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AGENDA ITEM MEMO

BOARD MEETING DATE: May 8, 2025

TO: Board Members

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

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

SUBJECT: 2025 State Water Implementation Revenue Fund for Texas (SWIRFT) and General Obligation Bond Sale

ACTION REQUESTED

Consider authorizing the Executive Administrator, Interim Chief Financial Officer, General Counsel, Development Fund Manager, and Director of Debt and Portfolio Management to initiate the 2025 SWIRFT revenue bond and Water Financial Assistance general obligation bond sale and approve the selection of financial advisor, bond counsels, disclosure counsel, senior, co-senior, and co-managing underwriters.

BACKGROUND

Staff has utilized a long-range planning tool developed by the Board's financial advisor to actively manage the SWIFT program and guide the implementation of certain credit enhancements to the program. The issuance of general obligation bonds to provide financial assistance for SWIFT projects has been identified as an effective means to enhance capacity within the SWIFT program.

Section 49-d-12 of the Texas Constitution and Texas Water Code, Chapter 15, provide authority to make transfers from the State Water Implementation Fund for Texas (SWIFT) to the Water Development Fund through the execution of bond enhancement agreements to provide additional security for general obligation bonds that are used to finance projects in the State Water Plan.

Early planning and preparation are necessary to ensure a successful SWIRFT bond sale. Timely selection of the financial advisor, bond counsel, and disclosure counsel provides sufficient time for coordination and preparation of legal and disclosure documents, rating agency processes, investor outreach, and other activities.

Our Mission	Board Members
Leading the state's efforts	L'Oreal Stepney, P.E., Chairwoman Tonya R. Miller, Board Member
in ensuring a secure	
water future for Texas	Bryan McMath, Executive Administrator

KEY ISSUES

Recommendations for a financing team are as follows: Hilltop Securities Inc. as financial advisor; BofA Securities, Inc., as senior managing underwriter for the transaction; Jefferies Financial Group, Inc. as co-senior managing underwriter; and recommended co-managing underwriters include BOK Financial Securities, Inc., J.P. Morgan, Loop Capital Markets LLC, Mesirow Financial, Morgan Stanley & Co. LLC, Piper Sandler & Co., PNC Capital Markets LLC, Ramirez & Co., Inc., Raymond James Financial Inc., Robert W. Baird & Co. Inc., Stifel Nicolaus, & Company, Incorporated, and Wells Fargo.

Bracewell is recommended as disclosure counsel; McCall, Parkhurst & Horton L.L.P. as bond counsel for the SWIRFT revenue bonds; and Orrick, Herrington & Sutcliffe LLP as bond counsel for the Water Financial Assistance general obligation bonds. Selecting separate bond counsel firms for the revenue and general obligation bonds will facilitate more individual focus on the respective bond series which have different underlying legal requirements.

Upon 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, and take other necessary steps to prepare the bonds for issuance and sale. The Executive Administrator will return to the Board with a request to adopt the associated bond indenture(s), resolution(s) and other documentation for any series issued under this item.

RECOMMENDATION

The Executive Administrator recommends authorizing the Executive Administrator, Interim Chief Financial Officer, General Counsel, Development Fund Manager, and Director of Debt and Portfolio Management to initiate a 2025 SWIRFT revenue bond and Water Financial Assistance general obligation bond sale; and approving the selection of financial advisor, bond counsels, disclosure counsel, senior underwriter, co-senior underwriter, and co-managing underwriters.