City proposes to replace 3,000 linear feet of water lines, and add a generator, two booster pumps, and a water well. The City will also develop a water system asset management plan.

PROJECT SCHEDULE

Task	Schedule Date
Closing	June 30, 2025
Engineering Feasibility Report Completion (End of Planning Phase)	November 30, 2025
Design Phase	June 30, 2026
Start of Construction	October 30, 2026
Construction Completion	October 30, 2027

KEY ISSUES

The City qualifies for \$2,475,800 in grant funding as an applicant with a population between 1,001 and 10,000 for a water loss mitigation project.

COMMITMENT PERIOD: SIX (6) MONTHS TO EXPIRE SEPTEMBER 30, 2025

LEGAL/SPECIAL CONDITIONS

- Water rights certification
- Executed grant agreement

Attachments:

- Financial Review
- Project Budget
- Resolution (25-)
- Water Conservation Review
- Location Map

Financial Review

City of Bandera

Attachment 1

Risk Score: 2B

Audit Reviewed: FY 2023

Key Indicators

Indicator	Result	Benchmark
Population Growth, Average Annual 2010-2020	City: -0.33%	State: 1.49%
Top 10 Customers % of Total Revenue	18%	10-15%
Median Household Income as % of State	48%	100%
Days of Cash on Hand (3-year Average)	179 days	30-149 days
Net Fixed Assets/ Annual Depreciation	22 years	12-24 years
Debt Service Coverage Ratio	1.6x	1.0x
Cash Balance Ratio	-19.74%	0-9.99%
Debt-to-Operating Revenues	4.59	4.00-5.99x
Unemployment Rate (November, 2024)	County: 3.7%	State: 4.1%
Working Capital Ratio	2.9	> 1.0

Key Risk Score Strengths

- Based on 2023 audited financial figures, the City is projected to meet coverage over the life of the loan.
- The City's days of cash on hand is above the benchmark, indicating existing reserves can cover operating expenses.
- A high working capital ratio provides the City with ample resources to cover short-term liabilities and shows a strong liquidity position.

Key Risk Score Concerns

- The City's population has declined slightly in the last ten years. However, the water connections have increased by five percent in the last five years.
- The top 10 customers of the City's water system make up 18 percent of the total water system revenues; however, its largest customer, a medical treatment center, makes up less than five percent of those total revenues.
- The City's cash balance ratio is below the benchmark due to transferring funds to support its capital project fund and enterprise fund over the last five years. The City's cash flow remains healthy, and revenue streams are stable. The City does not anticipate needing to draw additional cash reserves in the next few years.
- The City has a high household cost factor at 4.54 percent; however, the household cost factor is primarily driven by a low median household income that is 48 percent of the State average. The City has collected 96 percent of its levied property taxes over the last three years, indicating that the high household cost factor hasn't impacted the City's ability to collect its obligations. In addition, the water utility system accounts receivable has improved from a high of 19 percent of revenues in 2018 to 8.8 percent in 2023.

PLEDGE

Legal Pledge Name	Ad Valorem Tax and Utility System Revenues
Type of Pledge	<input type="checkbox"/> Tax <input type="checkbox"/> Revenue <input checked="" type="checkbox"/> Tax & Revenue <input type="checkbox"/> Contract <input type="checkbox"/> Other
Revenue Pledge Level	<input type="checkbox"/> First <input type="checkbox"/> Second <input checked="" 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	5,927	\$67.80	\$67.80	4.54	4.54
Wastewater	5,611	\$55.09	\$55.09		

TAXES

	2024 Tax Year Rate	Max Projected Tax Rate (Year 2024)	Maximum Allowable Rate	3-Year Avg Current Tax Collections	Assessed Valuation
Maintenance & Operation	\$0.4391	\$0.4391	\$1.50	96%	\$181,583,693
Interest & Sinking	\$0.0309	\$0.0309			
Total Tax Rate	\$0.4700	\$0.4700			

Cost Savings

Based on a 20-year maturity schedule and current interest rates, the City could save approximately \$47,621 over the life of the financing. The City is also saving \$2,475,800 in grant funding.

Project Data Summary

Responsible Authority	City of Bandera
Program	RWAF
Commitment Number	G1002044, L1002045
Project Number	21856
List Year	2024
Type of Pledge	Combo Tax and Revenue
Pledge Level (if applicable)	Third Lien
Legal Description	\$2,475,800 City of Bandera Grant Agreement; \$280,000 City of Bandera, Texas Combination Tax and Surplus Revenue Certificates of Obligation, Proposed Series 2025
Tax-exempt or Taxable	Tax-Exempt
Refinance	No
Outlay Requirement	Yes
Disbursement Method	Escrow
Outlay Type	Outlay = Escrow Release
Qualifies as Disadvantaged	Yes
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
David Firgens	Jacob Berdoll	Shubham Aggarwal	Stephannie Resendez	Marshall Walters

ISSUE BEING EVALUATED
FOR ILLUSTRATION PURPOSES ONLY
City of Bandera

\$280,000 City of Bandera, Texas Combination Tax and Surplus Revenue Certificates of Obligation, Proposed Series 2025

Dated Date:	6/30/2025	Source:	RWAF
Delivery Date:	6/30/2025	Rate:	2.91%
First Interest:	9/15/2025	IUP Year:	2024
First Principal:	3/15/2027	Case:	Tax and Revenue
Last Principal:	3/15/2046	Admin.Fee:	\$0
Fiscal Year End:	09/30	Admin. Fee Payment Date:	N/A
Required Coverage:	1.1	Total Assessed Valuation:	\$181,583,693

FISCAL YEAR	CURRENT TAX RATE	TAX REVENUES WITH COLL. @ 96%	PROJECTED NET SYSTEM REVENUES	PROJECTED TOTAL REVENUES	CURRENT DEBT SERVICE	\$280,000 ISSUE				TOTAL DEBT	
						PRINCIPAL PAYMENT	INTEREST RATE	INTEREST PAYMENT	TOTAL PAYMENT	SERVICE	COVERAGE
2025	\$0.0309	\$53,773	\$539,998	\$593,771	\$243,425	\$0	-	\$1,606	\$1,606	\$245,031	2.42
2026	0.0309	53,773	539,998	593,771	347,014	-	0.00%	7,710	7,710	354,724	1.67
2027	0.0309	53,773	539,998	593,771	350,460	10,000	2.11%	7,605	17,605	368,064	1.61
2028	0.0309	53,773	539,998	593,771	348,781	10,000	2.15%	7,392	17,392	366,173	1.62
2029	0.0309	53,773	539,998	593,771	347,026	10,000	2.22%	7,173	17,173	364,199	1.63
2030	0.0309	53,773	539,998	593,771	350,152	10,000	2.27%	6,949	16,949	367,101	1.62
2031	0.0309	53,773	539,998	593,771	348,171	10,000	2.36%	6,717	16,717	364,888	1.63
2032	0.0309	53,773	539,998	593,771	351,089	15,000	2.40%	6,419	21,419	372,508	1.59
2033	0.0309	53,773	539,998	593,771	348,904	15,000	2.45%	6,055	21,055	369,959	1.60
2034	0.0309	53,773	539,998	593,771	351,618	15,000	2.51%	5,683	20,683	372,301	1.59
2035	0.0309	53,773	539,998	593,771	349,240	15,000	2.63%	5,298	20,298	369,537	1.61
2036	0.0309	53,773	539,998	593,771	351,772	15,000	2.72%	4,897	19,897	371,669	1.60
2037	0.0309	53,773	539,998	593,771	349,209	15,000	2.78%	4,484	19,484	368,693	1.61
2038	0.0309	53,773	539,998	593,771	351,554	15,000	2.84%	4,063	19,063	370,616	1.60
2039	0.0309	53,773	539,998	593,771	348,823	15,000	2.89%	3,633	18,633	367,455	1.62
2040	0.0309	53,773	539,998	593,771	351,026	15,000	2.95%	3,195	18,195	369,221	1.61
2041	0.0309	53,773	539,998	593,771	348,164	15,000	3.02%	2,747	17,747	365,911	1.62
2042	0.0309	53,773	539,998	593,771	350,230	15,000	3.07%	2,290	17,290	367,520	1.62
2043	0.0309	53,773	539,998	593,771	347,224	15,000	3.10%	1,828	16,828	364,051	1.63
2044	0.0309	53,773	539,998	593,771	349,145	15,000	3.15%	1,359	16,359	365,503	1.62
2045	0.0309	53,773	539,998	593,771	345,931	15,000	3.19%	883	15,883	361,815	1.64
2046	0.0309	53,773	539,998	593,771	342,644	20,000	3.22%	322	20,322	362,966	1.64
					\$7,571,599	\$280,000		\$98,305	\$378,305	\$7,949,905	

AVERAGE (MATURITY) LIFE	12.05 YEARS
NET INTEREST RATE	2.914%
COST SAVINGS	\$ 47,311
AVERAGE ANNUAL REQUIREMENT	\$17,196

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
City of Bandera
21856 - Water Supply Improvements

Budget Items	TWDB Funds	Total
Construction		
Construction	\$1,760,200.00	\$1,760,200.00
Subtotal for Construction	\$1,760,200.00	\$1,760,200.00
Basic Engineering Services		
Construction Engineering	\$15,000.00	\$15,000.00
Design	\$303,540.00	\$303,540.00
Planning	\$75,020.00	\$75,020.00
Subtotal for Basic Engineering Services	\$393,560.00	\$393,560.00
Special Services		
Environmental	\$8,000.00	\$8,000.00
Geotechnical	\$5,000.00	\$5,000.00
Inspection	\$35,000.00	\$35,000.00
Permits	\$5,000.00	\$5,000.00
Special Service Other (Asset Management Plan)	\$75,000.00	\$75,000.00
Surveying	\$22,000.00	\$22,000.00
Subtotal for Special Services	\$150,000.00	\$150,000.00
Fiscal Services		
Bond Counsel	\$28,000.00	\$28,000.00
Financial Advisor	\$51,070.00	\$51,070.00
Issuance Costs	\$10,930.00	\$10,930.00
Subtotal for Fiscal Services	\$90,000.00	\$90,000.00
Contingency		
Contingency	\$362,040.00	\$362,040.00
Subtotal for Contingency	\$362,040.00	\$362,040.00
Total	\$2,755,800.00	\$2,755,800.00

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE TO
THE CITY OF BANDERA
FROM THE RURAL WATER ASSISTANCE FUND
IN AN AMOUNT OF
\$2,755,800 THROUGH THE PROPOSED PURCHASE OF
\$280,000 CITY OF BANDERA, TEXAS COMBINATION TAX AND SURPLUS REVENUE
CERTIFICATES OF OBLIGATION, PROPOSED SERIES 2025 AND EXECUTION OF A
GRANT AGREEMENT IN THE AMOUNT OF \$2,475,800

(25 - __)

Recitals:

The City of Bandera (City), located in Bandera County, filed an application for financial assistance in the amount of \$2,755,800, to finance certain water system improvements, identified as Project No. 21856.

The City seeks financial assistance from the Texas Water Development Board (TWDB) in the amount of \$2,755,800 through the TWDB's purchase of \$280,000 City of Bandera, Texas Combination Tax and Surplus Revenue Certificates of Obligation, Proposed Series 2025, and execution of a Grant Agreement in the amount of \$2,475,800, all as is more specifically set forth in the application and in recommendations of the TWDB's staff.

The City has offered a pledge of ad valorem taxes and surplus revenue of the City's waterworks and sewer 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, 363.43 and 365.23.

The Board hereby authorizes the transfer of \$2,755,800 from the Texas Water Fund to the Rural Water Assistance Fund, as authorized by Texas Water Code § 15.504(a), to finance the Project.

In accordance with Texas Water Code § 15.995, 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 project, the benefit of the project to the area, the relationship of the project to the overall statewide water needs, and the relationship of the project to the approved regional and state water plans.
2. The availability of revenue to the City from all sources for the ultimate repayment of the cost of the project, including all interest.

Findings:

1. The public interest is served by state assistance for the project, in accordance with Texas Water Code § 15.995(d).

2. The revenue or taxes pledged by the City will be sufficient to meet all the Obligations assumed by the City during the succeeding period of not more than 50 years in accordance with Texas Water Code § 15.995(d).
3. The City 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.
4. 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).
5. A current water audit required by Texas Water Code § 16.0121 and 31 TAC § 358.6 has been completed by the City and filed with the TWDB in accordance with Texas Water Code § 16.053(j).

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

A commitment is made by the TWDB to the City of Bandera for financial assistance in the amount of \$2,755,800 from the Rural Water Assistance Fund through a transfer from the Texas Water Fund to be evidenced by the TWDB's purchase of \$280,000 City of Bandera, Texas Combination Tax and Surplus Revenue Certificates of Obligation, Proposed Series 2025, and the execution of a Grant Agreement in the amount of \$2,475,800. This commitment will expire September 30, 2025.

The commitment is conditioned as follows:

Standard Conditions:

1. The commitment is contingent on a future sale of bonds by the TWDB or on the availability of funds on hand.
2. The commitment is contingent upon the City'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), including but not limited to 31 TAC Chapter 363 and 365.
3. 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.
4. Loan proceeds and Grant funds are public funds and, as such, the Grant Agreement and 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.

5. Loan proceeds and Grant funds shall not be used by the City when sampling, testing, removing, or disposing of contaminated soils and/or media at the project site. The Obligations and Grant Agreement shall include an environmental indemnification provision wherein the City 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 City, its contractors, consultants, agents, officials and employees as a result of activities relating to the project to the extent permitted by law.
6. Before closing, and if not previously provided with the application, the City 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 under the contract and acceptable to the Executive Administrator.
7. Before closing, when any portion of the financial assistance is to be held in escrow or in trust, the City 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.
8. The Executive Administrator may require that the City execute a separate financing agreement in form and substance acceptable to the Executive Administrator.
9. This commitment is contingent upon the issuance of a written approving opinion of the Attorney General of the State of Texas stating that all of the requirements of the laws under which said Obligations were issued have been complied with; that said Obligations were issued in conformity with the Constitution and laws of the State of Texas; and that said Obligations are valid and binding obligations of the City.
10. 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 which 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.
11. The City, 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 City'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 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 City's Obligations, if the TWDB sells or otherwise transfers such Obligations, and the beneficial owners

of the TWDB's bonds if the City is an obligated person with respect to such bonds under SEC Rule 15c2-12.

12. The Obligations must contain a provision requiring the City 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.
13. The Obligations must include a provision requiring the City to use any loan proceeds from the Obligations that are determined to be surplus proceeds remaining after completion of the project and after completion of a final accounting in a manner approved by the Executive Administrator.
14. Before closing, the City shall 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. The City 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).
16. The Obligations must provide that the City will comply with all applicable TWDB laws and rules related to the use of the financial assistance.
17. The Obligations must provide that the City 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 City to maintain insurance coverage sufficient to protect the TWDB's interest in the project.
19. The Obligations must provide that the City will submit annually an audit prepared by a certified public accountant in accordance with generally accepted auditing standards.
20. The Obligations must contain a covenant that the City will abide by all applicable construction contract requirements related to the use of iron and steel products and manufactured goods produced in the United States, as required by Texas Water Code § 17.183.

Conditions Related to Tax-Exempt Status:

21. The City'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 City when rendering this opinion.

22. The City'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 City when rendering this opinion.
23. The Obligations must include a provision prohibiting the City from using the proceeds of this loan 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 loan 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 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 the loan (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 include a provision requiring the City 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 City will:
 - a. account for all Gross Proceeds as defined in the Code and Regulations, (including all receipts, expenditures, and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures, and investments thereof) and retain all records of such accounting for at least six years after the final Computation Date. The City may, however, to the extent permitted by law, commingle Gross Proceeds of its loan with other money of the City, provided that the City separately accounts for each receipt and expenditure of such Gross Proceeds and the obligations acquired therewith;

- b. calculate the Rebate Amount, as defined in the Code and Regulations, with respect to its loan, 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 thereunder. The City shall 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 loan, and in order to induce the making of the loan by measures designed to ensure the excludability of the interest on the TWDB's Source Series Bonds from the gross income of the owners thereof 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 such error is made, to discover and promptly to correct such error within a reasonable amount of time, thereafter, 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 City 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 City 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 transcript must include a No Arbitrage Certificate or similar Federal Tax Certificate setting forth the City's reasonable expectations regarding the use, expenditure and investment of the proceeds of the Obligations.
 - 29. 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 applicable 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 fourteen (14) days of closing. The Executive Administrator may withhold the release of funds for failure to comply.
 - 30. The Obligations must provide that neither the City nor a related party thereto 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 City by the TWDB.
 - 31. Before closing, the City shall provide certification that the average weighted maturity of the Obligations purchased by the TWDB does not exceed 120% of the average reasonably expected economic life of the Project.

The Following Conditions Must Be Included in the Grant Agreement:

43. The Grant Agreement must provide that the City 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.
44. The Grant Agreement must provide that the City will not begin construction for a portion of the Project until the environmental finding has been issued for that portion of the Project.
45. The Grant Agreement must contain a provision requiring the City to maintain insurance coverage sufficient to protect the TWDB's interest in the project.
46. The Grant Agreement must include a provision requiring a final accounting to be made of the total sources and authorized use of Project funds within 60 days of the completion of the Project.
47. The Grant Agreement must include a provision stating that the City shall return any grant funds that are determined to be surplus funds remaining after completion of the Project and completion of a final accounting, including any interest earned on the grant funds in a manner approved by the executive administrator.
48. The Grant Agreement must contain a provision stating that the City 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 G.
49. Before release of funds for the relevant services, and if required under the TWDB's financial assistance program and if not previously provided with the application, the City shall submit executed contracts for engineering and, if applicable, financial advisor and legal services, 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.
50. Before closing, when any portion of financial assistance is to be held in escrow or in trust, the City 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.
51. Before release of funds for construction, the City must provide the TWDB with evidence that the necessary acquisitions of land, leases, easements and rights-of-way have been completed or, with prior approval by the executive administrator if all acquisitions have not been completed, evidence that the applicant has the legal City necessary to complete the acquisitions.

Pledge Conditions for the Loan:

52. The Obligations must contain a provision that provides as follows:

- a. if system revenues are actually on deposit in the Interest and Sinking Fund in advance of the time when ad valorem taxes are scheduled to be levied for any year, then the amount of taxes which otherwise would have been required to be levied and collected may be reduced to the extent and by the amount of revenues then on deposit in the Interest and Sinking Fund; or
- b. if surplus revenues are based upon budgeted amounts:
 - i. The Obligations must include a requirement that the City transfer and deposit in the Interest and Sinking Fund each month an amount of not less than 1/12th of the annual debt service on the Obligations until the amount on deposit in the Interest and Sinking Fund equals the amount required for annual debt service on the Obligations; further, that the ordinance authorizing the issuance of the Obligations must include a requirement that the City shall not transfer any funds from the City's pledged system revenues to any fund other than the Interest and Sinking Fund until such time as an amount equal to the annual debt service on the Obligations for the then-current fiscal year has been deposited in the Interest and Sinking Fund.
 - ii. The Obligations must include a requirement that for each year the Obligations are outstanding, and Before the time taxes are to be levied for such year, the City shall establish, adopt, and maintain an annual budget that provides for either the monthly deposit of sufficient surplus pledged revenues and/or tax revenues, the monthly deposit of any other legally available funds on hand at the time of the adoption of the annual budget, or a combination thereof, into the Interest and Sinking Fund for the repayment of the Obligations. and
 - iii. The Obligations must include a requirement that the City shall at all times maintain and collect sufficient rates and charges in conjunction with any other legally available funds so that after payment of the costs of operating and maintaining the system, it produces revenues in an amount not less than 1.10 times debt service requirements of all outstanding Obligations of the City and other obligations of the City which are secured in whole or in part by the pledged revenues, for which the City is budgeting the repayment of such Obligations, or the City shall provide documentation which evidences the levy and collection of an ad valorem tax rate dedicated to the Interest and Sinking Fund, in conjunction with any other legally available funds, sufficient for the repayment of debt service requirements.

Special Conditions:

- 66. 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 City has the right to use the water that the project financed by the TWDB will provide.

67. Before closing, the City shall execute a Grant Agreement in a form and substance acceptable to the Executive Administrator.

APPROVED and ordered of record this, the 13th day of March 2025.

TEXAS WATER DEVELOPMENT BOARD

L'Oreal Stepney, P.E., Chairwoman

DATE SIGNED: _____

ATTEST:

Bryan McMath, Interim Executive Administrator

☒ Water
☐ Wastewater
☒ Other RWAF

WATER CONSERVATION REVIEW

Entity: City of Bandera

Other entity: _____

WATER CONSERVATION PLAN DATE:

2024

☐

Approvable

☒

Adopted

	Total GPCD	Residential GPCD	Water Loss GPCD
Baseline	72	31	6
5-year Goal	71	28	6
10-year Goal	70	27	5

WATER LOSS AUDIT YEAR:

2023

Service connections: 1052Length of main lines (miles): 30Water Loss GCD: 22Retail population: 3066Connections per mile: 35Water Loss GPCD: 8ILI: 0.83Real Loss GMD: 398

WATER LOSS THRESHOLDS

Water Loss Project: ☒Waiver Requested: ☐Wholesale Adjusted: ☐

Threshold Type:

Connection Density \geq 32 per mile

Apparent Loss GCD		Real Loss GCD	
Reported	Threshold	Reported	Threshold
10.7	11	11	30

Does the applicant meet Water Loss Threshold Requirements?

Yes ☒No ☐NA ☐

ADDITIONAL INFORMATION

According to the city's water conservation plan, it is important that the city make efficient use of its water supplies. The objectives mentioned include reducing seasonal peak demands, reducing the loss and waste of water, improving the efficient use of water, and maintaining quality of life. The city is currently taking action to reduce loss by changing all water meters to electrical meters by 2025, utilizing billing system algorithm to flag abnormal consumption, metering fire department flushing, and combining efforts of city staff and the public works department to identify leaks. Since 2023, links to the Texas AgriLife Extension and conservation information were added to the website. The continuing public education and information campaign will be expanded to include the insertion of water conservation information with water bills that includes material developed by staff and material obtained from the TWDB, the TCEQ, and other sources as well as local media coverage of conservation issues and the importance of water conservation.

STAFF NOTES AND RECOMMENDATIONS

The utility is below their apparent and real loss thresholds. This project includes replacing 3,000 (LF) linear feet (2%) of aging, leaky water lines to reduce water loss and enhance system reliability. Although the utility is below the threshold for apparent loss they are very close to exceeding it. As a consideration to address its apparent water loss, TWDB conservation staff recommend the city consider a meter replacement program in the near future. TWDB conservation staff believes this project will help the city mitigate its apparent and real water loss.

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 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.

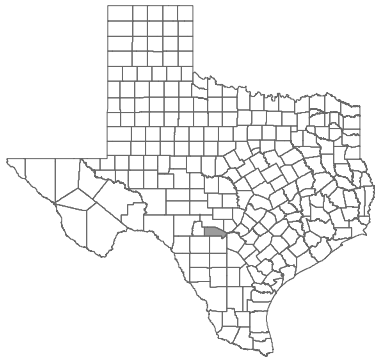
Water loss is the difference between the input volume and the authorized consumption within a water system. Water Loss consists of real losses and apparent losses.

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 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.



City of Bandera
Bandera County

