In addition to receiving and considering recommendations from the advisory committee, the TWDB is also required to report to the committee annually on the agency’s compliance with statewide annual goals relating to HUBs and how they are participating in the program, as reported by those political subdivisions that receive financial assistance (see Section 5). If the level of participation by HUBs does not meet statewide annual goals, the advisory committee can make recommendations to the TWDB to improve the participation level.

Standing legislative committees and state regulatory entities also retain customary policy and agency oversight. These include Senate Finance; House Appropriations; Senate Agriculture, Water and Rural Affairs; House Natural Resources; Governor’s Office of Budget, Planning, and Policy; Legislative Budget Board; State Auditor’s Office; and the Sunset Advisory Commission. Other financial regulatory oversight includes the U.S. Securities and Exchange Commission, the Office of the Attorney General, Comptroller of Public Accounts, Bond Review Board, and credit rating agency considerations. SJR 1 also requires that the Legislative Budget Board provide approval before each bond enhancement agreement or loan agreement is executed.

2.6 Funding Cycle Process
Each funding cycle begins with a call for abridged project applications that collect the information necessary for TWDB staff to review and rank projects based on statutory prioritization criteria. Once received, the TWDB prioritizes the abridged applications according to the following system as specified in TWDB administrative rules:

- Highest consideration (maximum total points - 50):
  - Serves a large population (30)
  - Assists a diverse urban and rural population (30)
  - Provides regionalization (30)
  - Meets high percentage of water users’ needs (30)
  - Additional consideration (maximum total points - 50):
    - 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)
- Priority given by regional water planning group (15)

The Board then considers and approves the prioritizations and establishes the funds available by category, the structure of financing, and the terms of any subsidy. Entities that rank within funding availability are invited to submit full applications for financial assistance to the TWDB within 30 days after their invitation date.

The detailed applications undergo a thorough technical review process that includes legal, engineering, environmental, planning, and water conservation reviews. After the technical review is complete, the applications are presented to the TWDB’s three-member Board for consideration at a public meeting. Once a funding commitment has been made by the Board, financing agreements are executed with the borrowers and the TWDB issues the SWIFT revenue bonds after approval by the Legislative Budget Board and Bond Review Board. Then bond enhancement agreements are ratified and borrowers close on their loans.

TWDB staff regularly monitor the progress of each project, including financial compliance of the borrower, for the entire life of the loan.

3. 2015 and 2016 Funding Cycle Summaries

3.1 2015 SWIFT Funding Cycle
The first SWIFT funding cycle, based on projects in the 2011 regional water plans and the 2012 State Water Plan, began in November 2014 with the Board adoption of program rules and the solicitation of abridged project applications. Utilizing the strategic planning model developed specifically for analyzing SWIFT, the initial scenarios identified the availability of an estimated $8 billion for project funding within the first decade.2

Immediately after adoption of administrative rules, the TWDB began expedited efforts to inform water providers about the SWIFT program. Numerous meetings, including 14 workshops, were held across the state. These accelerated efforts resulted in the receipt of abridged applications well in excess of expectations. A total of 48 applications totaling $5.5 billion were received in February 2015. All eligible applications were then prioritized, which included consideration of the 16 regional prioritizations for projects in the 2011 regional water plans.

Review of the applications identified seven applications as ineligible for funding. Although the applicants were eligible political subdivisions of the state, the projects were not eligible for SWIFT funding because they were either not recommended by the water management strategy in the regional and state water plans, or they did not have an associated capital cost. In addition to these seven applications, one other ineligible application was received from an entity that was not a political subdivision of the state. Subsequent to the initial receipt of abridged applications, two entities withdrew their applications. The remaining 39 abridged applications totaling $4,092,696,713 were then prioritized.

On May 6, 2015, the Board approved the first-ever project prioritization list for the SWIFT program (Attachment A). The Board considered the projects and determined there was the financial capacity to invite all 39 eligible abridged applications to submit full program applications. The projects requested $1.07 billion in financial assistance the first year and more than $4 billion in financial assistance over the next decade.

Many of the applicants requested multi-year funding commitments because water projects can take several years to design, build, and implement. The TWDB made this funding option available to provide the sponsors and their customers an additional way to customize their financing needs. An in-depth analysis determined it was feasible to provide multi-year commitments as a funding option and still protect the long-term viability of the SWIFT program.

Table 2. SWIRFT Series 2015A and Series 2015B financing transaction summary

| Par Amount of the Bonds | $810,410,000 consisting of $798,450,000 Series 2015A (Tax-exempt) and $11,960,000 Series 2015B (Taxable) |
| Ratings | AAA/AAA by Fitch and Standard & Poor’s |
| Bond Proceeds Available to Acquire Political Subdivision Obligations | $899,660,000 |
| Purpose | Proceeds from the sale of the 2015 bonds will be used to provide funds to finance projects to implement the state water plan and to pay costs of issuance |
| Security | The 2015A and 2015B bonds are special, limited obligations of the TWDB, equally and ratably secured by and payable from including, but not limited to, the following: for each series, all amounts held in funds and accounts established under the bond indenture for that series including a lien on repayments from political subdivision obligations and amounts held in the assistance account held within each bond indenture |
| All-in True Interest Cost* | 3.65% (Series 2015A) / 4.50% (Taxable Series 2015B) |
| Transference from SWIFT Pursuant to Bond Enhancement Agreement | Monies transferred from SWIFT to SWIFT to fund the assistance account were $106,382,704.32 for Series 2015A and $1,791,783.98 for Series 2015B |

*Includes interest cost on the bonds, underwriters’ discount, and the TWDB’s costs of issuance