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## AGENDA ITEM MEMO

**BOARD MEETING DATE:** July 23, 2024

**TO:** Board Members

**THROUGH:** Bryan McMath, Interim Executive Administrator  
Ashley Harden, General Counsel  
Rebecca Trevino, Chief Financial Officer  
Georgia Sanchez, Development Fund Manager

**FROM:** David Duran, Director of Debt and Portfolio Management

**SUBJECT:** Texas Water Fund Transfer to the State Water Implementation Fund for Texas (SWIFT)

### **ACTION REQUESTED**

Consider approving by resolution: (a) the transfer of funds from the Texas Water Fund to SWIFT; and (b) delegation to the Executive Administrator, Chief Financial Officer, Development Fund Manager, and General Counsel to take all actions necessary for the transfer.

### **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. 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 Texas Water Fund is a special fund created in the state treasury outside the general revenue fund to be administered by the Texas Water Development Board (TWDB). Money in the fund may be transferred to several funds administered by the TWDB, including SWIFT and the State Water Implementation Revenue Fund for Texas (SWIRFT).

The TWDB issues SWIRFT revenue bonds to provide financial assistance to political subdivisions for projects in the state water plan. As a part of the closing process for the bonds, money is transferred from SWIFT to SWIRFT pursuant to the SWIFT Funds Transfer Agreement.

#### [Our Mission](#)

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

#### [Board Members](#)

Brooke T. Paup, Chairwoman | George B. Peyton V, Board Member | L'Oreal Stepney, P.E., Board Member  
Bryan McMath, Interim Executive Administrator

**KEY ISSUES**

The 2024 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 balance remain at its current level to generate additional investment return for future leveraging capacity.

A transfer from the Texas Water Fund to SWIFT not to exceed \$300 million will allow the financing of nearly \$1.7 billion through SWIRFT bonds to be issued this fall. The attached Exhibit identifies the specific projects expected to be funded from the sale of the SWIRFT bonds.

**RECOMMENDATION**

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

Attachments:

1. Resolution
2. Exhibit – Estimated SWIFT 2024 Closing Amount

A RESOLUTION OF  
THE TEXAS WATER DEVELOPMENT BOARD  
REQUESTING THE TRANSFER OF UP TO \$300 MILLION  
FROM THE TEXAS WATER FUND  
TO THE STATE WATER IMPLEMENTATION FUND FOR TEXAS

(24- )

Recitals:

During the 88<sup>th</sup> 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)(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 State Water Implementation Fund for Texas.

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

1. The TWDB authorizes the transfer of up to \$300 million from the Texas Water Fund to the State Water Implementation Fund for Texas related to the 2024 State Water Implementation Fund for Texas Funding Cycle.
2. The TWDB authorizes the Executive Administrator, Chief Financial Officer, Development Fund Manager, and General Counsel to take all actions necessary to give effect to this Resolution.
3. 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 23rd day of July, 2024.

TEXAS WATER DEVELOPMENT BOARD

\_\_\_\_\_  
Brooke T. Paup, Chairwoman

DATE SIGNED: \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Bryan McMath, Interim Executive Administrator

## Estimated SWIFT 2024 Closing Amount

### Previously Committed

Entity	Project Description	Anticipated Closing Amount
Brushy Creek Regional UA	Brushy Creek Regional Utility Authority Treatment and Distribution Project	31,500,000
Brushy Creek Regional UA	Brushy Creek Regional Utility Authority Phase II	39,090,000
Corpus Christi	Seawater Desalination	211,050,000
Dallas	Infrastructure to Treat and Deliver to Customers: Water Main Replacement Program	34,000,000
Justin	Enhanced Water Loss Control and Conservation Program	2,500,000
North Harris Co Regional WA	NHCRWA Internal 2020 Distribution	102,930,000
North Harris Co Regional WA	NHCRWA Distribution Expansion	15,070,000
Upper Trinity Regional WD	Regional Treated Water System Northeast Transmission Pipelines and Loop	4,705,000
Upper Trinity Regional WD	RTWS Northeast Transmission Pipelines (Ph 1-6) and Loop	10,235,000
Upper Trinity Regional WD	Taylor Regional Water Treatment Plant Expansion	22,320,000
		<b>\$ 473,400,000</b>

### Anticipated July 2024 Commitments

Entity	Project Description	Anticipated Closing Amount
Alliance Regional Water Authority	ARWA/GBRA Project (Phase 1)	\$ 138,000,000
Austin	Conservation Strategy – Smart Meters (Advanced Meter Infrastructure)	25,000,000
Bistone Municipal WSD	Carrizo Aquifer Development	5,000,000
Brazosport WSC	Dow Reservoir and Pump Station Expansion	335,890,000
Canyon Regional Water Authority	CRWA Hays Caldwell WTP Expansion	1,500,000
Coastal Water Authority	CWA Transmission Expansion (WMS-4009)	25,000,000
Corpus Christi	City of Corpus Christi Seawater Desalination (Inner Harbor)	10,000,000
Denton	30 MGD WTP Expansion – Ray Roberts-1	10,135,000
Fort Worth	Eagle Mountain Water Treatment Plant - 35 MGD Expansion	125,000,000
Greenville	WTP Expansion (15 MGD:2030)	90,500,000
Guadalupe Blanco RA	ARWA/GBRA Project Phase 1 Expansion of Mid-Basin WSP (Carrizo Groundwater Supply Project)	40,000,000
Laguna Madre WD	Seawater Desalination Plant	10,000,000
Palo Pinto Co MWD # 1	Turkey Peak Reservoir	60,000,000
Upper Trinity Regional WD	Lake Ralph Hall Reservoir	260,625,000
Upper Trinity Regional WD	Harpool RWTP Expansion, Phase 2	40,000,000
		<b>\$ 1,176,650,000</b>

**Grand Total \$ 1,650,050,000**