

TO: Board Members

THROUGH: Kevin Patteson, Executive Administrator
Les Trobman, General Counsel

FROM: Cindy Demers, Chief Financial Officer/Development Fund Manager

DATE: January 26, 2016

SUBJECT: Consider: (a) authorizing the Executive Administrator and the Chief Financial Officer/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 in an aggregate principal amount not to exceed \$1,000,000,000; and (b) approving the selection of financial advisor, bond counsel, disclosure counsel and senior managing underwriter for the negotiation of the bond issue.

ACTION REQUESTED

Authorize the Executive Administrator and the Chief Financial Officer/Development Fund Manager to proceed with the subject bonds and selection of advisors and other service providers.

BACKGROUND

The Texas Water Development Board (TWDB) is authorized to issue revenue bonds associated with the SWIRFT under the Texas Constitution section 49(d)13 and Subchapter H of the Texas Water Code.

KEY ISSUES

The proposed amount of \$1 billion is a “not to exceed” amount for all series of bonds and will include costs of issuance and rounding amounts.

Early planning and preparation is necessary to ensure a successful second issuance of the SWIRFT revenue bonds. Selecting the financial advisor, bond counsel, disclosure counsel and senior managing underwriter 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.

Advisors

First Southwest Company is recommended to serve as financial advisor, McCall, Parkhurst & Horton LLP as bond counsel, and Mahomes Bolden PC as disclosure counsel.

Staff recommends Bank of America Merrill Lynch to serve as senior manager for the transaction.

With Board approval, staff will develop a timeline, engage the service providers, undertake the debt issuance process as required by the Legislative Budget Board and Bond Review Board, negotiate financing agreements with the borrowers, and take other necessary steps to prepare the bonds for issuance and sale. Staff anticipates returning to the Board for adoption of the resolutions and approval of the Preliminary Official Statement for any series issued under this item.

RECOMMENDATION

Authorize the Executive Administrator and the Chief Financial Officer/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 in an aggregate principal amount not to exceed \$1,000,000,000; and approve the selection of financial advisor, bond counsel, lead underwriter, and disclosure counsel for the negotiation of the bond issue.