

Amend Amendment No. 16 to **CSHB 4** by Lucio (pages 21 through 23 of the pre-filed amendments packet) by striking the text of the amendment and substituting the following:

Amend **CSHB 4** (house committee printing) as follows:

(1) On page 16, line 16, strike "and".

(2) On page 16, strike line 18 and substitute the following:
and structure of the fund; and

(9) an evaluation of the Texas Water Development Fund II economically distressed areas program account, and whether funding should be provided to finance projects included in the state water plan as authorized under Subchapter K, Chapter 17.

(3) On page 16, between lines 18 and 19, insert the following:

(g-1) The advisory committee shall make a recommendation to the board to set aside a dollar amount in the fund to provide financing under Subsection (g)(9) if:

(1) the investment income of the fund, including earnings and interest, exceeds an amount equal to the rate of inflation plus five percent (hurdle rate) in a state fiscal year; and

(2) the advisory committee finds it appropriate to use for the purpose provided by Subsection (g)(9) an amount of money in the fund equal to not more than one-half of the portion of that income plus capital appreciation (total return), where both the total return and hurdle rate are calculated on a twelve calendar quarter rolling average basis.

(g-2) Notwithstanding the other provisions of this subchapter, if the board accepts the recommendation of the advisory committee under Subsection (g-1), the board may direct the trust company to use an amount of money not to exceed the amount provided by Subsection (g-1)(2) for the purposes of bond enhancement agreements to provide a source of revenue or security for the payment of the principal of and interest on general obligation bonds or revenue bonds issued by the board to finance or refinance projects included in the state water plan the proceeds of the sale of which have been or will be deposited to the credit of the economically distressed program account. The limitation provided

by Section 15.435(f) does not apply to a bond enhancement agreement
authorized under this subsection.