

TEXAS WATER DEVELOPMENT BOARD

COLONIA WASTEWATER TREATMENT ASSISTANCE PROGRAM

ANNUAL REPORT
STATE FISCAL YEAR 2008

*CWTAP I, CWTAP II, CWTAP III,
CWTAP IV, and CWTAP V*



Prepared By:

Texas Water Development Board
P.O. Box 13231
Austin, Texas 78711

(512) 463-7847

Table of Contents

	<u>Page</u>
I. Introduction.....	1
II. Executive Summary	2
III. Goals and Accomplishments	4
IV. Details of Accomplishments	4
A. Binding Commitments (Design and Construction).....	4
B. Innovative and Alternative Projects.....	4
C. Disbursements.....	5
D. State Match	5
E. Provisions of the CWTAP Grants:	
<i>CWTAP I</i>	6
<i>CWTAP II</i>	11
<i>CWTAP III</i>	16
<i>CWTAP IV</i>	21
<i>CWTAP V</i>	26
V. Program Changes	31
VI. FY 2008 Grant MBE-WBE Utilization.....	31
VII. FY 2008 Goals.....	31
VIII. Comments on Attachments Provided.....	31
A. List of Commitments	
B. Status of Active Projects with Commitments	
C. ASAP Draws	
D. Disbursed Grant Funds	
E. Details of Expenses Relating to Administration	
F. Project Projections	
G. State Match Transfers	
H. State Match Transfer Projections	
I. TWDB Annual Financial Statements (<i>To be sent at a later date</i>)	
J. Indirect Cost Rate Approval for FY 2008	

Texas Water Development Board Colonia Wastewater Treatment Assistance Program State FY 2008 Annual Report

CWTAP I, CWTAP II, CWTAP III, CWTAP IV & CWTAP V

I. INTRODUCTION

The State of Texas is submitting the Annual Report for the State Fiscal Year ending 2008 (September 1, 2007 - August 31, 2008) for the Colonia Wastewater Treatment Assistance Program (CWTAP).

The Fiscal Year 1993 Federal Appropriations Act (P.L. 102-389) authorized \$50 million to be awarded to the State of Texas to address wastewater treatment needs of Texas colonias. The Act further authorized the use of \$2 million of the \$50 million for planning and design. This \$50 million grant, awarded on December 22, 1992, was to be matched by an equal amount of State funds from State sources (including interest match). The \$50 million grant and associated match are called CWTAP I. This grant was amended in FY 2003 and the budget was revised to reflect transferring funds from the Rural/Regional Planning Phase to Construction.

The Fiscal Years 1994 and 1995 Federal Appropriations Acts (P.L. 103-327) authorized a total of \$100 million to be awarded to the State of Texas on January 20, 1995 to address wastewater treatment needs of Texas colonias. The State was to provide a 20 percent match to this grant (including interest match), and to continue investing its own funds ("soft match") in projects related to environmental improvements in the colonias. Projects in the "soft match" category may include such activities as drinking water treatment facilities, water and wastewater connections and plumbing improvements that would total an amount equivalent to 25 percent in additional matching funds. In 1998, through Modification/Revision No. 2 to the operating agreement, the match requirement was changed to reflect that the match requirement may be fulfilled through the commitment of state funds for either loans or grants for construction of wastewater systems serving colonias and may also consist of payment on bond interest associated with loans and grants for construction of wastewater systems. The \$100 million grant and associated match are called CWTAP II.

The Fiscal Year 1996 Federal Appropriations Act (P.L. 104-134) authorized a total of \$50 million to be awarded to the State of Texas to address wastewater treatment needs of Texas colonias. On August 31, 1996, EPA awarded the State \$21.8 million in grants. The State was to provide 20 percent match (including interest match) to this grant amount (\$4.36 million). In addition, in FY 1997, the State was awarded the remaining \$28.2 million approved in the FY 1996 authorization; the State was required to provide a one to one match (including interest match) for this portion (\$28.2 million).

As in CWTAP II, the match requirement may be fulfilled through the commitment of state funds for either loans or grants for construction of wastewater systems serving colonias and may also consist of payment on bond interest associated with loans or grants for construction of wastewater systems. This combined \$50 million grant award and associated match of \$32.56 million is called CWTAP III. In the summer of FY 2006, an amendment to revise the grant to include additional administrative costs required to complete the funded projects was submitted to EPA Region 6. This amendment was approved in FY 2007.

The Fiscal Year 1997 Federal Appropriations Act (P.L. 104-204) and subsequent amendments (P.L. 104-208, P.L. 105-65, P.L. 105-276 and P.L. 105-277) authorized a total of \$50 million to the State of Texas on December 18, 1998 to address water and wastewater treatment needs of Texas colonias. The State is required to provide a 20 percent match (\$10,000,000) to this grant. The match requirement may be fulfilled through the commitment of state funds for either loans or grants for construction of wastewater or water systems serving colonias, and the match may also consist of payment on bond interest associated with loans or grants for construction of wastewater or water systems. The \$50 million grant and associated \$10,000,000 match are called CWTAP IV.

The Fiscal Year 1998 Federal Appropriations Act (P.L. 105-65) authorized a total of \$50 million awarded on December 18, 1998 to the State of Texas to address water and wastewater treatment needs of Texas colonias. The State is required to provide a 20 percent match (\$10,000,000) to this grant. The match requirement may be fulfilled through the commitment of state funds for either loans or grants for construction of wastewater or water systems serving colonias and the match may also consist of payment on bond interest associated with loans or grants for construction of wastewater or water systems. The \$50 million grant and associated \$10,000,000 match are called CWTAP V.

The FY 2008 Annual Report details actual and proposed uses of the CWTAP I-V funds.

II. EXECUTIVE SUMMARY

From 2003 until 2007 a moratorium on new projects was in place due to a limited amount of available funding in the Economically Distressed Areas Program (EDAP)/CWTAP program. The EDAP is the state-funded portion of the program which also provides required match under the CWTAP. Several CWTAP projects that needed additional funding due to cost increases had become stalled due to a lack of available funds. The moratorium was lifted in FY 2007 due to availability of additional funds and hence new funding commitments were made. In FY 2008, the Texas Water Development Board (Board) approved three increases and/or new CWTAP commitments. The CWTAP projects are described below:

Applicant	Commitment Date	Amount
Laredo, City of	10/23/2007	\$10,050,231
Roma, City of	05/27/2008	\$ 4,630,816
La Feria, City of	07/29/2008	\$ 3,794,000
	Total	\$18,475,047

City of Laredo: On October 15, 2007 the City requested and received a \$10,050,231 increase to its original CWTAP funded commitment necessary to complete its water and wastewater project. This project when completed will serve fifteen colonias with approximately 989 connections along State Highway 359 and Mines Road.

City of Roma: On May 19, 2008 the City received a \$4,630,816 commitment for the construction portion of the land acquisition and design project that was funded with CWTAP monies in FY 2007. Ten colonia areas with approximately 462 households along Highway 83 will be served by the wastewater collection system once the project is completed.

City of La Feria: On July 21, 2008 the City requested and received a \$3,794,000 increase to its CWTAP funded commitment in order to complete and expand the City's water and wastewater project. The wastewater project will improve sewer service to 1,725 existing City sewer customers (5,175 residents) and provide first time sewer service to areas consisting of 440 households (1,320 residents)

In August, 2008 the Environmental Protection Agency (EPA) Region 6 requested that the Board implement a policy for the CWTAP. This policy was developed by EPA Region 6 in partnership with the Board and is designed to guide future CWTAP activities and address the recommendations made by the EPA Office of Inspector General in their June 2008 Report. The policy will allow EPA to meet its responsibility for establishing and maintaining effective internal controls thereby ensuring the colonia projects are properly monitored, comply with established criteria and are completed in a timely manner. The policy will ensure overall environmental objectives of the CWTAP are obtained. In early September 2008, the Board notified all entities with outstanding CWTAP projects of the new policy and its effective date of October 1, 2008. The Board will continue its monitoring of all CWTAP projects and implementation of the EPA Region 6 policy.

In response to the EPA Office of Inspector General's June 2008 Report, on August 12, 2008, the Board requested modifications to the CWTAP III, IV and V Work Plans. The requested amendments were to include specific project, schedule and dollar amount information in the three respective CWTAP Work Plans. In addition, EPA Region 6 requested that the administration funds allocated in the CWTAP III grant be allocated between all three remaining CWTAP grants (III, IV and V).

As shown in the table below all CWTAP funds have been committed in FY 2008. Should any fund balances be available upon completion of an existing CWTAP projects it is anticipated that the Board would re-commit any remaining funds in FY 2009. A list of potentially eligible CWTAP projects is provided for illustration in Attachment F.

Project funds from CWTAP I, II, and III are to be utilized to provide colonia residents with adequate wastewater services and from CWTAP IV and V for water and wastewater systems.

III. GOALS AND ACCOMPLISHMENTS

The Board's commitments in CWTAP I through CWTAP V are as follows (*Attachment A*):

Funding Source	% Committed	Remaining Funds
CWTAP I	100%	\$0
CWTAP II	100%	\$0
CWTAP III	100%	\$0
CWTAP IV	100%	\$0
CWTAP V	100%	\$0

IV. DETAILS OF ACCOMPLISHMENTS

A. Binding Commitments (*Design and Construction*)

As shown on *Attachment A* and described above, for FY 2008, the Board awarded increases to two current construction commitment and committed to one new project.

B. Innovative and Alternative Program

The purpose of the Innovative and Alternative Technology "I/A" Program was to demonstrate the effectiveness of innovative or alternative wastewater collections and treatment systems for un-sewered, unincorporated colonias located in Texas counties adjacent to and within 100 kilometers of the Texas-Mexico border. These projects were to be funded at 100% grant, with 50% of the funds derived from a \$2.55 million set-aside from the EPA's \$50 million CWTAP I grant, and the remaining \$2.55 million to be provided by the Board from state sources. An additional \$700,000 in federal funds was earmarked for the monitoring of these innovative/alternative systems (\$550,000 in CWTAP I and \$150,000 in CWTAP III).

In November 1998, the Board considered the status of the I/A Program. The Board was informed that the I/A Program was designed to spur initial interest and rapid implementation of these projects by offering 100% grants for the entire project including a 5-year monitoring component and a guarantee of Board assistance in the unlikely event of system failure. A review of the program concluded, with EPA staff coordination and agreement, that the program had not met its main goal of expeditiously funding and implementing various projects and technologies along the border. The Board therefore recommended that the I/A Program be discontinued. EPA approved CWTAP I Amendment No. 6 on January 29, 2001 that moved the remaining \$3.1 million from the I/A program to the construction program.

Even though the Board discontinued the I/A Program, this decision did not affect the Board's ability to fund I/A projects. Any EDAP project, with or without CWTAP funds, could potentially be an I/A project since consideration of I/A technologies is a statutory

requirement in the EDAP facility planning process and can be funded by the Board if found to be the most cost-effective option. In addition, EPA has further confirmed that future I/A projects could be funded with CWTAP funds should CWTAP funds be available.

C. Disbursements

During FY 2008 the Board drew \$21,390,400.71 (\$13,477,584 for CWTAP III, \$7,227,562 for CWTAP IV, \$0 for CWTAP V, and \$685,253.71 for administration) from the EPA's Automatic Standard Application for Payments (ASAP) Account. (*Attachments C and D*)

D. State Match

Interest on the state match funds is included as part of the required match as noted in Section I - Introduction. Based upon the required matched deposits made by September 30th of each year, the Board has made the required deposits. This match includes deposits through September 30, 2008. (*Attachment G*)

A projection of future match deposits projected with breakdowns of principal and interest matching is provided (*Attachment H*). The attachment shows actual principal and interest match for the match provided through September 2008 and projected breakdowns based upon estimated rates on debt issuance to project the interest match going forward, which cannot be ultimately determined until the bonds that provide the match funds are sold. All matching requirements by September 30th of each year have been met on a timely basis. (*Attachment G*)

E. Provisions of the CWTAP Grants are detailed individually on the following pages:

CWTAP I

The State of Texas has agreed to 21 conditions in the Grant Agreement associated with CWTAP I, as amended. Condition No. 11 was deleted in FY 1994 and condition No. 16 is skipped due to numbering. The following conditions have been met:

1. Agreement to expeditiously initiate and timely complete the project work
2. Agreement to send all reports, except financial, to EPA Project Officer
3. Agreement to meet MBE/WBE goal
4. Agreement to follow MBE/WBE guidelines and to submit SF-334s
5. Agreement to follow EPA guidelines for statements, press releases, requests for proposals, bid solicitations, and other documents
6. Agreement to submit annual and final Financial Status Reports
7. Agreement to use recycled paper for all reports prepared for and delivered to EPA
8. Agreement to submit an Annual Report
9. Agreement to comply with Section 106 of the National Historic Preservation Act of 1966
10. Agreement to follow the requirements of Section 6002 of the Resources Conservation and Recovery Act (RCRA), regarding the purchase of items containing recovered materials
11. This condition was deleted in FY 1994
12. Agreement to accept payments
13. Agreement to administer the CWTAP in accordance with presentations made within the application for Federal Assistance, dated December 1, 1992
14. Agreement to not spend the subject grant funds until the final execution of a State/EPA Operating Agreement and EPA acceptance of state rules and procedures governing the CWTAP
15. Agreement to stop work if any threatened or endangered species are encountered during construction
16. This number was skipped in the original Grant Agreement
17. Agreement to not expend the \$2 million identified for planning and design until final execution of a State/EPA Operating Agreement on specific project eligibility's, and EPA acceptance of State rules and procedures governing the CWTAP
18. Agreement to submit an annual disbursement schedule
19. Agreement to not charge nor claim reimbursement for any indirect costs until a current acceptable indirect cost rate has been negotiated
20. Agreement to draw down and expend Federal funds at a 100% Federal ratio, to begin depositing match funds into the match account by August 31, 1994, and to reach an amount equal to the cash draw down of EPA (Federal) payments by September 30, 1996
21. Agreement that the interest on bonds issued by the State, related to deposit of the State's matching principal share, and paid by the State during grant "project period", is considered an authorized project expenditure

We offer further description on the following specific requirements listed in the Operating Agreement ("OA") for CWTAP I:

- A. Joint establishment of schedule of payments. The Grant Agreement governing

- CWTAP I established a payment schedule for the BOARD to accept payments from the EPA's ACH account. In addition, each year, the State is required to submit a proposed disbursement schedule for the next year. The State has met this requirement.
- B. Expeditious quarterly advance of payments to the State. The State has requested funds on an as-needed basis from the EPA and the EPA has disbursed the funds to the State in an expeditious and timely manner.
 - C. Agreement to provide 100% match and to spend the state matching funds for the purposes described in the OA. As per the Grant Agreement, as amended August 11, 1993, the Board has agreed to provide the 100% match (inclusive of interest on the Bonds which provided the match funds) and has deposited into the CWTAP Account an amount equivalent to the cash draw down of EPA payments, at the date of August 31, 1996, for a total match amount of \$3,336,458. As per the Grant Agreement, as amended November 1996, the State agrees to provide the 100% match and shall reach an amount equal to the cash draw down of EPA payments by September 30, each year. Total match provided for CWTAP I through FY 2008 was \$50,000,000.00 (\$29,887,276.09 for construction and \$20,112,723.91 as interest match). (*Attachment G*)
 - D. Compliance with 40 CFR Part 31, particularly, all payments, cash draw down, and disbursements comply with general grant regulations of 40 CFR Part 31. The Board has implemented a Grant Closing Information sheet that requires a multi-divisional sign-off prior to the authorization for request from funds from the EPA ACH account. The form has been implemented to ensure that all the project elements for which funding are requested is eligible as per the relevant regulations. The Board has implemented payment procedures to ensure that disbursements received by the Board from the EPA-ACH account are sent to the recipient the day they are received by the Board.
 - E. The State has established and utilizes fiscal controls and auditing procedures in accordance with the generally accepted accounting principles for: (1) payments received by the Board; (2) disbursements of Federal and matching state funds made by the Board; and (3) has required fund balances at the beginning and end of the accounting period which shall be the State of Texas fiscal year, September 1 through August 31. Each year, the Board prepares an annual financial report, which addresses the utilization of fiscal controls, and auditing procedures in accordance with generally accepted accounting principles. The Board's annual financial report covers all the Board's programs. Each year, the State Auditors audit the Board's annual financial report for compliance. The Board maintains fund balances at the beginning and end of the accounting period for September 1 through August 31.
 - F. All construction activities funded shall comply with the National Environmental

Policy Act (NEPA). By letter dated April 29, 1993, EPA concurred with the Board that the State could use its own NEPA-like environmental review process developed for the State Revolving Fund, as codified in 31 Texas Administrative Code 375.35 in compliance with NEPA. The Board applied 31 TAC 375.35 for conducting the environmental reviews of all projects for which CWTAP commitments were made prior to June 1998, when EPA determined that it would retain the authority to determine environmental impacts and issue findings on such impacts for all subsequent projects. A rule revision in FY 2001 moved the original 31 TAC 375.35 rules to 31 TAC 375.214.

- G. The Board will notify EPA and request concurrence on proposed amendments to any section of its rules and procedures affecting the CWTAP.
- H. The CWTAP grant award process will include acknowledgment of EPA's participation in the Program. In all of its press releases for commitments utilizing federal portion of the CWTAP funds, the Board has stated the amount and percent of federal funds being used in the project. This requirement is incorporated into contracts with local sponsors.
- I. Ongoing coordination and open communication with other Federal and State agencies. The Board has been the lead agency in the Texas Border Infrastructure Group, a conglomerate of state, federal and international agencies involved in infrastructure financing along the Texas-Mexico Border. As of September 1, 2000 this role lies with the Office of the Governor's Secretary of States Office. The Board communicates directly with state and federal agencies on specific projects that may require funding from various sources. The Board has also entered into a Memorandum of Understanding with the Office of Rural Community Affairs, to coordinate plumbing improvements and connections of residents funded under the EDAP program.
- J. Has followed the agreed-upon funding distribution. As per the Grant Agreement, as amended August 2, 1996, the State is allocated up to \$2,000,000 for administrative expenses, to be paid from the CWTAP I grant. During the year ended August 31, 2008 no additional funds were drawn for Administration under CWTAP I with the full \$2,000,000 drawn in prior years.

Grant amendment No. 6 on January 29, 2001 eliminated the funds reserved for Innovative and Alternative technologies. The \$3.1 million set aside for I/A was placed in the mainstream construction program.

- K. The \$2,600,000 set aside for planning and designing efficient wastewater systems was designed to provide facility planning to Rural and Urban colonias. No draws were made for Urban Planning costs during FY 2008. Grant amendment No. 3 dated August 28, 2003 reduced the amount of Urban and Rural Planning funds by \$708,670 to \$1,891,330. This amended cost covered the actual expenses of the five eligible Urban and Rural Planning projects.

- L. Recipients have met all the conditions required of political subdivisions listed in the OA, Item L, 1-9:
1. Under this program, as per the OA, as amended, the State has only accepted applications from political subdivisions, pursuant to the rules of the Board, for projects in unincorporated colonias, or other colonias as approved by EPA, in counties that are within 100 kilometers of the Texas / Mexico international boundary.
 2. The Federal funds and the state matching funds have only been expended on wastewater treatment improvements to be used for the existing needs of unincorporated colonias, or other colonias as approved by EPA, that existed on November 9, 1989. The State's program contains a similar provision in that a basic eligibility requirement was that 80% of the dwellings in the project area were required to be occupied on or before June 1, 1989. This condition was changed by the legislature, effective September 1, 2000, to remove the 80% requirement portion only. Additional State legislative changes, only impacting the non-match state portion of EDAP, were made effective September 1, 2005, that changed the date of existence from on or before June 1, 1989 to June 1, 2005. Therefore, the State has met the EPA's requirement on all CWTAP projects.
 3. The political subdivisions will administer the grant funds and oversee the resulting wastewater facility to assure proper operation and maintenance of the facility for the design life of the project. As part of the financial application process, the Board looks at the financial condition of each applicant to determine grant to loan ratios and the ability to pay of the customers in the area. This process allows the Board to determine the operation and maintenance needs of the political subdivision and allows the Board to make recommendations on the rate structure. In addition, recipients are required to execute the Assurance Regarding Operation and Maintenance of Treatment Works Funded by the CWTAP.
 4. Compliance with Model Subdivision Rules requirements. The Board has only awarded grants to political subdivisions that have adopted and are enforcing the Model Subdivision Rules or their equivalent and for which the corresponding county has also adopted and are enforcing the Model Subdivision Rules.
 5. The Board has only awarded grants to political subdivisions that are, or are in an area within the jurisdiction of an authorized agent of the Texas Commission on Environmental Quality (TCEQ), formerly the Texas Natural Resource Conservation Commission. This is an application requirement.
 6. Adoption of a water conservation and drought contingency plan. The State requires that each applicant for CWTAP funds adopt a water conservation and drought contingency plan that satisfies 31 Texas Administrative Code Section 363.15 as part of the application process for construction funds.

7. Establishment of a separate account for program funds and maintenance of program accounts in accordance with generally accepted government accounting standards. The State has established a separate account for each federal grant and maintains its program accounts in accordance with generally accepted government accounting standards. The State is audited by the State auditors once a year to ensure compliance with appropriate standards.
 8. Compliance of construction related activities with the Davis-Bacon Act, compliance with the provisions of the Contract Work Hours and Safety and Health Standards Act 40 U.S.C 327-333, the Copeland Act, and the Fair Labor Standards Act. The Board reviews the contract documents to ensure they contain the requirements stated above.
 9. Certification of project performance as required by 40 CFR Section 35.2218(c) or 31 TAC Section 375.102. The Board requires that each applicant must certify project performance one year after the initiation of the operation of the CWTAP-funded project.
- M. Compliance with Federal crosscutting authorities. Recipients have complied with applicable Federal Authorities by completing the Texas Review and Comment System process and by executing the following forms: (1) Pre-award Compliance Review Report; (2) Assurances - Construction Programs; (3) Assurance Regarding Operation and Maintenance of Treatment Works Funded by the CWTAP; (4) Certification Regarding Lobbying; (5) Certification Regarding Debarment, Suspension, and Other Responsibility Matters; (6) Affirmative Action Plan for Meeting CWTAP Minority and Women's Business Enterprise Participation Goal; (7) MWBE Certification and Participation Summary; and (8) Procurement System Certification. In addition, local sponsors are subject to the Single Audit Act.
- N. Compliance with requirement for condition that recipient assures operation and maintenance for the design life of the project as a condition for CWTAP grants. As stated in L-3, recipients are required to execute the Assurance Regarding Operation and Maintenance of Treatment Works Funded by the CWTAP.

CWTAP II

The State of Texas agreed to 22 conditions in the Grant Agreement associated with CWTAP II. The following conditions have been met:

1. Agreement to expeditiously initiate and timely complete the project work
2. Agreement to audit and inspection
3. Agreement to purchase items containing recovered materials
4. Agreement to use recycled paper for all reports prepared for and delivered to EPA
5. Agreement to follow EPA guidelines for statements, press releases, requests for proposals, bid solicitations and other documents
6. Agreement to submit all reports, except financial and MBE/WBE, to the attention of the EPA Project Officer
7. Agreement to submit the Annual and final Financial Status Reports
8. Agreement to submit SF-334s
9. Agreement to comply with Section 129 of Public Law 100-590
10. Agreement to charge indirect costs as per an agreed-upon Indirect Cost Negotiation Agreement
11. Agreement to follow the accounting and reporting procedures associated with the EPA's ACH payment system
12. Agreement to accept payments
13. Agreement to administer the CWTAP in accordance with presentations made within the application for Federal Assistance dated December 26, 1994
14. Agreement to not expend the subject grant funds until the final execution of a State/EPA Operating Agreement and EPA acceptance of state rules and procedures governing the CWTAP
15. Agreement to stop work if any threatened or endangered species are encountered during construction
16. Agreement to submit an annual disbursement schedule
17. Agreement to provide a 20 percent match and 25 percent soft match.
18. Agreement to submit an Annual Report
19. Agreement to participate in an Annual Review
20. Agreement to follow the required provisions of Hotel and Motel Fire Safety Act of 1990
21. Agreement that the State is permitted to draw down and expend Federal funds without providing State matching funds until September 30 of each year (beginning 9/30/96)
22. Agreement that the interest on bonds issued by the State, related to deposit of the State's matching principal share, and paid by the State during grant "project period", is considered an authorized project expenditure

We offer further description on the following specific requirements listed in the Operating Agreement ("OA") for CWTAP II:

- A. Joint establishment of schedule of payments. The Grant Agreement governing CWTAP II established a payment schedule for the Board to accept payments from the EPA's ACH account. In addition, each year, the State is required to submit a proposed disbursement schedule for the next year. The State has met this requirement.

- B. Expeditious quarterly advance of payments to the State. The State has requested funds on an as-needed basis from the EPA and the EPA has disbursed the funds to the State in an expeditious and timely manner.
- C. Agreement to provide 20% match, inclusive of interest on the Bonds which provided the match funds, and to continue investing its own funds in projects related to environmental improvements in colonias that will total an amount equivalent to 25 percent in additional funds, and to spend the state matching funds for the purposes described in the OA. The Board has met the matching requirements with \$20,000,000.00 (\$12,087,267.97 for construction and \$7,912,732.03 as interest match.) This match includes deposits through September 30, 2008. *Details are on Attachment G, including dates of deposits.* The 25% soft match for CWTAP II requirements have been met with Water projects associated with CWTAP I Wastewater projects. *(See Attachment A)*
- D. Compliance with 40 CFR Part 31, particularly, all payments, cash draw downs, and disbursements comply with general grant regulations of 40 CFR Part 31. The Board has implemented a Grant Closing Information sheet that requires a multi-divisional sign-off prior to the authorization for request from funds from the EPA ACH account. The form has been implemented to ensure that all the project elements for which funding is requested are eligible as per the relevant regulations. The Board has implemented payment procedures to ensure that disbursements received by the Board from the EPA-ACH account are sent to the recipient the day they are received by the Board.
- E. The State has established and utilizes fiscal controls and auditing procedures in accordance with the generally accepted accounting principles for (1) payments received by the Board, (2) disbursements of Federal and matching state funds made by the Board, and (3) has required fund balances at the beginning and end of the accounting period which shall be the State of Texas fiscal year, September 1 through August 31. Each year, the Board prepares an annual financial report, which addresses the utilization of fiscal controls, and auditing procedures in accordance with generally accepted accounting principles. The Board's annual financial report covers all the Board's programs. Each year, the State Auditors audit the Board's annual financial report for compliance. The Board maintains fund balances at the beginning and end of the accounting period for September 1 through August 31.
- F. All construction activities funded shall comply with the National Environmental Policy Act (NEPA). By letter dated April 29, 1993, EPA concurred with the Board that the State could use its own NEPA-like environmental review process developed for the State Revolving Fund, as codified in 31 Texas Administrative Code 375.35 in compliance with NEPA. The Board applied 31 TAC 375.35 for conducting the environmental reviews of all projects for which CWTAP commitments were made prior to June 1998, when EPA determined that it would retain the authority to determine environmental impacts and issue findings on such impacts for all subsequent projects. A rule revision in FY 2001 moved the original 31 TAC 375.35 rules to 31 TAC 375.214.

- G. The Board will notify EPA and request concurrence on proposed amendments to any section of its rules and procedures affecting the CWTAP.
- H. The CWTAP grant award process will include acknowledgment of EPA's participation in the Program. In all of its press releases for commitments utilizing federal portion of the CWTAP funds, the Board has stated the amount and percent of federal funds being used in the project. This requirement is incorporated into contracts with local sponsors.
- I. Ongoing coordination and open communication with other Federal and State agencies. The Board has been the lead agency in the Texas Border Infrastructure Group, a conglomerate of state, federal and international agencies involved in infrastructure financing along the Texas-Mexico Border. As of September 1, 2003 this role lies with the Office of the Governor's Secretary of State's Office. The Board communicates directly with state and federal agencies on specific projects that may require funding from various sources. The Board has also entered into a Memorandum of Understanding with the Office of Rural Community Affairs, to coordinate plumbing improvements and connections of residents funded under the EDAP program.
- J. Has followed the agreed-upon funding distribution. As per the Grant Agreement, as dated January 20, 1995, and amended November 15, 1995, the State is allocated up to \$4,000,000 for administrative expenses, to be paid from the CWTAP II grant. All administrative funds have been drawn from the CWTAP II grant.
- K. Recipients have met all the conditions required of political subdivisions listed in the OA, Item K, 1-8:
 - 1. Under this program, as per the OA, as amended March 15, 1996, the State has only accepted applications from political subdivisions, pursuant to the rules of the Board, for projects in unincorporated colonias, or other colonias as approved by EPA, in counties that are within 100 kilometers of the international boundary.
 - 2. The Federal funds and the state matching funds have only been expended on wastewater treatment improvements to be used for the existing needs of unincorporated colonias, or other colonias as approved by EPA, that existed on November 9, 1989. The State's program contains a similar provision in that a basic eligibility requirement was that 80% of the dwellings in the project area were required to be occupied on or before June 1, 1989. This condition was changed by the legislature, effective September 1, 2000, to remove the 80% requirement portion only. Additional State legislative changes, only impacting the non-match state portion of EDAP, were made effective September 1, 2005, that changed the date of existence from on or before June 1, 1989 to June 1, 2005. Therefore, the State has met the EPA's requirement on all CWTAP projects.

3. The political subdivisions will administer the grant funds and oversee the resulting wastewater facility to assure proper operation and maintenance of the facility for the design life of the project. As part of the financial application process, the Board looks at the financial condition of each applicant to determine grant to loan ratios and the ability to pay of the customers in the area. This process allows the Board to determine the operation and maintenance needs of the political subdivision and allows the Board to make recommendations on the rate structure. In addition, recipients are required to execute the Assurance Regarding Operation and Maintenance of Treatment Works Funded by the CWTAP.
 4. Compliance with Model Subdivision Rules requirements. The Board has only awarded grants to political subdivisions that have adopted and are enforcing the Model Subdivision Rules or their equivalent and for which the corresponding county has also adopted and are enforcing the Model Subdivision Rules.
 5. The Board has only awarded grants to political subdivisions that are, or are in an area within the jurisdiction of an authorized agent of the Texas Commission on Environmental Quality, formerly Texas Natural Resource Conservation Commission. This is an application requirement.
 6. Adoption of a water conservation and drought contingency plan. The State requires that each applicant for CWTAP funds adopt a water conservation and drought contingency plan that satisfies 31 Texas Administrative Code Section 363.15 as part of the application process for construction funds.
 7. Establishment of a separate account for program funds and maintenance of program accounts in accordance with generally accepted government accounting standards. The State has established a separate account for each federal grant and maintains its program accounts in accordance with generally accepted government accounting standards. The State is audited by the State auditors once a year to ensure compliance with appropriate standards.
 8. Certification of project performance as required by 40 CFR Section 35.2218(c) or 31 TAC Section 375.102. The Board requires that each applicant must certify project performance one year after the initiation of the operation of the CWTAP-funded project.
- L. Compliance with Federal crosscutting authorities. Recipients have complied with applicable Federal Authorities by completing the Texas Review and Comment System process and by executing the following forms: (1) Pre-award Compliance Review Report; (2) Assurances of Construction Programs; (3) Assurance Regarding Operation and Maintenance of Treatment Works Funded by the CWTAP; (4) Certification Regarding Lobbying; (5) Certification Regarding Debarment, Suspension, and Other Responsibility Matters; (6) Affirmative Action Plan for Meeting CWTAP Minority and Women's Business Enterprise Participation Goal; (7) MWBE Certification and Participation Summary; (8) Procurement System

Certification; and (9) Cost or Price Summary. In addition, local sponsors are subject to the Single Audit Act.

- M. Compliance with requirement for condition that recipient assures operation and maintenance for the design life of the project as a condition for CWTAP grants. As stated in L-3, recipients are required to execute the Assurance Regarding Operation and Maintenance of Treatment Works Funded by the CWTAP.
- N. Requirement that as a condition of CWTAP grants that the recipient assure the project will initiate construction within one year of the date the contract is executed by the Board. The Board has implemented this condition for recipients.

CWTAP III

The State of Texas agreed to 22 conditions in the Grant Agreement associated with CWTAP III. The following conditions have been met:

1. Agreement to expeditiously initiate and timely complete the project work
2. Agreement to audit and inspection
3. Agreement to purchase items containing recovered materials
4. Agreement to use recycled paper for all reports prepared for and delivered to EPA
5. Agreement to follow EPA guidelines for statements, press releases, requests for proposals, bid solicitations and other documents
6. Agreement to submit all reports, except financial and MBE/WBE, to the attention of the EPA Project Officer
7. Agreement to submit the Annual and final Financial Status Reports
8. Agreement to submit SF-334s
9. Agreement to comply with Section 129 of Public Law 100-590
10. Agreement to charge indirect costs as per an agreed-upon Indirect Cost Negotiation Agreement
11. Agreement to follow the accounting and reporting procedures associated with the EPA's ACH payment system
12. Agreement to follow the required provisions of Hotel and Motel Fire Safety Act of 1990
13. Agreement to accept payments from EPA
14. Agreement to administer the CWTAP in accordance with presentations made within the application for Federal Assistance dated January 24, 1996 and amended February 16, 1996
15. Agreement to not expend the subject grant funds until the final execution of State/EPA Operating Agreement and EPA acceptance of state rules and procedures governing the CWTAP
16. Agreement to stop work if any threatened or endangered species are encountered during construction
17. Agreement to submit an annual disbursement schedule
18. Agreement to provide a 20 percent match for the \$21.8 Million portion of the grant award under FY96 Continuing Resolution and 100 percent match to the \$28.2 Million to the portion of the grant awarded under the Appropriations Act. (Total match required of \$32,560,000). In addition a soft match of 25 percentage is to be provided with respect to the \$21.8 Million portion of the grant (Total soft match of \$5.45 Million).
19. Agreement to submit to an Annual Report.
20. Agreement that the State is permitted to draw down and expend Federal funds without providing State matching funds until September 30 of each year (beginning 9/30/96).
21. Agreement that the interest on bonds issued by the State, related to deposit of the State's matching principal share, and paid by the State during grant "project period", is considered an authorized project expenditure.
22. Agreement that the State is permitted to utilize \$3,500,000 from this grant over a 3-year period to develop efficient design options and specifications for colonias.

An Operating Agreement was signed by EPA on September 30, 1998 and by the Board on October 13, 1998.

We offer further description on the following specific requirements listed in the Operating Agreement (“OA”) for CWTAP III:

- A. Joint establishment of schedule of payments. The Grant Agreement governing CWTAP III established a payment schedule for the Board to accept payments from the EPA’s ACH account. In addition, each year, the State is required to submit a proposed disbursement schedule for the next year. The State has met this requirement.
- B. Expeditious quarterly advance of payments to the State. The State has requested funds on an as-needed basis from the EPA and the EPA has disbursed the funds to the State in an expeditious and timely manner.
- C. Agreement to provide a 20% direct match (\$4,360,000) to the \$21,800,000 made available to the State of Texas under FY 1996 Continuing Resolution (CR), pursuant to the Federal grant executed by EPA and the Board. The Board also agreed to continue investing its own funds in projects related to environmental improvements in colonias in an amount of soft match equal to \$5,450,000. The Board provided a 100% direct match (\$28,200,000 to the \$28,200,000 awarded under the FY 1996 Appropriations Act. The Board is expending the Federal grant funds and the state match funds for the purposes described within the OA.

This match includes deposits through September 30, 2008. Matching funds were deposited on September 29, 2008 with respect to this specific grant totaling \$10,730,329.52 (\$6,896,300.14 for construction and \$3,834,029.38 as interest match). A cumulative match of \$31,012,271.07 (\$20,447,882.93 for construction and \$10,564,388.14 as interest match) has been deposited for CWTAP III. (*Attachment G*)

The soft match requirement for CWTAP III is being met with a water project related to a CWTAP II wastewater facility (\$5,450,000). (*Attachment H*)

- D. Compliance with 40 CFR Part 31, particularly, all payments, cash draw downs, and disbursements comply with general grant regulations of 40 CFR Part 31. The Board has implemented a Grant Closing Information sheet that requires a multi-divisional sign-off prior to the authorization for request from funds from the EPA ACH account. The form has been implemented to ensure that all the project elements for which funding is requested are eligible as per the relevant regulations. The Board has implemented payment procedures to ensure that disbursements received by the Board from the EPA-ACH account are sent to the recipient the day they are received by the Board.
- E. The State has established and utilizes fiscal controls and auditing procedures in accordance with the generally accepted accounting principles for (1) payments received by the Board, (2) disbursements of Federal and matching state funds made by the Board, and (3) has required fund balances at the beginning and end of the accounting period which shall be the State of Texas fiscal year, September 1 through August 31. Each year, the Board prepares an annual financial report, which

addresses the utilization of fiscal controls, and auditing procedures in accordance with generally accepted accounting principles. The Board's annual financial report covers all the Board's programs. Each year, the State Auditors audit the Board's annual financial report for compliance. The Board maintains fund balances at the beginning and end of the accounting period for September 1 through August 31.

- F. All construction activities funded shall comply with the National Environmental Policy Act (NEPA). The Board developed a countywide preliminary environmental assessment (EA). The task for this countywide EA Program included collecting and analyzing the baseline environmental information and data, coordinating and consulting with interested regulatory agencies and public groups. The environmental information and data developed under the countywide EA Program is used to supplement the individual Environmental Information Document (EID) for each colonia project. The EPA has awarded additional funds in the amount of \$300,000 along with \$15,790 of State Match for the tri-county preliminary EA task. This Environmental Review System project has been completed and closed out.
- G. The Board will comply with the applicable crosscutting Federal authorities as included under Appendix A to this agreement as well as the applicable EPA regulations, such as 40 CFR Part 29, 31 and 32. The Board has established rules and policies, program guidelines and checklists to assure compliance.
- H. The Board will notify EPA and request concurrence on proposed amendments to any section of its rules and procedures affecting the CWTAP III.
- I. The CWTAP grant award process will include acknowledgment of EPA's participation in the Program. In all of its press releases for commitments utilizing federal portion of the CWTAP funds, the Board has stated the amount and percent of federal funds being used in the project. This requirement is incorporated into contracts with local sponsors.
- J. Ongoing coordination and open communication with other Federal and State agencies. The Board has been the lead agency in the Texas Border Infrastructure Group, a conglomerate of state, federal and international agencies involved in infrastructure financing along the Texas-Mexico Border. As of September 1, 2003 this role lies with the Office of the Governor's Secretary of State's Office. The Board communicates directly with state and federal agencies on specific projects that may require funding from various sources. The Board has also entered into a Memorandum of Understanding with the Office of Rural Community Affairs, to coordinate plumbing improvements and connections of residents funded under the EDAP program.
- K. Has followed the agreed-upon funding distribution. As per the original Grant Agreement, the State was allocated up to \$2,000,000 for administrative expenses, to be paid from the CWTAP III grant. In FY 2007, a grant amendment increased administrative funds by \$3,375,162 and decreased project funds by the same amount.

- L. Recipients have met all the conditions required of political subdivisions listed in the OA, Item M, 1-8:
1. Under this program, as per the OA, the State has only accepted applications from political subdivisions, pursuant to the rules of the Board, for projects in unincorporated colonias, or other colonias as approved by EPA, in counties that are within 100 kilometers of the international boundary.
 2. The Federal funds and the state matching funds have only been expended on wastewater treatment improvements to be used for the existing needs of unincorporated colonias, or other colonias as approved by EPA, that existed on November 9, 1989. The State's program contains a similar provision in that a basic eligibility requirement was that 80% of the dwellings in the project area were required to be occupied on or before June 1, 1989. This condition was changed by the legislature, effective September 1, 2000, to remove the 80% requirement portion only. Additional State legislative changes, only impacting the non-match state portion of EDAP, were made effective September 1, 2005, that changed the date of existence from on or before June 1, 1989 to June 1, 2005. Therefore, the State has met the EPA's requirement on all CWTAP projects.
 3. The political subdivisions will administer the grant funds and oversee the resulting wastewater facility to assure proper operation and maintenance of the facility for the design life of the project. As part of the financial application process, the Board looks at the financial condition of each applicant to determine grant to loan ratios and the ability to pay of the customers in the area. This process allows the Board to determine the operation and maintenance needs of the political subdivision and allows the Board to make recommendations on the rate structure. In addition, recipients are required to execute the Assurance Regarding Operation and Maintenance of Treatment Works Funded by the CWTAP.
 4. Compliance with Model Subdivision Rules requirements. The Board has only awarded grants to political subdivisions that have adopted and are enforcing the Model Subdivision Rules or their equivalent and for which the corresponding county has also adopted and are enforcing the Model Subdivision Rules.
 5. The Board has only awarded grants to political subdivisions that are, or are in an area within the jurisdiction of an authorized agent of the Texas Commission on Environmental Quality, formerly the Texas Natural Resource Conservation Commission. This is an application requirement.
 6. Adoption of a water conservation and drought contingency plan. The State requires that each applicant for CWTAP funds adopt a water conservation and drought contingency plan that satisfies 31 Texas Administrative Code Section 363.15 as part of the application process for construction funds.

7. Establishment of a separate account for program funds and maintenance of program accounts in accordance with generally accepted government accounting standards. The State has established a separate account for each federal grant and maintains its program accounts in accordance with generally accepted government accounting standards. The State is audited by the State Auditors once a year to ensure compliance with appropriate standards.
 8. Certification of project performance as required by 40 CFR Section 35.2218(c) or 31 TAC Section 375.102. The Board requires that each applicant must certify project performance one year after the initiation of the operation of the CWTAP-funded project.
- M. Compliance with Federal crosscutting authorities. Recipients have complied with applicable Federal Authorities by completing the Texas Review and Comment System process and by executing the following forms: (1) Pre-award Compliance Review Report; (2) Assurances of Construction Programs; (3) Assurance Regarding Operation and Maintenance of Treatment Works Funded by the CWTAP; (4) Certification Regarding Lobbying; (5) Certification Regarding Debarment, Suspension, and Other Responsibility Matters; (6) Affirmative Action Plan for Meeting CWTAP Minority and Women's Business Enterprise Participation Goal; (7) MWBE Certification and Participation Summary; (8) Procurement System Certification; and (9) Cost or Price Summary. In addition, local sponsors are subject to the Single Audit Act.
- N. Compliance with requirement for condition that recipient assures operation and maintenance for the design life of the project as a condition for CWTAP grants. As stated in L-3, recipients are required to execute the Assurance Regarding Operation and Maintenance of Treatment Works Funded by the CWTAP.
- O. Requirement that as a condition of CWTAP grants that the recipient assure the project will initiate construction within one year of the date the contract is executed by the Board. The Board has implemented this condition for recipients.

CWTAP IV

The State of Texas agreed to 16 conditions in the Grant Agreement associated with CWTAP IV. The following conditions have been met:

1. Agreement to expeditiously initiate and timely complete the project work
2. Agreement to audit and inspection
3. Agreement to purchase items containing recovered materials
4. Agreement to use recycled paper for all reports prepared for and delivered to EPA
5. Agreement to submit all reports, except financial and MBE/WBE, to the attention of the EPA Project Officer
6. Agreement to submit the Annual and final Financial Status Reports
7. Agreement to submit SF-334s
8. Agreement to charge indirect costs as per an agreed-upon Indirect Cost Negotiation Agreement
9. Agreement to follow the accounting and reporting procedures associated with the EPA's ACH payment system
10. Agreement to follow the required provisions of Hotel and Motel Fire Safety Act of 1990
11. Agreement to administer the CWTAP in accordance with presentations made within the application for Federal Assistance dated January 24, 1996 and amended February 16, 1999
12. Agreement to not expend the subject grant funds until the final execution of State/EPA Operating Agreement and EPA acceptance of state rules and procedures governing the CWTAP
13. Agreement to submit an annual disbursement schedule
14. Agreement to provide a 20 percent match
15. Agreement to submit an Annual Report
16. Agreement to accept payments from EPA

An Operating Agreement was signed by EPA on February 15, 2000 and by the Board on March 7, 2000. We offer further description on the following specific requirements listed in the Operating Agreement ("OA") for CWTAP IV:

- A. Joint establishment of schedule of payments. The Grant Agreement governing CWTAP IV established a payment schedule for the Board to accept payments from the EPA's ACH account. In addition, each year, the State is required to submit a proposed disbursement schedule for the next year. The State has met this requirement.
- B. Expeditious quarterly advance of payments to the State. The State has requested funds on an as-needed basis from the EPA and the EPA has disbursed the funds to the State in an expeditious and timely manner.
- C. Agreement to provide a 20% direct match (\$10,000,000) to the \$50,000,000 made available to the State of Texas under FY 1997 Appropriations Act (PL 104-204) and subsequent amendment and further pursuant to the Federal grant executed by EPA and the Board.

This match includes deposits through September 30, 2008. Matching funds were deposited on September 29, 2008 with respect to this specific grant totaling \$1,975,668.23 (\$1,269,746.76 for construction and \$705,921.47 as interest match). A cumulative match of \$8,331,184.25 (\$5,150,151.30 for construction and \$3,181,032.95 as interest match) has been deposited for CWTAP IV. (*Attachment G*)

- D. Compliance with 40 CFR Part 31, particularly, all payments, cash draw downs, and disbursements comply with general grant regulations of 40 CFR Part 31. The Board has implemented a Grant Closing Information sheet that requires a multi-divisional sign-off prior to the authorization for request from funds from the EPA ACH account. The form has been implemented to ensure that all the project elements for which funding is requested are eligible as per the relevant regulations. The Board has implemented payment procedures to ensure that disbursements received by the Board from the EPA-ACH account are sent to the recipient the day they are received by the Board.
- E. The State has established and utilizes fiscal controls and auditing procedures in accordance with the generally accepted accounting principles for (1) payments received by the Board, (2) disbursements of Federal and matching state funds made by the Board, and (3) has required fund balances at the beginning and end of the accounting period which shall be the State of Texas fiscal year, September 1 through August 31. Each year, the Board prepares an annual financial report, which addresses the utilization of fiscal controls, and auditing procedures in accordance with generally accepted accounting principles. The Board's annual financial report covers all the Board's programs. Each year, the State Auditors audit the Board's annual financial report for compliance. The Board maintains fund balances at the beginning and end of the accounting period for September 1 through August 31.
- F. All construction activities funded shall comply with the National Environmental Policy Act (NEPA). The Board developed a countywide preliminary environmental assessment (EA). The task for this countywide EA Program included collecting and analyzing the baseline environmental information and data, coordinating and consulting with interested regulatory agencies and public groups. The environmental information and data developed under the countywide EA Program is used to supplement the individual Environmental Information Document (EID) for each colonia project. The EPA has awarded additional funds in the amount of \$300,000 along with \$15,790 of State Match for the tri-county preliminary EA task. This Environmental Review System project has been completed and closed out.

- G. The Board will comply with the applicable crosscutter Federal authorities as included under Appendix A to this agreement as well as the applicable EPA regulations, such as 40 CFR Part 29, 31 and 32. The Board has established rules and policies, program guidelines and checklists to assure compliance.
- H. The Board will notify EPA and request concurrence on proposed amendments to any section of its rules and procedures affecting the CWTAP IV.
- I. The CWTAP IV grant award process will include acknowledgment of EPA's participation in the Program. In all of its press releases for commitments utilizing federal portion of the CWTAP funds, the Board has stated the amount and percent of federal funds being used in the project. This requirement is incorporated into contracts with local sponsors.
- J. Ongoing coordination and open communication with other Federal and State agencies. The Board has been the lead agency in the Texas Border Infrastructure Group, a conglomerate of state, federal and international agencies involved in infrastructure financing along the Texas-Mexico Border. As of September 1, 2003 this role lies with the Office of the Governor's Secretary of State's Office. The Board communicates directly with state and federal agencies on specific projects that may require funding from various sources. The Board has also entered into a Memorandum of Understanding with the Office of Rural Community Affairs, to coordinate plumbing improvements and connections of residents funded under the EDAP program.
- K. Has followed the agreed-upon funding distribution. As per the original Grant Agreement, the State was allocated up to \$2,000,000 for administrative expenses, to be paid from the CWTAP III grant. In FY 2007, a grant amendment increased administrative funds by \$3,375,162 and decreased project funds by the same amount. These additional administrative funds will be used to ensure completion of all outstanding CWTAP projects.
- L. Recipients have met all the conditions required of political subdivisions listed in the OA, Item M, 1-8:
 - 1. Under this program, as per the OA, the State has only accepted applications from political subdivisions, pursuant to the rules of the Board, for projects in unincorporated colonias, or other colonias as approved by EPA, in counties that are within 100 kilometers of the international boundary.
 - 2. The Federal funds and the state matching funds have only been expended on wastewater treatment improvements to be used for the existing needs of unincorporated colonias, or other colonias as approved by EPA, that existed on November 9, 1989. The State's program contains a similar provision in that a basic eligibility requirement was that 80% of the dwellings in the project area were required to be occupied on or before June 1, 1989. This condition

was changed by the legislature, effective September 1, 2000, to remove the 80% requirement portion only. Additional State legislative changes, only impacting the non-match state portion of EDAP, were made effective September 1, 2005, that changed the date of existence from on or before June 1, 1989 to June 1, 2005. Therefore, the State has met the EPA's requirement on all CWTAP projects.

3. The political subdivisions will administer the grant funds and oversee the resulting water and wastewater facility to assure proper operation and maintenance of the facility for the design life of the project. As part of the financial application process, the Board looks at the financial condition of each applicant to determine grant to loan ratios and the ability to pay of the customers in the area. This process allows the Board to determine the operation and plan that satisfies 31 Texas Administrative Code Section 363.15 as part of maintenance needs of the political subdivision and allows the Board to make recommendations on the rate structure. In addition, recipients are required to execute the Assurance Regarding Operation and Maintenance of Treatment Works Funded by the CWTAP.
4. Compliance with Model Subdivision Rules requirements. The Board has only awarded grants to political subdivisions that have adopted and are enforcing the Model Subdivision Rules or their equivalent and for which the corresponding county has also adopted and are enforcing the Model Subdivision Rules.
5. The Board has only awarded grants to political subdivisions that are, or are in an area within the jurisdiction of an authorized agent of the Texas Commission on Environmental Quality, formerly the Texas Natural Resource Conservation Commission. This is an application requirement.
6. Adoption of a water conservation and drought contingency plan. The State requires that each applicant for CWTAP funds adopt a water conservation and drought contingency the application process for construction funds.
7. Establishment of a separate account for program funds and maintenance of program accounts in accordance with generally accepted government accounting standards. The State has established a separate account for each federal grant and maintains its program accounts in accordance with generally accepted government accounting standards. The State is audited by the State Auditors once a year to ensure compliance with appropriate standards.
8. Certification of project performance as required by 40 CFR Section 35.2218(c) or 31 TAC Section 375.102. The Board requires that each applicant must certify project performance one year after the initiation of the operation of the CWTAP-funded project.

M. Compliance with Federal crosscutting authorities. Recipients have complied with

applicable Federal Authorities by completing the Texas Review and Comment System process and by executing the following forms: (1) Pre-award Compliance Review Report; (2) Assurances of Construction Programs; (3) Assurance Regarding Operation and Maintenance of Treatment Works Funded by the CWTAP; (4) Certification Regarding Lobbying; (5) Certification Regarding Debarment, Suspension, and Other Responsibility Matters; (6) Affirmative Action Plan for Meeting CWTAP Minority and Women's Business Enterprise Participation Goal; (7) MWBE Certification and Participation Summary; (8) Procurement System Certification; and (9) Cost or Price Summary. In addition, local sponsors are subject to the Single Audit Act.

- N. Compliance with requirement for condition that recipient assures operation and maintenance for the design life of the project as a condition for CWTAP grants. As stated in L-3, recipients are required to execute the Assurance Regarding Operation and Maintenance of Treatment Works Funded by the CWTAP.
- O. Requirement that as a condition of CWTAP grants that the recipient assure the project will initiate construction within one year of the date the contract is executed by the Board. The Board has implemented this condition for recipients.

CWTAP V

The State of Texas agreed to 16 conditions in the Grant Agreement associated with CWTAP V. The following conditions have been met:

1. Agreement to expeditiously initiate and timely complete the project work
2. Agreement to audit and inspection
3. Agreement to purchase items containing recovered materials
4. Agreement to use recycled paper for all reports prepared for and delivered to EPA
5. Agreement to submit all reports, except financial and MBE/WBE, to the attention of the EPA Project Officer
6. Agreement to submit the Annual and final Financial Status Reports
7. Agreement to submit SF-334s
8. Agreement to charge indirect costs as per an agreed-upon Indirect Cost Negotiation Agreement
9. Agreement to follow the accounting and reporting procedures associated with the EPA's ACH payment system
10. Agreement to follow the required provisions of Hotel and Motel Fire Safety Act of 1990
11. Agreement to administer the CWTAP in accordance with presentations made within the application for Federal Assistance dated January 24, 1996 and amended February 16, 1996
12. Agreement to not expend the subject grant funds until the final execution of State/EPA Operating Agreement and EPA acceptance of state rules and procedures governing the CWTAP
13. Agreement to submit an annual disbursement schedule
14. Agreement to provide a 20 percent match
15. Agreement to submit an Annual Report
16. Agreement to accept payments from EPA

An Operating Agreement was signed by EPA on February 15, 2000 and by the Board on March 7, 2000. We offer further description on the following specific requirements listed in the Operating Agreement ("OA") for CWTAP V:

- A. Joint establishment of schedule of payments. The Grant Agreement governing CWTAP V established a payment schedule for the Board to accept payments from the EPA's ACH account. In addition, each year, the State is required to submit a proposed disbursement schedule for the next year. The State has met this requirement.
- B. Expeditious quarterly advance of payments to the State. The State has requested funds on an as-needed basis from the EPA and the EPA has disbursed the funds to the State in an expeditious and timely manner.
- C. Agreement to provide a 20% direct match (\$10,000,000) to the \$50,000,000 made available to the State of Texas under FY 1997 Appropriations Act (PL 104-204)

and subsequent amendment and further pursuant to the Federal grant executed by EPA and the Board.

This match includes deposits through September 30, 2008. No matching funds were deposited on September 29, 2008 with respect to this specific grant. A cumulative match of \$400,009.60 (\$236,024.56 for construction and \$163,985.04 as interest match) has been deposited for CWTAP V. (*Attachment G*)

- D. Compliance with 40 CFR Part 31, particularly, all payments, cash draw downs, and disbursements comply with general grant regulations of 40 CFR Part 31. The Board has implemented a Grant Closing Information sheet that requires a multi-divisional sign-off prior to the authorization for request from funds from the EPA ACH account. The form has been implemented to ensure that all the project elements for which funding is requested are eligible as per the relevant regulations. The Board has implemented payment procedures to ensure that disbursements received by the Board from the EPA-ACH account are sent to the recipient the day they are received by the Board.
- E. The State has established and utilizes fiscal controls and auditing procedures in accordance with the generally accepted accounting principles for (1) payments received by the Board, (2) disbursements of Federal and matching state funds made by the Board, and (3) has required fund balances at the beginning and end of the accounting period which shall be the State of Texas fiscal year, September 1 through August 31. Each year, the Board prepares an annual financial report, which addresses the utilization of fiscal controls, and auditing procedures in accordance with generally accepted accounting principles. The Board's annual financial report covers all the Board's programs. Each year, the State Auditors audit the Board's annual financial report for compliance. The Board maintains fund balances at the beginning and end of the accounting period for September 1 through August 31.
- F. All construction activities funded shall comply with the National Environmental Policy Act (NEPA). The Board developed a countywide preliminary environmental assessment (EA). The task for this countywide EA Program included collecting and analyzing the baseline environmental information and data, coordinating and consulting with interested regulatory agencies and public groups. The environmental information and data developed under the countywide EA Program is used to supplement the individual Environmental Information Document (EID) for each colonia project. This Environmental Review System project has been completed and closed out.
- G. The Board will comply with the applicable crosscutter Federal authorities as included under Appendix A to this agreement as well as the applicable EPA regulations, such as 40 CFR Part 29, 31 and 32. The Board has established rules and policies, program guidelines and checklists to assure compliance.

- H. The Board will notify EPA and request concurrence on proposed amendments to any section of its rules and procedures affecting the CWTAP V.
- I. The CWTAP V grant award process will include acknowledgment of EPA's participation in the Program. In all of its press releases for commitments utilizing federal portion of the CWTAP funds, the Board has stated the amount and percent of federal funds being used in the project. This requirement is incorporated into contracts with local sponsors.
- J. Ongoing coordination and open communication with other Federal and State agencies. The Board has been the lead agency in the Texas Border Infrastructure Group, a conglomerate of state, federal and international agencies involved in infrastructure financing along the Texas-Mexico Border. As of September 1, 2003 this role will lie with the Office of the Governor's Secretary of State's Office. The Board communicates directly with state and federal agencies on specific projects that may require funding from various sources. The Board has also entered into a Memorandum of Understanding with the Office of Rural Community Affairs, formerly the Texas Department of Housing and Community Affairs to coordinate plumbing improvements and connections of residents funded under the EDAP program.
- K. Has followed the agreed-upon funding distribution. As per the original Grant Agreement, the State was allocated up to \$2,000,000 for administrative expenses, to be paid from the CWTAP III grant. In FY 2007, a grant amendment increased administrative funds by \$3,375,162 and decreased project funds by the same amount. These additional administrative funds will be used to ensure completion of all outstanding CWTAP projects.
- L. Recipients have met all the conditions required of political subdivisions listed in the OA, Item M, 1-8:
 - 1. Under this program, as per the OA, the State has only accepted applications from political subdivisions, pursuant to the rules of the Board, for projects in unincorporated colonias, or other colonias as approved by EPA, in counties that are within 100 kilometers of the international boundary.
 - 2. The Federal funds and the state matching funds have only been expended on wastewater treatment improvements to be used for the existing needs of unincorporated colonias, or other colonias as approved by EPA, that existed on November 9, 1989. The State's program contains a similar provision in that a basic eligibility requirement was that 80% of the dwellings in the project area were required to be occupied on or before June 1, 1989. This condition was changed by the legislature, effective September 1, 2000, to remove the 80% requirement portion only. Additional State legislative changes, only impacting the non-match state portion of EDAP, were made effective September 1, 2005, that changed the date of existence from on or before June 1, 1989 to June 1,

2005. Therefore, the State has met the EPA's requirement on all CWTAP projects.

3. The political subdivisions will administer the grant funds and oversee the resulting water and wastewater facility to assure proper operation and maintenance of the facility for the design life of the project. As part of the financial application process, the Board looks at the financial condition of each applicant to determine grant to loan ratios and the ability to pay of the customers in the area. This process allows the Board to determine the operation and plan that satisfies 31 Texas Administrative Code Section 363.15 as part of maintenance needs of the political subdivision and allows the Board to make recommendations on the rate structure. In addition, recipients are required to execute the Assurance Regarding Operation and Maintenance of Treatment Works Funded by the CWTAP.
 4. Compliance with Model Subdivision Rules requirements. The Board has only awarded grants to political subdivisions that have adopted and are enforcing the Model Subdivision Rules or their equivalent and for which the corresponding county has also adopted and are enforcing the Model Subdivision Rules.
 5. The Board has only awarded grants to political subdivisions that are, or are in an area within the jurisdiction of an authorized agent of the Texas Natural Resource Conservation Commission. This is an application requirement.
 6. Adoption of a water conservation and drought contingency plan. The State requires that each applicant for CWTAP funds adopt a water conservation and drought contingency the application process for construction funds.
 7. Establishment of a separate account for program funds and maintenance of program accounts in accordance with generally accepted government accounting standards. The State has established a separate account for each federal grant and maintains its program accounts in accordance with generally accepted government accounting standards. The State is audited by the State Auditors once a year to ensure compliance with appropriate standards.
 8. Certification of project performance as required by 40 CFR Section 35.2218(c) or 31 TAC Section 375.102. The Board requires that each applicant must certify project performance one year after the initiation of the operation of the CWTAP-funded project.
- M. Compliance with Federal crosscutting authorities. Recipients have complied with applicable Federal Authorities by completing the Texas Review and Comment System process and by executing the following forms: (1) Pre-award Compliance Review Report; (2) Assurances of Construction Programs; (3) Assurance Regarding Operation and Maintenance of Treatment Works Funded by the CWTAP; (4) Certification Regarding Lobbying; (5) Certification Regarding Debarment, Suspension, and Other Responsibility Matters; (6) Affirmative Action

Plan for Meeting CWTAP Minority and Women's Business Enterprise Participation Goal; (7) MWBE Certification and Participation Summary; (8) Procurement System Certification; and (9) Cost or Price Summary. In addition, local sponsors are subject to the Single Audit Act.

- N. Compliance with requirement for condition that recipient assures operation and maintenance for the design life of the project as a condition for CWTAP grants. As stated in L-3, recipients are required to execute the Assurance Regarding Operation and Maintenance of Treatment Works Funded by the CWTAP.
- O. Requirement that as a condition of CWTAP grants that the recipient assure the project will initiate construction within one year of the date the contract is executed by the Board. The Board has implemented this condition for recipients.

V. PROGRAM CHANGES

Grant Agreement Changes

The EPA amended the grant agreement to reflect the discontinuation of the Innovative/Alternative Program. This budget amendment to reflect the program changes was signed on August 28, 2003. In the summer of FY 2006, a budget amendment was requested to increase administrative funds to ensure appropriate staffing levels required to successfully complete all CWTAP projects. This amendment was approved in FY 2007. On August 12, 2008, in response to the EPA Office of Inspector General's June 2008 Report, the Board requested modifications to the CWTAP III, IV and V Work Plans to include specific project, schedule and dollar amount information. In addition, EPA Region 6 requested that the administration funds in the CWTAP III grant be re-allocated to all three remaining CWTAP grants (III, IV and V). This amendment was processed in FY 2009.

Operating Agreement Changes

No changes to the Operating Agreement were made during this fiscal year.

VI. FY 2008 GRANT MBE-WBE UTILIZATION

During FY 2008, there were no additional contracts bid on current CWTAP construction projects. Therefore, no procurement and no accomplishments were made during this reporting period.

VII. FY 2009 GOALS

Since all CWTAP funds are committed to existing projects currently under design/construction the Board's goal for FY 2009 is to expedite completion of all projects. In FY 2008, EPA Region 6 began recommending annual stretch goals regarding unliquidated obligations in the CWTAP. The Board will continue its efforts to ensure unliquidated obligations are drawn in a timely manner.

VIII. COMMENTS ON ATTACHMENTS PROVIDED

- **Attachment A List of Commitments**
- **Attachment B Status of Active Projects with Commitments**
This attachment is a summary report of the CWTAP Work Plans.
- **Attachment C..... ASAP Draws**
- **Attachment D..... Disbursed Grant Funds**
- **Attachment E..... Details of Expenses Relating to Administration**

- **Attachment F..... Project Projections**
Provided for illustrational purposes as all CWTAP funds are committed.
- **Attachment G State Match Transfers**
This table provides the date and amount of each match and details the principle and interest component of each match deposit.
- **Attachment H State Match Transfer Projections**
This table provides details of the principal and interest estimated as components of the State Matching requirements for each grant. Within each grant section, where actual matching has occurred, the first line is the actual match for the grant. The second line of each section is based upon interest rate and maturity assumptions to derive the best estimate of the composition of the expected principal and interest composition of state match in the future.
- **Attachment I..... TWDB Annual Financial Statements related to CWTAP**
(To be sent at a later date)
- **Attachment J Indirect Cost Rate Approval for FY 2008**

ATTACHMENT A

List of Commitments

BREAKOUT OF ALL EDAP FUNDS
 1-Aug-08
CWTAP I Non I/A Projects Only

INITIAL TWDB COMMITMENT DATE	CONTRACT NAME	WATER		WASTEWATER		TOTAL WATER	LOAN	GRANT (edap bond)	TOTAL WASTEWATER	TOTAL PROJECT COST
		LOAN	GRANT	LOAN	GRANT					
8/15/91	Edinburg (Lull)	\$ 220,000.00	\$ 370,000.00	\$ 590,000.00	\$ 345,000.00	\$ 515,000.00	\$ 860,000.00	\$ 1,450,000.00	\$ 1,450,000.00	\$ 1,450,000.00
Total, FY 1991		\$ 220,000.00	\$ 370,000.00	\$ 590,000.00	\$ 345,000.00	\$ 515,000.00	\$ 860,000.00	\$ 1,450,000.00	\$ 1,450,000.00	\$ 1,450,000.00
0/17/91	El Paso LVWDA (Socorro-Bauman Water Project-PH I)	\$ 400,000.00	\$ 1,200,000.00	\$ 1,600,000.00	\$ 490,000.00	\$ 3,307,142.00	\$ 3,797,142.00	\$ 6,115,000.00	\$ 6,115,000.00	\$ 6,115,000.00
1/21/91	Brownsville (Cameron Park)	\$ 650,000.00	\$ 1,667,858.00	\$ 2,317,858.00	\$ 732,000.00	\$ 1,420,236.00	\$ 2,152,236.00	\$ 2,444,000.00	\$ 2,444,000.00	\$ 2,444,000.00
2/12/91	Mission (Madero and Graniemo) (a)	\$ 99,000.00	\$ 192,764.00	\$ 291,764.00	\$ 2,480,000.00	\$ 5,195,967.00	\$ 7,675,967.00	\$ 7,675,967.00	\$ 7,675,967.00	\$ 7,675,967.00
2/13/92	Eagle Pass (Edison Road)									
2/13/92	Eagle Pass (Las Quintas Fronterizas)									
2/13/92	El Paso PSB (Westway)	\$ 222,000.00	\$ 667,800.00	\$ 889,800.00						
2/13/92	Sebastian WSC									
8/20/92	Brownsville (Hacienda Gardens)									
Total, FY 1992		\$ 1,371,000.00	\$ 3,728,422.00	\$ 5,099,422.00	\$ 3,928,000.00	\$ 13,897,806.00	\$ 17,725,806.00	\$ 22,825,027.00	\$ 22,825,027.00	\$ 22,825,027.00
2/25/93	El Paso PSB (Westway)		\$ 356,107.00	\$ 356,107.00						
5/20/93	El Paso LVWDA (Socorro) PHII	\$ 264,000.00	\$ 12,900.00	\$ 276,900.00	\$ 836,000.00	\$ 9,906,989.00	\$ 10,742,989.00	\$ 11,019,889.00	\$ 11,019,889.00	\$ 11,019,889.00
7/15/93	Del Rio (Cienegas Terrace)	\$ 278,000.00	\$ 733,474.00	\$ 1,011,474.00	\$ 224,000.00	\$ 2,273,236.00	\$ 2,497,236.00	\$ 3,508,710.00	\$ 3,508,710.00	\$ 3,508,710.00
8/19/93	Brownsville (Cameron Park)		\$ 538,218.00	\$ 538,218.00						
Total, FY 1993		\$ 542,000.00	\$ 1,840,699.00	\$ 2,182,699.00	\$ 1,060,000.00	\$ 12,180,225.00	\$ 13,240,225.00	\$ 15,422,924.00	\$ 15,422,924.00	\$ 15,422,924.00
9/16/93	Hudspeth WCID (Sierra Blanca)		\$ 11,250.00	\$ 11,250.00						
10/21/93	El Paso PSB (Westway)									
11/18/93	North Alamo WSC (La Sara) (b)	\$ 2,022,000.00	\$ 11,232,000.00	\$ 13,254,000.00	\$ 2,517,000.00	\$ 24,660,512.00	\$ 27,177,512.00	\$ 40,431,512.00	\$ 40,431,512.00	\$ 40,431,512.00
11/20/94	El Paso LVWDA (Socorro/San El) PHIII	\$ 56,000.00	\$ 144,608.00	\$ 200,608.00						
2/14/94	El Paso LVWDA (PH I)									
3/16/94	Allon									
3/16/94	Edinburg (Faysville)	\$ 569,000.00	\$ 5,102,832.00	\$ 5,671,832.00	\$ 219,000.00	\$ 8,223,264.00	\$ 8,442,264.00	\$ 8,442,264.00	\$ 8,442,264.00	\$ 8,442,264.00
Total, FY 1994		\$ 2,647,000.00	\$ 16,490,690.00	\$ 19,137,690.00	\$ 2,736,000.00	\$ 39,768,263.00	\$ 42,484,263.00	\$ 61,631,963.00	\$ 61,631,963.00	\$ 61,631,963.00
3/15/94	Pharr (Las Milpas)	\$ 978,000.00	\$ 3,626,527.00	\$ 4,604,527.00						
10/20/94	El Paso PSB (Westway)	\$ (99,000.00)	\$ 250,000.00	\$ 151,000.00	\$ (153,000.00)	\$ 829,706.00	\$ 676,706.00	\$ 250,000.00	\$ 250,000.00	\$ 250,000.00
01/19/95	Mission*		\$ 99,303.00	\$ 99,303.00						
01/19/95	Homestead MUD (Eastside Montana)		\$ 7,544,300.00	\$ 7,544,300.00						
05/18/95	Olmito WSC		\$ 975,948.00	\$ 975,948.00						
07/20/95	El Paso PSB (Westway II)	\$ 879,000.00	\$ 12,496,078.00	\$ 13,375,078.00	\$ 602,000.00	\$ 3,376,138.01	\$ 3,978,138.01	\$ 4,954,086.01	\$ 4,954,086.01	\$ 4,954,086.01
Total, FY 1995		\$ (196,969.00)	\$ 12,496,078.00	\$ 13,375,078.00	\$ 449,000.00	\$ 16,696,911.01	\$ 18,044,911.01	\$ 29,419,989.01	\$ 29,419,989.01	\$ 29,419,989.01
05/19/97	Brownsville (Cameron Park)									
11/20/97	San Juan									
Total, FY 1997		\$ (196,969.00)	\$ (69,616.20)	\$ (196,969.00)	\$ (196,969.00)	\$ 81,593,978.09	\$ 90,111,978.09	\$ 130,230,281.89	\$ 130,230,281.89	\$ 130,230,281.89
05/13/98	Mission		\$ (69,616.20)	\$ (69,616.20)						
06/01/98	El Paso PSB (Westway)		\$ (69,616.20)	\$ (69,616.20)						
Total, FY 1998		\$ 5,462,031.00	\$ 34,656,272.80	\$ 40,118,303.80	\$ 8,418,000.00	\$ 81,593,978.09	\$ 90,111,978.09	\$ 130,230,281.89	\$ 130,230,281.89	\$ 130,230,281.89

(a) The Board committed funds to the Mission project in FY1992, but then in FY1995, to Federalize the project and to provide additional funds for increased project costs, the Board rescinded the FY1992 commitment and approved a new commitment to Mission. Program overall total figures exclude the FY1992 commitment to Mission.

CWTAP I I/A Projects Only

INITIAL TWDB COMMITMENT DATE	CONTRACT NAME	WATER		WASTEWATER		TOTAL WATER	LOAN	GRANT	TOTAL WASTEWATER	TOTAL PROJECT COST
		LOAN	GRANT	LOAN	GRANT					
1/18/96	Mercedes /DeAnda and Saenz									
1/18/1996	Mercedes /DeAnda and Saenz									
Total, FY 1996		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 879,100.00	\$ 879,100.00	\$ 879,100.00
07/17/97	MHWSC - Rangerville									
Total, FY 1997		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 282,898.00	\$ 282,898.00	\$ 282,898.00
07/17/98	MHWSC - Rangerville									
Total, FY 1998		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (282,898.00)	\$ (282,898.00)	\$ (282,898.00)
TOTALS, ALL YEARS - CWTAP I		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 879,100.00	\$ 879,100.00	\$ 879,100.00

CWTAP II

INITIAL TWD/B COMMITMENT DATE	CONTRACT NAME	WATER		WASTEWATER		TOTAL		TOTAL PROJECT COST
		LOAN	GRANT	LOAN	GRANT (edap bond)	WATER	WASTEWATER	
07/20/95	El Paso PSB (Westway II)***							
Total, FY 1995								
09/21/95	Weslaco							
10/19/95	Rio Grande City (Starr Co. WCID#2 Las Lomas)							
01/18/96	Webb Co. (Larga Vista)							
01/18/96	Del Rio (Val Verde Park Estates)							
02/15/96	El Paso LVWDA (Socorro) PHII							
02/15/96	El Paso LVWDA (Socorro/San El.) PHIII							
05/16/96	Spofford							
06/19/96	Combes							
07/18/96	Mercedes							
07/18/96	Calarina WSC							
08/15/96	Edinburg (Fayville)							
08/15/96	North Alamo WSC (Doolittle)							
08/15/96	Primera							
Total, FY 1996								
09/19/96	Gatesville							
09/19/96	El Paso Co. (East Montana)							
09/19/96	Pineland							
09/19/96	Pharr (Las Milpas)							
11/20/96	Siesta Shores WCID							
11/20/96	El Paso LVWDA (Socorro) PHII							
02/10/97	El Paso Co. (East Montana)							
03/20/97	Pharr (Las Milpas II)							
03/20/97	North Alamo WSC (San Juan)							
03/20/97	Catarina WSC							
03/20/97	Rincon WSC							
04/17/97	Camizo Hill WSC							
05/19/97	Alton*							
06/19/97	Rio Hondo							
06/19/97	Terrell Co. WCID #1 (Sanderson)							
08/20/97	Donna							
08/20/97	Roma							
Total, FY 1997								
10/16/97	Pharr (Las Milpas II)							
11/18/97	Donna							
11/20/97	San Juan							
12/11/97	Harlingen (Arroyo Colorado Estates/Bishop)							
12/11/97	Weslaco (Sun Country Estates)							
01/15/98	Eagle Pass (Las Quintas Frieritzas)							
01/15/98	San Benito							
04/16/98	Hudspeth WCID (Sierra Blanca)							
06/18/98	Military Highway WSC (South Tower Estates)							
08/19/98	Gatesville							
08/19/98	Rincon WSC							
08/19/98	Windmill WSC							
Total, FY 1998								
09/17/98	El Paso PSB (Canutillo)							
09/17/98	St. Paul WSC							
10/15/98	Moore WSC							
03/01/99	Sebastian							
05/19/99	Crystal City							
07/14/99	Terrell Co. WCID #1 (Sanderson)							
07/14/99	Webb Co. (El Cenizo and Rio Bravo)							
08/18/99	Ingliside on the Bay							
08/18/99	Carrizo Hill WSC							
Total, FY 1999								

WTAP II (cont'd)

INITIAL TWDB COMMITMENT DATE	CONTRACT NAME	WATER		WASTEWATER		TOTAL PROJECT COST
		LOAN	GRANT	LOAN	GRANT (edap bond)	
1/17/99	Brookeland FWSD (Wastewater)					
1/19/00	Rio Hondo		14,778.00	173,000.00	3,559,016.00	3,732,016.00
3/16/00	South Newton WSC	85,000.00	1,153,825.00		(14,778.00)	1,238,825.00
3/16/00	Laredo (Mines Road & S.H. 359)			710,000.00	11,326,480.00	11,326,480.00
Total, FY 2000		85,000.00	1,168,603.00	883,000.00	18,124,553.77	19,007,353.77
TOTALS, ALL YEARS - CWTAP II		3,564,000.00	67,486,071.00	6,249,000.00	134,539,427.68	139,847,427.68

CWTAP III

INITIAL TWDB COMMITMENT DATE	CONTRACT NAME	WATER		WASTEWATER		TOTAL PROJECT COST
		LOAN	GRANT	LOAN	GRANT (edap bond)	
8/15/99	Los Fresnos				9,914,761.00	9,914,761.00
8/16/00	Laredo (Mines Road & S.H. 359)				3,637,953.23	3,637,953.23
Total, FY 2000					13,552,714.23	13,552,714.23
0/18/00	Brookeland FWSD (Water)		1,040,000.00	72,000.00	724,079.00	796,079.00
0/18/00	Terrill Co. WCID #1 (Sanderson)			190,000.00	1,264,766.00	1,454,766.00
2/13/00	Primera			170,000.00	2,978,872.00	3,148,872.00
3/21/01	Zavala Co. WCID #1	178,000.00	850,786.00		2,978,872.00	3,148,872.00
3/30/01	Del Rio (Val Verde Park Estates)		(1,459,240.00)		926,240.00	(533,000.00)
3/16/01	Balesville WSC	119,000.00	67,469.00	75,000.00	2,392,699.00	2,467,699.00
Total, FY 2001		297,000.00	499,015.00	607,000.00	8,286,566.00	9,589,571.00
10/17/01	Odem (S.E. Odem)		196,226.00		2,346,734.00	2,422,390.00
10/17/01	Odem (Bethel Estates)		75,656.00		377,791.00	586,791.00
10/17/01	Ingle side		76,000.00	209,000.00	757,011.00	757,011.00
11/14/01	North Alamo WSC				19,298,499.00	19,298,499.00
12/12/01	La Joya WSC (Western Hill)				23,835,565.85	23,835,565.85
12/12/01	La Joya (Eastern Hill)/Palmito				305,739.00	305,739.00
01/16/02	Pecos City				46,921,339.86	47,130,339.86
Total, FY 2002		76,000.00	806,481.00	209,000.00	68,760,710.08	69,476,710.08
TOTALS, ALL YEARS - CWTAP III		373,000.00	1,306,496.00	716,000.00	1,678,496.00	71,165,206.08

CWTAP IV

INITIAL TWDB COMMITMENT DATE	CONTRACT NAME	WATER		WASTEWATER		TOTAL PROJECT COST
		LOAN	GRANT	LOAN	GRANT (edap bond)	
07/18/96	Mercedes		135,142.00			135,142.00
Total, FY 1996			135,142.00			135,142.00
07/14/99	Webb Co. (El Cenizo and Rio Bravo)		15,321,000.00			15,321,000.00
Total, FY 1999			15,321,000.00			15,321,000.00
08/16/00	Laredo (Mines Road & S.H. 359)	741,000.00	8,429,331.00			9,169,331.00
Total, FY 2000		741,000.00	8,429,331.00			9,169,331.00
12/12/01	Eagle Pass		23,016,581.00			23,016,581.00
12/12/01	Eagle Pass				7,340,868.50	7,340,868.50
Total, FY 2002			23,016,581.00		7,340,868.50	30,357,449.50
TOTALS, ALL YEARS - CWTAP IV		894,000.00	46,901,054.00		7,340,868.50	55,136,922.50

INITIAL TWDB COMMITMENT DATE	CONTRACT NAME	WATER		TOTAL WATER	WASTEWATER		TOTAL WASTEWATER	TOTAL PROJECT COST	
		LOAN	GRANT		LOAN	GRANT (deduct bond)			
12/12/01	Eagle Pass							13,487,954.50	
12/12/01	La Joya WSC (Eastern Half)/Palmitoview							10,293,553.15	
02/20/02	Brownsville PUB(VHVE/EI Salado)							3,724,285.00	
03/20/02	Skidmore WSC	\$	2,084,814.00	\$	2,234,814.00	\$	394,000.00	2,428,799.00	
05/15/02	Mission (North Mission)							4,660,613.00	
05/15/02	Tynan WSC							15,871,591.00	
05/22/02	Terrill Co. WCID #1 (Sanderson)							351,454.00	
05/23/02	Brookeland FWSID (Wastewater) x							(233,678.00)	
06/18/02	San Juan							(3,349,694.00)	
07/16/02	South Newton County WSC							3,040,000.00	
08/21/02	Asherton (Dimmit Co.)							2,000.00	
08/21/02	Asherton (Dimmit Co.)	\$	155,000.00	\$	619,381.00	\$	41,000.00	1,389,213.00	
Total, FY 2002		\$	307,000.00	\$	2,704,195.00	\$	3,011,195.00	\$	48,986,672.65
09/18/02	Santa Rosa							3,211,300.00	
09/18/02	Santa Rosa							643,195.00	
12/11/02	La Feria							4,303,675.00	
12/11/02	La Feria							4,303,675.00	
Total, FY 2003		\$	11,000.00	\$	1,483,879.00	\$	30,000.00	\$	8,998,864.00
3/19/2003	Batesville							30,000.00	
9/17/2003	Webb Co. (El Cenizo and Rio Bravo)							1,673,745.00	
9/17/2003	Webb Co. (El Cenizo and Rio Bravo)	\$	13,000.00	\$	1,324,082.00	\$	100,000.00	1,337,082.00	
10/15/03	Mercedes							2,783,792.00	
10/15/03	Mercedes	\$	40,000.00	\$	74,805.00	\$	(124,000.00)	1,124,805.00	
12/17/03	Roma (PH II)							3,240,000.00	
04/21/04	South Newton County WSC							1,542,548.00	
04/21/04	Mission (North Mission)							3,153,750.00	
Total, FY 2004		\$	694,000.00	\$	4,146,982.00	\$	4,739,982.00	\$	13,761,722.00
03/15/05	La Joya WSC (Western Half) x							(19,298,499.00)	
03/15/05	La Joya (Eastern Half)/Palmitoview x							(19,298,499.00)	
05/10/05	Roma							(28,537,011.00)	
Total, FY 2005		\$	-	\$	-	\$	-	\$	(39,596,936.00)
10/18/05	Batesville							1,676,570.00	
11/15/05	Roma	\$	343,000.00	\$	1,803,000.00	\$	50,000.00	2,146,000.00	
03/31/06	Asherton (Dimmit County) x							(81,381.00)	
Total, FY 2006		\$	343,000.00	\$	1,776,483.65	\$	2,119,483.65	\$	2,941,189.00
11/14/2006	Brownsville PUB(VHVE/EI Salado)							1,718,352.00	
2/27/2007	El Paso Co. (Tomillo WID)							8,195,621.00	
2/27/2007	Odem							2,100,000.00	
03/27/07	Webb County	\$	648,000.00	\$	4,164,696.00	\$	260,000.00	4,812,696.00	
06/29/07	Roma P.A.D.							573,300.00	
Total, FY 2007		\$	648,000.00	\$	4,164,696.00	\$	4,812,696.00	\$	17,389,959.00
10/23/07	Laredo City of							578,000.00	
10/23/07	Laredo City of							337,000.00	
10/23/07	Laredo City of							6,643,198.00	
10/23/07	Laredo City of							3,407,033.00	
10/23/07	Laredo City of							3,407,033.00	
10/23/07	Donna City of (A.D.)							250,000.00	
12/4/2007	Moore City of							755,000.00	
1/28/2008	South Newton County WSC							3,920,000.00	
4/29/2008	Eagle Pass, City of							3,920,000.00	
4/29/2008	Roma, City of							4,913,816.00	
7/29/2008	La Feria, City of							3,794,000.00	
Total, FY 2008		\$	-	\$	10,762,167.00	\$	916,000.00	\$	20,804,047.00
TOTALS, ALL YEARS - CWTAP V		\$	1,892,000.00	\$	26,037,292.65	\$	26,929,292.65	\$	74,385,618.65
CWTAP thru CWTAP V SUMMARY		\$	12,186,031.00	\$	166,386,186.45	\$	177,571,217.45	\$	338,893,410.36
GRAND TOTALS		\$	1,892,000.00	\$	26,037,292.65	\$	26,929,292.65	\$	74,385,618.65

X This project has been terminated

ATTACHMENT B

Status of Active Projects with Commitments

Texas Water Development Board
Status of Active Projects with Commitments
 Colonia Wastewater Treatment Assistance Program Grants
 September 1, 2008

Table 1 - Project Status as of September 1, 2008						
CWTAP - 3						
#	Recipient	Status	Project Title	Commitment ID	Commitment Balance 8/31/08	Construction End Date
10063	Brownsville	Construction	Valle Hermosa & Valle Escondido	G16800	\$ 2,753,878	9/30/2008
10231	La Feria*	Construction	Water & Wastewater System	G20500	\$ 4,915,337	10/31/2009
Total					\$ 7,669,215	
CWTAP - 3					\$ (4,726,671)	
Balance Carry Over to CWTAP - 4					\$ 2,942,544	
CWTAP - 4						
#	Recipient	Status	Project Title	Commitment ID	Commitment Balance 8/31/08	Construction End Date
10231	La Feria*	Construction	Water & Wastewater System	G20500	\$ 2,942,544	10/31/2009
10364	Roma	Design-Complete	Wastewater - SB1421 Colonias	G070003	\$ 140,390	7/20/2009
10364	Roma	Construction	Wastewater - SB1421 Colonias	G080008	\$ 4,630,816	7/20/2009
10043	Roma	Complete	Water & Wastewater System	G09100	\$ -	11/30/2008
10198*	Mercedes	Expired	DeAnda and Saenz	G07000	\$ -	NA
10200	Mission	Construction	Northwest Mission Wastewater	G17400	\$ 1,808,138	8/25/2008
10059	El Paso Co Tornillo WID*	Construction	Tornillo Wastewater System	G20000	\$ 3,162,044	3/27/2009
Total					\$ 12,681,932	
CWTAP - 4					\$ (10,577,536)	
Balance					\$ 2,104,396	
CWTAP - 5						
#	Recipient	Status	Project Title	Commitment ID	Commitment Balance 8/31/08	Construction End Date
10059	El Paso Co Tornillo WID*	Construction	Tornillo Wastewater System	G20000	\$ 2,104,396	3/27/2009
60813	Eagle Pass	Construction	Regional Water & Wastewater	G15800	\$ 9,945,858	12/31/2009
60813	Eagle Pass	Construction	Regional Water & Wastewater	G15900	\$ 9,568,857	12/31/2009
10045	Laredo	Construction	Mines Road & State Highway 359	G13600	\$ 6,894,823	9/30/2009
10045	Laredo	Construction	Mines Road & State Highway 359	G17000	\$ 6,836,710	9/30/2009
10322	Los Fresnos	Construction	Wastewater System Expansion	G12500	\$ 6,479,056	1/19/2010
10201	Webb County	Construction	Rio Bravo/El Cenico	G17100	\$ 3,329,030	12/31/2009
10340	Zavala Co.WCID #1	Construction	La Pryor Wastewater	G14600	\$ 2,305,689	Pending
Total					\$ 47,464,419	
CWTAP - 5					\$ (46,089,684)	
Over Committed					\$ 1,374,735	
TOTAL PROJECTS					\$ 62,768,626	
TOTAL CONSTRUCTION GRANT BALANCE					\$ (61,393,891)	
TOTAL OVER COMMITMENT*					\$ 1,374,735	
<i>*Any overcommitment of CWTAP funds expected to be paid with State-match portion of the EDAP.</i>						

Table 2 - Balances by Grant					
#	Grant No.	Grant Expiration Date	Construction Balance as of August 31, 2008	Administration Balance as of August 31, 2008	Total
CWTAP-3	C-480001-05	9/30/2008	\$ 4,726,671	\$ 35,329	\$ 4,762,000
CWTAP-4	C-480001-06	12/31/2008	\$ 10,577,536	\$ 483,947	\$ 11,061,483
CWTAP-5	C-480001-07	12/31/2008	\$ 46,089,684	\$ 1,910,316	\$ 48,000,000
Total			\$ 61,393,891	\$ 2,429,592	\$ 63,823,484

ATTACHMENT C

ASAP Draws

CWTAP FY 2008 Federal Administrative Draws

Draw #	Draw Date	Date Rec'd	Program Code	Loan/Grant	Grant Number	State Amount	Federal Amount	Entity	Total Amount
2763	09/14/07	09/17/07	CWTAP-3	Admin	C-480001-05	0.00	42,715.81	Admin	42,715.81
2778	11/19/07	11/20/07	CWTAP-3	Admin	C-480001-05	0.00	121,845.52	Admin	121,845.52
2787	01/09/08	01/10/08	CWTAP-3	Admin	C-480001-05	0.00	59,310.53	Admin	59,310.53
2795	02/11/08	02/12/08	CWTAP-3	Admin	C-480001-05	0.00	57,827.69	Admin	57,827.69
2800	02/26/08	02/27/08	CWTAP-3	Admin	C-480001-05	0.00	56,303.35	Admin	56,303.35
2807	03/18/08	03/19/08	CWTAP-3	Admin	C-480001-05	0.00	57,644.98	Admin	57,644.98
2817	04/29/08	04/30/08	CWTAP-3	Admin	C-480001-05	0.00	53,062.47	Admin	53,062.47
2823	05/20/08	05/20/08	CWTAP-3	Admin	C-480001-05	0.00	58,518.54	Admin	58,518.54
2832	06/17/08	06/18/08	CWTAP-3	Admin	C-480001-05	0.00	60,529.19	Admin	60,529.19
2844	07/22/08	07/24/08	CWTAP-3	Admin	C-480001-05	0.00	59,200.56	Admin	59,200.56
2854	08/20/08	08/21/08	CWTAP-3	Admin	C-480001-05	0.00	58,295.07	Admin	58,295.07

Admin Total 685,253.71

ATTACHMENT D

Disbursed Grant Funds

CWTAP FY 2008 Federal Project Draws

Draw No.	Draw Date	Program Code	TWDB Grant Number	CWTAP Grant Number	State Amount	Federal Amount	Entity	Total Amount
2803	03/06/08	CWTAP-3	G06400	C-480001-05	360.73	22,795.04	Mercedes, City of	\$ 23,156
2819	05/06/08	CWTAP-3	G06400	C-480001-05	0.00	93,485.00	Mercedes, City of	\$ 93,485
2831	06/16/08	CWTAP-3	G06800	C-480001-05	0.00	190,875.56	Primera, City of	\$ 190,876
2793	02/05/08	CWTAP-3	G070003	C-480001-05	0.00	420,800.00	Roma, City of	\$ 420,800
2813	04/17/08	CWTAP-3	G070003	C-480001-05	2,677.89	9,431.83	Roma, City of	\$ 12,110
2793	02/05/08	CWTAP-3	G12500	C-480001-05	0.00	4,835.45	Los Fresnos, City of	\$ 4,835
2808	03/26/08	CWTAP-3	G12500	C-480001-05	535.46	0.00	Los Fresnos, City of	\$ 535
2831	06/16/08	CWTAP-3	G12500	C-480001-05	1,503.30	1,005.52	Los Fresnos, City of	\$ 2,509
2768	10/08/07	CWTAP-3	G13600	C-480001-05	4,373.15	24,418.89	Laredo, City of	\$ 28,792
2843	07/21/08	CWTAP-3	G13600	C-480001-05	0.00	259,075.00	Laredo, City of	\$ 259,075
2798	02/21/08	CWTAP-3	G14600	C-480001-05	0.00	222,973.83	Zavala Co. WCID #1	\$ 222,974
2828	06/04/08	CWTAP-3	G14600	C-480001-05	0.00	156,762.36	Zavala Co. WCID #1	\$ 156,762
2765	09/25/07	CWTAP-3	G15200	C-480001-05	0.00	83,162.24	Batesville WSC	\$ 83,162
2791	01/24/08	CWTAP-3	G15200	C-480001-05	0.00	360,390.79	Batesville WSC	\$ 360,391
2806	03/17/08	CWTAP-3	G15200	C-480001-05	0.00	244,365.95	Batesville WSC	\$ 244,366
2772	10/22/07	CWTAP-3	G15900	C-480001-05	0.00	1,804,470.00	Eagle Pass, City of	\$ 1,804,470
2814	04/21/08	CWTAP-3	G15900	C-480001-05	0.00	20,897.00	Eagle Pass, City of	\$ 20,897
2834	06/24/08	CWTAP-3	G15900	C-480001-05	0.00	662,548.00	Eagle Pass, City of	\$ 662,548
2764	09/20/07	CWTAP-3	G16800	C-480001-05	1,697.73	545,591.27	Brownsville, PUB	\$ 547,289
2769	10/11/07	CWTAP-3	G16800	C-480001-05	0.00	344,396.00	Brownsville, PUB	\$ 344,396
2773	10/23/07	CWTAP-3	G16800	C-480001-05	0.00	103,944.00	Brownsville, PUB	\$ 103,944
2802	03/03/08	CWTAP-3	G16800	C-480001-05	0.00	299,408.00	Brownsville, PUB	\$ 299,408
2815	04/22/08	CWTAP-3	G16800	C-480001-05	0.00	386,240.00	Brownsville, PUB	\$ 386,240
2837	07/02/08	CWTAP-3	G16800	C-480001-05	1,143.24	8,838.76	Brownsville, PUB	\$ 9,982
2846	07/30/08	CWTAP-3	G16800	C-480001-05	587.07	120,378.93	Brownsville, PUB	\$ 120,966
2852	08/18/08	CWTAP-3	G16800	C-480001-05	0.00	4,878.00	Brownsville, PUB	\$ 4,878
2784	12/19/07	CWTAP-3	G17400	C-480001-05	0.00	305,152.00	Mission, City of	\$ 305,152
2804	03/10/08	CWTAP-3	G17400	C-480001-05	0.00	254,480.00	Mission, City of	\$ 254,480
2815	04/22/08	CWTAP-3	G17400	C-480001-05	0.00	228,905.00	Mission, City of	\$ 228,905
2819	05/06/08	CWTAP-3	G17400	C-480001-05	50,000.00	342,067.54	Mission, City of	\$ 392,068
2819	05/06/08	CWTAP-3	G17400	C-480001-05	991.46	0.00	Mission, City of	\$ 991
2842	07/16/08	CWTAP-3	G17400	C-480001-05	0.00	7,714.00	Mission, City of	\$ 7,714
2852	08/18/08	CWTAP-3	G17400	C-480001-05	639.42	131,591.58	Mission, City of	\$ 132,231

CWTAP FY 2008 Federal Project Draws

Draw No.	Draw Date	Program Code	TWDB Grant Number	CWTAP Grant Number	State Amount	Federal Amount	Entity	Total Amount
2796	02/14/08	CWTAP-3	G20000	C-480001-05	5,795.64	1,894,517.90	El Paso Co. Tornillo WID	\$ 1,900,314
2822	05/16/08	CWTAP-3	G20000	C-480001-05	0.00	1,750,561.46	El Paso Co. Tornillo WID	\$ 1,750,561
2850	08/12/08	CWTAP-3	G20000	C-480001-05	0.00	1,229,584.96	El Paso Co. Tornillo WID	\$ 1,229,585
2783	12/17/07	CWTAP-3	G20500	C-480001-05	0.00	459,331.16	La Feria, City of	\$ 459,331
2804	03/10/08	CWTAP-3	G20500	C-480001-05	0.00	259,472.31	La Feria, City of	\$ 259,472
2826	05/27/08	CWTAP-3	G20500	C-480001-05	0.00	125,283.77	La Feria, City of	\$ 125,284
2852	08/18/08	CWTAP-3	G20500	C-480001-05	0.00	22,650.26	La Feria, City of	\$ 22,650
							CWTAP - 3	\$ 13,477,584

Draw No.	Draw Date	Program Code	TWDB Grant Number	CWTAP Grant Number	State Amount	Federal Amount	Entity	Total Amount
2766	09/27/07	CWTAP-4	G11800	C-480001-06	0.00	165,983.00	Webb Co.	\$ 165,983
2826	05/27/08	CWTAP-4	G11800	C-480001-06	0.00	564,049.00	Webb Co.	\$ 564,049
2846	07/30/08	CWTAP-4	G11800	C-480001-06	0.00	91,071.00	Webb Co.	\$ 91,071
2773	10/23/07	CWTAP-4	G15800	C-480001-06	1,892.97	764,987.46	Eagle Pass, City of	\$ 766,880
2773	10/23/07	CWTAP-4	G15800	C-480001-06	55,674.57	0.00	Eagle Pass, City of	\$ 55,675
2790	01/23/08	CWTAP-4	G15800	C-480001-06	14.50	527,205.50	Eagle Pass, City of	\$ 527,220
2814	04/21/08	CWTAP-4	G15800	C-480001-06	0.00	597,875.00	Eagle Pass, City of	\$ 597,875
2839	07/08/08	CWTAP-4	G15800	C-480001-06	0.00	293,543.00	Eagle Pass, City of	\$ 293,543
2768	10/08/07	CWTAP-4	G17000	C-480001-06	0.00	2,020,481.45	Laredo, City of	\$ 2,020,481
2843	07/21/08	CWTAP-4	G17000	C-480001-06	0.00	522,930.47	Laredo, City of	\$ 522,930
2826	05/27/08	CWTAP-4	G17100	C-480001-06	0.00	819,120.00	Webb Co.	\$ 819,120
2846	07/30/08	CWTAP-4	G17100	C-480001-06	0.00	136,315.00	Webb Co.	\$ 136,315
2794	02/06/08	CWTAP-4	G20100	C-480001-06	0.00	91,368.39	Roma, City of	\$ 91,368
2824	05/21/08	CWTAP-4	G20100	C-480001-06	350.49	528,167.41	Roma, City of	\$ 528,518
2783	12/17/07	CWTAP-4	G20400	C-480001-06	7,930.42	38,602.52	La Feria, City of	\$ 46,533
							CWTAP - 4	\$ 7,227,562
							Project Total	\$ 20,705,146

ATTACHMENT E

Detail of Expenses Relating to Administration

CWTAP FY 2008 TWDB Administrative Expenses

	Object Class Category (Non-Construction)	FY 2008 Expenses	Prior Years Totals	Total Expenses
1	Personnel	\$ 454,138.28	\$ 7,875,410.01	\$ 8,329,548.29
2	Fringe	\$ 86,331.69	\$ 786,100.77	\$ 872,432.46
3	Travel	\$ 3,735.38	\$ 290,356.57	\$ 294,091.95
4	Equipment	\$ 906.36	\$ 174,649.94	\$ 175,556.30
5	Supplies	\$ 2,608.26	\$ 81,622.85	\$ 84,231.11
6	Contractual	\$ 9,307.44	\$ 146,819.38	\$ 156,126.82
7	Other	\$ 10,967.99	\$ 275,257.09	\$ 286,225.08
8	Total Direct Charges	\$ 567,995.40	\$ 9,630,216.61	\$ 10,198,212.01
9	Indirect Costs	\$ 139,465.87	\$ 3,193,520.87	\$ 3,332,986.74
10	Overall Totals	\$ 707,461.27	\$ 12,823,737.48	\$ 13,531,198.75

ATTACHMENT F

Project Projections

Economically Distresses Areas Program
 FY 2009 Project Projections as of August 31, 2008

INCREASE REQUESTS RECEIVED

Project #	Recipient	Project Title	Status	Commitment Date	Existing (Amended) EDAP Commitment Amount	Estimated Increase Amount (a)	Current Commitment Balance
10322	Los Fresnos, City of	Wastewater System Expansion	Design	09/15/09	\$ 9,914,761	\$ 6,211,680	\$ 6,479,057
10340	Zavala Co WCID #1	La Pryor Wastewater	Design	03/21/01	\$ 3,148,872	\$ 4,977,421	\$ 2,478,197
2	Projects					\$ 11,189,101	

NEW APPLICATIONS RECEIVED

Project #	Recipient	Project Title	County	Notes	Estimated Cost (a)	Date Rec'd
10372	Alpine, City of	Wastewater (P.A.D.)	Brewster		\$ 316,865	08/10/07
10383	Bedias, City of	Wastewater (P.A.D.)	Grimes		\$ 493,300	06/30/08
10363	Eagle Pass, City of	Water & Wastewater (P.A.D.)	Maverick		\$ 1,000,000	05/04/07
10384	East Aldine Mgt District	Water & Wastewater (P.A.D.)	Harris		\$ 600,000	05/09/08
10366	Kerr County	Wastewater-Center Point/E. Kerr Co. (P.A.D.)	Kerr		\$ 900,000	05/31/07
10387	Kountze, City of	Water & Wastewater (P.A.D.)	Hardin		\$ 58,200	08/06/08
10368	La Grulla, City of	Water & Wastewater (P.A.D.)	Starr		\$ 4,142,000	6/1/2007
10376	Military Highway WSC	Wastewater (P.A.D.)	Cameron		\$ 1,390,500	11/21/07
10380	Polk Co. FWSD #2	Wastewater (P.A.D.)	Polk		\$ 60,000	03/06/08
10373	Portland, City of	Wastewater Collection System - Doyle (A.D.)	San Patricio & Nueces		\$ 385,459	09/01/07
10388	Smith County	Wastewater (P.A.D.)	Smith		\$ 545,545	08/28/08
10387	Upper Guadalupe R.A.	Water-Center Point/E. Kerr Co. (P.A.D.)	Kerr		\$ 410,000	05/31/07
10369	Val Verde County	Water & Wastewater (P.)	Val Verde		\$ 347,927	06/29/07
11	Projects				\$ 10,649,796	

PROJECTS WITH P.A.D. COMMITMENTS - EST. CONSTRUCTION COSTS

Project #	Recipient	Project Title	County	Notes	Estimated Cost (a)	Planning Costs Paid By
10378	Brownsville, City of	Colonia Villa Nueva - Wastewater	Cameron	P.A.D. committed 5/27/08	\$ 2,000,000	Corps
10344	Brownsville, City of	802/511 - Wastewater	Cameron	A. D. committed 4/29/08	\$ 14,200,000	
10371	Donna, City of	Wastewater	Hidalgo	A. D. committed 10/23/07	\$ 9,400,000	TWDB
61314	Groveton, City of	Water System improvements	Trinity	Planning committed on 2/25/08	pending	
10365	La Joya WSC	Wastewater - Eastern/Palmview	Hidalgo	P.A.D. committed 7/29/08	\$ 86,700,000	TWDB (1992)
10370	La Joya WSC	Wastewater - Western/Sullivan City	Hidalgo	P.A.D. committed 7/29/08	\$ 22,700,000	TWDB (1992/23)
72045	Nueces River Authority	Leakey - Water & Wastewater	Real	Planning committed 5/27/08	\$ 4,000,000	
10377	Olmite WSC	Wastewater	Cameron	P.A.D. committed 4/29/08	\$ 5,600,000	
10386	Richland SUD	Water (P.)	McCullough	Planning committed 8/25/08	\$ 14,345,000	
9	Projects				\$ 158,945,000	

PROJECTS WITH P.A.D. APPLICATIONS PENDING - EST. CONSTRUCTION COSTS

Project #	Recipient	Project Title	County	Notes	Estimated Cost (a)	Planning Costs Paid By
10384	East Aldine Mgt District	Water & Wastewater	Harris		\$ 5,000,000	
10368	La Grulla, City of	Water & Wastewater	Starr		\$ 47,000,000	BECC
10376	Military Highway WSC	Wastewater	Cameron		\$ 10,184,500	
10380	Polk Co. FWSD #2	Wastewater	Polk		\$ 1,805,000	
10373	Portland, City of	Wastewater Collection System - Doyle	San Patricio & Nueces		\$ 2,331,679	TWDB (9/21/95)
10369	Val Verde County	Water & Wastewater	Val Verde		\$ 8,800,000	
6	Projects				\$ 75,121,179	

PROJECTS IN FACILITY PLANNING

Project #	Recipient	Project Title	County	Notes	Estimated Cost (a)	Planning Costs Paid
	Duval Co. Cons/Rec District	Water & Wastewater	Duval		pending	
	Lower Valley Water District	Water & Wastewater	El Paso		\$ 13,000,000	
	Nueces County	Water	Nueces		pending	
10016	Santa Rosa	Water & Wastewater System Improvements	Cameron	TWDB Design/Const. Commit. 9/02	\$ 3,250,277	TWDB
	Webb County (b)	State Highway 59 - Water	Webb		\$ 11,200,000	TWDB/BECC (8/01)
	Webb County (b)	State Highway 59 - Wastewater	Webb		\$ 1,200,000	TWDB/BECC (8/01)
6	Projects				\$ 28,650,277	

(a) Please note: Cost figures are the most current available based on last firm engineering estimates, bid numbers, or other information received. Once applications are received and reviewed these numbers will be updated. For entities with P.A.D. applications pending, the estimated construction costs are listed when available.

(b) Project costs reflect only those within EDAP cost per connection benchmark. Actual total project costs may be in excess of these amounts.

ATTACHMENT G

State Match Transfers

CWTAP MATCH TRANSFERS

CWTAP Grant #	EDAP-WOE Source Series	Date of Transfer	Principal Amount of Transfer	Interest Match Accrued	Match Provided	Cumulative ACH Draws To Date	Cumulative Match Required	Cumulative Match Provided	Match As Percentage of Total Funds	Total Grant Amount	Balance Remaining At Transfer Date
I	92D	8/31/1994	120,155.00	26,202.81	146,357.81			146,357.81			
I	93E	8/31/1994	3,216,303.01	684,990.70	3,901,293.71			4,047,651.53			
I	93E	9/30/1996	4,837,163.98	445,299.10	5,282,463.08			9,330,114.61			
I	94D	9/30/1996	4,922,348.65	527,935.84	5,450,284.49			14,780,399.10			
I	96D	9/30/1996	4,530,495.90	401,309.28	4,931,805.18			18,712,204.27			
Total Prior to 98 Refunding *											
			17,626,466.54	2,085,737.73	19,712,204.27			17,626,466.54			
I	88 Transfer *	5/28/1998	17,626,466.54	12,804,071.82	30,530,538.36			30,530,538.36	63.40%	50,000,000.00	32,373,533.46
I	98C	9/30/1998	3,744,979.64	2,221,536.31	5,966,515.95			36,497,054.31	50.00%	50,000,000.00	13,502,945.69
I	98C	9/30/2000	7,581,476.79	4,122,210.73	11,703,687.52			48,200,741.83	50.00%	50,000,000.00	1,795,258.17
I	98C	9/30/2001	7,075.24	3,504.76	10,580.00			48,211,321.83	50.00%	50,000,000.00	1,788,678.17
I	98B	9/30/2001	5,467.16	3,311.44	8,778.60			48,220,100.43	50.00%	50,000,000.00	1,779,899.57
I	01A	9/30/2004	921,810.72	858,088.85	1,779,899.57			50,000,000.00	50.00%	50,000,000.00	
CWTAP I Total											
			29,887,276.09	20,112,723.91	50,000,000.00						

CWTAP Grant #	EDAP-WOE Source Series	Date of Transfer	Principal Amount of Transfer	Interest Match Accrued	Match Provided	Cumulative ACH Draws To Date	Cumulative Match Required	Cumulative Match Provided	Match As Percentage of Total Funds	Total Grant Amount	Balance Remaining At Transfer Date
II	98C	9/30/1998	284,941.79	169,028.56	453,970.35			453,970.35	16.67%	100,000,000.00	97,730,148.25
II	98C	9/30/1999	938,961.55	511,077.15	1,450,038.70			1,905,009.05	16.67%	100,000,000.00	90,474,954.74
II	98C	9/30/2000	2,268,331.47	1,123,632.63	3,391,964.10			5,296,973.16	16.67%	100,000,000.00	73,515,134.19
II	98B	9/30/2001	2,343,682.17	1,419,557.83	3,763,240.00			9,060,213.16	16.67%	100,000,000.00	54,698,934.20
II	98B	9/30/2002	2,475,564.88	1,408,967.32	3,884,532.20			12,944,745.36	16.67%	100,000,000.00	35,276,273.20
II	01A	9/30/2003	1,698,802.25	1,669,266.22	3,368,068.47			16,310,813.83	16.67%	100,000,000.00	18,445,930.87
II	01A	9/30/2004	1,275,848.82	1,187,653.52	2,463,502.44			18,774,316.27	16.67%	100,000,000.00	6,128,419.63
II	02C	9/28/2005	802,134.92	423,346.81	1,225,481.73			20,000,000.00	16.67%	100,000,000.00	
CWTAP II Total											
			12,087,267.97	7,972,732.03	20,000,000.00						

CWTAP Grant #	EDAP-WOE Source Series	Date of Transfer	Principal Amount of Transfer	Interest Match Accrued	Match Provided	Cumulative ACH Draws To Date	Cumulative Match Required	Cumulative Match Provided	Match As Percentage of Total Funds	Total Grant Amount	Balance Remaining At Transfer Date
III	99B	9/30/2001	411,623.48	249,318.50	660,941.98			660,941.98	39.44%	50,000,000.00	48,985,039.96
III	02C	9/30/2002	408,783.35	232,864.87	641,648.02			1,302,400.00	39.44%	50,000,000.00	48,000,000.00
III	02C	9/28/2005	6,584,822.82	3,476,969.57	10,061,792.39			11,364,186.39	39.44%	50,000,000.00	32,548,853.82
III	01A	9/25/2006	352,311.17	280,842.28	633,253.45			14,154,035.76	35.59%	50,000,000.00	28,284,667.10
III	02C	9/25/2006	1,976,410.95	170,164.97	2,146,575.92			14,154,035.76	39.44%	50,000,000.00	28,284,667.10
III	04C	9/28/2007	3,817,621.02	2,310,284.77	6,127,905.79			20,281,941.55	39.44%	50,000,000.00	18,854,532.38
III	07C	9/29/2008	6,896,300.14	3,834,029.38	10,730,329.52			31,012,271.07	39.44%	50,000,000.00	2,376,764.53
CWTAP III Total											
			20,447,882.93	10,584,388.14	31,012,271.07						

CWTAP Grant #	EDAP-WOE Source Series	Date of Transfer	Principal Amount of Transfer	Interest Match Accrued	Match Provided	Cumulative ACH Draws To Date	Cumulative Match Required	Cumulative Match Provided	Match As Percentage of Total Funds	Total Grant Amount	Balance Remaining At Transfer Date
IV	99B	9/30/2002	87,786.78	48,963.83	137,750.61			137,750.61	16.67%	50,000,000.00	49,311,246.95
IV	01A	9/30/2002	19,380.76	21,455.57	40,836.33			178,586.94	16.67%	50,000,000.00	49,107,065.30
IV	01A	9/30/2003	285,330.84	780,700.44	566,031.28			744,618.22	16.67%	50,000,000.00	46,276,908.90
IV	01A	9/30/2004	270,252.82	272,052.82	1,601,438.04			2,346,056.26	16.67%	50,000,000.00	38,269,718.68
IV	02C	9/28/2005	1,364,490.36	720,487.82	2,084,977.98			4,431,034.24	16.67%	50,000,000.00	27,844,828.82
IV	02C	9/25/2006	1,108,535.55	518,196.71	1,626,732.26			6,057,766.35	16.67%	50,000,000.00	19,711,168.24
IV	04C	9/28/2007	185,494.83	112,254.69	297,749.52			6,355,516.02	16.67%	50,000,000.00	18,223,182.54
IV	07C	9/29/2008	1,289,746.76	705,921.47	1,995,668.23			8,331,184.25	16.67%	50,000,000.00	8,345,078.49
CWTAP IV Total											
			5,150,151.30	3,181,032.95	8,331,184.25						

CWTAP Grant #	EDAP-WOE Source Series	Date of Transfer	Principal Amount of Transfer	Interest Match Accrued	Match Provided	Cumulative ACH Draws To Date	Cumulative Match Required	Cumulative Match Provided	Match As Percentage of Total Funds	Total Grant Amount	Balance Remaining At Transfer Date
V	01A	9/30/2003	9,355.69	9,203.86	18,559.55			18,559.55	16.67%	50,000,000.00	49,907,202.23
V	01A	9/30/2004	87,726.84	81,622.66	169,349.50			187,848.15	16.67%	50,000,000.00	49,060,254.23
V	02C	9/28/2005	66,190.86	34,950.56	101,141.42			289,090.57	16.67%	50,000,000.00	48,554,547.17
V	02C	9/25/2006	42,543.16	19,887.25	62,430.41			351,520.98	16.67%	50,000,000.00	48,242,395.12
V	04C	9/28/2007	30,207.90	18,280.72	48,488.62			400,009.60	16.67%	50,000,000.00	48,000,000.00
V	07C	9/29/2008	236,024.56	163,985.04	400,009.60			400,009.60	16.67%	50,000,000.00	48,000,000.00
CWTAP V Total											
			236,024.56	163,985.04	400,009.60						

Total Principal Amount of Transfer 67,808,602.85

* The refunding of Bonds which provided the matching funds, reduced the future interest costs component of the match after 5/28/1998 (the refunding date). \$10,818,334.08 of the interest match is based upon the refunding bonds interest attributable to the match funds and \$2,085,737.73 is attributable to the interest paid on bonds which provided match funds prior to the 5/28/1998 refunding bonds being issued, for a total interest match of \$12,904,071.82.

ATTACHMENT H

State Match Transfer Projections

**CWTAP MATCH PROJECTIONS
(Assuming Match Includes Principal and Interest)**

Grant #	P&I Hard Match %	State Principal Match	State Interest Match	Total Hard Match	State Soft Match	Federal Funds	Total Program Funds
I	50.000%	29,887,276.09	20,112,723.91	50,000,000.00	-	-	50,000,000.00
I	50.000%	-	-	-	-	50,000,000.00	50,000,000.00
Total I	50.000%	29,887,276.09	20,112,723.91	50,000,000.00	-	50,000,000.00	100,000,000.00
II	16.667%	12,087,267.97	7,912,732.03	20,000,000.00	-	-	20,000,000.00
II	16.667%	-	-	-	25,000,000.00	100,000,000.00	125,000,000.00
Total II	16.667%	12,087,267.97	7,912,732.03	20,000,000.00	25,000,000.00	100,000,000.00	145,000,000.00
III	39.438%	20,447,882.93	10,564,388.14	31,012,271.07	-	-	31,012,271.07
III	39.438%	971,261.29	576,467.64	1,547,728.93	5,450,000.00	50,000,000.00	56,997,728.93
Total III	39.438%	21,419,144.23	11,140,855.77	32,560,000.00	5,450,000.00	50,000,000.00	88,010,000.00
IV	16.667%	5,150,151.30	3,181,032.95	8,331,184.25	-	-	8,331,184.25
IV	16.667%	1,047,248.08	621,567.67	1,668,815.75	-	50,000,000.00	51,668,815.75
Total IV	16.667%	6,197,399.38	3,802,600.62	10,000,000.00	-	50,000,000.00	60,000,000.00
V	16.667%	236,024.56	163,985.04	400,009.60	-	-	400,009.60
V	16.667%	6,024,374.76	3,575,615.64	9,599,990.40	-	50,000,000.00	59,599,990.40
Total V	16.667%	6,260,399.32	3,739,600.68	10,000,000.00	-	50,000,000.00	60,000,000.00
Grand Total		75,851,486.99	46,708,513.02	122,560,000.00	30,450,000.00	300,000,000.00	453,010,000.00
Transferred		67,808,602.85					
Future Transfers Required		8,042,884.14					

ATTACHMENT I

TWDB Annual Financial Statements

"To be sent at a later date "

ATTACHMENT J

Indirect Cost Rate Approval for FY 2008



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

June 21, 2007

OFFICE OF
ADMINISTRATION
AND RESOURCES
MANAGEMENT

Ms. Veronica Hinojosa-Segura
Chief Financial Officer
Texas Water Development Board
P.O. Box 13231
1700 N. Congress Avenue
Austin, Texas 78711-3231

Dear Ms. Hinojosa-Segura:

Enclosed is a negotiation agreement reflecting an understanding reached about the indirect cost rates to be used on grants and contracts with the Federal Government.

I have already signed the agreement. Please have the agreement countersigned by a duly authorized representative of your organization. Photocopy the agreement for your files and return the original to Jackie Smith. Please give this matter your immediate attention.

Return the countersigned original agreement as follows:

Jackie Smith, Rate Negotiator (3802R)
Financial Analysis and Oversight
Service Center
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, NW
Washington, D.C. 20460

If you have any questions, please contact Jackie Smith on (202) 564-5055.

Sincerely yours,

A handwritten signature in cursive script that reads "Carol D. Reid".

Carol D. Reid, Team Leader
Financial Analysis and
Oversight Service Center

Enclosure



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

OMB CIRCULAR A-87 COGNIZANT AGENCY
NEGOTIATION AGREEMENT

State of Texas
Water Development Board
Austin, Texas

Date: June 21, 2007

Filing Ref: July 19, 2006

The indirect cost rates contained herein are for use on grants and contracts with the Federal Government to which Office of Management and Budget Circular A-87 applies, subject to the limitations contained in the Circular and in Section II, A below.

SECTION I: RATES

Table with columns: Type, Effective Period (From, To), Rate, Base. Rows include Fixed: Release Time, Fringe Benefits, Indirect Costs.

Basis for Application

- (a) Chargeable salaries (direct salaries and wages excluding vacation, sick, holiday, and other paid absences).
(b) Direct salaries and wages including release time.

Treatment of Fringe Benefits: Release time (vacation, sick, holiday and all other absences) are recovered through the release time rate. Fringe benefits are included in the indirect cost rate listed above.

SECTION II: GENERAL

A. LIMITATIONS: The rates in this Agreement are subject to any statutory and administrative limitations and apply to a given grant, contract or other agreement only to the extent that funds are available. Acceptance of the rates is subject to the following conditions: (1) Only costs incurred by the department/agency or allocated to the department/agency by an approved cost allocation plan were included in the indirect cost pool as finally accepted; such costs are legal obligations of the department/agency and are allowable under governing cost principles; (2) The same costs that have been treated as indirect costs have not been claimed as direct costs; (3) Similar types of costs have been accorded consistent accounting treatment; and (4) The information provided by the department/agency which was used to establish the rates is not later found to be

State of Texas
Water Development Board
Austin, Texas

materially incomplete or inaccurate by the Federal Government. In such situations the rate(s) would be subject to renegotiation at the discretion of the Federal Government.

B. CHANGES. The fixed rate contained in this agreement is based on the organizational structure and the accounting system in effect at the time the proposal was submitted. Changes in the organizational structure or changes in the method of accounting for costs which affect the amount of reimbursement resulting from use of the rates in this agreement, require the prior approval of the authorized representative of the responsible negotiation agency. Failure to obtain such approval may result in subsequent audit disallowances.

C. THE FIXED RATES contained in this agreement are based on an estimate of the cost which will be incurred during the period for which the rate applies. When the actual costs for such a period have been determined, an adjustment will be made in the negotiation following such determination to compensate for the difference between the cost used to establish the fixed rates and that which would have been used were the actual costs known at the time.

D. NOTIFICATION TO FEDERAL AGENCIES: Copies of this document may be provided to other Federal agencies as a means of notifying them of the agreement contained herein.

E. SPECIAL REMARKS: None

ACCEPTANCE

By the State Agency:

By the Federal Agency:

Melanie Callahan
(Signature)

Carol D. Reid
(Signature)

Melanie Callahan
(Name)

Carol D. Reid, Team Leader
Financial Analysis and
Oversight Service Center
U.S. Environmental
Protection Agency
June 21, 2007

Chief Accounting Officer
(Title)

Texas Water Development
(Agency)

7/16/07
(Date)

Negotiated by: Jacqueline Smith
Telephone: (202) 564-5055