

Future Water Supplies for Texas

2016 Biennial Report on the
State Water Implementation
Fund for Texas

85th Legislative Session



Texas Water 
Development Board



*2016 Biennial Report on Use of the
State Water Implementation Fund for Texas*

Future Water Supplies for Texas

Bech Bruun, Chairman

Kathleen Jackson, Member

Peter Lake, Member

Jeff Walker, Executive Administrator

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Contents

1	Executive Summary	4
2	State Water Implementation Fund for Texas (SWIFT) Program	5
	2.1 Overview	5
	2.2 Project Prioritization	5
	2.3 Strategic Planning	8
	2.4 Partnership with the Texas Treasury Safekeeping Trust Company	9
	2.5 Oversight, Transparency, and Reporting Requirements	9
	2.6 Funding Cycle Process	10
3	2015 and 2016 Funding Cycle Summaries	10
	3.1 2015 SWIFT Funding Cycle	10
	3.2 2016 SWIFT Funding Cycle	12
4	Support for Rural and Agricultural Projects, Water Conservation, and Reuse	16
5	Historically Underutilized Business Participation	17

Figure

Figure 1	Locations of projects funded through the 2015 and 2016 funding cycles of the SWIFT program	6
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Tables

Table 1	SWIFT program summary by funding cycle	4
Table 2	SWIRFT Series 2015A and Series 2015B financing transaction summary	11
Table 3	2015 Funding cycle project descriptions	13
Table 4	SWIFT Series 2016 financing transaction summary	14
Table 5	2016 Funding cycle project descriptions	15
Table 6	2012 State Water Plan, SWIFT 2015 cycle: Percent of funds to support projects for rural political subdivisions, agricultural water conservation, agricultural irrigation projects, water conservation, or reuse.	16
Table 7	2017 State Water Plan, SWIFT 2016 cycle: Percent of funds to support projects for rural political subdivisions, agricultural water conservation, agricultural irrigation projects, water conservation, or reuse.	16

Attachments

Attachment A	2015 Prioritized List of Eligible Applications for SWIFT Financial Assistance	18
Attachment B	SWIFT 2015 and 2016 Funding Cycles Project Summaries	20
Attachment C	2015 SWIFT Funding Cycle Estimated Savings	24
Attachment D	2016 Funding Cycle Prioritized List of Eligible Applications for SWIFT Financial Assistance	26
Attachment E	2016 SWIFT Funding Cycle Estimated Savings	28

1. Executive Summary

In 2013, the 83rd Texas Legislature passed House Bill (HB) 4 and Senate Joint Resolution (SJR) 1 providing for the creation of the State Water Implementation Fund for Texas (SWIFT) and the State Water Implementation Revenue Fund for Texas (SWIRFT). In addition, HB 1025 authorized a one-time, \$2 billion supplemental appropriation from the state’s Economic Stabilization Fund (also known as the Rainy Day Fund) to SWIFT, contingent on enacting HB 4 and passing and adopting SJR 1 through voter approval. Proposition 6 passed on November 5, 2013, with more than 70 percent in favor. This investment was designed to support close to \$27 billion in state financial assistance identified in the state water plan for water supply projects over the next 50 years to ensure that Texas communities have adequate supplies of water during drought.

The purpose of this report is to provide an update on how the Texas Water Development Board (TWDB) is using SWIFT program¹ funds to support development of new water supplies by implementing projects in the state water plan, including how the funding program is supporting rural and agricultural projects, water conservation, and reuse of wastewater. In addition to this biennial report, the TWDB posts information on the agency’s website regarding progress made in developing needed water supplies, along with a description and status of each project funded through the program.

¹ The SWIFT program includes two funds, the State Water Implementation Fund for Texas (SWIFT) and the State Water Implementation Revenue Fund for Texas (SWIRFT). Revenue bonds for the program are issued through SWIRFT.

This report includes information on the very successful first two funding cycles of SWIFT program funding. Both cycles garnered significant interest from current TWDB customers as well as entities new to the agency’s financial assistance programs. The 2015 cycle funded 30 projects from the 2012 State Water Plan, and the 2016 cycle funded 15 projects in the 2017 State Water Plan. The TWDB commitments include multi-year funding that total \$4.5 billion over the next decade for state water plan projects in Texas (Table 1). This includes \$899 million that was delivered in 2015 and \$698 million in 2016. Projects funded in the first two cycles—transmission pipelines, canal linings, capacity expansions, leak detection systems, water meter replacements, wastewater reuse, and planning aspects of reservoirs and seawater desalination—will all help ensure that Texans have sustainable and reliable water sources for decades to come. Projects range greatly in both size and scope, and serve a number of geographic areas around the state (Figure 1).

The TWDB was also successful in reaching financial transaction goals with both the 2015 and 2016 SWIRFT revenue bond sales. SWIRFT achieved the highest AAA/AAA bond ratings for both issuances, maximizing savings to program participants and the communities they serve. Through early and continued outreach to the investor community, strong benchmark pricing was established for future revenue bond issuances through the program. The success of the SWIFT program was highlighted when the TWDB was presented the “2016 Deal of the Year” award for the Southwest Region by The Bond Buyer for the 2015 bond issuance. As the winner of one of eight categories, the TWDB was also a finalist for their “National Deal of the Year Award.”

Table 1. SWIFT program summary by funding cycle

	2015 Funding Cycle	2016 Funding Cycle
Amount received in abridged applications	\$5,544,479,495	\$2,340,179,477
Eligible applications prioritized and invited	\$4,092,696,713	\$1,317,144,477
Funding commitments (includes multi-year)	\$3,793,370,000	\$759,255,000
SWIRFT Revenue Bonds issued	\$810,410,000	\$600,065,000
Applications funded through Bonds issued	\$899,660,000	\$698,050,000
Estimated borrower savings	\$106,679,514	\$71,376,744

By using the SWIFT program, first cycle loan recipients could realize debt service savings of at least \$106 million over the life of their loans based on amounts closed in 2015 alone. And with the funding provided in the 2016 bond sale, the TWDB estimates project sponsors will save over \$71 million. Percent savings for individual sponsors range from 3.75 percent to over 19 percent.

The TWDB is committed to goals set by the legislature regarding support for rural and agricultural projects, water conservation, and reuse. The 2015 cycle committed funds for three conservation projects, two rural projects, and one agricultural project. The 2016 cycle committed funds for four conservation projects, one agricultural project and one reuse project. More than 35 percent of the total funds awarded were for conservation and reuse projects. The 2016 cycle also committed funds to one agricultural project. The TWDB has funded all rural projects that submitted full SWIFT applications to date; in future cycles, the Board has the ability to approve commitments for lower ranking projects to meet these goals in the event that there is not enough capacity to fund all projects.

The application process for the third SWIFT program cycle opens December 1, 2016. The next biennial report due to the 86th Texas Legislature in 2018 will include information on the third and fourth funding cycles, as well as reporting on compliance with statewide annual goals relating to Historically Underutilized Businesses (HUBs). The HUB information is not yet available but will be posted on the TWDB's website once it is.

2. SWIFT Program

2.1 Overview

The SWIFT program, which leverages SWIFT funds through the issuance of SWIRFT bonds, is intended to serve as a water infrastructure bank and enhance the financing capabilities of the TWDB by providing financial support for low-cost, flexible financing options for projects in the state water plan.

Implementation of the state water plan is a multi-phased process as directed by the Texas Legislature. Water supply projects are conceived at the local level and then evaluated, recommended, and prioritized by the 16 regional

water planning groups. Applications for TWDB financial assistance are ranked according to criteria directed by the legislature. Over the next 50 years, the \$2 billion investment seeks to achieve support for approximately \$27 billion in water supply projects, representing the amount of state financial assistance that water providers indicated would be needed to implement the 2012 State Water Plan. This assistance to political subdivisions provides support for low-interest loans and longer repayment terms, incremental repurchase terms for projects in which the state owns an interest, and deferral of loan repayments.

The \$2 billion capitalization is primarily leveraged through investment of funds in SWIFT and the issuance of revenue bonds through SWIRFT. The proceeds from SWIRFT are used to fund state water plan projects. Money from SWIFT is transferred to SWIRFT through a legal mechanism called a "bond enhancement agreement." Funds transferred from SWIFT are used to cover the difference between the actual interest rate on the TWDB-issued revenue bonds and the subsidized rates and deferral options provided to borrowers in the program. Borrowers' loan repayments, combined with the funds from SWIFT, pay back the TWDB revenue bond debt.

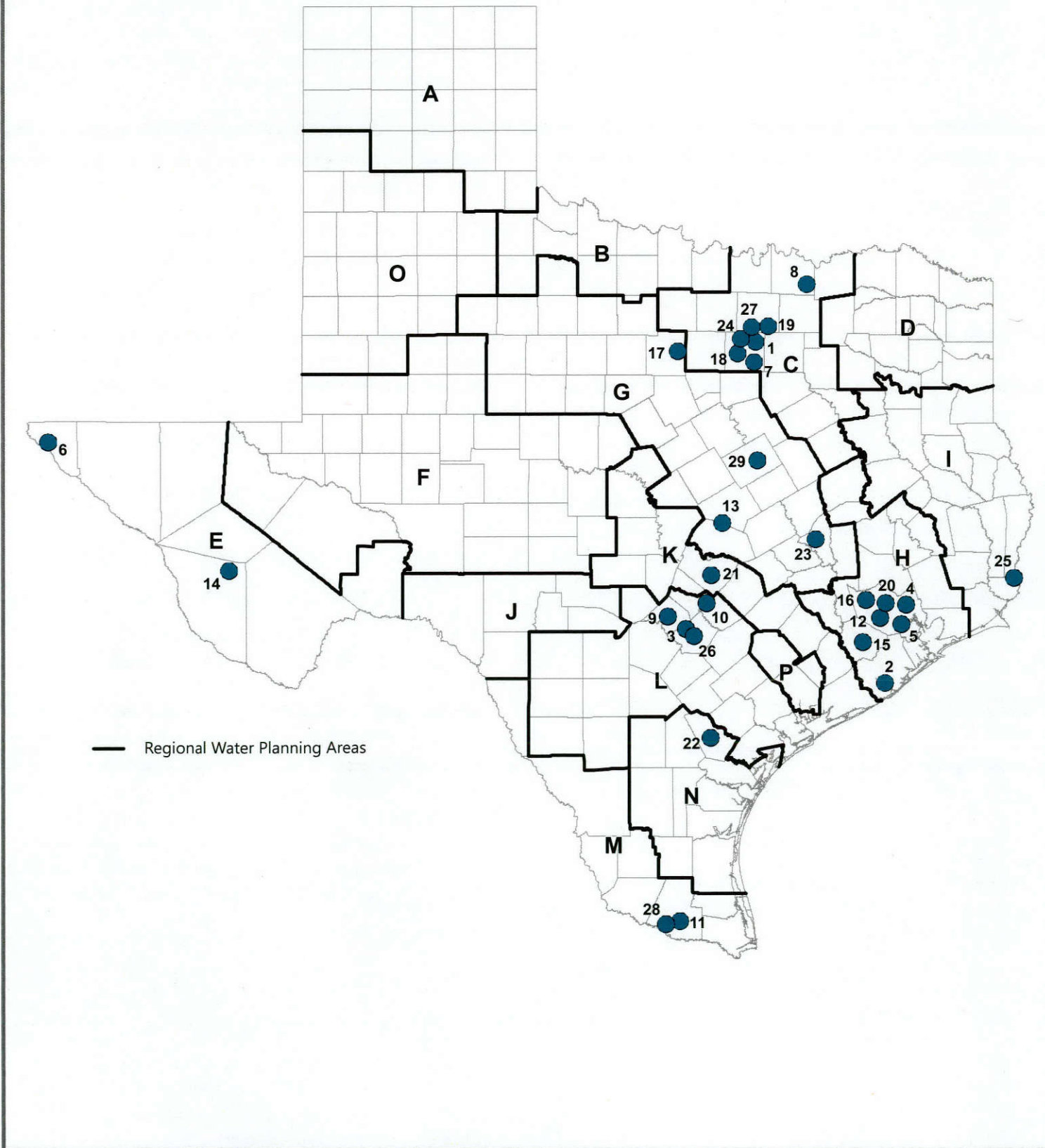
Since funds are being transferred out of SWIFT, the balance of the fund will slowly decline over time; however, the balance will be replenished as investment income is realized. Depending on the loan terms offered, it could take approximately 80 years to have the balance of SWIFT return to the full \$2 billion. The TWDB and the Texas Treasury Safekeeping Trust Company—the entity charged with managing and investing the fund—will work together to ensure that the program can provide financial assistance over the 50-year time frame and that the \$2 billion will ultimately be replenished. A special legislative advisory committee composed of the Texas Comptroller or designee and three members each from the Texas Senate and Texas House of Representatives also oversee the program.

The following sections describe several critical components of the SWIFT program.

2.2 Project Prioritization

Water planning in Texas starts at the regional level with 16 regional water planning groups, one for each regional water planning area in the state (*Figure 1*). The planning groups have members who represent at least

Figure 1. Locations of projects funded through the 2015 and 2016 funding cycles of the SWIFT program



	Responsible Authority
1	Bedford
2	Brazosport Water Authority
3	Canyon Regional Water Authority
4	Central Harris County Regional Water Authority
5	Coastal Water Authority
6	El Paso Public Service Board
7	Fort Worth
8	Greater Texoma Utility Authority (Tom Bean)
9	Guadalupe-Blanco River Authority
10	Hays Caldwell Public Utility Agency
11	Hidalgo County Irrigation District #1
12	Houston
13	Lone Star Regional Water Authority
14	Marfa
15	North Fort Bend Water Authority
16	North Harris County Regional Water Authority
17	Palo Pinto County Municipal Water District #1
18	Tarrant Regional Water District
19	Upper Trinity Regional Water District
20	West Harris County Regional Water Authority
21	Austin
22	Beeville
23	Bryan
24	Keller
25	Sabine River Authority
26	Schertz-Seguin Local Government Corporation
27	Trophy Club Municipal Water District #1
28	United Irrigation District
29	Waco



12 separate stakeholder groups as required by Texas statute. During each five-year planning cycle, planning groups identify water user groups that will not have enough water supplies during a repeat of the state's drought of record; evaluate and recommend strategies that could be implemented to address shortages; and estimate the costs of these strategies, including the amount of state financial assistance needed. Once the planning groups adopt their regional water plans, they are sent to the TWDB for approval.

The TWDB then compiles the state water plan, which serves as a guide to state water policy and includes information from the regional water plans and policy recommendations to the legislature. The 2012 State Water Plan, the basis for the design of the SWIFT program, recommended strategies with a total capital cost of \$53 billion; of that amount, water providers indicated a need for \$27 billion in state financial assistance to implement those strategies. The 2017 State Water Plan, adopted by the Board in May 2016, recommends strategies with a total capital cost of \$63 billion. Water providers indicated a need for \$36.2 billion in state financial assistance to implement strategies.

HB 4 put in place a process for prioritizing these projects, which occurs at both the regional and state level. At the regional level, the regional water planning groups prioritize projects in their regional water plans using uniform standards developed by a stakeholder committee composed of representatives of the planning groups. At the state level, the TWDB's administrative rules include a prioritization system for projects applying for SWIFT program funding. This system includes factors required by statute and the associated weighting of criteria, such as how many people will be served by the project, whether the project will serve a diverse urban and rural population, and the ranking by the regional water planning group. Other criteria include the local financial contribution, emergency needs for water, and the project's impact on conservation.

2.3 Strategic Planning

Each funding cycle, the TWDB works with financial and legal advisors to analyze multiple funding scenarios to achieve the legislative directive of implementing the state water plan. A strategic planning model is one

resource used in the analysis; it includes inputs such as interest rates and types of loan structures offered and outputs such as program capacity, fund balances, and forecasted cash flows. Minor changes to any one of many variables early in the program can have a significant impact on the program's capacity because of the compounding effect over time.

Some of the primary variables that could impact the available funding capacity of the program include the following:

- Earnings of the SWIFT
- Amount of project funding awarded in the early years of the program
- Loan structures with payment deferrals
- Longer loan terms (30-year versus 20-year amortizations)
- Amount of interest rate subsidy provided
- Timing between when the TWDB closes its bonds and when borrowers close their loans

Although there are some variables over which the program has some discretion, there are others over which the TWDB has no control but must also be addressed in all analyses. Interest rates, for instance, are dynamic and subject to the effects of economic, national, and global events. The agency also does not have control over rating agency criteria, the fund earnings rate, or how the funds are managed and invested by the Texas Treasury Safekeeping Trust Company.

To introduce the new program to the market and establish strong benchmark pricing for future transactions, the TWDB developed a comprehensive investor outreach program. Focusing on the transaction goals for both the 2015 and 2016 cycles, the TWDB utilized an internet "roadshow" that focused on the legislative and programmatic aspects of SWIFT and SWIRFT. The roadshow was available to potential investors as part of early investor outreach efforts that included meetings in several Texas cities. The TWDB also participated in conferences such as the Bond Buyer, JPMorgan's Investor Conference, National Federation of Municipal Analysts, and Society of Municipal Analysts. During the initial stages of the 2015 SWIFT marketing effort, the TWDB met with 43 potential investors across the country.

Because of the 50-year planning horizon and the significant impact of the numerous variables, the program will need to evolve over time. Flexibility embedded into the structure of the program, as well as active management by the agency's full-time Board, will allow the TWDB to nimbly respond to the variables that are beyond the state's control.

2.4 Partnership with the Texas Treasury Safekeeping Trust Company

SWIFT is a special fund in the state treasury outside the general revenue fund. SWIFT funds are held and invested in the name of the TWDB by the Texas Treasury Safekeeping Trust Company. The "Trust" is a special purpose entity created by the legislature to manage, invest, and safeguard funds for the state and various political subdivisions of the state. The Texas Comptroller is the sole officer, director, and shareholder of the Trust and is charged with managing it. The Comptroller has delegated management and investment-related duties to the chief executive officer of the Trust.

The Trust is required to adopt an investment policy appropriate for SWIFT (available on the Trust's website), with the overall objective "to maintain sufficient liquidity to meet the needs of the fund while striving to preserve the purchasing power of the fund." The Trust must invest the fund in accordance with prudent investor standards and will consider only those investments appropriate for SWIFT given its purpose and distribution requirements.

At least annually, the TWDB formally adopts and provides to the Trust a long-term cash flow forecast for SWIFT, which is the basis for the ultimate positioning of the investment portfolio between liquid and less liquid investment strategies. The TWDB updates cash flow forecasts in conjunction with each funding cycle to show impacts to capacity, SWIFT balance, and repayment amortization. These annual forecasts of needed cash flows and periodic updates ensure that the Trust maintains sufficient liquidity to meet the needs of the fund while striving to preserve its purchasing power. Adjustments to the positioning of assets and associated return expectations are made as needed to provide the liquidity required by the TWDB for the program. Information on assets in the SWIFT Investment Fund, including cumulative interest and investment income, are available on the Trust's website at www.ttstc.org.

The TWDB directs the Trust regarding needed disbursements from SWIFT no more than twice a year. The Trust provides to both the SWIFT legislative advisory committee and the TWDB an annual report regarding the investment of the fund. The Trust is also responsible for conducting an independent, annual audit and reporting the findings.

2.5 Oversight, Transparency, and Reporting Requirements

The legislature included a number of oversight, reporting, and transparency requirements for SWIFT and SWIRFT, including a legislative advisory committee, this biennial report to the legislature, and regular reporting on the TWDB's website. As required by statute, the agency's website includes the following information:

- For each regional water planning area, a description of each project funded, including:
 - the expected date of completion of the project
 - the current status of the project
 - the amount of bonds issued and the terms of the bonds
 - a summary of the terms of the bond enhancement agreement
 - the status of repayment of any loan provided in connection with the project, including an assessment of the risk of default based on a standard risk rating system
- A description of the investment portfolio of SWIFT, the expenses incurred in investing money in the fund, and the rate of return on the investment of money in the fund
- A description of the point system for prioritizing projects and the number of points awarded for each project
- Non-confidential information submitted to the TWDB as part of an application for financial assistance
- The administrative and operating expenses incurred in developing the state water plan and providing financial assistance for projects included in the plan

The TWDB website is updated after all borrower loans have closed each cycle.

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 Exchanges 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 SWIRFT 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

² Financing scenarios are based on estimates of the amounts and types of funding anticipated to be requested. Active management of the SWIFT program will entail periodic re-evaluations of all modeling criteria and updated conditions to adjust parameters as necessary to preserve the SWIFT's corpus and ensure capacity at anticipated levels.

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 water management strategies 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 SWIRFT 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

Based on analysis of the program capacity and actual funding requests, the Board approved the following structure and terms for the 2015 cycle:

Low-interest Loans:

- Long-term, fixed-rate loans at below-market interest rate
- Loan terms of 20 to 30 years
- 35.5% interest rate subsidy for 20-year loans
- 27.0% interest rate subsidy for 25-year loans
- 22.0% interest rate subsidy for 30-year loans

Deferred Loans:

- Used for planning and design costs
- Deferral of principal and interest for up to eight years or end of scheduled construction, whichever is sooner
- 15% interest rate subsidy for 20-year loans
- 0% interest rate subsidy for loans longer than 20 years

Board Participation:

- Incremental repurchase of a TWDB-acquired facility over a period of approximately 30–35 years
- Deferred repayment followed by progressively increasing incremental levels of interest and then principal payment until the ultimate repurchase of the entire state interest in the regional facility

Multi-year Commitments:

- The above subsidies were applicable for a maximum of five funding cycles from the time of initial Board commitment

After the Board approved the prioritized list of applications, the TWDB invited the project sponsors to submit detailed applications, which were then presented to the Board for funding consideration on July 23, 2015. The inaugural cycle of SWIFT program financing was committed to 21 applicants for approximately \$1 billion in projects in the first year, totaling approximately \$3.793 billion over the next decade.

Many of the projects had received prior TWDB funding for their earlier phases and were using SWIFT program funds to continue or complete their projects. *Attachment B* provides details on each project, including estimated completion date, total funding amounts, amounts closed to date, and project characteristics defined in statute (conservation, reuse, rural, and agricultural).

The TWDB’s revenue bonds, rated AAA by both Standard and Poor’s (S&P) and Fitch Ratings, were sold in October and closed in November 2015 (*Table 2*). The underlying borrowers then closed on their financings in November and December 2015. The final SWIFT program commitments total approximately \$3.8 billion dollars and represent 20 applicants and 30 water management strategies in the 2012 State Water Plan (*Table 3*). The types of projects approved include transmission pipelines, canal linings, capacity expansions, water meter replacements, and planning costs associated with seawater desalination and reservoirs. One of those projects, Lake Ralph Hall, is the first reservoir permitted by the State of Texas since 1985.

In November and December 2015, the TWDB closed and delivered more than \$899 million in financing for state water plan projects in the first cycle of funding through the SWIFT program. By using the SWIFT program, the loan recipients could realize savings of at least \$106 million over the life of their loans (*Attachment C*). The total savings may be even more for communities whose credit ratings are lower than the AAA rating for the SWIFT program that the savings calculation was based on. These savings were associated with the amounts closed on for the first year. Multi-year projects will accrue additional savings when project sponsors close on upcoming portions of their loans.








The borrower closings represent financing of projects that received commitments in July 2015. The balance of approximately \$2.89 billion in commitments will be closed in installments over the next several years.

3.2 2016 SWIFT Funding Cycle

The second SWIFT funding cycle, based on projects in the 2016 regional water plans and the 2017 State Water Plan, opened in December 2015 with the solicitation of abridged project applications. The financing structure proposed was very similar to that of the prior cycle with slight modifications to subsidy levels to adjust for actual market conditions and the pool of applications that were received. Based on analysis of program capacity, the funding target for the 2016 cycle was recommended at \$1 billion, which included approximately \$355 million in multi-year commitments from the previous cycle.

The TWDB held financial assistance workshops across the state in December 2015 and January 2016 in anticipation

Table 3. 2015 Funding cycle project descriptions

 Surface Water	\$44,680,000 to the Upper Trinity Regional Water District (Fannin, Collin, Cooke, Dallas, Denton, Grayson, and Wise counties) for a reservoir project	\$300 million to the Coastal Water Authority (Harris County) for an interbasin transfer project
	\$17.1 million to the Palo Pinto County Municipal Water District No. 1 (Erath, Hood, Palo Pinto, and Parker counties) for a reservoir project	
 Groundwater	\$705,000 to the City of Marfa (Presidio County) for a water well project	\$1,210,000 to the Greater Texoma Utility Authority on behalf of the City of Tom Bean (Grayson County) for a groundwater supply project
 Innovative Technology	\$28.3 million to the Brazosport Water Authority (Brazoria County) for a brackish groundwater project	\$2 million to the Guadalupe-Blanco River Authority (DeWitt, Victoria, Calhoun, Refugio, Gonzales, Caldwell, Hays, Comal, Guadalupe, and Kendall counties) for a seawater desalination project
 Agricultural	\$7.1 million to the Hidalgo County Irrigation District No. 1 (Hidalgo County) for an agricultural irrigation project	
 Conservation	\$90 million to the City of Bedford (Tarrant County) for water system and water meter improvements	\$76 million to the City of Fort Worth (Tarrant, Denton, Johnson, Parker, and Wise counties) for an advanced metering system
 Land Acquisition/Water Rights	\$50 million to the El Paso Water Utilities Public Service Board (El Paso County) for a land acquisition project	
 Transmission/Distribution/Treatment	\$7,490,000 to the Hays Caldwell Public Utility Agency (Hays, Caldwell, Comal, and Guadalupe counties) for a water supply project	\$55 million to the Canyon Regional Water Authority (Guadalupe, Bexar, Caldwell, Comal, Hays, and Wilson counties) for a water supply project
	\$296,125,000 to the City of Houston (Harris County) for a water supply project	\$953,405,000 to the North Harris County Regional Water Authority (Harris County) for a water supply project
	\$41,630,000 to the Central Harris County Regional Water Authority (Harris County) for a water supply project	\$812,140,000 to the West Harris County Regional Water Authority (Harris County) for a water supply project
	\$555,845,000 to the North Fort Bend Water Authority (Fort Bend County) for a water supply project	\$27,640,000 to the Lone Star Regional Water Authority (Williamson and Bell counties) for a water supply project
	\$440 million to the Tarrant Regional Water District (Jack, Wise, Parker, Tarrant, Johnson, Ellis, Navarro, Henderson, Kaufman, Freestone, Denton, Dallas, Collin, and Rockwall counties) for a water supply project	

of the February deadline for SWIFT abridged applications. Board members and staff also presented information about SWIFT at various conferences and meetings in efforts to inform potential applicants of the program’s benefits and timelines. This outreach effort resulted in another round of abridged applications that exceeded expectations.

Forty abridged applications totaling over \$2.3 billion were received by the deadline. Several existing customers from the 2015 cycle submitted funding requests for additional needs, and one requested to accelerate their multi-year commitment schedule.

The initial review identified six abridged applications as ineligible because they were not recommended water management strategies in the regional and state water plans. During the review period, several entities withdrew their abridged applications from prioritization consideration, and one application was not prioritized due to insufficient information to establish eligibility. Based on the review of all abridged applications received for the 2016 SWIFT funding cycle, there were 28 applications eligible to be invited for SWIFT funding totaling \$1,317,144,477 (*Attachment D*).

Based on analysis of program capacity and funding requests, the Board approved the following structure and terms for the 2016 cycle:

Low-interest Loans:

- Below-market interest rate loans
- Loan terms up to 30 years
- 35% interest rate subsidy for 20-year loans
- 25% interest rate subsidy for 21- to 25-year loans
- 20% interest rate subsidy for 26- to 30-year loans

Deferred Loans:

- For developmental costs
- Deferral of principal and interest up to eight years or end of scheduled construction, whichever is sooner
- Loan terms up to 30 years
- No interest rate subsidy

Board Participation:









- Long-term, fixed-rate structured financing through temporary TWDB ownership interest in the project
- Terms generally up to 34 years
- No interest rate subsidy

Table 4. SWIFT Series 2016 financing transaction summary

Par Amount of the Bonds	\$600,065,000
Ratings	AAA/AAA by Fitch and Standard & Poor's
Bond Proceeds Available to Acquire Political Subdivision Obligations	\$698,050,000
Purpose	Proceeds from the sale of the 2016 bonds will be used to provide funds to finance projects to implement the state water plan and to pay costs of issuance
Security	The 2016 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*	3.29507%
Transference from SWIFT Pursuant to Bond Enhancement Agreement	Monies transferred from SWIFT to SWIRFT to fund the assistance account was \$74,523,944.30 for Series 2016

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

Table 5. 2016 Funding cycle project descriptions

	Surface Water	\$8.1 million to the United Irrigation District (Hidalgo County) for an off-channel storage facility	
	Groundwater	\$4.5 million to the City of Beeville (Bee County) for a new well field	\$66.5 million to the Schertz-Seguin Local Government Corporation (Bexar, Comal, and Guadalupe counties) for a new well field and transmission pipeline
	Reuse and Conservation	\$167,175,000 to the City of Austin (Travis County) for reclaimed water system improvements and an advanced metering infrastructure project	
	Aquifer Storage and Recovery	\$18 million to the City of Bryan (Brazos County) for an aquifer storage and recovery project	
	Conservation	\$12 million to the City of Waco (McLennan County) for a meter replacement project	\$12,180,000 to the City of Keller (Tarrant County) for water system improvements to reduce water loss
	Land Acquisition/Water Rights	\$150 million to the El Paso Water Utilities Public Service Board (El Paso County) on behalf of the City of El Paso for land and water rights acquisition for a water supply project	
	Transmission/Distribution/Treatment	\$4,635,000 to the Trophy Club Municipal Utility District No. 1 (Denton and Tarrant counties) for a transmission pipeline	\$225,675,000 to the North Harris County Regional Water Authority (Harris County) for new pipelines and storage tanks
		\$15,490,000 to the Central Harris County Regional Water Authority (Harris County) for a water system expansion project and new transmission pipeline	
	Agricultural	\$8.1 million to the United Irrigation District (Hidalgo County) for an off-channel reservoir	

Multi-year Commitments:

- We continued offering the multi-year commitment financing option. Any applicable subsidies were applied for a maximum of five funding year cycles from the time of initial Board commitment.

After the Board approved the prioritized list of applications, the TWDB invited the project sponsors to submit detailed financial assistance applications. On July 21, 2016, the Board approved \$759,255,000 in financial assistance from the SWIFT program for state water plan projects across the state. The TWDB’s revenue bonds, sold in September and closed in November 2016 (Table 4), were reaffirmed AAA by both S&P and Fitch Ratings. The underlying borrowers closed on their financings prior to November 30, 2016.

The 15 funded projects, all recommended in the 2017 State Water Plan, include aquifer storage and recovery, an off-channel storage facility, water meter replacements, transmission pipelines, capacity expansions, well fields, reclaimed water, and land and water rights acquisition (Table 5). More than 35 percent of the total funds awarded were for conservation and reuse projects. With the funding provided in the 2016 bond sale, the TWDB estimates project sponsors will save over \$71 million in debt service savings over the life of the loans (Attachment E). Attachment B provides details on each project, including estimated completion date, total funding amounts, amounts closed to date, and project characteristics defined in statute (conservation, reuse, rural, and agricultural).

Table 6: 2012 State Water Plan, SWIFT 2015 cycle: Percent of funds to support projects for rural political subdivisions, agricultural water conservation, agricultural irrigation projects, water conservation, or reuse.

Project Characteristics	2015 Amount Closed	Percent of Total Funds Closed
Conservation (Fort Worth, Bedford, Hidalgo County Irrigation District #1)	\$50,100,000	5.57
Rural (Marfa, Greater Texoma Utility Authority-Tom Bean)	\$1,915,000	0.21
Agricultural (Hidalgo County Irrigation District #1)	\$7,100,000	0.79
Reuse	\$0	0.00

4. Support for Rural and Agricultural Projects, Water Conservation, and Reuse

Of the money disbursed from SWIFT during the five-year period between the adoption of a state water plan and the adoption of a new plan, the TWDB must undertake to apply not less than

- 10 percent to support projects for rural political subdivisions or agricultural water conservation, and
- 20 percent to support projects that are designed for water conservation or reuse, including agricultural irrigation projects.

The TWDB has always interpreted these percentages as goals to be met or exceeded and has undertaken significant stakeholder outreach to meet or exceed them. Of the 30 2012 State Water Plan projects funded in 2015, four projects are considered to be rural and agricultural (*Table 6 and Attachment B*). This represents about 1 percent of the total funding amount due to the funding of several very large urban projects with considerable capital costs. Conservation, represented by three projects, comprised just under 6 percent of funds closed that cycle; no reuse projects were funded in 2015.

The 2016 funding cycle, the first to fund projects in the 2017 State Water Plan, saw considerable increases in conservation and reuse projects, representing over 35 percent of the total dollars committed that cycle (*Table 7*

Table 7: 2017 State Water Plan, SWIFT 2016 cycle: Percent of funds to support projects for rural political subdivisions, agricultural water conservation, agricultural irrigation projects, water conservation, or reuse.

Project Characteristics	2016 Amount Closed	Percent of Total Funds Closed
Conservation (Austin, Waco, Keller, Sabine River Authority)	\$179,375,000	23.63
Rural	0	0
Agricultural (United Irrigation District)	\$8,100,000	1.07
Reuse (Austin)	\$86,980,000	11.46

and Attachment B). Of the 15 projects funded, three were conservation,³ one was reuse, and one was agricultural; no rural projects were funded.

While the funding totals for rural and agricultural projects have been relatively low for the first two cycles of the SWIFT program, there has been significant interest from small communities in both the 2015 and 2016 funding cycles. The TWDB has funded all rural projects that submitted full SWIFT applications to date; in future cycles, the Board has the ability to approve commitments for lower ranking projects to meet these goals in the event there is not enough capacity to fund all projects.

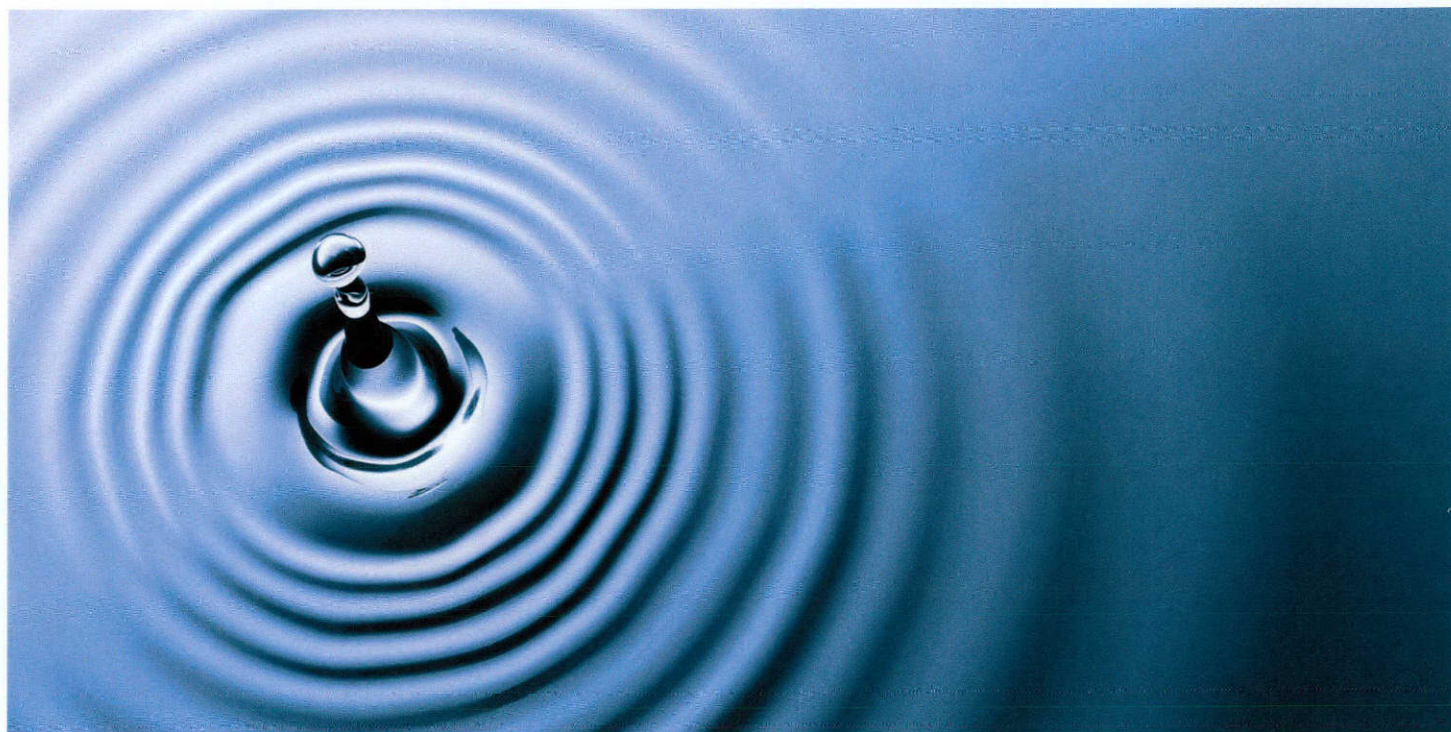
For the purposes of the SWIFT program, "rural" is defined as a population of 10,000 or less OR a county without a political subdivision with a population less than 50,000. Several SWIFT projects have benefited small to mid-size communities between 10,001 and 100,000 in population. And in addition to the SWIFT program, the TWDB has other state and federal financial assistance programs that benefit rural communities.

³ Four conservation projects received funding commitments in 2016 but only three closed on their loans.

TWDB staff and Board members will continue to work with rural and agricultural entities through workshops, presentations, one-on-one meetings, and other outreach so that they are informed and able to access all of our technical and financial assistance. The next biennial report will provide updated information on the program's support for rural and agricultural projects, water conservation, and reuse strategies in the 2017 State Water Plan.

5. Historically Underutilized Business Participation

As specified in statute, all SWIFT applicants must acknowledge applicable Historically Underutilized Business (HUB) requirements to be considered for a financing commitment through the SWIFT program. The TWDB is responsible for reporting information on compliance with statewide HUB goals annually to the SWIFT Advisory Committee. The TWDB anticipates receiving the first set of SWIFT program HUB contracting data in December 2016; this information will be posted on the agency's website once available and will be included in the next biennial report due to the legislature December 1, 2018.



Attachment A. 2015 Funding Cycle Prioritized List of Eligible Applications for SWIFT Financial Assistance

Score	Applicant	Project Description	Eligible Amount
86	West Harris County Regional Water Authority	Distribution lines	\$180,500,000
85	North Harris County Regional Water Authority	Expansion of internal distribution capacity	\$44,122,500
84	Canyon Regional Water Authority	Wells Ranch Phase II expansion	\$55,000,000
83	Hays Caldwell Public Utility Agency	Interconnect project	\$12,000,000
83	Hidalgo County Irrigation District #1	Replacement of canal lining and interconnect	\$14,329,570
82	Palo Pinto Municipal Water District #1	Turkey Peak Reservoir	\$17,100,000
81	Coastal Water Authority	Luce Bayou interbasin transfer	\$300,000,000
81	Central Harris County Regional Water Authority	Transmission line	\$9,240,415
81	North Harris County Regional Water Authority	Transmission line	\$135,388,800
80	North Fort Bend Water Authority	Transmission line	\$304,000,000
80	West Harris County Regional Water Authority	Transmission line	\$325,440,000
79	Central Harris County Regional Water Authority	Treatment expansion	\$22,660,890
79	Houston	Treatment expansion	\$183,642,539
79	North Fort Bend Water Authority	Treatment expansion	\$251,849,344
79	North Harris County Regional Water Authority	Treatment expansion	\$551,754,800
79	West Harris County Regional Water Authority	Treatment expansion	\$306,200,000
78	Angelina-Neches River Authority	Lake Columbia	\$100,000,000
78	Dallas	Integrated transmission pipeline project	\$140,000,000
78	Tarrant Regional Water District	Integrated transmission pipeline project	\$300,000,000
78	Greater Texoma Utility Authority, Sherman	Water treatment plant expansion	\$25,000,000
77	Central Harris County Regional Water Authority	Transmission line	\$9,459,020
77	Houston	Transmission line	\$112,498,722
77	North Harris County Regional Water Authority	Transmission line	\$222,140,600
74	Lone Star Regional Water Authority	Storage tanks, pump stations and pipeline	\$24,500,000
73	El Paso Public Service Board	Land acquisition for future water demand	\$50,000,000
71	Upper Trinity Regional Water District	Lake Ralph Hall Reservoir	\$44,684,529
69	North Texas Municipal Water District	Lower Bois d'Arc Reservoir	\$124,926,000
69	North Texas Municipal Water District	Facility improvements - Lower Bois d'Arc	\$4,670,000
67	Brazosport Water Authority	New wells and reverse osmosis treatment	\$28,300,000
55	Fort Worth	Meter upgrade and replacement	\$76,000,000
46	Waco	Reuse	\$5,821,200
45	Bedford	Distribution system conservation program	\$90,000,000
44	Cleveland	Water plant upgrade	\$443,014
31	Maverick County Water Control and Improvement District #1	Canal lining	\$9,000,000
22	Greater Texoma Utility Authority, Krum	Supplemental wells and appurtenances	\$905,000
21	Marfa	Well replacement	\$702,770
14	Guadalupe-Blanco River Authority	Integrated seawater desalination and power plant project	\$8,000,000
13	Rhome	Supplemental well and appurtenances	\$1,182,000
8	Greater Texoma Utility Authority, Tom Bean	Supplemental wells and appurtenances	\$1,235,000
			\$4,092,696,713

Attachment B. SWIFT 2015 and 2016 Funding Cycles Project Summaries (1 of 2 pages)

Project Number	Project Name	Responsible Authority	Region	Year	Total Funding Committed, Including Multi-year Commitments and Amount Closed to Date
51001	Lake Ralph Hall Reservoir	Upper Trinity Regional Water District	C	2015	44,680,000
51002	Tom Bean Supplemental Water Well and Appurtenances	Greater Texoma Utility Authority	C	2015	1,210,000
51014	Conservation - Advanced Metering Infrastructure Project	Fort Worth	C	2015	76,000,000
51016	Conservation - Water Distribution Improvements and Automatic Meter Readers	Bedford	C	2015	90,000,000
51024	Integrated Transmission Pipeline Project	Tarrant Regional Water District	C	2015	440,000,000
51029	Enhanced Water Loss Control and Conservation Program	Keller	C	2016	12,180,000
51036	Increase Delivery Infrastructure from Ft. Worth	Trophy Club Municipal Utility District #1	C	2016	4,635,000
Region C Regional Water Planning Area Water Supply Developed					\$668,705,000
51012	Bone Spring - Victorio Peak Aquifer Land and Water Rights Acquisition	El Paso Public Service Board	E	2015	50,000,000
51012	Bone Spring - Victorio Peak Aquifer Land and Water Rights Acquisition	El Paso Public Service Board	E	2016	150,000,000
51012 Total	Bone Spring - Victorio Peak Aquifer Land and Water Rights Acquisition	El Paso Public Service Board	E		\$200,000,000
51018	Additional Water Well	Marfa	E	2015	705,000
Region E Regional Water Planning Area Water Supply Developed					\$200,705,000
51011	East Williamson County Regional Water Transmission System	Lone Star Regional Water Authority	G	2015	27,640,000
51020	Turkey Peak Reservoir	Palo Pinto Co Municipal Water District #1	G	2015	17,100,000
51035	Water Conservation	Waco	G	2016	12,000,000
51040	Aquifer Storage and Recovery (Carrizo-Wilcox)	Bryan	G	2016	18,000,000
Region G Regional Water Planning Area Water Supply Developed					\$74,740,000
51003	Internal Distribution	West Harris County Regional Water Authority	H	2015	180,500,000
51004	Internal 2020 Distribution	North Harris County Regional Water Authority	H	2015	44,125,000
51004	Internal 2020 Distribution	North Harris County Regional Water Authority	H	2016	107,820,000
51004 Total	Internal 2020 Distribution	North Harris County Regional Water Authority	H		\$151,945,000
51008	Luce Bayou Interbasin Transfer	Coastal Water Authority	H	2015	300,000,000
51009	Second Source Phase II (Luce Bayou source water)	Central Harris County Regional Water Authority	H	2015	9,515,000
51009	Second Source Phase II (Luce Bayou source water)	North Harris County Regional Water Authority	H	2015	135,385,000
51009 Total	Second Source Phase II (Luce Bayou source water)		H		\$144,900,000
51013	Brackish Groundwater Reverse Osmosis Water Treatment Plant and Water Wells	Brazosport Water Authority	H	2015	28,300,000
51021	Houston - Second Source Phase I	Central Harris County Regional Water Authority	H	2015	9,460,000
51021	Houston - Second Source Phase I	Central Harris County Regional Water Authority	H	2016	2,905,000

** Water Supply Developed represents anticipated water supply at the time of full project implementation. Any interrelated projects will only show a single
 *** Rating at time of Board commitment based on type of repayment pledge.

Total Closed in 2015	Anticipated to Close in 2016	Status	Planning	Design	Acquisition	Construction	Estimated Completion Date	Entity Credit Rating Standard & Poor/ Moodys/ Fitch***	Conservation	Reuse	Rural	Agricultural	Repayment Status
44,680,000		Active	x	x	x		6/1/24	A, A3, NR					Current
1,210,000		Pre-Construction	x	x	x	x	9/4/17	NR, NR, NR			x		Current
13,000,000		Pre-Construction	x			x	1/31/20	AA, Aa1, AA	x				Current
30,000,000		Construction				x	12/31/25	AA, NR, NR	x				Current
440,000,000		Construction		x	x	x	11/30/20	AAA, NR, AA					Current
	4,060,000	Pre-Construction	x	x	x	x	12/31/22	AAA, Aa1, NR	x				Current
	4,635,000	Pre-Construction		x	x	x	6/1/18	AA-, NR, NR					Current
\$528,890,000	\$8,695,000												
50,000,000		Active			x			AA, N/A, AA+					Current
	100,000,000	Active			x			AA, AA, NR					Current
\$50,000,000	\$100,000,000	Active											
705,000		Pre-Construction	x	x		x	10/31/17	NR, NR, NR			x		Current
\$50,705,000	\$100,000,000												
27,640,000		Pre-Construction	x	x	x	x	3/17/18	NR, NR, NR					Current
17,100,000		Active		x	x		7/31/20	NR, NR, AA-					Current
	12,000,000	Pre-Construction				x	6/1/18	AA+, Aa2, NR	x				Current
	2,345,000	Pre-Construction	x	x	x	x	3/4/19	AA-, Aa2, NR					Current
\$44,740,000	\$14,345,000												
10,900,000	10,600,000	Pre-Construction	x	x	x	x	12/31/25	A+, A1, A+					Current
3,250,000	40,875,000	Pre-Construction	x	x	x	x	12/31/18	AA-, A1, A+					Current
	13,930,000	Pre-Construction	x	x	x	x	12/31/18	AA-, A1, A+					Current
\$3,250,000	\$54,805,000	Pre-Construction					12/31/18						
66,565,000	136,460,000	Pre-Construction				x	6/30/19	AA+, NR, AA+					Current
1,670,000	2,395,000	Pre-Construction	x	x	x	x	7/31/21	N/A, N/A, NA					Current
10,900,000	2,545,000	Pre-Construction	x	x	x	x	7/31/21	AA-, A1, A+					Current
\$12,570,000	\$4,940,000	Pre-Construction					7/31/21						
5,605,000	22,695,000	Pre-Construction	x	x		x	9/30/19	A+, NR, NR					Current
3,625,000		Pre-Construction	x	x	x	x	5/31/28	N/A, N/A, NA					Current
	2,905,000	Pre-Construction	x	x	x	x	5/31/28	N/A, N/A, NA					Current

regional total of anticipated water supply developed.

Attachment B. SWIFT 2015 and 2016 Funding Cycles Project Summaries (2 of 2 pages)

Project Number	Project Name	Responsible Authority	Region	Year	Total Funding Committed, Including Multi-year Commitments and Amount Closed to Date
51021	Houston - Second Source Phase I	Houston	H	2015	138,920,000
51021	Houston - Second Source Phase I	North Harris County Regional Water Authority	H	2015	222,135,000
51021	Houston - Second Source Phase I	North Harris County Regional Water Authority	H	2016	117,855,000
51021 Total	Houston - Second Source Phase I		H		\$491,275,000
51022	Second Source Transmission	North Fort Bend Water Authority	H	2015	300,575,040
51022	Second Source Transmission	West Harris County Regional Water Authority	H	2015	325,440,000
51022 Total	Second Source Transmission		H		\$626,015,040
51023	Northeast Water Purification Plant Expansion (Luce Bayou source water)	Central Harris County Regional Water Authority	H	2015	22,655,000
51023	Northeast Water Purification Plant Expansion (Luce Bayou source water)	Houston	H	2015	157,205,000
51023	Northeast Water Purification Plant Expansion (Luce Bayou source water)	North Fort Bend Water Authority	H	2015	255,269,960
51023	Northeast Water Purification Plant Expansion (Luce Bayou source water)	North Harris County Regional Water Authority	H	2015	551,760,000
51023	Northeast Water Purification Plant Expansion (Luce Bayou source water)	West Harris County Regional Water Authority	H	2015	306,200,000
51023 Total	Northeast Water Purification Plant Expansion (Luce Bayou source water)		H		\$1,293,089,960
51043	Transmission and Distribution Expansion	Central Harris County Regional Water Authority	H	2016	12,585,000
Region H Regional Water Planning Area Water Supply Developed					\$3,228,610,000
51033	Sabine River Authority Pump Station	Sabine River Authority	I	2016	75,000,000
Region I Regional Water Planning Area Water Supply Developed					\$75,000,000
51041	Direct Reuse Strategy	Austin	K	2016	86,980,000
51042	Conservation Strategy - Smart Meters (Advanced Meter Infrastructure)	Austin	K	2016	80,195,000
Region K Regional Water Planning Area Water Supply Developed					\$167,175,000
51005	Wells Ranch Phase II Well Field and Transmission Line	Canyon Regional Water Authority	L	2015	42,000,000
51006	Phase 1A Transmission Line	Hays Caldwell Public Utility Agency	L	2015	7,490,000
51019	Integrated Seawater and Power Plant Project	Guadalupe-Blanco River Authority	L	2015	2,000,000
51032	Expanded Carrizo	Schertz-Seguín Local Government Corporation	L	2016	66,500,000
Region L Regional Water Planning Area Water Supply Developed					\$117,990,000
51007	Agricultural Irrigation Conveyance System Improvements	Hidalgo County Irrigation District #1	M	2015	7,100,000
51030	Off-Channel Storage Facility	United Irrigation District	M	2016	8,100,000
Region M Regional Water Planning Area Water Supply Developed					\$15,200,000
51038	Chase Field Project	Beeville	N	2016	4,500,000
Region N Regional Water Planning Area Water Supply Developed					\$4,500,000
Summary Total					\$4,552,625,000

** Water Supply Developed represents anticipated water supply at the time of full project implementation. Any interrelated projects will only show a single

*** Rating at time of Board commitment based on type of repayment pledge.

Total Closed in 2015	Anticipated to Close in 2016	Status	Planning	Design	Acquisition	Construction	Estimated Completion Date	Entity Credit Rating Standard & Poor/ Moodys/ Fitch***	Conservation	Reuse	Rural	Agricultural	Repayment Status
25,915,000	25,635,000	Pre-Construction	x	x	x	x	5/31/28	NR, NR, NR					Current
58,125,000	26,905,000	Pre-Construction	x	x	x	x	5/31/28	AA-, A1, A+					Current
	67,950,000	Pre-Construction	x	x	x	x	5/31/28	AA-, A1, A+					Current
\$87,665,000	\$123,395,000	Pre-Construction					5/31/28						
4,145,040	8,960,000	Pre-Construction	x	x	x	x	3/31/24	A+, N/A, A+					Current
3,100,000	2,500,000	Pre-Construction	x	x	x	x	3/31/24	A+, A1, A+					Current
\$7,245,040	\$11,460,000	Pre-Construction					3/31/24						
5,510,000		Pre-Construction	x	x		x	1/31/25	N/A, N/A, NA					Current
	37,385,000	Pre-Construction	x	x		x	1/31/25	NR, NR, NR					Current
4,524,960	2,065,000	Pre-Construction	x	x		x	1/31/25	A+, N/A, A+					Current
8,160,000	42,845,000	Pre-Construction	x	x		x	1/31/25	AA-, A1, A+					Current
4,740,000	24,860,000	Pre-Construction	x	x		x	1/31/25	A+, A1, A+					Current
\$22,934,960	\$107,155,000	Pre-Construction					1/31/25						
	3,970,000	Pre-Construction	x	x	x	x	12/31/22	NR, NR, NR					Current
\$216,735,000	\$475,480,000												
		Pre-Construction	x	x	x	x	9/10/20	NR, NR, NR	x				Current
	20,430,000	Construction	x	x		x	8/31/22	AA, Aa2, AA-		x			Current
		Pre-Construction	x	x		x	9/30/23	AA, Aa2, AA-	x				Current
	\$20,430,000												
42,000,000		Pre-Construction	x	x		x	4/30/18	A+, NR, NR					Current
7,490,000		Pre-Construction	x	x	x	x	5/31/17	NR, NR, NR					Current
2,000,000		Active	x					NR, Aa2, NR					Current
	66,500,000	Pre-Construction	x	x	x	x	2/10/21	A+, NR, AA-					Current
\$51,490,000	\$66,500,000												
7,100,000		Pre-Construction	x	x		x	11/1/17	NR, NR, NR	x			x	Current
	8,100,000	Pre-Construction	x	x	x	x	12/7/19	NR, NR, NR				x	Current
\$7,100,000	\$8,100,000												
	4,500,000	Pre-Construction	x	x	x	x	3/22/19	A, NR, NR					Current
	\$4,500,000												
\$899,660,000	\$698,050,000												

regional total of anticipated water supply developed.

Attachment C. 2015 SWIFT Funding Cycle Estimated Savings

Applicant	2015 Closing Amount	Low-Interest Loan	Board Participation*	Deferred
Brazosport Water Authority	\$5,605,000	\$5,605,000	-	-
Canyon Regional Water Authority	\$42,000,000	\$42,000,000	-	-
Central Harris County Regional Water Authority	\$10,805,000	\$10,805,000	-	-
Bedford	\$30,000,000	\$30,000,000	-	-
Fort Worth	\$13,000,000	\$13,000,000	-	-
Houston	\$25,915,000	\$25,915,000	-	-
Marfa	\$705,000	\$705,000	-	-
Coastal Water Authority	\$66,565,000	-	\$66,565,000	-
El Paso Water Utilities	\$50,000,000	\$50,000,000	-	-
Greater Texoma Utility Authority, Tom Bean	\$1,210,000	\$1,210,000	-	-
Guadalupe-Blanco River Authority	\$2,000,000	-	-	\$2,000,000
Hays Caldwell Public Utility Agency	\$3,960,000	\$3,960,000	-	-
Hays Caldwell Public Utility Agency	\$3,530,000	\$3,530,000	-	-
Hidalgo County Irrigation District #1	\$7,100,000	\$7,100,000	-	-
Lone Star Regional Water Authority	\$4,590,000	\$4,590,000	-	-
Lone Star Regional Water Authority (taxable)	\$940,000	\$940,000	-	-
Lone Star Regional Water Authority	\$18,350,000	-	\$18,350,000	-
Lone Star Regional Water Authority (taxable)	\$3,760,000	-	\$3,760,000	-
North Fort Bend Water Authority	\$8,670,000	\$8,670,000	-	-
North Harris County Regional Water Authority	\$80,435,000	\$80,435,000	-	-
North Texas Municipal Water District	-	-	-	-
Palo Pinto County Municipal Water District #1	\$9,915,000	\$9,915,000	-	-
Palo Pinto County Municipal Water District #2 (taxable)	\$7,185,000	\$7,185,000	-	-
Tarrant Regional Water District	\$300,000,000	\$300,000,000	-	-
Tarrant Regional Water District	\$140,000,000	\$140,000,000	-	-
Upper Trinity Regional Water District	\$15,565,000	-	\$15,565,000	-
Upper Trinity Regional Water District	\$29,115,000	-	-	\$29,115,000
West Harris County Regional Water Authority	\$18,740,000	\$18,740,000	-	-
	\$899,660,000	\$764,305,000	\$104,240,000	\$31,115,000

* For Board Participation no savings calculations have been included due to the structure of the financing. This type of financing does not receive subsidy.

** For illustration purposes all Market Debt Service Comparisons above are based on the TWDB bond sale rate (yield to maturity). This illustration does not reflect savings due to subsidy received and not additional savings that may be realized based on the difference between interest rates of the TWDB's AAA rates.

W/D Withdrawn

SWIFT Subsidy	Net Interest Cost	Savings**	Percent Savings*
35.50%	1.99%	\$708,509	9.20%
35.50%	2.03%	\$5,635,057	9.60%
2.00%	2.89%	\$1,438,865	8.10%
22.00%	2.90%	\$4,002,142	8.10%
35.50%	1.64%	\$821,832	5.30%
22.00%	2.88%	\$3,410,753	8.10%
35.50%	2.06%	\$87,888	9.10%
0%	4.02%	*	*
35.50%	1.99%	\$5,287,105	8.10%
35.50%	2.03%	\$156,571	9.40%
15.00%	2.94%	\$562,936	19.10%
35.50%	1.98%	\$455,617	8.60%
22.00%	2.89%	\$471,017	8.10%
22.00%	2.87%	\$916,215	8.00%
22.00%	2.89%	\$635,817	8.30%
22.00%	3.45%	\$160,628	9.40%
0%	4.01%	*	*
0%	4.69%	*	*
35.50%	1.96%	\$1,124,693	9.60%
22.00%	2.88%	\$9,881,742	7.50%
		W/D	W/D
22.00%	2.89%	\$1,311,181	8.10%
22.00%	3.43%	\$1,134,443	9.00%
22.00%	2.89%	\$18,736,713	4.00%
22.00%	2.89%	\$39,324,395	15.70%
0%	4.02%	*	*
0%	3.92%	\$8,301,303	16.00%
35.50%	1.96%	\$2,114,092	8.50%
		\$106,679,514	

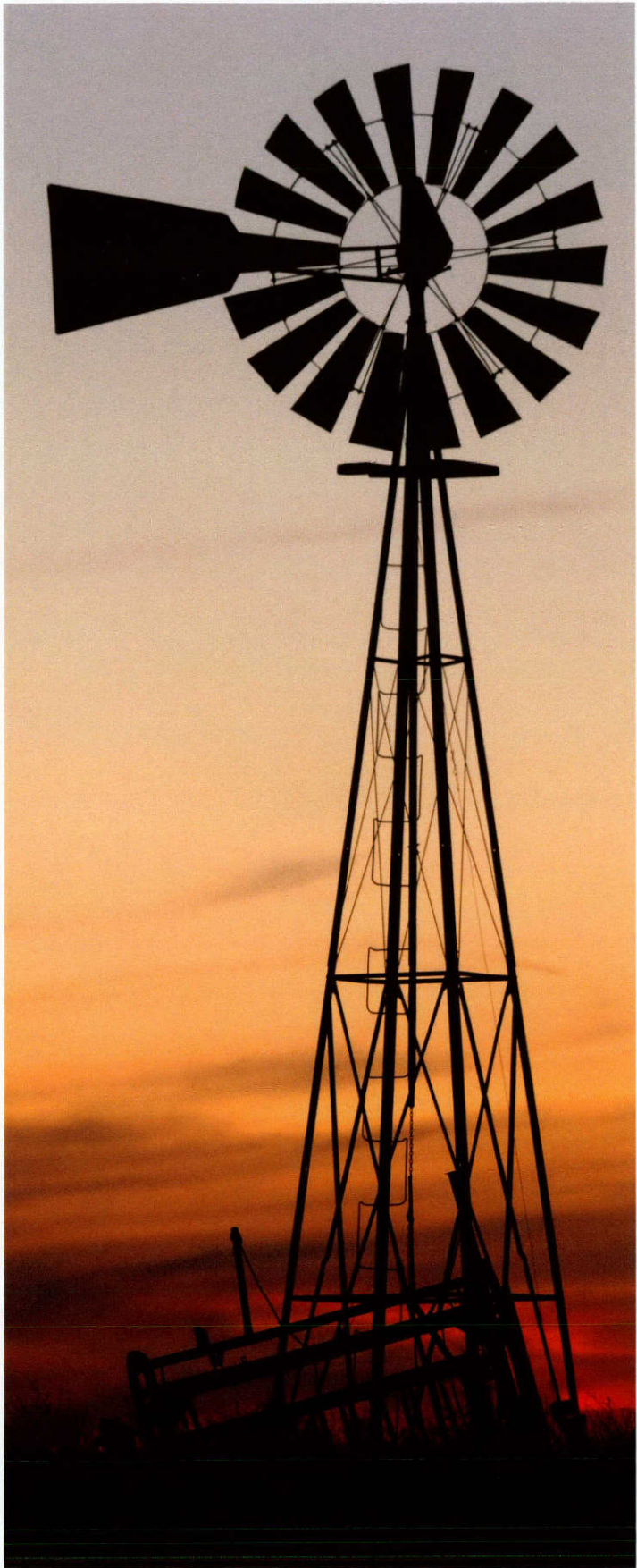


Take into consideration individual entities credit ratings or potential costs of issuance. Rates the borrower would have realized in the market and that

Attachment D. 2016 Funding Cycle Prioritized List of Eligible Applications for SWIFT Financial Assistance

Score	Applicant	Project Description	Eligible Amount
86	Austin	Advanced metering infrastructure	\$80,195,000
86	North Harris County Regional Water Authority	Transmission	\$117,855,000
85	Central Harris County Regional Water Authority	Transmission and distribution expansion	\$12,585,000
85	North Harris County Regional Water Authority	Expansion of internal distribution capacity	\$107,820,000
84	Trophy Club Municipal Water District #1	Increase delivery infrastructure from Fort Worth	\$17,400,437
84	Central Harris County Regional Water Authority	Shared transmission	\$2,905,000
79	North Texas Municipal Water District	Treatment and treated water distribution improvements	\$92,510,000
74	Schertz-Seguin Local Government Corp	Expanded Carrizo	\$66,500,000
70	El Paso Public Service Board	Groundwater importation	\$150,000,000
68	Upper Guadalupe River Authority	Off-channel surface water storage	\$250,000
67	San Antonio Water System	Vista Ridge integration	\$127,310,193
61	San Angelo	Reclaimed water project	\$136,000,000
60	Austin	Direct reuse strategy	\$86,980,456
55	Sabine River Authority	Pump station	\$85,000,000
50	United Irrigation District	Off-channel storage facility	\$8,090,000
48	Bryan	Aquifer storage and recovery	\$18,000,000
43	Seabrook	Municipal conservation and water loss reduction	\$1,700,000
39	Cleburne	West Loop reuse	\$19,000,000
36	Gastonia-Scurry Special Utility District	Connect to Seagoville	\$6,000,000
34	Anthony	Additional groundwater well	\$1,244,471
28	Keller	Enhanced water loss control and conservation program	\$12,000,000
28	Pearland	Surface water treatment plant	\$145,100,000
27	Loop 360 Water Supply Corporation	Automated control filter valves	\$300,000
25	Harris County Municipal Utility District #50	Municipal conservation and water loss reduction	\$540,000
25	Beeville	Chase Field	\$4,777,000
23	Yoakum	Municipal water conservation: advanced metering infrastructure water meter upgrade	\$300,000
21	Waco	Advanced metering infrastructure	\$12,000,000
18	Cleveland	Municipal conservation and water loss reduction	\$4,781,920
			\$1,317,144,477

Agricultural	Conservation	Reuse	Rural
	X		
		X	
		X	
	X		
X			
	X		
		X	
			X
	X		
	X		X
	X		X
	X		
	X		X
1	8	3	4



Attachment E. 2016 SWIFT Funding Cycle Estimated Savings

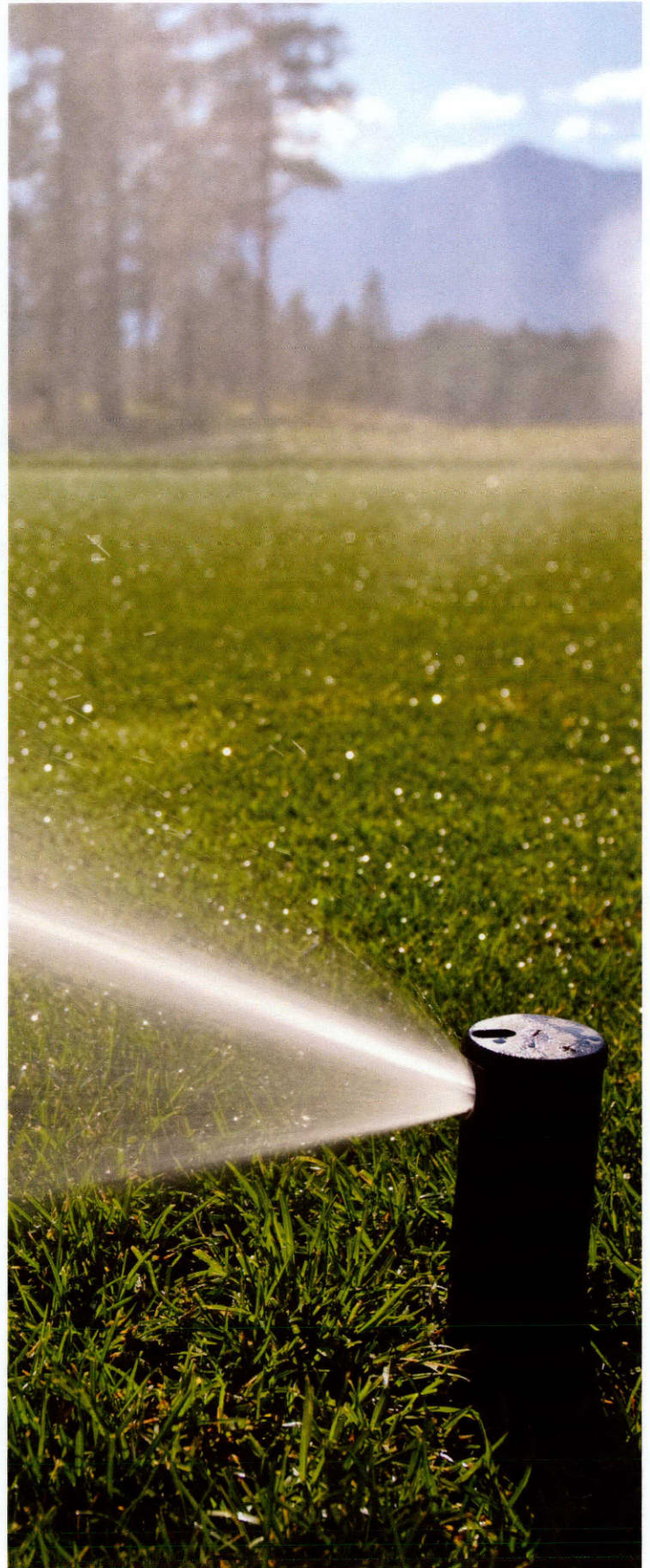
Applicant	2016 Closing Amount	Low-Interest Loan	Board Participation*	SWIFT Subsidy
Austin	\$20,430,000	\$20,430,000	-	35.0%
Beeville	\$4,500,000	\$4,500,000	-	35.0%
Brazosport Water Authority	\$22,695,000	\$22,695,000	-	35.5%
Bryan	\$2,345,000	\$2,345,000	-	25.0%
Central Harris County Regional Water Authority	\$9,270,000	\$9,270,000	-	20.5%
Coastal Water Authority	\$136,460,000	-	\$136,460,000	N/A
El Paso Public Service Board	\$100,000,000	\$100,000,000	-	35.0%
Houston	\$63,020,000	\$63,020,000	-	22.0%
Keller	\$4,060,000	\$4,060,000	-	35.0%
North Fort Bend Water Authority	\$11,025,000	\$11,025,000	-	22.0%
North Harris County Regional Water Authority	\$195,050,000	\$195,050,000	-	21.2%
Schertz-Seguin Local Government Corporation	\$66,500,000	\$43,670,000	\$22,830,000	20% low-interest loan; N/A Board Participation
Trophy Club Municipal Water District #1	\$4,635,000	\$4,635,000	-	35.0%
United Irrigation District	\$6,455,000	\$6,455,000	-	20.0%
United Irrigation District (taxable)	\$1,645,000	\$1,645,000	-	20.0%
Waco	\$12,000,000	\$12,000,000	-	35.0%
West Harris County Regional Water Authority	\$37,960,000	\$37,960,000	-	22.0%
	\$698,050,000	\$613,760,000	\$159,290,000	

* For Board Participation no savings calculations have been included due to the structure of the financing. This type of financing does not receive subsidy.

** For illustration purposes. Savings are calculated based on applicant's underlying rating on the appropriate index scale (MMD) converted to a yield to

Net Interest Cost	Savings**	Percent Savings*
1.754%	\$2,246,985	8.44%
1.674%	\$580,101	9.85%
1.673%	\$3,240,715	10.68%
2.204%	\$259,367	7.86%
2.613%	\$1,614,655	10.73%
3.650%	-	
1.725%	\$11,876,406	8.96%
2.620%	\$10,709,603	10.51%
1.359%	\$174,251	3.75%
2.569%	\$1,815,178	10.15%
2.587%	\$24,091,320	17.83%
2.636%	\$5,155,027	7.46%
1.675%	\$480,095	8.07%
2.657%	\$1,166,092	10.87%
2.685%	\$480,953	16.28%
1.753%	\$1,340,936	8.55%
2.555%	\$6,145,060	10.05%
	\$71,376,744	

aturity. Savings are preliminary and based on estimated closing dates.





**State Water Implementation
Fund for Texas**



1700 North Congress Avenue
P.O. Box 13231
Austin, Texas 78711-3231

www.twdb.texas.gov

