

Texas Water Development Board Financial Assistance

Summary of Selected Programs



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Drinking Water and Clean Water State Revolving Funds

Texas Water Development Board Drinking Water and Clean Water State Revolving Funds

Overview

Summary

The Texas Water Development Board (TWDB) utilizes both the Drinking Water State Revolving Fund (DWSRF) and the Clean Water State Revolving Fund (CWSRF) to provide loans at below-market interest rates, with some loan forgiveness to qualifying entities, for planning, acquisition, design, and construction of water supply infrastructure projects. For State Fiscal Year 2020 (SFY 2020), a total of approximately \$250 million is available for the DWSRF and approximately \$150 million for the CWSRF.

Applicant Eligibility

Eligible applicants for the DWSRF include publicly and privately owned community public water systems, including cities, districts and other political subdivisions; nonprofit water supply corporations; and privately owned water companies. Nonprofit, non-community public water systems are also eligible. A limited amount of loan forgiveness is available for disadvantaged communities, very small systems, and qualifying green projects.

Eligible applicants for the CWSRF include cities, counties, districts, river authorities, other public bodies, and private entities proposing nonpoint source or estuary management projects. A limited amount of loan forgiveness is available for disadvantaged communities and for qualifying green projects.

Eligible Projects

Financial assistance for **DWSRF** projects may be used for planning, acquisition, design, and construction of projects to:

- upgrade or replace water supply infrastructure,
- address non-compliance with Safe Drinking Water Act standards,
- consolidate water systems,
- purchase land to protect water resources from contamination,
- and purchase capacity in water systems.

Financial assistance for **CWSRF** projects may be used for planning, design, and construction of projects to:

- wastewater treatment facilities,
- collection systems,
- storm water pollution control,
- nonpoint source pollution control,
- and estuary management projects.

For SFY 2016, which commences on September 1, 2016, to the extent that sufficient eligible applicants apply for funding, an amount equal to not less than 10% of both the DWSRF and the CWSRF capitalization grant will be expended on projects that address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities.

Loan Terms Offered

Both the DWSRF and the CWSRF offer long-term, fixed interest rate loans at below-market interest rates to eligible applicants. For CWSRF loans, interest rates vary depending on whether the loan is an equivalency loan (meaning the project adheres to federal requirements) or a non-equivalency loan (adheres to state requirements).

Loan Feature	CWSRF	DWSRF
Maximum repayment period	30 years	30 years
Origination fee	1.75% (financeable)	2.0% (financeable)
Interest rate	1.65% below market rates (1.30% below for non-equivalency loans)	1.25% below market rates (1.55% below for non-equivalency loans)
Disadvantaged community loan forgiveness	30, 50, or 70% based on adjusted annual median household income and household cost factor (a limited amount is available for qualified applicants)	30, 50, or 70% based on adjusted annual median household income and household cost factor (a limited amount is available for qualified applicants)
Green project loan forgiveness	15% for green elements of a project (assuming > 30% of project cost is for green projects)	15% for green elements of a project (assuming > 30% of project cost is for green projects)
Very small systems loan forgiveness	N/A	Up to 100% loan forgiveness for communities with populations of 1,000 or fewer
Current rates, as of March 5, 2021	1.10% for 20 maturities, assuming AA rating	2.08% for 20 maturities, assuming AA rating

Special Requirements

- A water conservation and drought contingency plan is required for financial assistance greater than \$500,000 as mandated by the Texas Administrative Code Title 31 § 363, Subchapter A.
- The Safe Drinking Water Act and the Clean Water Act require that all projects financed by a DWSRF/CWSRF equivalency loan have a National Environmental Policy Act (NEPA)-type environmental review performed. TWDB staff members help applicants determine the scope of investigation required, prepare reports, and coordinate with pertinent federal and state environmental regulatory agencies.

- For CWSRF loans, projects receiving non-equivalency funds can follow the state’s alternative environmental review process, which is similar to the environmental review requirements of the TWDB’s other state-funded programs.
- The Davis-Bacon Act wage rates must be applied to all projects financed in whole or in part with CWSRF funds.
- All CWSRF equivalency projects must comply with the TWDB’s Disadvantaged Business Enterprise program, which requires applicants and prime contractors to follow six affirmative steps during procurement (including procurement of financial advisors, attorneys, engineers and other professionals). Detailed information and required forms for the Disadvantaged Business Enterprise program are available online at <http://www.twdb.texas.gov/financial/programs/DBE/>.

Loan Process

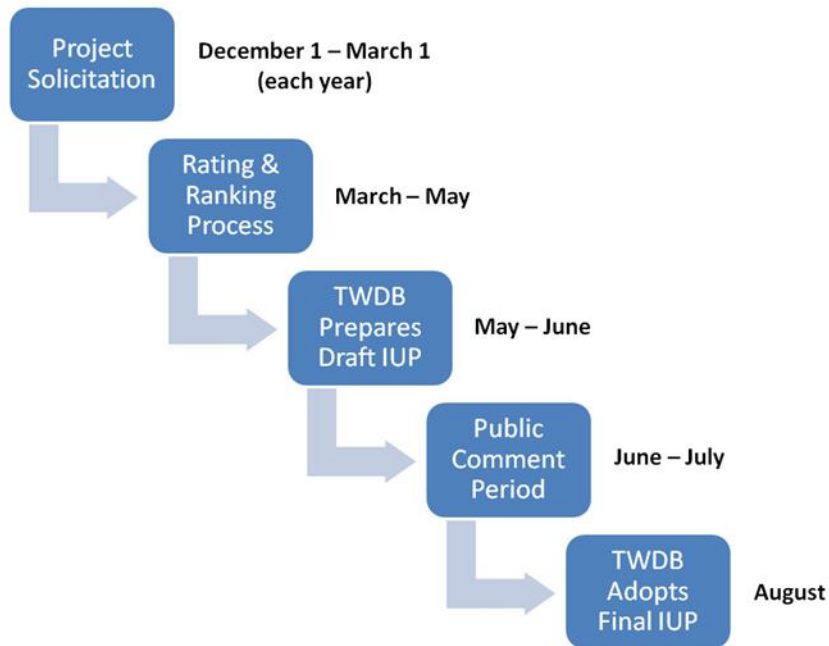
Application Process

The TWDB provides notifications of the availability of water project funding for each fiscal year, as well as a schedule to outline the yearly application and funding cycle. Prospective loan applicants are requested to submit project information that describes their existing water facilities, facility needs, the nature of the project being considered, and project cost estimates. An overview of the application process is given below:



Intended Use Plan Process

The Texas Commission on Environmental Quality will review and rank each application in order of priority based off of file data from monitoring and site visits. Each proposed project is placed in priority order on the State's annual Intended Use Plan (IUP). An overview of the schedule for the application and funding cycle is provided below.



Additional Information

Applicants can find more detailed information on the loan requirements and application process on the TWDB website at <http://www.twdb.texas.gov/financial/programs>. Specific questions regarding the DWSRF should be directed to Marvin Chaney at 512-463-8750 or marvin.chaney@twdb.texas.gov. Specific questions regarding the CWSRF should be directed to Clay Schultz at 512-463-6277 or clay.schultz@twdb.texas.gov.

Water Development Fund II (DFund)

State Loan Program Texas Water Development Fund II (DFund)

Overview

Summary

The Water Development Fund (DFund) is a state funded loan program that does not receive Federal subsidies and is not subject to federal crosscutters. The DFund enables the Board to fund multiple eligible components in one loan to our borrowers, e.g. an application for funding of water and wastewater components can be processed in a single loan.

Applicant Eligibility

Eligible applicants for the DFund include all political subdivisions of the State (at tax exempt rates) and nonprofit Water Supply Corporations (at taxable rates). Political subdivisions include cities, counties, districts, and river authorities. (See additional eligibility Special Requirements below).

Eligible Projects

Financial assistance for **Water Supply** projects may include planning, design, and construction for:

- wells,
- retail distribution and wholesale transmission lines,
- system acquisitions,
- pumping facilities,
- storage reservoirs and tanks,
- water treatment plants, and
- purchase of water rights

Financial assistance for **Wastewater** projects may include planning, design, and construction for:

- sewer treatment plants,
- collection systems,
- system acquisitions,
- nonpoint source pollution abatement, and
- development of new municipal solid waste disposal facilities

Financial assistance for **Flood Control** may include structural and nonstructural flood protection improvements such as:

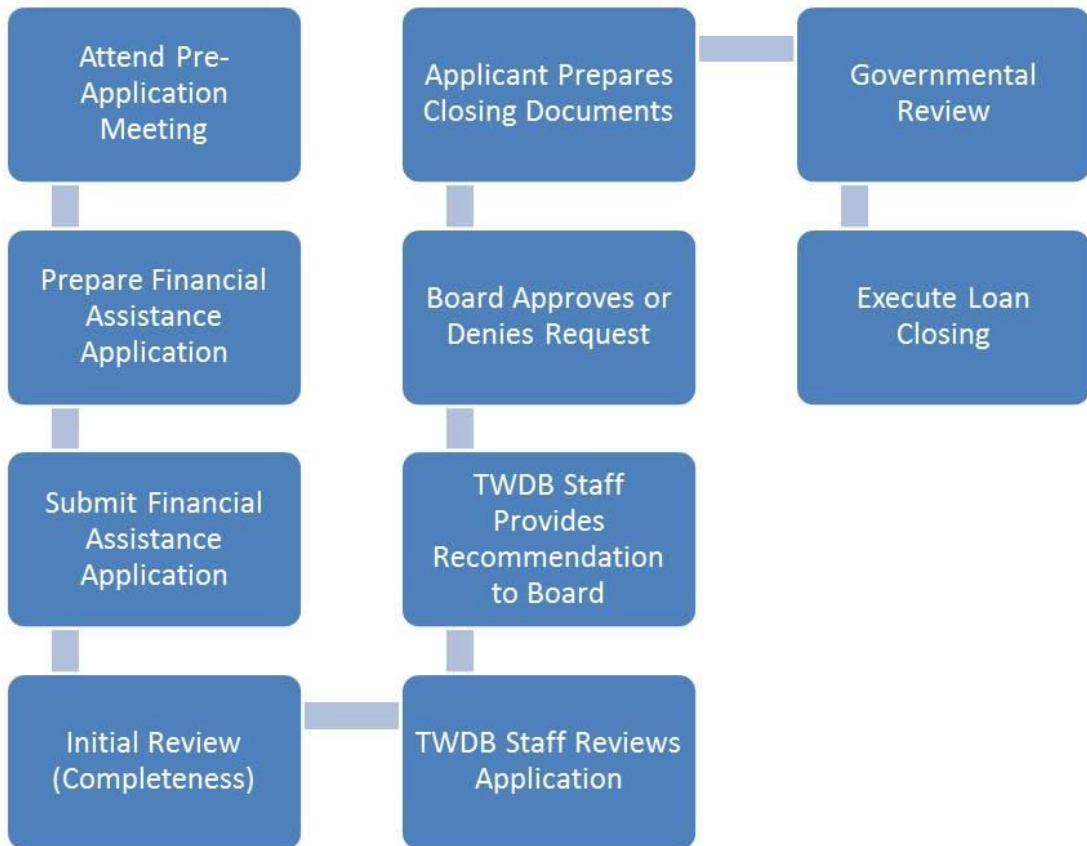
- construction of storm water retention basins
- enlargement of stream channels
- modification or reconstruction of bridges
- acquisition of floodplain land for use in public open space
- relocation of residents of buildings removed from a floodplain
- public beach re-nourishment
- flood warning systems

Special Requirements

Water supply projects must be consistent with the 2012 State Water Plan.

A water conservation and drought contingency plan is required for financial assistance greater than \$500,000 as mandated by the Texas Administrative Code Title 31 § 363, Subchapter A.

Loan Process



Additional Information

Applicants can find more detailed information on the loan requirements and application process on the TWDB website at <http://www.twdb.texas.gov/financial/programs>. For specific questions regarding the Dfund, contact the TWDB at 512-463-8491.

Economically Distressed Areas Program

Texas Water Development Board Economically Distressed Areas Program

Overview

Summary

The Texas Water Development Board (TWDB) utilizes the Economically Distressed Areas Program (EDAP) to provide financial assistance to provide water and wastewater services to economically distressed areas where services do not exist or systems do not meet minimum state standards.

Applicant Eligibility

Eligible applicants for the EDAP include cities, counties, water districts, nonprofit water supply corporations, and all other political subdivisions. The city or county where the project is located must adopt Model Subdivision Rules for the regulation of subdivisions prior to application for financial assistance. Projects must also be located in an economically distressed area where the median household income that is not greater than 75% of the median state household income.

Eligible Projects

Financial assistance for EDAP projects may be used for:

- planning,
- land acquisition,
- design, and
- construction of first-time service or improvements to water supply and wastewater collection and treatment works.

The EDAP program provides financial assistance in the form of a grant or a combination grant/loan depending on the project's phase (planning, acquisition and design (PAD) or construction). Applicants seeking funding for the PAD phase can obtain 50% - 100% of the financial assistance in the form of a grant. Applicants seeking funding for the construction phase of a project may obtain a combination grant/loan. The amount of the loan is determined by a grant-to-loan calculation which is based on either the applicant's existing capital component or on regional benchmarks.

State law requires a determination of an existing health and safety nuisance issued by the Texas Department of State Health Services for grant funding greater than 50% from the EDAP. Board staff will process request for nuisance surveys for EDAP applicants once eligibility determinations have been made.

Loan Terms Offered

Currently the TWDB offers the following loan terms for EDAP projects:

Average interest rates as of February 15, 2019: 20 maturities – 3.63%

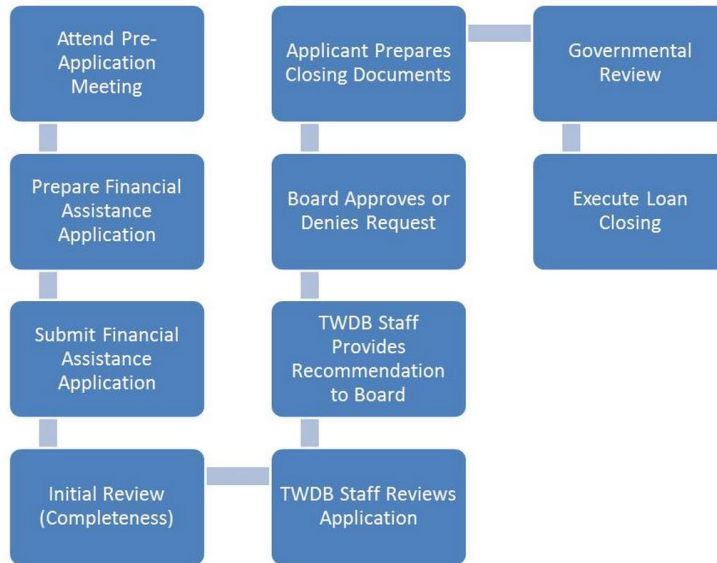
Special Requirements

- Financial assistance provided through the EDAP requires compliance with applicable rules, policies, and statutes including:
- Projects must be located in economically distressed areas and meet characteristics including:
 - Median household income less than 75% of the median state household income,
 - Present facilities are inadequate to meet residents' minimal needs,
 - Financial resources are inadequate to provide water supply or sewer services to satisfy minimal needs, and
 - The area was an established residential subdivision as of June 1, 2005.
- The city or county where the project is located must adopt model Subdivision Rules for regulating subdivisions prior to applying for financial assistance. These rules must be consistent with the model rules adopted by the TWDB,
- The applicant must apply for and maintain a designation by the Texas Commission on Environmental Quality as an authorized agent for regulating onsite waste disposal facilities,
- The county must also prepare a map that shows where different types of on-site sewage disposal systems are appropriate,
- The applicant, or its designee, must be capable of maintaining and operating the completed system. The applicant is responsible for securing any necessary water permits or rights, wastewater discharge permits, and any other required licenses, and
- If the applicant is required under Chapter 13 of the Water Code to have a Certificate of Convenience and Necessity (CCN) in order to provide service to the proposed project area then to be considered for EDAP funds, the applicant must have or be applying for the CCN.

Loan Process

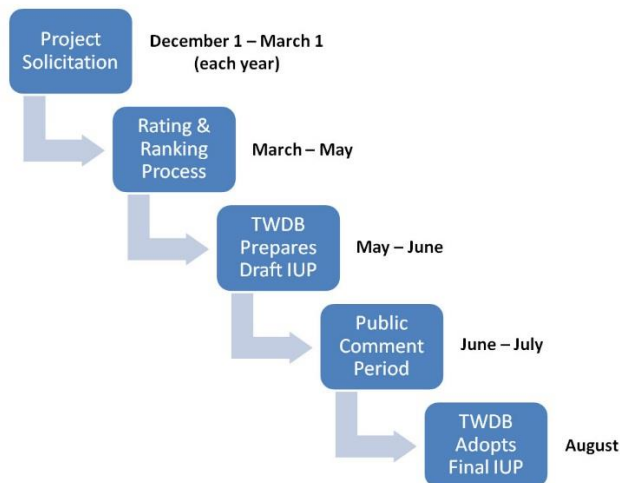
Application Process

The TWDB provides notifications of the availability of water project funding for each fiscal year, as well as a schedule to outline the yearly application and funding cycle. Prospective loan applicants are requested to submit project information that describes their existing water facilities, facility needs, the nature of the project being considered, and project cost estimates. An overview of the application process is given below:



Intended Use Plan Process

The Texas Commission on Environmental Quality will review and rank each application in order of priority based off of file data from monitoring and site visits. Each proposed project is placed in priority order on the State’s annual Intended Use Plan (IUP). An overview of the schedule for the application and funding cycle is provided below.



Additional Information

Applicants can find more detailed information on the loan requirements and application process on the TWDB website at <http://www.twdb.texas.gov/financial/programs>. For up to date funding availability, please contact Mireya Loewe at (512) 475-0590. Specific questions regarding the EDAP should be directed to Tom Entsminger at (512) 936-0802.

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