Texas Water Development Board

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TO: Board Members

THROUGH: Jeff Walker, Executive Administrator
Rebecca Trevino, CPA, Chief Financial Officer
Todd Chenoweth, General Counsel

FROM: Georgia Sanchez, Development Fund Manager

DATE: January 31, 2018

SUBJECT: Authorization to begin work on the proposed 2018 State Water Implementation Revenue Fund for Texas (SWIRFT) Revenue Bonds

ACTION REQUESTED

Consider authorizing the Executive Administrator, Chief Financial Officer, and Development Fund Manager to take all necessary actions for the issuance, sale and delivery of Texas Water Development Board State Water Implementation Revenue Fund for Texas (SWIRFT) Revenue Bonds in one or more series; and approving the selection of financial advisor, bond counsel, disclosure counsel, rating agencies and underwriting syndicate for the negotiation of the bond issue.

BACKGROUND

The Texas Water Development Board (TWDB) is authorized to issue revenue bonds associated with SWIRFT under the Texas Constitution Article III, Section 49(d)13 and Chapter 15 Subchapters G and H of the Texas Water Code. Bond proceeds are used to fund state water plan projects under the State Water Implementation Fund for Texas program.

KEY ISSUES

Early planning and preparation is necessary to ensure a successful issuance of the SWIRFT revenue bonds. Selecting the financial advisor, bond counsel, disclosure counsel, rating agencies, and underwriting syndicate at this time provides sufficient time for coordination and preparation of legal and disclosure documents, bond financing structures, rating agency process, investor outreach and other activities.

Recommendations are as follows: Hilltop Securities Inc. as financial advisor; McCall, Parkhurst & Horton L.L.P. as bond counsel; Bracewell LLP as disclosure counsel; Fitch Ratings and Standard & Poor's are proposed to provide credit rating services; J.P. Morgan is recommended to serve as senior managing underwriter for the transaction, and recommended co-managing underwriters include BofA Merrill Lynch, Citigroup, Morgan

Our Mission

To provide leadership, information, education, and support for planning, financial assistance, and outreach for the conservation and responsible development of water for Texas

Board Members

Kathleen Jackson, Board Member | Peter Lake, Board Member

Jeff Walker, Executive Administrator

Stanley & Company, RBC, Ramirez and Company, Siebert Cisneros Shank & Company, Fidelity, and SAMCO.

With Board approval, staff will engage the service providers, undertake the debt issuance approval process as required by the Legislative Budget Board and Bond Review Board, negotiate financing agreement(s), and take other necessary steps to prepare the bonds for issuance and sale. The Executive Administrator will return to the Board for adoption of the resolution and approval of the Preliminary Official Statement for any series issued under this item.

RECOMMENDATION

In order to ensure a successful issuance of the SWIRFT revenue bonds, the Executive Administrator recommends authorizing the Executive Administrator, Chief Financial Officer, and Development Fund Manager to take all necessary actions for the issuance, sale and delivery of State of Texas State Water Implementation Revenue Fund for Texas Revenue Bonds in one or more series; and approving the selection of financial advisor, bond counsel, disclosure counsel, rating agencies and underwriting syndicate for the negotiation of the bond issue.