

AGENDA ITEM MEMO

BOARD MEETING DATE: April 11, 2022

TO: Board Members

THROUGH: Jeff Walker, Executive Administrator
Ashley Harden, General Counsel
Rebecca Trevino, CPA, Chief Financial Officer

FROM: Georgia Sanchez, Development Fund Manager
David Duran, Financial Analyst

SUBJECT: Authorization to begin work on the proposed sale of 2022 Water Financial Assistance Bonds, Economically Distressed Areas Program (EDAP)

ACTION REQUESTED

Consider authorizing the Executive Administrator, Chief Financial Officer, General Counsel and Development Fund Manager to take all necessary actions for the issuance, sale, and delivery of State of Texas Water Financial Assistance Bonds, in one or more series; and approving the selection of financial advisor, bond counsel, and disclosure counsel.

BACKGROUND

The Texas Water Development Board (TWDB) is authorized to issue general obligation bonds under Article III, Sections 49-d-8, 49-d-9, 49-d-10, and 49-d-11 of the Texas Constitution and Subchapter L of Chapter 17 of the Texas Water Code, as amended.

The 87th Legislature provided authority and appropriations sufficient to issue bonds for EDAP in the fiscal 2022-2023 biennium.

KEY ISSUES

Proceeds from the issuance will be used to fund EDAP projects and to pay costs of issuance. Early planning and preparation is necessary to ensure a successful issuance. Selecting the financial advisor, bond counsel, and disclosure counsel 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.

Our Mission

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

Board Members

Brooke T. Paup, Chairwoman | Kathleen Jackson, Board Member

Jeff Walker, Executive Administrator

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Hilltop Securities Inc. is recommended to serve as financial advisor, Orrick, Herrington & Sutcliffe LLP as bond counsel, and Bracewell LLP as disclosure counsel.

Due to the size of the issuance, the agency intends to issue these bonds through a competitive, rather than negotiated, sale.

With Board approval, staff will finalize the timeline, engage the service providers, obtain ratings, undertake the debt issuance approval process as required by the Legislative Budget Board and Bond Review Board, update the investor outreach website (via BondLink), and take other necessary steps to prepare the bonds for issuance and sale. The Executive Administrator will return with a request to approve the associated bond resolution(s), approval of the Preliminary Official Statement, Notice of Sale, and other documentation for any series to be issued under this authorization.

RECOMMENDATION

In order to ensure a successful issuance of the Water Financial Assistance Bonds, the Executive Administrator recommends authorizing the Executive Administrator, Chief Financial Officer, General Counsel, and Development Fund Manager to take all necessary actions for the issuance, sale, and delivery of State of Texas Water Financial Assistance Bonds in one or more series; and approving the selection of financial advisor, bond counsel and disclosure counsel.