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AGENDA ITEM MEMO

BOARD MEETING DATE: April 16, 2026

TO: Board Members

THROUGH: Bryan McMath, Executive Administrator
Ashley Harden, General Counsel
Georgia Sanchez, Chief Financial Officer
Jessica Peña, Deputy Executive Administrator, Water Supply & Infrastructure

FROM: Marvin Cole-Chaney, Program Administration & Reporting
Jesse Milonovich, Program Administration & Reporting
Trae Tillis, State Programs, Program Administration

SUBJECT: State Water Implementation Fund for Texas 2026 Funding Cycle Prioritization and Structure

ACTION REQUESTED

Consider approving the 2026 State Water Implementation Fund for Texas (SWIFT) program prioritization list, the amount of funds available by category, and the terms of the subsidy.

BACKGROUND

In 2013, the 83rd Texas Legislature created the SWIFT and the State Water Implementation Revenue Fund for Texas (SWIRFT). In addition, a \$2 billion supplemental appropriation from the state's Economic Stabilization Fund to the SWIFT was authorized. Proposition 6, approved by voters in 2013, amended the Texas Constitution to create a constitutionally dedicated fund. The SWIFT program was designed to support funding of \$27 billion in water supply projects based on 50-year needs to assist communities with developing water supplies. Projects eligible for SWIFT funding must be recommended Water Management Strategy Projects with an associated nonzero capital cost in the most recently adopted State Water Plan at the time abridged applications are due to the TWDB for consideration.

To date, the TWDB has committed approximately \$17.2 billion in financial assistance toward 76 SWIFT projects, representing 82 Water Management Strategy Projects and resulting in the addition of 2.7 million acre-feet of water supply available under drought of record conditions. Entities utilizing SWIFT financing have saved nearly \$2.1 billion over the life of the obligations compared to unsubsidized market-rate transactions.

Our Mission

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

Board Members

L'Oreal Stepney, P.E., Chairwoman | W. Brady Franks, Board Member | Ashley Morgan, Board Member
Bryan McMath, Executive Administrator

The SWIFT program and the state water plan are designed to identify and fund projects that generate additional water supply during drought conditions. Projects focused solely on rehabilitating, replacing, or maintaining existing infrastructure to sustain current water supplies are not eligible for SWIFT funding. However, if a project involves replacing or extending existing facilities and will provide additional supply volumes beyond the current capacity, the portion of the infrastructure cost that contributes to the increased supply volumes may be eligible for SWIFT funding.

2026 SWIFT FUNDING CYCLE

The TWDB opened the 2026 SWIFT program funding cycle at the December 16, 2025, Board meeting with a solicitation for abridged applications that were due on February 2, 2026.

Pursuant to 31 Texas Administrative Code (TAC) §363.1303, the Executive Administrator (EA) provides a prioritization of abridged applications for approval by the Board. The TWDB is required to identify the amount of funds available, establish the structure of financing, the terms of any subsidy, and consider abridged applications according to the prioritization criteria outlined in 31 TAC §363.1304.

Twenty-seven abridged applications were received prior to the deadline requesting a total of \$4,319,471,450. During the review of all abridged applications received and follow-up with the applicants, one application was withdrawn: the City of Waller's *WUG Infrastructure Expansion (Groundwater) – Waller- Phase I*. Three projects were determined to be ineligible due to the projects not being in the 2026 Regional Water Plans: (1) Aqua Water Supply Corporation's (WSC) *Expanded Local Use of Groundwater - Carrizo-Wilcox aquifer - Aqua WSC*, (2) the City of Georgetown's *Lake Georgetown ASR*, and (3) Lakeway Municipal Utility District's *West Travis County PUA - Expanded Surface Water*. The remaining 23 abridged applications were deemed eligible and have been prioritized for the 2026 SWIFT cycle, as shown in Attachment 1, for a total eligible amount of \$4,189,926,450.

For the 2026 funding cycle, demand for SWIFT financial assistance exceeds available program capacity, and therefore invitations are limited to the ten highest-ranked projects. SWIFT program capacity is delivered through annual bond sales in the fall, and the timing of the sale does not permit adjustments within the cycle. The program cannot accommodate invitations to additional projects if an entity declines funding. If the EA's recommendations contained herein are approved, in accordance with applicable rules, the EA will establish a deadline of May 18, 2026, for submitting complete financial assistance applications.

PRIORITIZATION AND AMOUNT OF FUNDS REQUESTED

Pursuant to 31 TAC §363.1304, established prioritization criteria were applied to the abridged applications as follows:

Highest Consideration (Max Points: 50)	Additional Consideration (Max Points: 36)
- Serves a large population (30) - Assists a diverse urban/rural population (30) - Provides regionalization (30) - Meets a high percentage of water users' needs (30)	- Local financial contribution (5) - Financial capacity to repay (2) - Emergency need for the project (5) - Readiness to proceed with the project (8) - Effect on water conservation (15) - Flood control component (1)

Multi-year commitments continue to be an effective option for SWIFT borrowers because they accommodate the financing needs associated with long-term projects and assist the TWDB with strategic planning for financial purposes. Of the 23 prioritized projects, 10 applicants requested multi-year commitments and provided a schedule showing projected need in future years.

Each year, entities with existing multi-year commitments are asked to confirm their schedules or, if warranted, request changes to better align existing commitments with project schedules. Seven entities requested adjustments to their schedules resulting in a net decrease in 2026 obligation closings of \$320,000,000.

Based on the prioritized list of potential new applicants and existing commitment adjustments, the total amount of financing requested to close in Fall 2026 is estimated at \$2,485,595,000 as follows:

Fall 2026 Closings Requested

Existing Multi-Year Commitments	\$1,521,805,000	Previous amount scheduled to close in 2026
	(\$320,000,000)	Net requested changes to existing commitment closing schedules
2026 Invited Abridged Applications	\$1,283,790,000	Amount requested to close in 2026 from Invited Projects list
Total	\$2,485,595,000	

FINANCING STRUCTURE AND TERMS OF SUBSIDY

After review of the new funding requests, existing commitments, and evaluation of the long-term SWIFT program capacity, the EA recommends the following program structure and terms for the 2026 funding cycle remain the same as the prior cycle, as illustrated below:

Low-Interest Obligations

	Low-Interest Obligations Standard Subsidy		Low-Interest Obligations Rural/Agriculture	
Term	Tax-Exempt	Taxable	Tax-Exempt	Taxable
20 Years	25%	20%	50%	40%
21-25 Years	18%	14%	34%	27%
26-30 Years	14%	10%	27%	22%

Rural and Agricultural

Entities qualifying for the Rural and Agricultural interest rate subsidy are those which:

- Meet the definition of agricultural water conservation or irrigation project, or
- Meet the definition of a rural political subdivision based on 31 TAC §363.2 (26).

Deferred Obligations

- Deferral on interest and principal payments of up to eight years, or until the end of construction, whichever is sooner.
- Obligation terms up to 30 years.
- No interest rate subsidy.

Board Participation

- Applicant benefits through a combination of non-level debt service, payment deferrals, and repayment of deferred interest on a simple interest basis.
- No interest rate subsidy.

Multi-year Commitments

- Commitments can be scheduled out for up to five years (including the current year).
- First year of the multi-year request must include funds to be closed.
- Once committed, subsidies are recommended to be locked in through the end of the following State Fiscal Year only.

Interest rates are set at the time of closing and are based upon the TWDB's cost of funds less the applicable subsidy.

FUNDING CAPACITY

To analyze the funding capacity of the SWIFT program for this prioritization cycle, the EA considered the program's long-term funding capacity, existing funding commitments, and new funding requests. The funding capacity for the 2026 SWIFT funding cycle is also dependent on additional transfers from the Texas Water Fund to the SWIFT. The program's funding capacity is actively managed to achieve funding targets while ensuring continued capacity for new commitments. It is intended that the funding analysis will continue to be regularly updated to reflect current market earnings and interest rate conditions, account for all committed projects, and consider a range of possible future scenarios.

Based on this analysis, the EA has determined that sufficient funding capacity exists to:

- 1) accommodate 10 new 2026 SWIFT requests, including their submitted multi-year commitment schedules as set forth in Attachment 2,
- 2) fund existing multi-year closings, and
- 3) accommodate changes to the amount closing in calendar year 2026 under existing multi-year commitments.

IMPLEMENTATION

Below is the proposed remaining schedule for the 2026 SWIFT funding cycle:

April 16, 2026	• Abridged applications prioritization • Amount of funds available by category, structure of financing, and subsidy terms established • Invitations extended to submit complete applications for financial assistance
May 18, 2026	• Complete applications due to the TWDB
Summer 2026	• Authorization, selection of co-managing underwriters, and approval of a not-to-exceed amount for TWDB bond sale • Funding commitments presented to the Board for consideration • Execution of Financing Agreements with borrowers
Fall 2026	• TWDB bond sale • Interest rates set • Funds Transfer Agreement ratification • TWDB bond closing • Borrowers' closings

RECOMMENDATION

Based on the above analysis, the EA recommends:

- 1) Approval of the prioritization of 2026 SWIFT program abridged applications as set forth in Attachment 1.
- 2) Authorization of approximately \$2,485,595,000 in funding for the 2026 SWIFT prioritization cycle and funding by category as set forth in Attachment 1.
- 3) Authorization of program structure and terms of funding as described above.
- 4) Accommodating requested shifts in closing amounts under existing multi-year commitments for a net decrease of \$320,000,000 in calendar year 2026, each of which is to be approved by resolution at a later date.

After receipt of the complete applications, the EA will review and recommend projects for funding commitments. The total funding amounts and timing requested may change from the above numbers as a result of the review process. The implementation schedule does not allow for accommodating lower ranked projects should any invited project choose not to apply. Should there be any changes, the EA will note the differences and make recommendations based on these changes.

Board Members

April 16, 2026

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Attachments:

1. 2026 SWIFT Abridged Applications – Prioritization
2. 2026 SWIFT Invited Projects List

Attachment 1



State Water Implementation Fund for Texas
2026 Abridged Applications - **Prioritization**

Rank	Score	PIF	Entity Name	Project Name	Total Eligible Amount	Low Interest Obligation	Type of Funding Requested							Agricultural Conservation	Reuse	Rural	Rural+Subsidy
							Deferred Obligation	Board Participation	2026	2027	2028	2029	2030				
1	79	17234	Riverbend Water Resources District	Riverbend Strategy (Texarkana)	\$ 297,826,000.00	\$ 297,826,000.00	\$ -	\$ -	\$ 500,000.00	\$ 60,000,000.00	\$ 200,000,000.00	\$ 37,326,000.00	\$ -				
2	71	17207	Georgetown	Lee-Bastrop County Groundwater Project	\$ 274,000,000.00	\$ 257,000,000.00	\$ 17,000,000.00	\$ -	\$ 46,000,000.00	\$ 111,000,000.00	\$ 117,000,000.00	\$ -	\$ -				
3	70	17214	North Texas MWD	Raw Water Pump Station (RWPS) #4	\$ 611,295,000.00	\$ 611,295,000.00	\$ -	\$ -	\$ 611,295,000.00	\$ -	\$ -	\$ -	\$ -				
4	69	17222	San Patricio MWD	Nueces River Improvements: Raw Water Transmission Pipeline	\$ 32,000,000.00	\$ 32,000,000.00	\$ -	\$ -	\$ 32,000,000.00	\$ -	\$ -	\$ -	\$ -	X			
5–T	69	17221	Upper Trinity Regional WD	RTWS Northeast Pipeline, Phase 4	\$ 184,000,000.00	\$ -	\$ -	\$ 184,000,000.00	\$ 15,000,000.00	\$ 60,000,000.00	\$ 80,000,000.00	\$ 25,000,000.00	\$ 4,000,000.00			X	
5–T	69	17226	Alliance Regional Water Authority	ARWA/GBRA Project (Phase 1)	\$ 75,000,000.00	\$ 75,000,000.00	\$ -	\$ -	\$ 75,000,000.00	\$ -	\$ -	\$ -	\$ -				
6	68	17212	Tarrant Regional WD	Reuse from Mary's Creek WRF	\$ 55,000,000.00	\$ 55,000,000.00	\$ -	\$ -	\$ 55,000,000.00	\$ -	\$ -	\$ -	\$ -		X		
7	68	17217	Guadalupe Blanco RA	ARWA/GBRA Project (Phase 1)Expansion of Mid-Basin WSP (Carrizo Groundwater Supply	\$ 35,000,000.00	\$ 35,000,000.00	\$ -	\$ -	\$ 30,000,000.00	\$ 5,000,000.00	\$ -	\$ -	\$ -				
8	67	17208	North Texas MWD	Leonard Treated Water Pipeline No. 2 - Phase III	\$ 379,020,000.00	\$ 379,020,000.00	\$ -	\$ -	\$ 379,020,000.00	\$ -	\$ -	\$ -	\$ -				
9–T	64	17209	North Texas MWD	Leonard Water Treatment Plant (LWTP) - Phase III	\$ 39,975,000.00	\$ 39,975,000.00	\$ -	\$ -	\$ 39,975,000.00	\$ -	\$ -	\$ -	\$ -				
9–T	64	17215	Guadalupe Blanco RA	WaterSECURE	\$ 950,000,000.00	\$ 950,000,000.00	\$ -	\$ -	\$ 525,000,000.00	\$ 200,000,000.00	\$ 225,000,000.00	\$ -	\$ -				
10	63	17211	Tarrant Regional WD	Marty Leonard Wetland Reuse (Cedar Creek Wetland)	\$ 623,380,000.00	\$ 623,380,000.00	\$ -	\$ -	\$ 15,000,000.00	\$ 326,280,000.00	\$ 282,100,000.00	\$ -	\$ -		X	X	
11	62	17216	Nueces River Authority	Port of Corpus Christi Authority Seawater Desalination Project- Harbor Island	\$ 140,000,000.00	\$ -	\$ 140,000,000.00	\$ -	\$ 140,000,000.00	\$ -	\$ -	\$ -	\$ -				
12	61	17235	Central Texas WSC	Central Texas Water Supply Corporation	\$ 85,802,000.00	\$ 85,802,000.00	\$ -	\$ -	\$ 85,802,000.00	\$ -	\$ -	\$ -	\$ -				
13	61	17230	Hidalgo Co DD # 1	Delta Region Water Management Supply - Santa Cruz (Delta West)	\$ 120,000,000.00	\$ 120,000,000.00	\$ -	\$ -	\$ 15,000,000.00	\$ -	\$ -	\$ 105,000,000.00	\$ -		X		
14	60	17227	Brazosport WSC	BWSC Reservoir and Pump Station Expansion	\$ 60,000,000.00	\$ 60,000,000.00	\$ -	\$ -	\$ 5,000,000.00	\$ 55,000,000.00	\$ -	\$ -	\$ -				
15	59	17218	Guadalupe Blanco RA	Western Canyon System Expansion	\$ 103,215,000.00	\$ 103,215,000.00	\$ -	\$ -	\$ 8,200,000.00	\$ 95,015,000.00	\$ -	\$ -	\$ -				
16	56	17210	Brazos River Authority	Allens Creek Reservoir	\$ 50,000,000.00	\$ -	\$ 50,000,000.00	\$ -	\$ 21,000,000.00	\$ 18,500,000.00	\$ 5,500,000.00	\$ 5,000,000.00	\$ -				
17	52	17223	Austin	Centralized Reclaimed Water - West Riverside Reclaimed Water Main	\$ 5,000,000.00	\$ 5,000,000.00	\$ -	\$ -	\$ 5,000,000.00	\$ -	\$ -	\$ -	\$ -		X		
18	51	17220	Austin	Centralized Reclaimed Water - South First Street Reclaimed Water Main	\$ 11,000,000.00	\$ 11,000,000.00	\$ -	\$ -	\$ 11,000,000.00	\$ -	\$ -	\$ -	\$ -		X		
19	42	17224	Lower Valley WD	Groundwater from Proposed Wellfield - Hueco Bolson Aquifer	\$ 487,000.00	\$ 487,000.00	\$ -	\$ -	\$ 487,000.00	\$ -	\$ -	\$ -	\$ -				
20	10	17225	Hudspeth Co WCID # 1	E-55 Hudspeth Co. WCID 1 - Groundwater well west of Van Horn	\$ 3,067,000.00	\$ 3,067,000.00	\$ -	\$ -	\$ 3,067,000.00	\$ -	\$ -	\$ -	\$ -				
21	10	17213	Midland Co UD	Develop Ogallala Supplies from Midland County with Advanced Treatment	\$ 54,859,450.00	\$ -	\$ -	\$ 54,859,450.00	\$ 54,859,450.00	\$ -	\$ -	\$ -	\$ -				
					\$ 4,189,826,450.00	\$ 3,744,067,000.00	\$ 207,000,000.00	\$ 238,859,450.00	\$ 2,173,205,450.00	\$ 930,795,000.00	\$ 909,600,000.00	\$ 172,326,000.00	\$ 4,000,000.00				

*Tie scores are priority ranked according to the conservation and emergency criteria, where applicable.
Ranking 5 and 9 are shown as 5–T and 9–T to indicate tied scores.

The SWIFT program includes two funds, the State Water Implementation Fund for Texas (SWIFT) and the State Water Implementation Revenue Fund for Texas (SWIRFT). Bonds for the program are issued through SWIRFT.

Previous Amount Scheduled to Close/Existing Multi-Year Commitments	\$1,521,805,000.00	\$1,070,995,000.00	\$289,415,000.00	\$46,680,000.00	\$0.00
Net Requested Changes to Multi-Year Commitments	\$ 320,000,000.00	\$ 28,870,000.00	\$ 1,130,000.00	\$ 22,000,000.00	\$ -
Existing Multi-Year Commitments (with requested changes)	\$ 1,201,805,000.00	\$ 1,042,125,000.00	\$ 288,285,000.00	\$ 24,680,000.00	\$ -

Grand Total of All Proposed Commitments by Year \$ 3,375,010,450.00 \$ 1,972,920,000.00 \$ 1,197,885,000.00 \$ 197,006,000.00 \$ 4,000,000.00



State Water Implementation Fund for Texas 2026 Abridged Applications - Invited Projects

Rank	Score	PIF	Entity Name	Project Name	Total Eligible Amount	Anticipated 2026 Amount to Close	Anticipated 2027 Amount to Close	Anticipated 2028 Amount to Close	Anticipated 2029 Amount to Close	Anticipated 2030 Amount to Close
1	79	17234	Riverbend Water Resources District	Riverbend Strategy (Texarkana)	\$ 297,826,000	\$ 500,000	\$ 60,000,000	\$ 200,000,000	\$ 37,326,000	
2	71	17207	Georgetown	Lee-Bastrop County Groundwater Project	\$ 274,000,000	\$ 46,000,000	\$ 111,000,000	\$ 117,000,000		
3	70	17214	North Texas MWD	Raw Water Pump Station (RWPS) #4	\$ 611,295,000	\$ 611,295,000				
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5	69	17221	Upper Trinity Regional WD	RTWS Northeast Pipeline, Phase 4	\$ 184,000,000	\$ 15,000,000	\$ 60,000,000	\$ 80,000,000	\$ 25,000,000	\$ 4,000,000
5	69	17226	Alliance Regional Water Authority	ARWA/GBRA Project (Phase 1)	\$ 75,000,000	\$ 75,000,000				
6	68	17212	Tarrant Regional WD	Reuse from Mary's Creek WRF	\$ 55,000,000	\$ 55,000,000				
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