

AGENDA ITEM MEMO

BOARD MEETING DATE: January 18, 2024

TO: Board Members

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

FROM: Georgia Sanchez, Development Fund Manager

SUBJECT: Approval of Underwriting Teams Pool

ACTION REQUESTED

Consider the selection and approval of a pool of underwriting teams to serve the Texas Water Development Board for bond sales and other underwriting activities as necessary from February 1, 2024, through January 31, 2027, with an option to renew for up to two additional one-year terms.

BACKGROUND

The Texas Water Development Board (TWDB) selects a pool of underwriting teams through a formal Request for Qualifications (RFQ) process. From this pool, the Executive Administrator recommends a senior manager and co-manager(s) for each debt issuance.

On April 10, 2023, an RFQ was posted on the Electronic State Business Daily website seeking proposals for underwriting services. The RFQ had a response deadline of May 24, 2023, at 2 p.m., and 33 responses were received.

KEY ISSUES

An internal review team independently reviewed the responses to develop a recommendation based on the RFQ criteria. The review team's recommendation for the team of underwriters was based on each firm's distribution abilities, experience issuing municipal bonds, demonstrated innovation, qualifications of personnel assigned to TWDB, and financial/capital considerations.

The recommended underwriting teams are as follows:

BofA Securities, Inc.	Morgan Stanley & Co. LLC
Robert W. Baird & Co. Incorporated	PNC Capital Markets LLC
Barclays	Piper Sandler & Co.
BOK Financial Securities, Inc.	RBC Capital Markets, LLC
Crews & Associates, Inc.	Ramirez & Co., Inc.
Estrada Hinojosa & Company, Inc.	Raymond James & Associates, Inc.
FHN Financial Capital Markets	Siebert Williams Shank & Co. LLC
Frost Bank	Stern Brothers & Co.
Jefferies LLC	Stifel, Nicolaus & Company, Incorporated
J.P. Morgan Securities LLC	UMB Bank, n.a. Capital Markets Division
Loop Capital Markets LLC	Wells Fargo Bank, N.A. Municipal Finance
Mesirow Financial, Inc.	

The scope of this review and evaluation was solely to select underwriting firms to serve in the TWDB's underwriting pool. The TWDB will separately select specific firms to serve on each proposed bond issuance.

The proposed term of the underwriting team is February 1, 2024, through January 31, 2027, with an option to renew for up to two additional one-year terms. The TWDB would reserve the right to remove firms from the underwriting team at any time based on factors including, but not limited to performance; change in firm organization, management, staffing, or financial condition; or a change in market conditions or development of new financing structures.

RECOMMENDATION

Based on the review of the submitted RFQs, the Executive Administrator recommends the selection and approval of the recommended pool underwriting teams to serve the TWDB for bond sales and other underwriting activities as necessary from February 1, 2024, through January 31, 2027, with an option to renew for up to two additional one-year terms.