

Draft Regulatory Guidance Escrow Releases

1. Applicable Statutes or Rules

Texas Water Code (TWC) §49.181. Authority of Commission Over Issuance of District Bonds
30 TAC §293.84 District Use of Escrowed Funds.

2. Background

Texas Water Code §49.181(g) allows the Commission to approve bond issues without plans and specifications being available and to condition approval of the project. During of the review of the bond application, complete project documentation may not be available. Prior to 2007, generally, project costs were directed to be escrowed until the receipt of the project documents. Subsequent to the summer of 2007, staff has either directed a board not to expend money or requires the project funds be escrowed until receipt of the project documentation.

3. Draft Regulatory Guidance

If there are projects for which approved plans or other required documents have not been provided, then the order approving the bond application will direct the district to either not expend funds or escrow funds until all necessary documentation is available. For the following instances a District's board will generally be directed not to expend funds:

- Rehabilitation of wastewater collection systems;
- Improvements to existing water plants including water well projects, repainting, additional booster pumps, additional pressure tank, or additional ground storage tank, if the existing site is adequate and a well permit is not needed;
- Emergency generators if the existing site is adequate;
- Wastewater treatment plant improvements if the existing site and permit are adequate.

For all other instances, funds will be recommended for escrow.

If funds are directed to be escrowed, the District is required to submit an application to request a release from escrow. See 30 TAC §293.84 for application requirements. Escrow release applications may be submitted on an expedited basis.