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AGENDA ITEM MEMO

BOARD MEETING DATE: July 24, 2025

TO: Board Members

THROUGH: Bryan McMath, Executive Administrator
Ashley Harden, General Counsel
Georgia Sanchez, Chief Financial Officer

FROM: David Duran, Director, Debt and Portfolio Management
Thomas Quick, Financial Analyst, Debt and Portfolio Management

SUBJECT: Texas Water Fund Transfer to the New Water Supply for Texas Fund and the State Water Implementation Fund for Texas

ACTION REQUESTED

Consider approving by resolution: (a) the transfer of funds from the Texas Water Fund to the New Water Supply for Texas Fund (NWSTF); (b) the transfer of funds from the Texas Water Fund to State Water Implementation Fund for Texas (SWIFT); (c) the transfer of funds from the NWSTF to SWIFT; and (d) delegation to the Executive Administrator, Chief Financial Officer, Development Fund Manager, Director of Debt and Portfolio Management, and General Counsel to take all actions necessary for the transfers.

BACKGROUND

In 2023, the 88th Texas Legislature passed Senate Bill (SB) 28 and Senate Joint Resolution (SJR) 75 providing for the creation of the Texas Water Fund and NWSTF. In addition, SB 30 authorized a one-time, \$1 billion supplemental appropriation of general revenue to the Texas Water Fund, contingent on enactment of SB 28 and approval of SJR 75 by voters, which occurred in November of 2023.

The NWSTF is a special fund created in the state treasury outside the general revenue fund to be administered by the Texas Water Development Board (TWDB). The fund was created to finance the development and acquisition of new water supply for Texans with eligible projects including desalination, produced water treatment, and aquifer storage and recovery. Money in the NWSTF may be transferred to the Texas Water Development Fund II or SWIFT.

The Texas Water Fund is a special fund created in the state treasury outside the general revenue fund to be administered by the TWDB. Money in the fund may be transferred to

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Leading the state's efforts
in ensuring a secure
water future for Texas

L'Oreal Stepney, P.E., Chairwoman | Tonya R. Miller, Board Member
Bryan McMath, Executive Administrator

several funds administered by the TWDB, including the NWSTF, SWIFT and the State Water Implementation Revenue Fund for Texas (SWIRFT).

The TWDB historically has utilized the SWIFT program to issue SWIRFT revenue bonds to provide financial assistance to political subdivisions for projects in the state water plan. The TWDB also has authority to issue General Obligation (GO) bonds to provide financial assistance for these projects. Both SWIRFT bonds and GO bonds issued for projects in the state water plan may be supported by a transfer from SWIFT pursuant to the SWIFT Funds Transfer Agreement.

KEY ISSUES

The 2025 SWIFT funding cycle has demonstrated significant demand for program funding, being the second largest amount of abridged applications received since the program's inception.

The ability to transfer money from the Texas Water Fund represents an opportunity to approve and provide commitments to all eligible applicants while letting the SWIFT remain at approximately its current balance and therefore generate additional investment return for future leveraging capacity.

Several applicants for the 2025 funding cycle are eligible to receive funding from the NWSTF. These include the Laguna Madre Water District, San Antonio Water System, and the City of McAllen, which collectively will finance projects including marine and brackish water desalination and aquifer storage and recovery components.

A transfer not to exceed \$300 million from the Texas Water Fund to SWIFT and a transfer not to exceed \$50 million from the Texas Water Fund to SWIFT by way of the NWSTF will allow the financing of approximately \$2.9 billion through the issuance of SWIRFT and GO bonds to be issued this fall. The attached Exhibit identifies the specific projects expected to be funded from the sale of the SWIRFT and GO bonds.

RECOMMENDATION

The Executive Administrator recommends approving by resolution: (a) the transfer of funds from the Texas Water Fund to the NWSTF; (b) the transfer of funds from the Texas Water Fund to SWIFT; (c) the transfer of funds from the NWSTF to SWIFT; and (d) delegation to the Executive Administrator, Chief Financial Officer, Development Fund Manager, Director of Debt and Portfolio Management, and General Counsel to take all actions necessary for the transfers.

Attachment(s):

1. Resolution
2. Exhibit – Estimated SWIFT 2025 Closing Amount

A RESOLUTION OF
THE TEXAS WATER DEVELOPMENT BOARD
REQUESTING THE TRANSFER OF UP TO \$350 MILLION
FROM THE TEXAS WATER FUND
TO THE NEW WATER SUPPLY FOR TEXAS FUND
AND THE STATE WATER IMPLEMENTATION FUND FOR TEXAS
AND FROM THE NEW WATER SUPPLY FOR TEXAS FUND
TO THE STATE WATER IMPLEMENTATION FUND FOR TEXAS

(25-)

Recitals:

During the 88th Texas Legislative Session, the Texas Legislature passed Senate Bill 28, Senate Joint Resolution 75, and Senate Bill 30, implementing the Texas Water Fund, codified as Texas Water Code, Chapter 15, Subchapter H-1.

The Texas Water Fund is a special fund in the state treasury outside the general revenue fund to be administered by the Texas Water Development Board (TWDB).

The Texas Water Fund was established to transfer money to existing funds and accounts of the TWDB.

Texas Water Code § 15.502(b)(2) authorizes the TWDB to transfer, by resolution, money from the Texas Water Fund to the New Water Supply for Texas Fund.

Texas Water Code § 15.502(b)(3) authorizes the TWDB to transfer, by resolution, money from the Texas Water Fund to the State Water Implementation Fund for Texas.

Texas Water Code § 15.504(b) states that the TWDB may not transfer money until the application for the project for which the money is to be used has been approved.

The TWDB finds it is in the public interest for it to transfer funds from the Texas Water Fund to the New Water Supply for Texas Fund and the State Water Implementation Fund for Texas, and from the New Water Supply for Texas Fund to the State Water Implementation Fund for Texas.

NOW THEREFORE, based on these considerations and findings, the Board finds and resolves as follows:

1. The Board authorizes the transfer of up to \$50 million from the Texas Water Fund to the New Water Supply for Texas Fund.

2. The Board authorizes the transfer of up to \$300 million from the Texas Water Fund to the State Water Implementation Fund for Texas.
3. The Board authorizes the transfer of up to \$50 million from the New Water Supply for Texas Fund to the State Water Implementation Fund for Texas.
4. The Board authorizes the Executive Administrator, Chief Financial Officer, Development Fund Manager, Director of Debt and Portfolio Management, and General Counsel to take all actions necessary to give effect to this Resolution.
5. In accordance with Texas Water Code § 15.504(b), all applications for the projects for which the money is to be used will be approved, by resolution, by the Board in advance of a transfer of funds from the Texas Water Fund.

APPROVED and ordered of record this the 24th day of July, 2025.

TEXAS WATER DEVELOPMENT BOARD

L'Oreal Stepney, P.E., Chairwoman

DATE SIGNED: _____

ATTEST:

Bryan McMath, Executive Administrator

Estimated SWIFT 2025 Closing Detail

Previously Committed

Entity	Project Description	Funding Source	Anticipated Closing Amount
Brazosport WSC	Dow Reservoir and Pump Station Expansion	GO Series 2025F	\$ 262,580,000
Coastal Water Authority	CWA Transmission Expansion (WMS-4009)	Revenue Series 2025	50,000,000
Corpus Christi	City of Corpus Christi Seawater Desalination (Inner Harbor)	Revenue Series 2025	210,045,000
Dallas	Infrastructure to Treat and Deliver to Customers: Water Main Replacement Program	Revenue Series 2025	34,000,000
Denton	30 MGD WTP Expansion – Ray Roberts-1	Revenue Series 2025	11,235,000
Guadalupe Blanco RA	ARWA/GBRA Project Phase 1 Expansion of Mid-Basin WSP (Carrizo Groundwater Supply Project)	GO Series 2025E	47,705,000
North Fort Bend Water Authority	NFBWA Phase 2 Distribution Segments	Revenue Series 2025	36,735,000
North Harris Co Regional Water Authority	NHCRWA Internal 2020 Distribution	Revenue Series 2025	204,000,000
Palo Pinto Co MWD # 1	Turkey Peak Reservoir	GO Series 2025E	58,000,000
Palo Pinto Co MWD # 1	Turkey Peak Reservoir	GO Series 2025F	42,000,000
Upper Trinity Regional Water District	Lake Ralph Hall Reservoir	Revenue Series 2025	60,220,000
Upper Trinity Regional Water District	RTWS Northeast Transmission Pipelines (Ph 1-6) and Loop	Revenue Series 2025	13,300,000
Upper Trinity Regional Water District	Harpool RWTP Expansion, Phase 2	Revenue Series 2025	40,000,000
Upper Trinity Regional Water District	Taylor Regional Water Treatment Plant Expansion	Revenue Series 2025	20,220,000
			\$ 1,090,040,000

Anticipated July 2025 Commitments

Entity	Project Description	Funding Source	Anticipated Closing Amount
Alliance Regional Water Authority	ARWA/GBRA Project (Phase 1)	GO Series 2025E	\$ 33,500,000
Austin	Direct Reuse Strategy	Revenue Series 2025	10,000,000
Austin	Municipal Conservation	Revenue Series 2025	3,000,000
Baytown Area Water Authority	BAWA East SWTP Expansion	Revenue Series 2025	69,000,000
Brushy Creek Regional Utility Authority	Distribution Project	GO Series 2025E	36,240,000
Central Harris County Regional Water Authority	Central Harris County Regional Water Authority Transmission and Internal Distribution	GO Series 2025E	8,000,000
Del Rio	City of Del Rio - Drill and equip a new well and connect to distribution system	Revenue Series 2025	4,865,000
Del Rio	City of Del Rio - Water Treatment Plant Expansion	Revenue Series 2025	265,000
Fort Worth	Eagle Mountain Water Treatment Plan Expansion - 35 MGD Expansion	GO Series 2025E	180,000,000
Greater Texoma Utility Authority	South Transmission System Pipeline	GO Series 2025E	32,400,000
Greater Texoma Utility Authority	South Transmission System Pipeline	GO Series 2025F	10,800,000
Guadalupe Blanco River Authority	Carrizo Groundwater Supply Projec	GO Series 2025E	40,000,000
Houston	Amendment to 2021 Region H- Regional Water Plan- City of Houston East Water Purification Plant Enhancement	Revenue Series 2025	350,000,000
Laguna Madre Water District*	Seawater Desalination Plant	GO Series 2025E	64,655,000
McAllen*	City of McAllen Brackish Groundwater Treatment Plant	Revenue Series 2025	30,000,000
McAllen	City of McAllen Acquisition of Water Rights	Revenue Series 2025	3,215,000
North Texas Municipal Water District	North System Raw Water Pipelines	Revenue Series 2025	641,695,000
North Texas Municipal Water District	BDL/LWTP Phase III-HSPS-South & 25kv South Loop	Revenue Series 2025	239,060,000
San Antonio Water System*	SAWS ASR Treatment Plant Expansion	Revenue Series 2025	27,635,000
Upper Trinity Regional Water District	Taylor Regional Water Treatment Plant Expansion	Revenue Series 2025	55,000,000
			\$ 1,839,330,000

*Eligible for funding from the New Water Supply for Texas Fund.

Grand Total \$ 2,929,370,000