

## DIRECT PLACEMENTS

The Texas Water Development Board is established and authorized to operate under Section 49-c of the State Constitution and other subsequent section of the constitution. The General Provisions governing TWDB's day to day operations are outlined in various chapters of the Water Code.

Section 49-c of the State Constitution specifies the types of entities that may obtain financing from TWDB to be those created or organized under Article XVI, section 59 or Article III, Section 52 of the state constitution. Entities authorized under Article XVI, section 59 may incur debt but the debt must be evidenced by bonds. Entities authorized under Article III; Section 52 may also issue debt.

In addition, the Texas Legislature has adopted strict public securities standards for local governments which are in the State's Government Code and created a state oversight agency in the Texas Bond Review Board. As a result, most of the financial assistance agreements (loans) between TWDB and local entities consist of the adoption of an ordinance or resolution which constitutes a legal debt obligation subject to SEC 15c2-12 reporting requirements. Direct placements are one method of sale where the debt obligations (publicly registered securities) are directly placed with investors rather than on the open market. In this case, the locally issued debt obligations are issued directly to TWDB pursuant to the terms of the ordinance or resolution adopted by the local entity.

Finally, Title 9 of the Texas Government Code requires public debt issued by local governments obtain an authorizing opinion from the State's Attorney General and that the debt be registered with the State Comptroller. Once the Attorney General has issued an authorizing opinion, the debt is deemed valid, binding and enforceable making it incontestable in a court or other forum.

### Our Mission

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

### Board Members

Peter M. Lake, Chairman | Kathleen Jackson, Board Member | Brooke T. Paup, Board Member  
Jeff Walker, Executive Administrator