

RICARDO WATER SUPPLY CORPORATION

2302 E. SAGE RD.

KINGSVILLE, TEXAS 78363

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MEMORANDUM

TO: Ricardo Water Supply Corporation Board of Directors
FROM: Baldemar Garcia, President
DATE: February 6, 2023
SUBJECT: Ricardo Water Supply Corporation Meeting Notice and Agenda

A Special Meeting of the Ricardo Water Supply Corporation Board of Directors is scheduled for:

Thursday, February 9, 2023

5:30 p.m.

South Texas Water Authority Boardroom
2302 East Sage Road
Kingsville, Texas

to consider and act upon any lawful subject which may come before it, including among others, the following:

Agenda

1. Call to order.
2. Citizen comments.
3. WFX Partnership Service Agreement. (Attachment 1)
4. **Resolution 23-01.** Resolution entering into agreement to partner with WFX for economic development and infrastructure improvements. (Attachment 2)
5. Adjournment.

The Board may go into closed session at any time when permitted by Chapter 551, Government Code. Before going into closed session, a quorum of the Board must be assembled in the meeting room, the meeting must be convened as an open meeting pursuant to proper notice, and the presiding officer must announce that a closed session will be held and must identify the sections of Chapter 551, Government Code, authorizing the closed session.

BG/JM/fdl
Attachments

This meeting notice was posted on STWA's website, www.stwa.org, and on indoor and outdoor bulletin boards at STWA's administrative offices, 2302 East Sage Road, Kingsville, Texas at 4:15 am/10 on February 6, 2023
Francis DeLeon
Assistant Secretary

ATTACHMENT 1

Water Finance Exchange

Memo

To: Ricardo Water Supply Corporation, Board of Directors
From: John Marez, General Manager
Date: February 6, 2023
Re: WFX Service Agreement

Background:

On the December 20, 2022 STWA meeting the STWA board was giving a presentation that outlined the philanthropic funding opportunities from WFX that essential to our future success in reaching our current needs and planning for our future ambitions. The presentation on February 9th and enclosed attachment will formalize a similar agreement which establishes WFX and STWA to work on the financial opprotunites for our water system.

Analysis:

The resolution before you allows the RWSC to enter into a formal agreement with WFX to explore no risk funding for our infrastructure needs.

Staff Recommendation:

Accept the resolution and authorize the formal agreement with Water Finance Exchange.

Board Action:

Motion to Accept Resolution 23-01

Summary:

The WFX is nationally recognized for their expertise in the areas of finance, water/environmental policy and engineering. Entering into these agreements allows the RWSC board to actively guide our vision for the future while ensuring that our current small- and large-scale projects receive funding options not previously available to the Authority and our entire system.



WEX
WATER FINANCE EXCHANGE
NO COMMUNITY LEFT BEHIND

Rogelio Rodriguez
210-843-3900
rrodriguez@waterfx.org



South Texas Water Authority

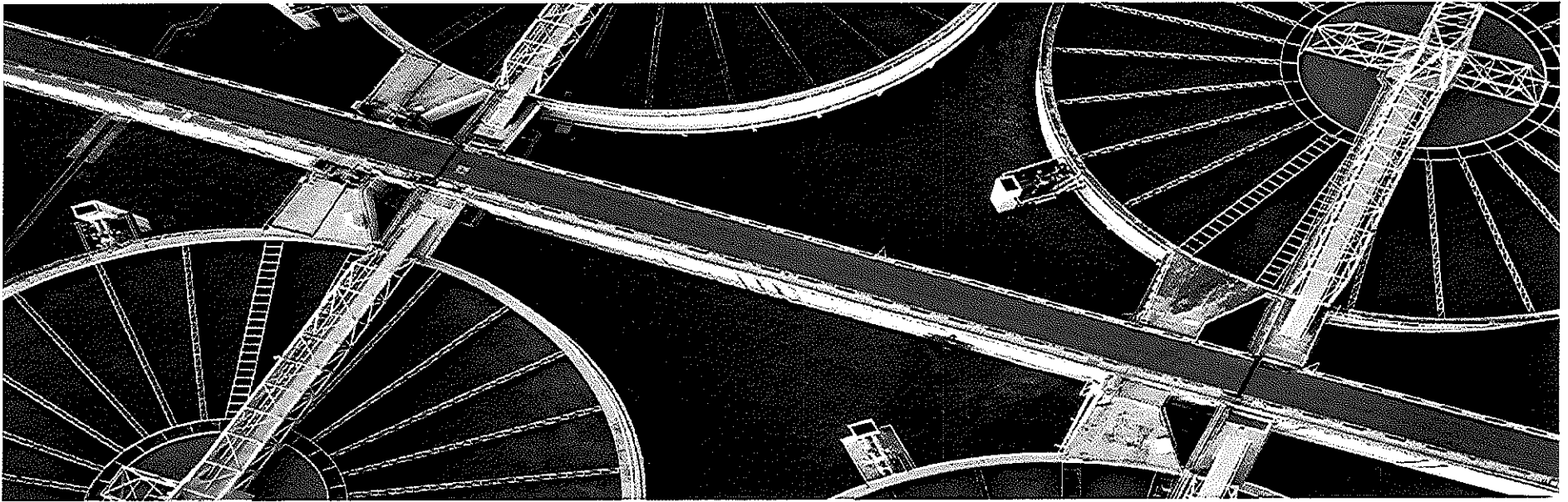
Committed to Providing Clean, Safe Water for All Our Residents



G-17 Disclaimer:

Water Finance Exchange is not as a municipal advisor, financial advisor or fiduciary to the municipality or any other person or entity in connection with the issuance of municipal securities by the municipality. The information provided is not intended to be and should not be construed as “advice” within the meaning of Section 15B of the Securities Exchange Act of 1934. The municipality should consult with its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it deems appropriate. If the municipality would like a municipal advisor in any transaction that has legal fiduciary duties to the municipality, then the municipality is free to engage a municipal advisor to serve in that capacity.

Who We Are



- The Water Finance Exchange (WFX) is a 501(c)(3) organization. As an honest broker, our vision is to demonstrate funding solutions and regional solutions that can enable communities to develop sustainable and safe drinking water and/or wastewater systems.
- WFX possesses a nationwide network of experts, a revolving Pre-Development Fund, and a unique knowledge base, each used to connect communities to the best funding and expertise in the public, private, and philanthropic sectors.
- We work hand-in-hand with communities to build scalable solutions.
- WFX assists with on capital planning to address current and future needs with a focus on affordability.

Community Support - In 2022 helped to secure more than \$30MM in capital for diverse communities

- Unlocked \$13 million of water and wastewater infrastructure funding with two-predevelopment loans that have been issued and are on track for timely repayment within one year of issuance.
- Supported Hazlehurst, Mississippi successfully to access \$6.5 million of state funding for water infrastructure in forgivable loans .
- Catalyzed countywide collaborations in Presidio County, where seven communities and nearby colonias have received \$12.8 million to advance comprehensive water infrastructure solutions - \$9 million of grant funding.
- Helped to design and support an emerging One Water partnership between a private water utility and neighboring community systems in Texas Hill Country.
- Advanced a reuse project with the U.S. EPA and regional communities in Idaho to implement a water reuse and nutrient reduction project.

Partnerships and Collaboration

- Built, in partnership with state regulatory agencies, a substantial pipeline of more than one hundred communities in Texas needing pre-development support.
- Organized and led 3 statewide workshops with state, NGO, and local leaders in Texas
- Partnered with Communities Unlimited in four major southern states to build a broad Community of Practice for intermediaries to capture learnings, data, and ideas for achieving scale.

Internal Operations

- Built a strong multidisciplinary team of national leaders within the water and economic development sectors.
- Refined a project development process that includes a strong network of state and federal funding and financing leaders; establishing a disciplined approach to screening candidates and developing partnerships with elected officials and stakeholders.
- Built proprietary financial and analytical tools and databases focused on funding structures, rates, and affordability to create sustainable results and inform communities of relevant benchmarks.

The WFX Approach – Focus on Communities



Build Trust

- Structured as 501(c)(3) to serve as a trusted intermediary.
- Focused on positive social and health impacts, financial viability and affordability.

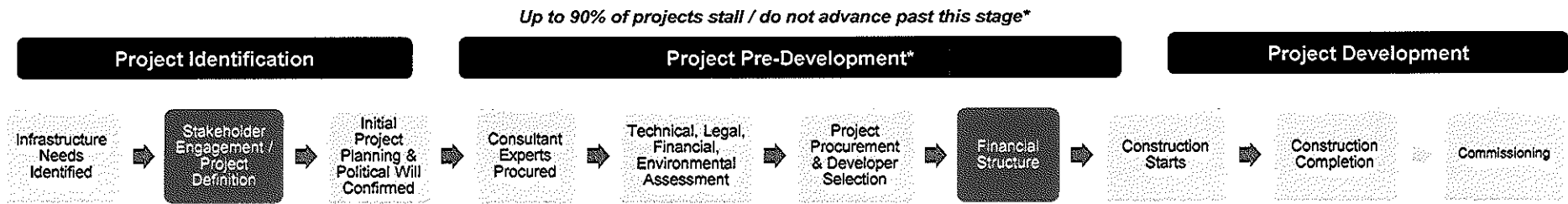
Reduce Fragmentation

- Link communities to professional and financial resources needed to develop fundable projects.
- Work with and through local champions and community leaders.

Catalyze Fundable Investments

- Revolving fund to support pre-development/development costs and interim bridging solutions.
- Blend de-risking capital with other funding sources to close deals and create replicable templates.

Operating Model



** Significant number of water projects fail to undergo appropriate levels of in-depth analysis*

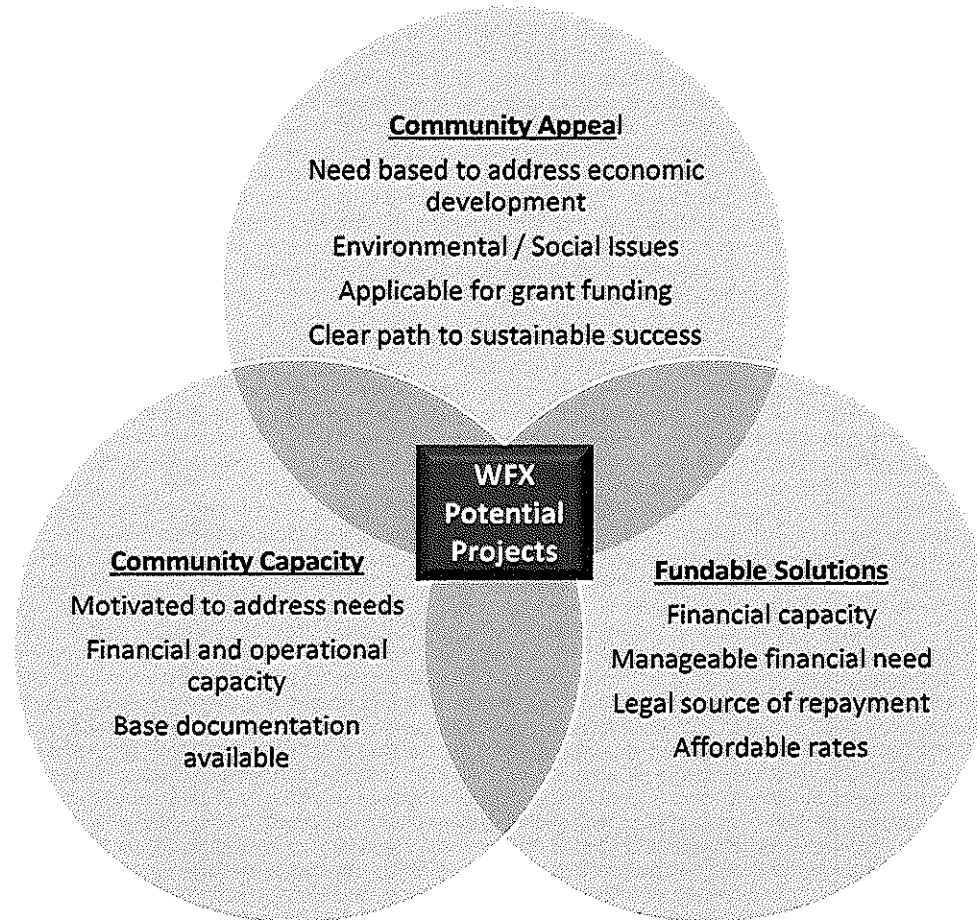
WFX Solution

- ✓ Compile existing public data on communities and investment needs.
- ✓ Engage local communities through existing partner relationships.

- ✓ Provide pre-development grants to be returned at financial close and redeployed.
- ✓ Facilitate access to professional and financial resources tailored to specific project needs.

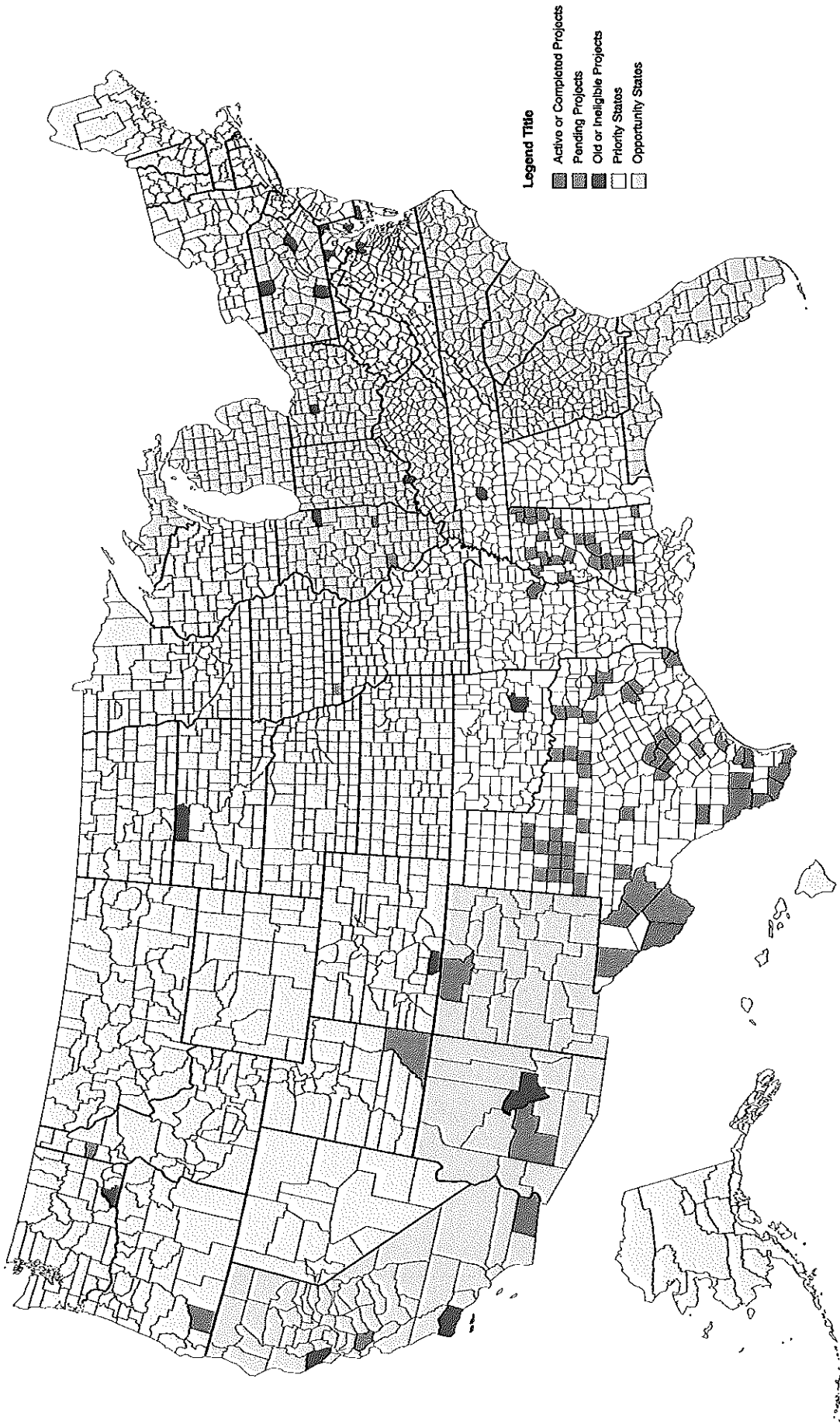
- ✓ Provide risk mitigation instruments to financial structure.
- ✓ Provide catalytic capital info blended financing structures.

WFX Community Screening Philosophy



WFX seeks projects that address recognized challenges and possess characteristics that facilitate progress and closing.

WFX Community Map – December 2022



- Capital planning (for today and tomorrow), needs, economic development, resilience, sustainability
- Financial assessment rates, capacity, affordability
- Innovative funding, pre-development funding, bridge lending
- Funding opportunities, ex: TWDB, USDA, Dept. of Interior, Public-Private Partnerships and Public-Public Partnerships
- Elevate communication and visibility
- Operational analysis
- National view of models and systems that work

ATTACHMENT 2

Resolution 23-01

RICARDO WATER SUPPLY CORPORATION

RESOLUTION 23-01

Whereas, water is vital to all aspects of life, and

Whereas, one of our central tasks as the Ricardo Water Supply Corporation, Texas is to ensure the access for our citizens to this vital resource, and;

Whereas, communities and our environment depend on clean water, and;

Whereas, one of the best ways to ensure this access and service delivery is to incorporate resiliency and readiness into our existing and future water system, and;

Whereas, access and availability to water resources can encourage economic development, and;

Whereas, data monitoring and testing can inform smart approaches to water infrastructure to enhance the ability of our natural environment to generate and sustain the water resources necessary to sustain all life in our region, and;

Whereas, resiliency, readiness, data monitoring, testing, and water infrastructure can be combined to form the soundest approach to sustained economic growth and job creation, and;

Whereas, we are aware that the billions of dollars currently available for water infrastructure under the Federal Infrastructure Investment and Jobs Act through the State Revolving Funds and other funding sources represent an historic and generational opportunity that will not soon return, and;

Whereas, we understand that the best chance of obtaining our fair share of this funding is to work together as a region, and;

Whereas, the Ricardo Water Supply Corporation will participate in paving the way toward greater regional cooperation and collaboration to meet the many water needs within our communities, and;

Whereas, the Ricardo Water Supply Corporation currently enjoys the expert services of Water Finance Exchange and other consultants at no cost;

BE IT HEREBY RESOLVED that the Ricardo Water Supply Corporation officially commits itself to actively participate in the local and regional process, to identify, develop, and pursue water focused projects and funding for the benefit of all our residents.

PASSED AND APPROVED on this 9th day of February, 2023.

ATTEST:

OLIVER HINOJOSA
Board Secretary
Ricardo Water Supply Corporation

BALDEMAR GARCIA
Board President
Ricardo Water Supply Corporation