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AGENDA ITEM MEMO

BOARD MEETING DATE: January 22, 2026

TO: Board Members

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

FROM: David Duran, Director of Debt and Portfolio Management

SUBJECT: Selection of Financial Advisor

ACTION REQUESTED

Consider (a) the selection and approval of a financial advisor to serve the Texas Water Development Board; and (b) authorizing the Executive Administrator to negotiate and enter into a contract with the financial advisor.

BACKGROUND

The Texas Water Development Board (TWDB) selects an external financial advisor through a formal Request for Qualifications (RFQ) process. The financial advisor provides specialized ongoing non-transactional expertise as well as performs duties in connection with debt transactions, including new money issuances, refundings, bond redemptions and defeasances. Specific services and deliverable expectations are outlined in the financial advisor’s contract.

On October 16, 2025, a Request for Qualifications (RFQ) was sent to firms listed on the Centralized Master Bidders List seeking responses from qualified financial advisors. The RFQ was posted on the Electronic State Business Daily (ESBD) for 29 days. The following four firms submitted responses; FSL Public Finance LLC, Hilltop Securities Inc., PFM Financial Advisors LLC, and TRB Capital Markets LLC dba Estrada Hinojosa.

KEY ISSUES

An internal review team independently reviewed the proposals to develop a recommendation based on the RFQ criteria. The review team’s selection of the financial advisor was based on the firm’s familiarity and knowledge of the TWDB’s pooled municipal obligations, experience and qualifications with municipal bonds, qualifications of personnel, and the firm’s proposed service plan, including analytical and quantitative capabilities. The

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Bryan McMath, Executive Administrator

review team ranked Hilltop Securities Inc. as the highest scoring firm meeting the RFQ requirements.

The proposed initial term of the service period is two years, expected to cover the period from March 1, 2026 through February 28, 2028 in an estimated amount of \$2,430,000. The contract is anticipated to have three one-year renewal options in an estimated amount of \$1,215,000 each, for a total five-year contract amount not to exceed \$6,075,000.

Payments made under the contract will primarily be paid from bond proceeds as a part of the overall costs of issuance. It is anticipated that the TWDB may enter the market approximately three times a year through various programs, during the contract period to meet the state's water, wastewater, and flood control infrastructure financing needs. A small portion of contract payments may be paid from general revenue or other sources for requested special projects unrelated to a bond sale, such as an in-depth staff training module or data validation project.

RECOMMENDATION

Based on the review of the submitted RFQs, and to ensure the receipt of the best possible advisory services, the Executive Administrator recommends (a) selection of Hilltop Securities Inc. as financial advisor; and (b) authorization for the Executive Administrator to negotiate and enter into a financial advisory consultant contract for a maximum contract amount not to exceed \$6,075,000 and a final expiration no later than February 28, 2031.