

TEXAS BOND REVIEW BOARD

2020 ANNUAL REPORT



FISCAL YEAR ENDED

AUGUST 31, 2020

Texas Bond Review Board Annual Report 2020

Fiscal Year Ended August 31, 2020

Greg Abbott, Governor
Chairman

Dan Patrick, Lieutenant Governor

Dennis Bonnen, Speaker of the House of Representatives

Glenn Hegar, Comptroller of Public Accounts

Robert B. Latsha II
Executive Director

December 2020

Overview

Background

The Texas Bond Review Board (BRB) is responsible for the approval of all state debt issues (excluding Permanent University Fund debt, Tax and Revenue Anticipation Notes, State Highway Fund Revenue Anticipation Notes, and self-supporting debt issued by institutions of higher education with an unenhanced rating of AA- or higher) and lease purchase obligations with an initial principal amount greater than \$250,000 or a term of longer than five years. The BRB is also responsible for the collection, analysis, and reporting of information on state debt as well as the debt of local political subdivisions in Texas. In addition, the BRB administers the state's Private Activity Bond Allocation Program. This report discusses the activities undertaken by the Board and related events of the past fiscal year.

Texas' general obligation (GO) debt is rated Aaa/AAA/AAA/AAA by the credit rating agencies Moody's Investors Service (Moody's), Standard & Poor's (S&P), Fitch Ratings (Fitch), and Kroll Bond Rating Agency (Kroll), respectively. All four rating agencies maintain their outlook as "stable."

On March 26, 2020, the Kroll Bond Rating Agency reaffirmed a long-term rating of AAA for the United States with a stable outlook. Similarly, on April 6, 2020, S&P reaffirmed its AA+ long-term debt rating for the United States and maintained its long-term outlook as stable. The last time Moody's reaffirmed the U.S. government's Aaa rating and maintained its outlook as stable was on June 19, 2020. On July 31, 2020, Fitch reaffirmed its AAA rating for the United States and revised the long-term outlook to negative. Historically, Texas' GO borrowing costs have not been impacted by changes in U.S. credit ratings.

Texas ended fiscal year 2020 with a total consolidated General Revenue Fund cash balance of \$7.78 billion, a 7.7 percent decrease from the fiscal year 2019 year-end closing balance of \$8.42 billion.

According to Moody's 2020 State Debt Medians, Texas ranked 42nd among all states in net tax-supported debt per capita. Texas had \$379 in net tax-supported debt per capita compared to the national mean and median of \$1,506 and \$1,071, respectively. Texas' net tax-supported debt per capita ranked second lowest when compared to that of the nine other states rated AAA.

Total not self-supporting debt increased from \$4.15 billion at the end of fiscal year 2011 to \$7.00 billion at the end of fiscal year 2020, an increase of 68.7 percent, and a decrease of 0.2 percent from the \$7.01 billion outstanding in fiscal year 2019.

The most recent U.S. Census Bureau data for total state and local debt outstanding show that for census year 2018 (the most recent data available), Texas was the nation's second most populous state and ranked third among the ten most populous states in terms of local debt per capita, seventh in state debt per capita, and fourth in total state and local debt per capita with 82.4 percent of the state's total debt burden at the local level.

Constitutional Debt Limit

As of August 31, 2020, Texas' constitutional debt limit (CDL) remained below the maximum of 5 percent with 1.23 percent calculated for debt outstanding and 1.44 percent calculated for authorized but unissued debt for a total of 2.67 percent. Included in the CDL is the \$767.7 million and \$475.2

million of revenue bonds authorized by the 84th Legislature and 86th Legislature, respectively, for the Texas Facilities Commission. Also included is the additional \$3 billion for cancer research and \$200 million for Texas Water Development Board (TWDB) Economically Distressed Areas Program (EDAP) projects, both authorized by the voters at the November 2019 general election, as well as \$200 million for TWDB State Participation (SP) account projects and \$208.8 million for Health and Human Services Commission deferred maintenance projects authorized by the 86th Legislature. The CDL increased 29.0 percent from the 2.07 percent calculated for outstanding and authorized but unissued debt calculated for fiscal year 2019.

State Financings in Fiscal Year 2020

In fiscal year 2020, the state's total debt outstanding (including conduit debt) increased 4.2 percent to \$62.44 billion compared to \$59.90 billion in fiscal year 2019 and \$56.83 billion in fiscal year 2018. The \$62.44 billion of total state debt outstanding for fiscal year 2020 includes \$7.00 billion (11.2 percent) of not self-supporting debt which is included in the states CDL and \$55.44 billion (88.8 percent) of self-supporting debt paid from various sources other than the state's general revenues.

Bonds issued by Texas state agencies, colleges, and universities during fiscal year 2020 increased by 88.3 percent to an aggregate total of \$12.40 billion compared to \$6.59 billion issued in fiscal year 2019. Fiscal year 2020 issues included \$3.02 billion in new-money and \$9.38 billion in refunding bonds. Other debt issued included \$1.29 billion of commercial paper.

As of August 31, 2020, a total of \$7.86 billion was authorized for state commercial paper (CP) or variable-rate note (VRN) programs. Of this amount, \$2.05 billion was outstanding at fiscal year-end 2020, approximately \$222.5 million less than the amount outstanding at fiscal year-end 2019.

Texas state issuers expect to issue approximately \$5.17 billion in bonds, CP, and VRN during fiscal year 2021, a projected increase of \$491.2 million (10.5 percent) over the amount projected for fiscal year 2020.

Local Financings in Fiscal Year 2020

As of fiscal year-end 2020 Texas local governments (excluding conduit debt) had \$251.82 billion in outstanding debt, an increase of \$42.08 billion (20.1 percent) since fiscal year 2016. Of the 2020 total 65.7 percent (\$165.44 billion) is GO debt to be repaid from local ad valorem tax collections while the remaining 34.3 percent (\$86.39 billion) will be repaid from revenues generated by various projects such as water, sewer and electric utility fees. Since fiscal year 2016, tax-supported debt outstanding increased 22.4 percent (\$30.33 billion) and revenue debt outstanding increased 15.7 percent (\$11.75 billion).

School Districts accounted for 37.0 percent (\$93.11 billion) of all local debt outstanding and Cities accounted for 31.6 percent (\$79.59 billion). Water districts held the third highest percentage and accounted for 14.6 percent (\$36.65 billion) of all local debt outstanding. The remaining 16.9 percent (\$42.47 billion) was held by Community and Junior Colleges, Counties, Health/Hospital Districts and Other Special Districts.

Texas issuance of local debt (excluding conduit debt and commercial paper) has fluctuated over the past decade from a low of \$23.55 billion in fiscal year 2014 to a high of \$40.84 billion in fiscal year 2020.

Over the past five fiscal years, new-money debt issuance totaled \$97.57 billion and refunding debt totaled \$75.09 billion. During that time the top two issuers were school districts and cities that together comprised 68.0 percent (\$66.56 billion) of the total new money volume and 66.0 percent (\$49.63 billion) of the total refunding transaction volume.

Issuance Costs

Excluding issuances of conduit and private placement debt, the weighted average of issuance costs for state bond issuers was \$5.09 per \$1,000 during fiscal year 2020 compared to \$5.54 per \$1,000 for fiscal year 2019. The issuances ranged in size from \$23.0 million to \$1.27 billion.

Private Activity Bond Allocation Program and Other Bonding Authority

Texas again experienced an increase in volume cap for the program year 2020 Private Activity Bond (PAB) Allocation Program. The 2020 volume cap was set at \$3.04 billion, an increase of \$30.9 million (1.0 percent) over the calendar 2019 cap. The total size of the PAB program, including 2020 volume cap and carryforward, was \$6.42 billion, a 6.6 percent decrease from the 2019 total. As of November 15, 2020, \$3.02 billion had been allocated and application requests totaled \$8.49 billion, an increase of 30.9 percent of the total application requests from program year 2019.

86th Legislature – Regular Session

The 86th Legislature authorized additional GO debt that was approved by the voters at the November 5, 2019, general election. This included House Joint Resolution (HJR) 12 for an additional \$3 billion in bonding authority to finance cancer research up to a maximum of \$6 billion, and Senate Joint Resolution (SJR) 79 for \$200 million in evergreen bonding authority to provide financial assistance for the development of certain water projects in economically distressed areas.

Additionally, the 86th Legislature passed House Bill (HB) 1052 authorizing the TWDB to use the state participation account of the water development fund to provide financial assistance for the development of certain facilities in an amount not to exceed \$200 million.

Furthermore, the 86th Legislature passed Senate Bill (SB) 1474 as a comprehensive modernization of the Private Activity Bond (PAB) program, along with additional cleanup language to assist in the administration of the PAB program. Updates were made to several sections of Chapter 1372 of the Texas Government Code. These updates allow issuers more freedom in their closing deadlines, encourage larger project reservations, grant earlier access to program funds, allow additional issuers to use the program, and give issuers more freedom with project specific carryforward funds.

At the November 5, 2019, general election, the voters approved the use of a Flood Infrastructure Fund as a special fund in the State Treasury outside the general revenue fund to be used to provide financing for drainage, flood mitigation, or flood control projects. The fund will receive a one-time transfer of \$793 million from the state's Economic Stabilization Fund to help communities throughout Texas recover from severe flooding. The Texas Legislature passed two related bills, SB 7 and SB 8, which address flood control and mitigation.

In the General Appropriations Act (GAA), the 86th Legislature authorized the issuance of \$475.2 million of additional revenue bonds and appropriated those bond proceeds to the Texas Facilities Commission for phase two of the North Austin and Capitol Complex projects. The bonds are anticipated to be repaid with lease payments and are subject to biennial appropriation by the legislature of funds available for payment. Lease payments were appropriated to the Texas Facilities

Commission for the 2020–21 biennium (GAA Rider 16, I-46).

The 86th Legislature appropriated \$208.8 million to the Health and Human Services Commission for deferred maintenance at state hospitals and state supported living centers, to be financed through the Texas Public Finance Authority (GAA Rider 2, II-48). Also, the Department of Transportation was authorized to issue revenue bonds, not to exceed \$326 million, to construct and equip the Austin Campus Consolidation project on land owned by the agency in southeast Austin. The bonds are to be issued by the Texas Public Finance Authority (GAA Rider 42, VII-29).

Additional Detail

This report concludes with seven appendices. *Appendix A* provides a detailed description of each state bond transaction closed in fiscal year 2020. *Appendix B* reports on commercial paper and variable-rate debt programs used by state agencies and universities. *Appendix C* provides a background discussion of Texas Swap Programs and reports on swaps outstanding and debt-service requirements. While not a debt of the state, the aggregate notional amount of interest rate swaps outstanding at the state level was \$5.77 billion at fiscal year-end 2020. *Appendix D* provides an overview of the costs of issuance and underwriting spread. *Appendix E* provides a brief description of each of the state’s bond-issuing entities. *Appendix F* provides a brief overview of the Private Activity Bond Program. *Appendix G* provides a glossary of terms.

For limitations on the purpose and use of this report, see the disclosure preceding *Chapter 1*.

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Chapter 1
Texas Debt in Perspective

Texas’ general obligation (GO) debt is rated *Aaa/AAA/AAA/AAA* by the credit rating agencies *Moody’s Investors Service (Moody’s)*, *Standard & Poor’s (S&P)*, *Fitch Ratings (Fitch)* and *Kroll Bond Rating Agency (Kroll)*, respectively. All four rating agencies maintain their outlook as “stable”. Table 1.2 provides a tier-ranking of each state relative to the states rated *AAA* by the three major credit rating agencies.

On March 26, 2020, the Kroll Bond Rating Agency reaffirmed a long-term rating of *AAA* for the United States with a stable outlook. Similarly, on April 6, 2020, S&P reaffirmed its *AA+* long-term debt rating for the United States and maintained its long-term outlook as stable. The last time Moody’s reaffirmed the U.S. government’s *Aaa* rating and maintained its outlook as stable was on June 19, 2020. On July 31, 2020, Fitch reaffirmed its *AAA* rating for the United States and revised the long-term outlook to negative. Historically, Texas’ GO borrowing costs have not been impacted by changes in U.S. credit ratings.

According to *Moody’s 2020 State Debt Medians*, Texas ranked 42nd among all states in net tax-supported debt per capita. Texas had \$379 in net tax-supported debt per capita compared to the national mean and median of \$1,506 and \$1,071, respectively.

STATE DEBT

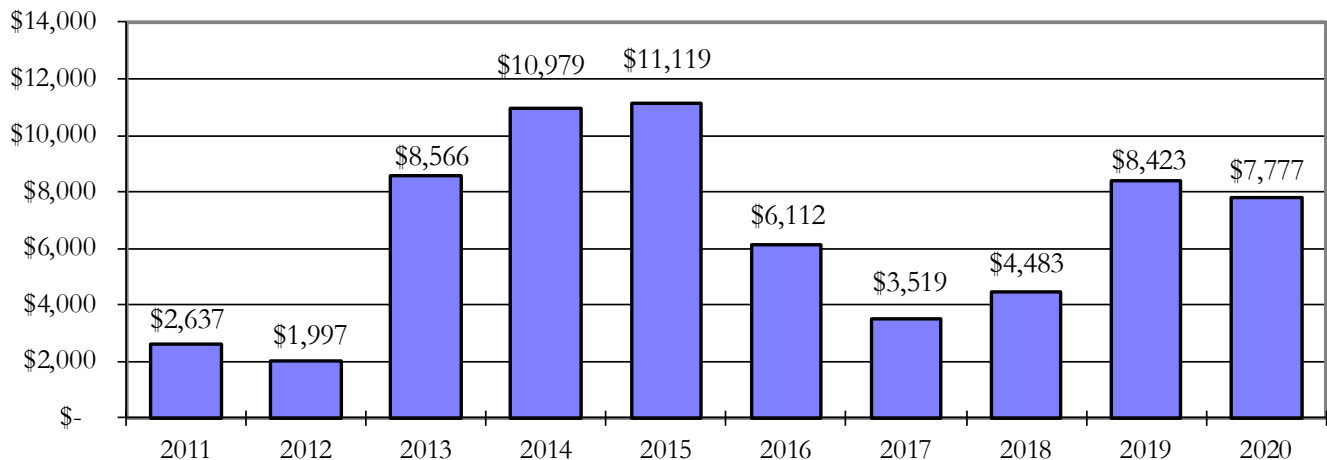
Texas’ Financial Position

Texas ended fiscal year 2020 with a total consolidated General Revenue Fund cash balance of \$7.78 billion (Figure 1.1), a 7.7 percent decrease from the fiscal year 2019 year-end closing balance of \$8.42 billion.

Total Tax Collections decreased 4.7 percent to \$54.52 billion. Total Net Revenues and Other Sources increased 4.9 percent to \$155.66 billion, and Total Expenditures and Other Uses increased 8.6 percent to \$156.95 billion (Table 1.1).

The Sales Tax remained the state’s primary source of revenue and accounted for 61.2

Figure 1.1
ENDING CASH BALANCE IN TEXAS’ CONSOLIDATED GENERAL REVENUE FUND
 (amounts in millions)



Source: Texas Comptroller of Public Accounts, Annual Cash Report, Table 1.

Table 1.1
STATEMENT OF CASH CONDITION
CONSOLIDATED GENERAL REVENUE FUND
(amounts in thousands)

| | Fiscal Year 2019 | Fiscal Year 2020 | % Change |
|---|-----------------------|-----------------------|----------------|
| Revenues and Beginning Balance | | | |
| Beginning Balance, September 1st | \$ 4,483,075 | \$ 8,423,321 | 87.9% |
| Tax Collections | | | |
| General Revenue Fund | | | |
| Sales Tax | 33,980,716 | 33,383,115 | -1.8% |
| Motor Vehicle Sales / Rental Taxes | 4,985,936 | 4,790,826 | -3.9% |
| Motor Fuel Taxes | 3,743,004 | 3,524,712 | -5.8% |
| Franchise Tax | 2,962,146 | 3,055,377 | 3.1% |
| Insurance Taxes | 2,599,025 | 2,741,653 | 5.5% |
| Natural Gas Production Tax | 1,685,681 | 925,473 | -45.1% |
| Cigarette and Tobacco Taxes | 594,145 | 546,724 | -8.0% |
| Alcoholic Beverages Taxes | 1,369,402 | 1,125,322 | -17.8% |
| Oil Production and Regulation Taxes | 3,886,824 | 3,229,347 | -16.9% |
| Utility Taxes | 471,362 | 478,155 | 1.4% |
| Hotel Occupancy Tax | 636,110 | 470,703 | -26.0% |
| Other Taxes | 326,547 | 252,664 | -22.6% |
| Total Tax Collections | \$ 57,240,898 | \$ 54,524,071 | -4.7% |
| Federal Income | 37,774,035 | 41,869,785 | 10.8% |
| Licenses, Fees, Permits, Fines, & Penalties | 3,998,273 | 3,851,558 | -3.7% |
| State Health Service Fees and Rebates | 7,087,932 | 7,497,445 | 5.8% |
| Interest and Investment Income | 171,572 | 50,744 | -70.4% |
| Net Lottery Proceeds | 2,510,143 | 2,391,653 | -4.7% |
| Escheated Estates | 693,355 | 715,456 | 3.2% |
| Sales of Goods and Services | 191,013 | 184,025 | -3.7% |
| Settlements of Claims | 619,296 | 596,374 | -3.7% |
| Land Income | 16,165 | 14,301 | -11.5% |
| Other Revenue Sources | 3,460,200 | 3,150,533 | -8.9% |
| Interfund Transfers/Investment Transactions | 34,654,243 | 40,812,203 | 17.8% |
| Total Net Revenue and Other Sources | \$ 148,417,125 | \$ 155,658,148 | 4.9% |
| Expenditures and Ending Balance | | | |
| General Government | 3,384,180 | 3,494,824 | 3.3% |
| Education | 32,474,685 | 36,989,516 | 13.9% |
| Employee Benefits | 4,499,076 | 4,495,409 | -0.1% |
| Health and Human Services | 51,620,784 | 55,068,651 | 6.7% |
| Public Safety and Corrections | 5,081,955 | 4,814,896 | -5.3% |
| Lottery Winnings Paid | 684,278 | 541,326 | -20.9% |
| Other Expenditures* | 2,652,895 | 3,124,741 | 17.8% |
| Interfund Transfers / Investment Transactions | 44,079,390 | 48,421,816 | 9.9% |
| Total Expenditures and Other Uses | \$ 144,477,243 | \$ 156,951,179 | 8.6% |
| Net Increase to Petty Cash Accounts | 367 | 0 | -100.0% |
| Ending Balance, August 31st | \$ 8,423,321 | \$ 7,777,425 | -7.7% |

Totals may not sum due to rounding.

* Includes Transportation, Natural Resources/Recreational Services, Regulatory Agencies, Payment of Interest, and Capital Outlays.

Source: Texas Comptroller of Public Accounts, 2020 Cash Report, Tables 1 & 3 GR Consolidated Funds.

percent of Total Tax Collections during fiscal year 2020. Sales Tax revenue decreased 1.8 percent (\$597.6 million) from the prior fiscal year to \$33.38 billion. The Natural Gas Production Tax revenue decreased 45.1 percent (\$760.2 million), the Oil Production and Regulation Tax revenue decreased 16.9 percent (\$657.5 million), the Alcoholic Beverages Tax revenue decreased 17.8 percent (\$244.1 million), the Hotel Occupancy Tax revenue decreased 26.0 percent (\$165.4 million), while the state's Motor Vehicle Sales/Rental Tax revenue and Motor Fuel Tax revenue decreased 3.9 percent (\$195.1 million) and 5.8 percent (\$218.3 million), respectively.

86th Legislature – Regular Session

The 86th Legislature authorized additional GO debt that was approved by the voters at the November 5, 2019, general election. This included HJR 12 for an additional \$3 billion in bonding authority to finance cancer research up to a maximum of \$6 billion and SJR 79 for \$200 million in evergreen bonding authority to provide financial assistance for the development of certain water projects in economically distressed areas.

Additionally, the 86th Legislature passed HB 1052 authorizing the Texas Water Development Board (TWDB) to use the state participation (SP) account of the water development fund to provide financial assistance for the development of certain facilities in an amount not to exceed \$200 million.

At the November 5, 2019, general election, the voters approved the use of a Flood Infrastructure Fund as a special fund in the State Treasury outside the general revenue fund to be used to provide financing for drainage, flood mitigation, or flood control projects. The Texas Legislature passed two related bills, SB 7 and SB 8, which address flood control and mitigation.

In the General Appropriations Act (GAA), the

86th Legislature authorized the issuance of \$475.2 million of additional revenue bonds and appropriated those bond proceeds to the Texas Facilities Commission for phase two of the North Austin and Capitol Complex projects. The bonds are anticipated to be repaid with lease payments and are subject to biennial appropriation by the legislature of funds available for payment. Lease payments were appropriated to the Texas Facilities Commission for the 2020–21 biennium (GAA Rider 16, I-46).

The 86th Legislature appropriated \$208.8 million to the Health and Human Services Commission (HHSC) for deferred maintenance at state hospitals and state supported living centers, to be financed through the Texas Public Finance Authority (GAA Rider 2, II-48). Additionally, the Department of Transportation (TXDOT) was authorized to issue revenue bonds, not to exceed \$326 million, to construct and equip the Austin Campus Consolidation project on land owned by the agency in southeast Austin. The bonds are to be issued by the Texas Public Finance Authority (GAA Rider 42, VII-29).

85th Legislature – Regular Session and 1st Called Special Session

No new state debt authorizations were approved during the 85th Legislature. The 85th Legislature appropriated debt service for the 2018–19 biennium to the Cancer Prevention and Research Institute of Texas (CPRIT) to issue \$600 million in GO debt under the \$3 billion in authority approved by voters in 2007. In addition, the Texas Public Finance Authority (TPFA) is authorized to issue on behalf of the Texas Facilities Commission (TFC) the remainder of the \$767.7 million of revenue bonds originally authorized during the 2016–17 biennium for the office buildings and utility infrastructure in the Capital Complex and the office building and parking structure in the North Austin complex.

84th Texas Legislature – Regular Session

The 84th Legislature authorized the issuance of \$767.7 million of revenue bonds and appropriated those bond proceeds in the General Appropriations Act to TFC for the North Austin and Capitol Complex projects. The bonds are anticipated to be repaid with lease payments from state agencies subject to biennial appropriation by the legislature. Such lease payments were appropriated to the TFC for the 2016–17 biennium. In addition, the 84th Legislature appropriated debt service for the Texas Transportation Commission to issue \$1.35 billion of Prop 12 GO debt and for CPRIT to issue \$600 million in GO debt for the biennium.

The legislature also authorized \$3.10 billion in Tuition Revenue Bond (TRB) debt with the passing of HB 100. Historically, the legislature has appropriated funds in an amount equal to all or a portion of the debt service on TRB debt issued.

Additionally, the 84th Legislature passed HB 122, which limits the issuance of debt secured by the Texas Mobility Fund solely to refundings or issuances that replace variable-rate debt.

Recent Credit Rating Agency Reports on Texas' General Obligation Debt

On June 19, 2020, the Kroll Bond Rating Agency affirmed its long-term rating of AAA with a stable outlook to the State of Texas GO Mobility Fund Refunding Bonds, Series 2020. Kroll stated that “The economy of Texas is historically very strong based on a broadening and diverse employment base, ongoing increases in population, and above average growth in gross state product (GSP). KBRA believes that the economic diversification in recent years combined with the State’s substantial financial resources will help mitigate the effects of the current downturn.

The Stable Outlook on the State’s general obligation bonds reflects the significant

reserves the state has accumulated together with the broad-based economic performance over the recent past which provide a good framework to recover from the effects of the COVID 19 pandemic.”

S&P’s latest action on Texas’ GO rating was to affirm its AAA rating and stable outlook on April 20, 2020. In its report of that date, entitled “Texas Higher Education Coordinating Board; Appropriations; General Obligation; General Obligation Equivalent Security; Joint Criteria,” S&P stated that “The rating reflects our view of the state’s diverse and resilient economy which has outpaced that of the nation in terms of job growth and productivity in recent years, although it is expected to be tested at least within the short term; strong revenue forecasting and cash management practices, including comprehensive monthly revenue and expenditure cash monitoring and willingness to maintain strong liquidity to meet constitutionally defined priorities; low overall net debt, but with rising unfunded pension and long-term liabilities, which we believe will require further active management to ensure that benefit costs remain affordable; and potential long-term budgetary pressures related to growing public education expenses and modifications to the school funding formula that could shift a greater burden of the cost to the state.”

On June 18, 2020, Moody’s affirmed its Aaa rating and stable outlook of Texas’ GO debt. In its report of that date, entitled “Moody’s assigns Aaa to Texas General Obligation Mobility Fund Refunding Bonds, Taxable Series 2020; outlook stable,” Moody’s stated that “Texas’ Aaa rating reflects multiple strengths, including a strong economy that in the long run will outpace the nation, robust population growth, reserves that provide a healthy buffer to downturns, good fiscal management and governance, and low bonded debt, offset by high pension liabilities. We regard the coronavirus outbreak as a social risk

| Table 1.2 | | | | |
|--|----------------|--|--|--------------------------------|
| STATE BOND RATINGS as of September 2020 | | | | |
| States With a General Obligation Rating | | | | |
| <u>Steps from</u> <u>AAA Ranking</u> | <u>State</u> | <u>Moody's</u> <u>Investors</u> <u>Service</u> | <u>Standard</u> <u>&</u> <u>Poor's</u> | <u>Fitch</u> <u>Ratings</u> |
| - | Delaware | Aaa | AAA | AAA |
| - | Florida | Aaa | AAA | AAA |
| - | Georgia | Aaa | AAA | AAA |
| - | Maryland | Aaa | AAA | AAA |
| - | Missouri | Aaa | AAA | AAA |
| - | North Carolina | Aaa | AAA | AAA |
| - | Tennessee | Aaa | AAA | AAA |
| - | TEXAS | Aaa | AAA | AAA |
| - | Utah | Aaa | AAA | AAA |
| - | Virginia | Aaa | AAA | AAA |
| 1 | Minnesota | Aa1 | AAA | AAA |
| 1 | South Carolina | Aaa | AA+ | AAA |
| 2 | Washington | Aaa | AA+ | AA+ |
| 3 | Arkansas | Aa1 | AA | ** |
| 3 | Nevada | Aa1 | AA+ | AA+ |
| 3 | Ohio | Aa1 | AA+ | AA+ |
| 3 | Oregon | Aa1 | AA+ | AA+ |
| 3 | Vermont | Aa1 | AA+ | AA+ |
| 4 | Alabama | Aa1 | AA | AA+ |
| 4 | Hawaii | Aa2 | AA+ | AA+ |
| 4 | Massachusetts | Aa1 | AA | AA+ |
| 4 | Montana | Aa1 | AA | AA+ |
| 4 | New Hampshire | Aa1 | AA | AA+ |
| 4 | New Mexico | Aa2 | AA | ** |
| 4 | New York | Aa2 | AA+ | AA+ |
| 4 | Wisconsin | Aa1 | AA | AA+ |
| 5 | Michigan | Aa1 | AA | AA |
| 6 | Maine | Aa2 | AA | AA |
| 6 | Mississippi | Aa2 | AA | AA |
| 6 | Oklahoma | Aa2* | AA | AA* |
| 6 | Rhode Island | Aa2 | AA | AA |
| 7 | California | Aa2 | AA- | AA |
| 7 | West Virginia | Aa2 | AA- | AA |
| 9 | Louisiana | Aa3 | AA- | AA- |
| 10 | Alaska | Aa3 | AA- | A+ |
| 10 | Pennsylvania | Aa3 | A+ | AA- |
| 13 | Connecticut | A1 | A | A+ |
| 18 | New Jersey | A3 | A- | A- |
| 27 | Illinois | Baa3 | BBB- | BBB- |
| States With Only an Issuer Credit Rating | | | | |
| * | Arizona | Aa1 | AA | ** |
| * | Colorado | Aa1 | AA | ** |
| * | Idaho | Aa1 | AA+ | AA+ |
| * | Indiana | Aaa | AAA | AAA |
| * | Iowa | Aaa | AAA | AAA |
| * | Kansas | Aa2 | AA- | ** |
| * | Kentucky | Aa3 | A | AA- |
| * | Nebraska | Aa1 | AAA | ** |
| * | North Dakota | Aa1 | AA+ | ** |
| * | South Dakota | Aaa | AAA | AAA |
| * | Wyoming | ** | AA | ** |
| * Issuer Credit Rating. | | | | |
| ** Not rated. | | | | |
| Sources: Moody's Investors Service, Standard & Poor's, and Fitch Ratings. | | | | |

under our ESG framework, given the substantial implications for public health and safety. The coronavirus crisis is not a key driver for this rating action. We do not see any material immediate credit risks for the State of Texas. However, the situation surrounding coronavirus is rapidly evolving and the longer term impact will depend on both the severity and duration of the crisis. If our view of the credit quality of the State of Texas changes, we will update the rating and/or outlook at that time.”

On June 19, 2020, Fitch affirmed its AAA rating and stable outlook of Texas’ GO debt. In its report of that date, entitled “Fitch Rates Texas Transportation GO Mobility Fund Bonds 'AAA'; Outlook Stable,” Fitch stated that “Texas' 'AAA' Issuer Default Rating (IDR) and GO bond rating reflect its growth-oriented economy and the ample fiscal flexibility provided both by its conservative approach to financial operations and maintenance of substantial reserve balances. The state has demonstrated its ability to take budgetary actions as needed to maintain balance while historically keeping strong balances in its budgetary reserve, the economic stabilization fund (ESF). This approach is expected to serve the state well as it confronts the dual, immediate pressures of the coronavirus pandemic and disruptions in crude oil markets.”

Factors Affecting the Rating of Texas’ General Obligation Debt

Credit rating agencies consider four primary factors when rating a state’s debt: economy, finances, debt, and management. Within economic factors, the agencies review the state’s income, employment, economic diversity, and demographics. Financial factors considered are the state’s revenues, cost structure, balance sheet health, and liquidity. Debt factors reviewed include debt ratios, debt security, and structure as well as the state’s overall pension liability. Management factors include budget development and management

practices; constitutional constraints, initiatives, and referenda; executive branch controls; mandates to maintain a balanced budget; rainy day funds; and political polarization.

The sometimes overlapping conclusions reached by the major rating agencies reflect their collective judgment that several challenges may arise if Texas is faced with a low-revenue environment. Among the most prominent and commonly cited of these problems are: 1) the state’s heavy dependence on the sales tax without support from a state income tax; 2) issues related to unfunded pension liabilities, funding for public schools, and assistance programs such as Medicaid; and 3) the state’s continued rapid population growth that will necessitate budget increases for operating costs as well as increases in capital expenditures for growing infrastructure needs, including transportation and water development.

Table 1.2 provides a tier ranking of each state’s rating relative to states that are rated Triple-A by the three major credit rating agencies. Texas is one of ten states that is rated Triple-A by Moody’s, S&P, and Fitch.

Changes in State Bond Ratings

During the past year, four states received upgrades in ratings. Moody’s upgraded Arizona to Aa1 from Aa2, Moody’s upgraded California to Aa2 from Aa3, Fitch upgraded Hawaii to AA+ from AA, and Nevada was upgraded by both Moody’s (Aa1 from Aa2) and S&P (AA+ from AA).

Seven states received ratings downgrades. Alaska was downgraded by both S&P and Fitch, Hawaii was downgraded by Moody’s, Illinois was downgraded by Fitch, New Jersey was downgraded by Fitch, New York was downgraded by Moody’s, and Wyoming was downgraded by S&P. (*Table 1.3*).

Table 1.3
CHANGES IN STATE BOND RATINGS
 September 2019 to September 2020

| State | Moody's | Standard & Poor's | Fitch |
|-------------------|------------|-------------------|-------------|
| Upgrades | | | |
| Arizona* | Aa2 to Aa1 | | |
| California | Aa3 to Aa2 | | |
| Hawaii | | | AA to AA+ |
| Nevada | Aa2 to Aa1 | AA to AA+ | |
| Downgrades | | | |
| Alaska | | AA to AA- | AA- to A+ |
| Hawaii | Aa1 to Aa2 | | |
| Illinois | | | BBB to BBB- |
| New Jersey | | | A to A- |
| New York | Aa1 to Aa2 | | |
| Wyoming* | | AA+ to AA | |

* Issuer Credit Rating.

Sources: Moody's Investors Service, Standard & Poor's, and Fitch Ratings.

Texas' Debt Ratios Compared to AAA-Rated and Other States

According to Moody's 2020 State Debt Medians (specifically titled "State government-US Medians – State debt declined in 2019, but likely to grow in coming years"), Texas ranked 42nd among all states in net tax-supported debt per capita. Texas had \$379 in net tax-supported debt per capita compared to the national mean and median of \$1,506 and \$1,071, respectively (Table 1.4). Texas' net tax-supported debt per capita ranked second lowest when compared to that of the nine other states rated AAA (Table 1.5). By comparison, AAA-rated Delaware had the highest debt per capita at \$3,289. Additionally, Texas' 2019 personal income (the most recent data available) per capita of \$52,813 is above that of six other AAA states: Florida, Georgia, Missouri, North Carolina, Tennessee, and Utah.

Texas' net tax-supported debt as a percent of calendar 2019 personal income was 0.7 percent, 42nd among all the states and below the national mean and median of 2.6 percent and 2.0 percent, respectively (Table 1.4). Compared to the nine other states also rated AAA by all three major rating agencies, Texas ranked second lowest on this measure with the mean

and median for all ten AAA-rated states at 2.1 percent and 1.5 percent, respectively (Table 1.5).

The most recent U.S. Census Bureau data for total state and local debt outstanding show that for census year 2018 (the most recent data available), Texas was the nation's second most populous state and ranked third among the ten most populous states in terms of local debt per capita, seventh in state debt per capita, and fourth in total state and local debt per capita (Table 1.6) with 82.4 percent of the state's total debt burden at the local level. Listed by decreasing amount outstanding, local debt is issued by Public School Districts; Cities, Towns, and Villages; Water Districts; Special Districts; Counties; Community and Junior Colleges; and Health/Hospital Districts and Authorities.

Texas state and local debt outstanding as a percentage of gross state product has remained relatively constant, indicating that economic growth has kept pace with state and local debt outstanding (Figure 1.2).

Many communities throughout Texas are continuing to experience significant population growth with increasing demand for infrastructure, programs, and services. Population growth in the state, according to the U.S. Census Bureau, increased 5.6 percent (1.5 million) from 2015 to 2019 (most recent data available), forcing many small and medium-sized communities to increase financing for infrastructure such as roads, schools, water, and wastewater services to meet expanded needs. Based on projections of current demographic trends, Texas will continue to experience increasing demand for expenditures in these areas.

General Obligation Debt Has Increased Over the Past Decade

General obligation (GO) debt pledges "the full faith and credit of the state" to back the payment of the debt. In the event that program

Table 1.4
SELECTED TAX-SUPPORTED DEBT MEASURES BY STATE

| <u>State</u> | <u>Net Tax-Supported</u> | | | <u>Net Tax-Supported</u> | |
|----------------|--------------------------|--|-------------|--------------------------|-------------|
| | <u>Moody's Rating</u> | <u>Debt as a % of 2019 Personal Income</u> | <u>Rank</u> | <u>Debt Per Capita</u> | <u>Rank</u> |
| Hawaii | Aa1 | 9.6% | 1 | \$5,528 | 3 |
| Connecticut | A1 | 8.4% | 2 | 6,637 | 1 |
| Massachusetts | Aa1 | 8.3% | 3 | 6,258 | 2 |
| Delaware | Aaa | 6.1% | 4 | 3,289 | 6 |
| New Jersey | A3 | 5.8% | 5 | 4,125 | 4 |
| Kentucky | Aa3 | 5.2% | 6 | 2,278 | 11 |
| Mississippi | Aa2 | 4.8% | 7 | 1,901 | 14 |
| New York | Aa1 | 4.6% | 8 | 3,314 | 5 |
| Illinois | Baa3 | 4.5% | 9 | 2,635 | 7 |
| Rhode Island | Aa2 | 4.1% | 10 | 2,308 | 10 |
| West Virginia | Aa2 | 4.0% | 11 | 1,700 | 15 |
| Washington | Aaa | 4.0% | 12 | 2,579 | 8 |
| Oregon | Aa1 | 3.8% | 13 | 2,018 | 13 |
| Maryland | Aaa | 3.5% | 14 | 2,323 | 9 |
| California | Aa2 | 3.2% | 15 | 2,147 | 12 |
| Louisiana | Aa3 | 3.2% | 16 | 1,545 | 17 |
| Wisconsin | Aa1 | 2.8% | 17 | 1,514 | 19 |
| Kansas | Aa2 | 2.8% | 18 | 1,491 | 20 |
| Virginia | Aaa | 2.8% | 19 | 1,677 | 16 |
| Pennsylvania | Aa3 | 2.6% | 20 | 1,519 | 18 |
| New Mexico | Aa2 | 2.5% | 21 | 1,117 | 24 |
| Arkansas | Aa1 | 2.4% | 22 | 1,081 | 25 |
| Minnesota | Aa1 | 2.4% | 23 | 1,406 | 21 |
| Ohio | Aa1 | 2.3% | 24 | 1,158 | 23 |
| Georgia | Aaa | 2.0% | 25 | 971 | 27 |
| Alaska | Aa3 | 2.0% | 26 | 1,229 | 22 |
| Maine | Aa2 | 1.9% | 27 | 958 | 28 |
| Alabama | Aa1 | 1.9% | 28 | 822 | 29 |
| Vermont | Aa1 | 1.9% | 29 | 1,061 | 26 |
| Florida | Aaa | 1.5% | 30 | 780 | 30 |
| Utah | Aaa | 1.5% | 31 | 720 | 31 |
| North Carolina | Aaa | 1.2% | 32 | 586 | 36 |
| Idaho | Aa1 | 1.2% | 33 | 540 | 37 |
| Michigan | Aa1 | 1.2% | 34 | 593 | 34 |
| Nevada | Aa1 | 1.2% | 35 | 592 | 35 |
| New Hampshire | Aa1 | 1.1% | 36 | 709 | 32 |
| Arizona | Aa1 | 1.1% | 37 | 508 | 38 |
| South Carolina | Aaa | 1.0% | 38 | 469 | 40 |
| Colorado | Aa1 | 1.0% | 39 | 603 | 33 |
| Missouri | Aaa | 0.9% | 40 | 464 | 41 |
| South Dakota | Aaa | 0.9% | 41 | 493 | 39 |
| Texas | Aaa | 0.7% | 42 | 379 | 42 |
| Oklahoma | Aa2 | 0.7% | 43 | 337 | 43 |
| Tennessee | Aaa | 0.6% | 44 | 292 | 44 |
| Indiana | Aaa | 0.5% | 45 | 251 | 45 |
| Iowa | Aaa | 0.3% | 46 | 150 | 46 |
| Montana | Aa1 | 0.2% | 47 | 106 | 47 |
| North Dakota | Aa1 | 0.1% | 48 | 64 | 48 |
| Wyoming | NGO** | 0.0% | 49 | 28 | 49 |
| Nebraska | Aa1 | 0.0% | 50 | 19 | 50 |
| Mean | | 2.6% | | \$1,506 | |
| Median | | 2.0% | | \$1,071 | |

* Issuer rating (no GO debt)

** No general obligation debt or issuer rating.

Analysis based on calendar year 2019 data.

Source: Moody's Investors Service, 2020 State Debt Medians - May 12, 2020.

| State | Rating* | Net Tax-Supported Debt as a % of 2019 | | Net Tax-Supported | | 2019 |
|-----------------------------|---------|--|------|-------------------|------|-------------------------------|
| | | Personal Income | Rank | Debt Per Capita | Rank | Personal Income Per Capita |
| Delaware | AAA | 6.1% | 4 | 3,289 | 6 | 54,485 |
| Florida | AAA | 1.5% | 30 | 780 | 30 | 52,426 |
| Georgia | AAA | 2.0% | 25 | 971 | 27 | 48,236 |
| Maryland | AAA | 3.5% | 14 | 2,323 | 9 | 64,640 |
| Missouri | AAA | 0.9% | 40 | 464 | 41 | 48,955 |
| North Carolina | AAA | 1.2% | 32 | 586 | 36 | 47,766 |
| Tennessee | AAA | 0.6% | 44 | 292 | 44 | 48,684 |
| TEXAS | AAA | 0.7% | 42 | 379 | 42 | 52,813 |
| Utah | AAA | 1.5% | 31 | 720 | 31 | 48,939 |
| Virginia | AAA | 2.8% | 19 | 1,677 | 16 | 59,657 |
| Mean of AAA States | | 2.1% | | \$1,148 | | \$52,660 |
| Median of AAA States | | 1.5% | | \$750 | | \$50,691 |

* Rated Aaa by Moody's and AAA by Standard & Poor's and Fitch Ratings.
Analysis based on calendar year 2019 data.
Sources: Moody's Investors Service, 2020 State Debt Medians; Bureau of Economic Analysis, State BEAR Facts.

or project revenue is insufficient to pay debt service on self-supporting debt, the first monies coming into the state treasury not otherwise constitutionally appropriated shall be used to pay the debt service.

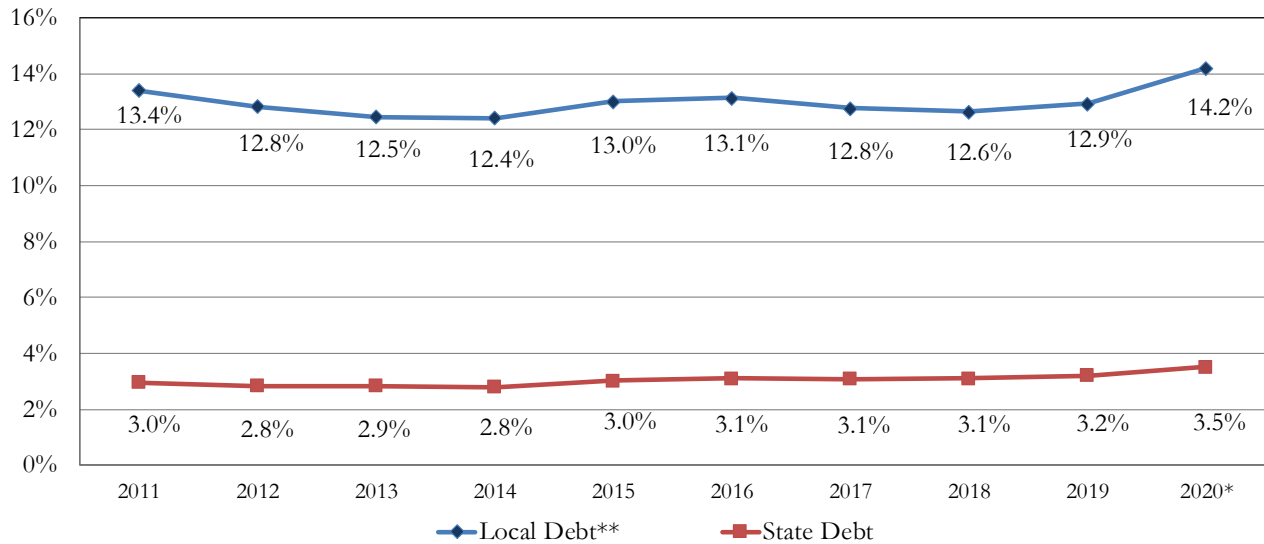
Some GO debt, such as that issued by the Texas Veterans' Land Board, is self-supporting, and other GO debt, such as that

issued by the Texas Public Finance Authority to finance programs for the Cancer Prevention and Research Institution of Texas as well as the capital expenditure needs of various state agencies is not self-supporting and must receive annual appropriations from the legislature for debt-service payments from the state's general revenue fund.

| State | Total State and Local Debt | | | | State Debt | | | | Local Debt | | | |
|----------------|----------------------------|----------------------|----------------------|--------------------|----------------------|--------------------|----------------------|--------------------|----------------------|--------------------|----------------------|--------------------|
| | Population (thousands) | Amount (millions) | Per Capita Amount | Per Capita Rank | Amount (millions) | % of Total Debt | Per Capita Amount | Per Capita Rank | Amount (millions) | % of Total Debt | Per Capita Amount | Per Capita Rank |
| New York | 19,337 | 354,834 | \$18,350 | 1 | 147,961 | 41.7% | \$7,652 | 1 | 206,874 | 58.3% | \$10,698 | 1 |
| Illinois | 12,588 | 165,161 | 13,121 | 2 | 67,496 | 40.9% | 5,362 | 2 | 97,666 | 59.1% | 7,759 | 4 |
| California | 39,368 | 495,359 | 12,583 | 3 | 148,027 | 29.9% | 3,760 | 4 | 347,332 | 70.1% | 8,823 | 2 |
| Texas | 29,361 | 293,204 | 9,986 | 4 | 51,530 | 17.6% | 1,755 | 7 | 241,674 | 82.4% | 8,231 | 3 |
| Pennsylvania | 12,783 | 127,300 | 9,958 | 5 | 49,064 | 38.5% | 3,838 | 3 | 78,236 | 61.5% | 6,120 | 5 |
| Ohio | 11,693 | 90,607 | 7,749 | 6 | 31,623 | 34.9% | 2,704 | 6 | 58,984 | 65.1% | 5,044 | 6 |
| Michigan | 9,967 | 72,692 | 7,294 | 7 | 33,563 | 46.2% | 3,368 | 5 | 39,129 | 53.8% | 3,926 | 9 |
| Florida | 21,733 | 129,114 | 5,941 | 8 | 27,594 | 21.4% | 1,270 | 9 | 101,521 | 78.6% | 4,671 | 7 |
| Georgia | 10,710 | 58,616 | 5,473 | 9 | 13,306 | 22.7% | 1,242 | 10 | 45,311 | 77.3% | 4,231 | 8 |
| North Carolina | 10,601 | 46,134 | 4,352 | 10 | 15,355 | 33.3% | 1,448 | 8 | 30,780 | 66.7% | 2,904 | 10 |
| MEAN | | \$183,302 | \$9,481 | | \$58,552 | 32.7% | \$3,240 | | \$124,751 | 67.3% | \$6,241 | |

Note: Detail may not add to total due to rounding.
Sources: U.S. Census Bureau, *State and Local Government Finances by Level of Government and by State: 2018*, the most recent data available. July 2020 U.S. Census Bureau, Population Division.

Figure 1.2
STATE AND LOCAL DEBT AS A PERCENT OF GROSS STATE PRODUCT



* Uses gross state product as reported for quarter three of 2020 (most recent data available).

** Excludes conduit debt of local governments.

Sources: Texas Bond Review Board - Bond Finance Office; U.S Department of Commerce Bureau of Economic Analysis.

Total not self-supporting debt increased from \$4.15 billion at the end of fiscal year 2011 to \$7.00 billion at the end of fiscal year 2020, an increase of 68.7 percent, and a decrease of 0.2 percent from the \$7.01 billion outstanding in fiscal year 2019. Estimated scheduled annual debt service as a percentage of unrestricted general revenue decreased slightly in fiscal year 2020 to 1.27 percent (*Figure 1.3*).

Unrestricted general revenue increased 41.7 percent in fiscal year 2020 to \$54.17 billion from \$38.21 billion in fiscal year 2011 (*Figure 1.4*). Unrestricted general revenue is generally the most available funding source to make debt-service payments and to fund appropriations for state operations.

Authorized but Unissued Debt Increases

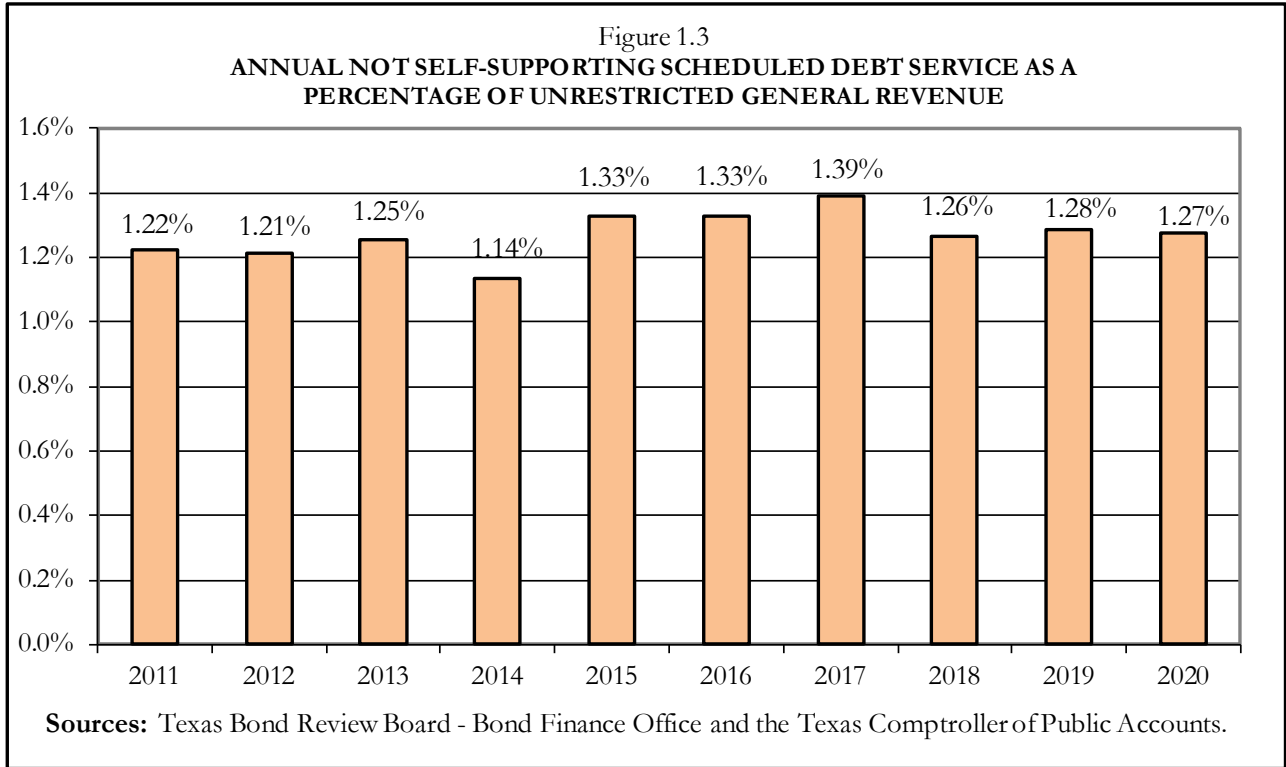
Authorized but unissued debt (debt that has been authorized by the legislature and may be issued at any time without further legislative action) increased by 31.0 percent from approximately \$13.35 billion at the end of fiscal year 2019 to approximately \$17.49 billion at the end of fiscal year 2020. This increase is

attributed to the additional \$3 billion for cancer research and \$200 million for TWDB EDAP projects, both authorized by the voters at the November 2019 general election, as well as \$200 million for TWDB SP account projects, \$208.8 million for HHSC deferred maintenance projects, and \$326 million for a TXDOT Austin Campus Consolidation project all authorized by the 86th Legislature.

Of the \$17.49 billion of authorized but unissued debt remaining as of fiscal year-end 2020, approximately \$13.30 billion is GO debt while \$4.19 billion is non-GO debt. Approximately \$6.02 billion of the authorized but unissued amount is considered not self-supporting and includes GO and non-GO debt payable from general revenue.

Texas' Constitutional Debt Limit and Debt Management Policy

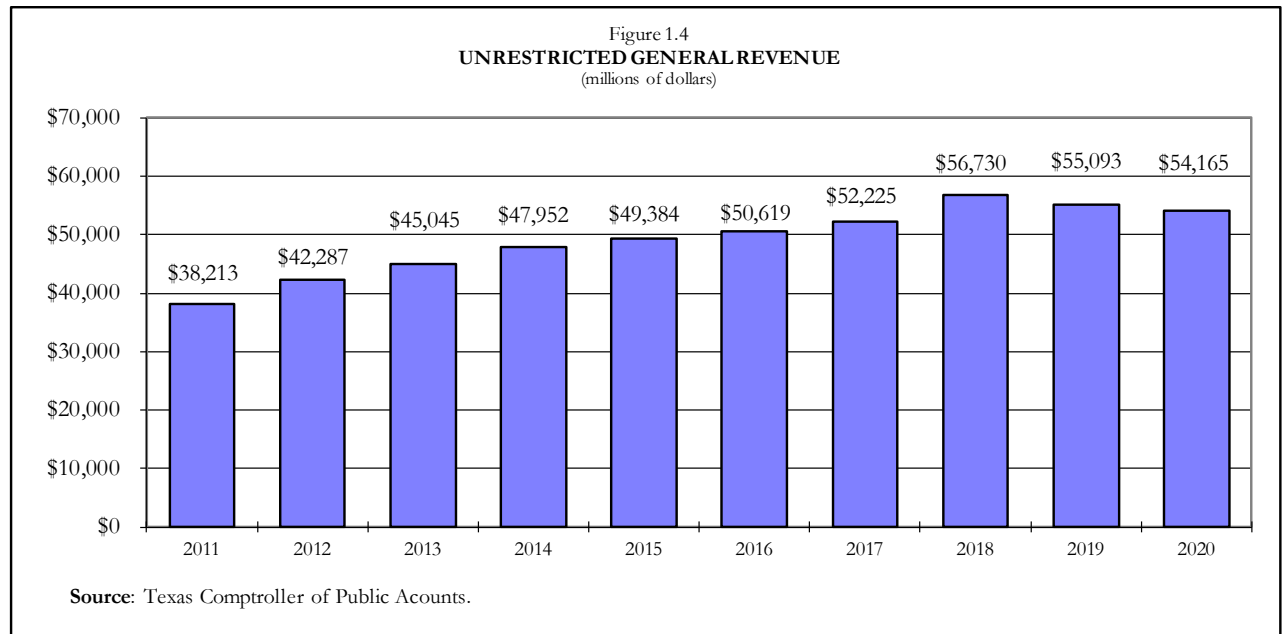
In 1997, the 75th Legislature passed and voters approved HJR 59, which added Section 49-j to Article III of the Texas Constitution. This amendment states that additional tax-supported debt may not be authorized if the



maximum annual debt service on debt payable from general revenue, including authorized but unissued debt, exceeds 5 percent of the average annual unrestricted General Revenue Fund revenues for the previous three fiscal years.

debt limit (CDL) remained below the maximum of 5 percent with 1.23 percent calculated for debt outstanding and 1.44 percent calculated for authorized but unissued debt for a total of 2.67 percent. Included in the CDL is the \$767.7 million and \$475.2 million of revenue bonds authorized by the 84th

As of August 31, 2020, Texas' constitutional



Legislature and 86th Legislature, respectively, for the Texas Facilities Commission. Also included is the additional \$3 billion for cancer research and \$200 million for TWDB EDAP projects, both authorized by the voters at the November 2019 general election, as well as \$200 million for TWDB SP account projects and \$208.8 million for HHSC deferred maintenance projects authorized by the 86th Legislature. The CDL increased 29.0 percent from the 2.07 percent calculated for outstanding and authorized but unissued debt for fiscal year 2019.

HB 2190, passed in the 77th Legislature, directed the Bond Review Board (BRB) to adopt formal debt policies and issuer guidelines to provide guidance to issuers of state securities and to ensure that state debt is prudently managed. These policies and guidelines are posted on the agency's website.

SB 1332, passed in the 80th Legislature, amended the agency's statutes to require the BRB to adopt a state policy related to the risks and effects of derivative agreements. This policy was adopted in fiscal year 2009 and is available on the agency's website.

Capital Planning Review and Approval Process

The 76th Legislature (1999) passed legislation that biennially directs the BRB to produce the state's Capital Expenditure Plan (CEP). The legislation specifies that all state agencies and higher education institutions appropriated funds by the General Appropriations Act (GAA) are required to report capital planning information for projects that fall within four specific project areas: 1) acquisition of land and other real property; 2) construction of buildings and facilities; 3) renovations of buildings and other facilities estimated to exceed \$1 million for a single state agency or institution of higher education; and (4) major information resources projects estimated to exceed \$1 million. In previous reports, the BRB requested that all planned expenditures

exceeding \$250,000 must be reported, but the threshold was adjusted to \$1 million in 2006 for future reports.

From a budgetary and capital planning standpoint, a number of state agencies work together to coordinate the budgetary and capital reporting and approval process for state agencies. These include the Governor's Office of Budget, Planning & Policy (GOBPP), the Legislative Budget Board (LBB), the Texas Higher Education Coordinating Board, the Texas Facilities Commission, the Comptroller of Public Accounts, the House Committee on Appropriations (HAC), and the Senate Finance Committee (SFC).

The legislature defines the types of projects and cost thresholds to be reported in the CEP. The BRB coordinates the submission of capital projects through the CEP, develops the report, and determines the effect of the additional capital requests on the state's budget and debt capacity. The completed plan is then provided to the GOBPP and the LBB to develop recommendations for appropriations to the legislature.

The GOBPP and LBB also assess short-term and long-term budget needs. Through the HAC and SFC, the legislature makes the final decisions on projects to be funded for the two-year biennial period. Approved capital and operating budgets are integrated into the GAA that authorizes specific debt issuance for capital projects. Through the capital budgeting process, capital projects are approved for the two-year biennial period. Additionally, the CEP reports on the preceding year and the remaining two out years for identifying long-term needs of the state and for future planning purposes.

The 2022–23 CEP was released September 1, 2020, pursuant to House Bill 1, Article IX, Section 11.03 of the 86th Legislature and covers the out years 2024–25. Historical CEP reports are available on the agency's website. The CEP

is a management tool for state decision makers to use in assessing future individual capital expenditure requests within the framework of the state's overall financial position. The 2022–23 CEP is available on the agency's website.

Debt Affordability Study

The state's Debt Affordability Study (DAS) is designed to provide the state leadership with an integrated approach to manage state debt by assessing historical debt use and analyzing the state's financial and economic resources in conjunction with long-term needs contained in the CEP. The BRB, LBB, and TPFA prepared the state's first DAS, released in February 2007. With the passage of SB 1332 (80th Legislature), the BRB, in conjunction with the LBB, is responsible for subsequent editions of the DAS. Historical DAS reports are available on the agency's website. The 2021 DAS will be released in February 2021.

LOCAL DEBT

Local Debt Issuance Process

Local governments in Texas issue debt to finance construction and renovation of government facilities (i.e., schools, public safety buildings, city halls and county courthouses), public infrastructure (i.e., roads, water and sewer systems) and various other projects authorized by law. Key factors that affect a government's need and ability to borrow funds for infrastructure development include population changes, revenue sources, tax rates and levies, interest rates and construction costs. Local governments issue two main types of debt: tax (general obligation or GO) and revenue. General obligation debt is secured by the full faith and credit of the issuer's ad valorem tax revenue while revenue debt is secured by a specified revenue source.

State law sets limitations on certain local government debt issuers by setting maximum ad valorem tax rates per \$100 of assessed property valuation. These rates vary by

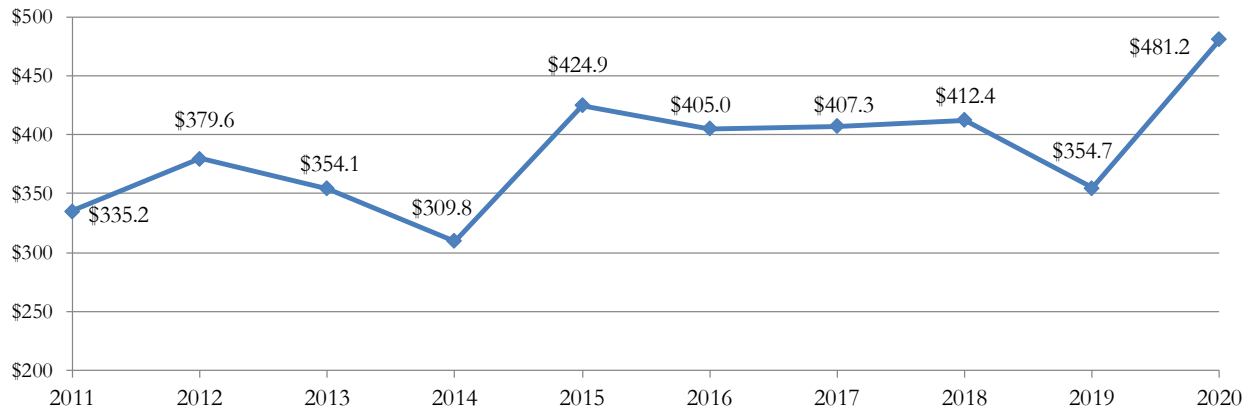
government type, but all must generate sufficient funds based on annual ad valorem tax collections to provide for the payment of the debt service on outstanding and projected ad valorem tax (GO) debt. Additionally, all public securities issued by local debt issuers must be approved by the Office of the Attorney General – Public Finance Division (OAG) and registered with the Texas Comptroller of Public Accounts. For reporting purposes issuances that combine both tax-supported and revenue bonds are categorized as tax-supported debt.

Texas Bond Review Board and Local Government Debt

The Texas Bond Review Board (BRB) has no direct oversight of local government debt issuance. Chapter 1231 of the Texas Government Code requires the BRB to prepare statistical reports on local government debt. This information on debt issued by political subdivisions is primarily collected by the OAG in its review and approval of public securities under Chapter 1202 of the Texas Government Code and then forwarded to the BRB for its report on local debt statistics pursuant to Section 1202.008 of the Texas Government Code. Conduit debt issued by nonprofit corporations as well as local indebtedness not approved by the OAG, such as certain short-term notes, certain bond anticipation notes, and certain lease purchase agreements for personal property, will not be reflected in this report.

All reporting on local debt is presented on the agency's website, the Texas Open Data Portal, and the BRB Data Center website. Visitors to the BRB website can search databases and access the Data Portal to download spreadsheets that contain debt outstanding, debt ratios and population data by government type at each fiscal year-end. Separately, the BRB Data Center website allows the user to search for state and local debt data via a dossier-style display. Users can view comparative graphs and charts integrating fees,

Figure 1.5
NATIONWIDE GOVERNMENT DEBT ISSUANCE
 (amounts in billions)



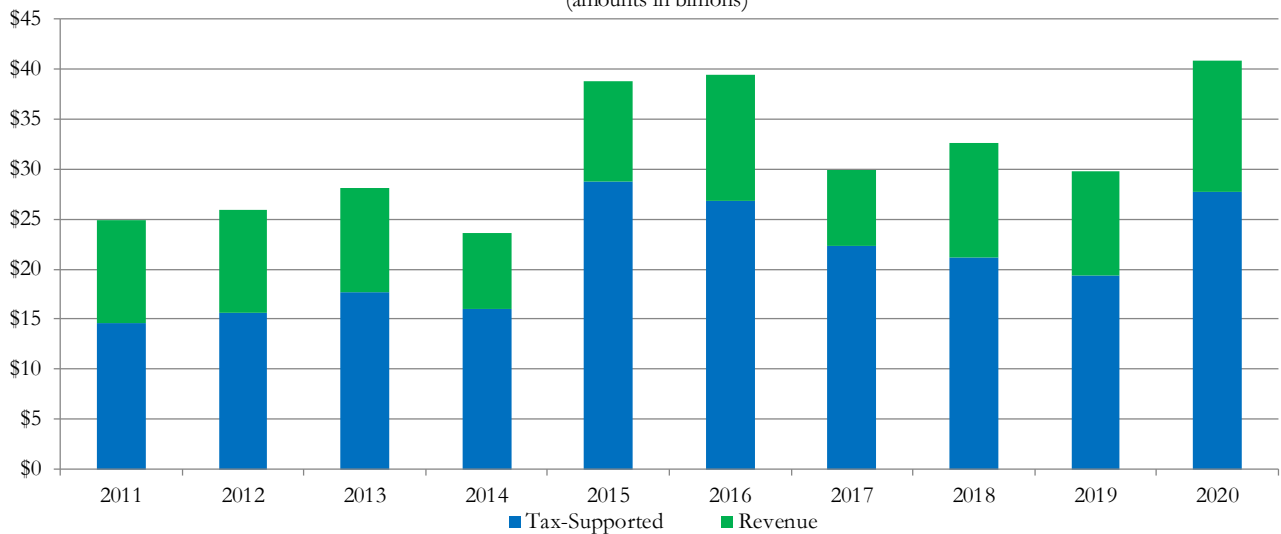
Sources: The Bond Buyer; Refinitiv Financial Solutions (based on data available on December 31, 2020).

debt issuance, and debt outstanding information onto one page helping the user better understand the overall debt picture of each debt issuer. Users of the website can download xls/csv data for each graph and chart displayed. The BRB posts this information to its website, the Data Portal and the Data Center annually within four months after the close of the fiscal year. In fiscal year 2020, a monthly average of approximately 2,588 different users of the BRB’s website downloaded various datasets containing Texas

local government debt data.

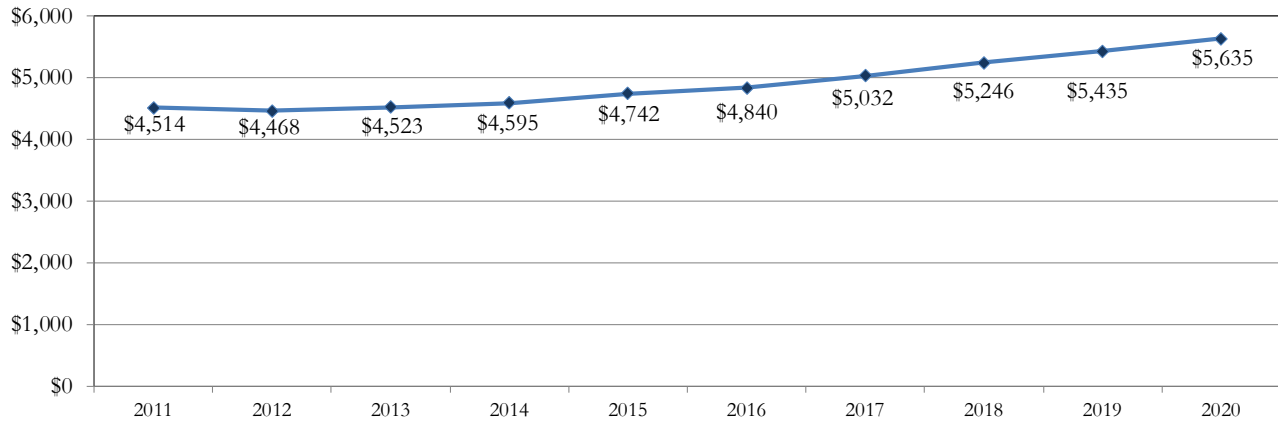
The BRB separates the local government issuances into seven categories: Cities, Towns, Villages (Cities); Public School Districts (School Districts); Water Districts and Authorities (WD); Counties; Other Special Districts and Authorities (OSD); Community and Junior Colleges (CCD); and Health/Hospital Districts and Authorities (HHD).

Figure 1.6
TEXAS LOCAL GOVERNMENT DEBT ISSUANCE
 (amounts in billions)



Excludes commercial paper and conduit debt.
 Source: Texas Bond Review Board - Bond Finance Office.

Figure 1.7
**TEXAS LOCAL GOVERNMENT
 TOTAL TAX-SUPPORTED DEBT PER CAPITA***



*Includes debt secured by a combination of *ad valorem* taxes and other revenue sources. Excludes conduit debt.

Sources: Texas Bond Review Board - Bond Finance Office; July 1, 2020 Annual Estimates, U.S. Census Bureau, Population Division.
 (Population totals used are one year in arrears due to timing of census estimate release dates.)

The data in this report and on the website is compiled from information provided to the Bond Review Board from various sources and has not been independently verified.

Nationwide Debt Issuance Increases During Fiscal Year 2020

Over the past decade nationwide issuance of government debt has fluctuated from issuances totaling \$335.25 billion in fiscal year 2011 to a total of \$481.21 billion issued in fiscal year 2020 (*Figure 1.5*). Texas issuance of local debt (excluding conduit debt and commercial paper) has fluctuated over the past decade from a low of \$23.55 billion in fiscal year 2014 to a high of \$40.84 billion in fiscal year 2020 (*Figure 1.6*).

Majority of Local Debt Issuance Supports Educational Facilities and Equipment

During the five-year reporting period, 42.9 percent of Texas' new-money local debt issuance was used to finance educational facilities and equipment including school buses. Water related financings were the second highest use (23.2 percent), and the third highest use (17.1 percent) was for general-purpose debt, which includes public improvements. (The water related figure was likely understated because some issuers,

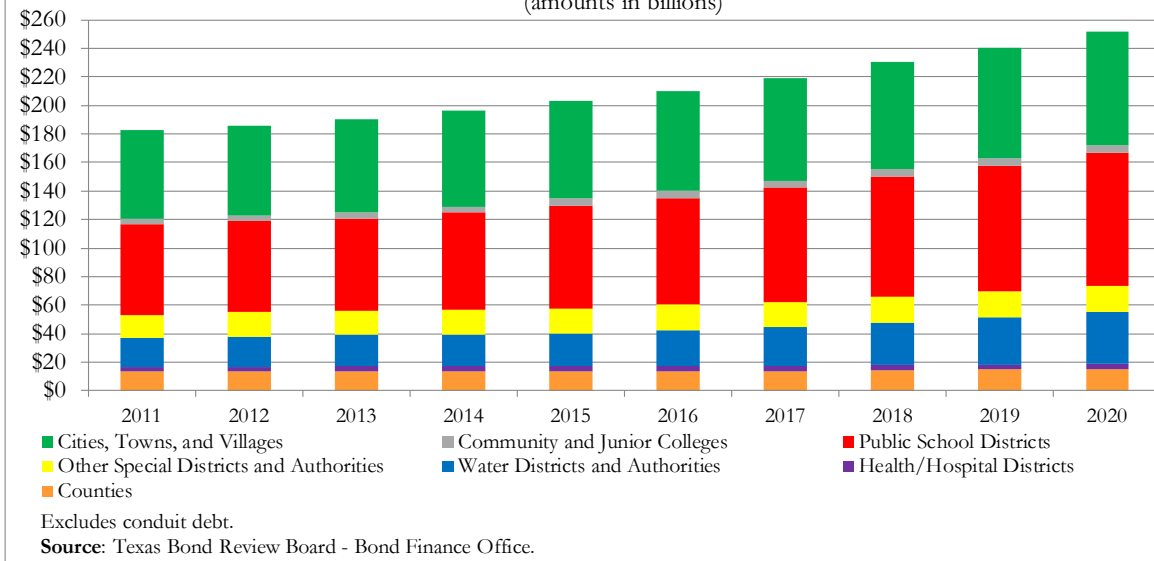
especially cities, borrow for multiple purposes in one transaction, over half of which involve financings for water and transportation purposes.) The fourth highest use (6.6 percent) was to finance transportation projects including roads, toll roads, bridges, parking facilities, airports, rapid transit and other public transportation needs including the acquisition of hybrid diesel-electric buses.

The remaining 10.2 percent of local debt issuance was used for the following additional categories: utility systems, recreation, commerce, pension obligations, health related, toll roads, power, public safety, prison/detention centers, economic development, solid waste, computer technology, fire protection, and housing.

School Districts and Cities Account for 68 Percent of New-Money Transactions; and 66 Percent of Refunding Transactions

Over the past five fiscal years, new-money debt issuance totaled \$97.57 billion and refunding debt totaled \$75.09 billion. During that time the top two issuers were school districts and cities that together comprised 68.0 percent (\$66.56 billion) of the total new money volume and 66.0 percent (\$49.63 billion) of the total

Figure 1.8
TEXAS LOCAL GOVERNMENT
DEBT OUTSTANDING BY FISCAL YEAR
(amounts in billions)



refunding transaction volume.

Refunding debt issued in fiscal year 2020 totaled \$19.93 billion, an increase of 126.4% from the record low of \$8.80 billion issued during fiscal year 2019. Over the past five fiscal years, 94.0 percent of local governmental refundings achieved both a cash and net present value savings, 0.9 percent provided only a net present value savings with a cash loss, 0.1 percent provided a cash savings but a net present value loss and 1.8 percent resulted in a loss in both. In the latter cases, the primary objective was to restructure debt-service requirements to more evenly match budget flows and thus avoid raising taxes during times of economic weakness. The remaining 3.1 percent includes refundings of commercial paper and variable rate debt for which savings information was not provided.

Since fiscal year 2016, refundings for Texas local issuers achieved cash savings of \$12.91 billion with a net present value savings of \$9.49 billion including \$3.70 billion in cash savings and \$2.91 billion in net present value savings realized in fiscal year 2020.

Capital Appreciation Bonds

During fiscal year 2020 local governments issued \$94.8 million of capital appreciation bonds (CABs), an increase of 28.5 percent from the fiscal year 2016 issued amount of \$73.8 million. Additionally, CABs only account for approximately 0.2 percent of the total par amount issued by Texas local governments. School Districts issued approximately 96.7 percent of the total CABs issued by local governments during fiscal year 2020 (Table 1.7).

CABs are sold at a discounted price called the par amount. They are often sold in combination with current interest bonds (CIBs). While the debt service for CIBs is paid throughout the life of the obligation, principal and interest on CABs is paid at maturity. Interest on CABs compounds semiannually and accumulates over the life of the bond, and the amount paid at the maturity is called the maturity value. Interest rates for CABs are generally higher than for CIBs. The total debt outstanding figures are understated to the extent that these bonds are reported at their par issuance price rather than their maturity value.

Local governments issue more premium CABs than non-premium CABs. Premium CABs have lower initial stated par amounts to: 1) lessen the impact of an issuance on par-based debt limits (i.e., the “50-cent test” for school districts as provided in Texas Education Code Section 45.0031), 2) increase the amount of proceeds not subject to debt limits and 3) help local governments reach tax-rate targets.

The 84th Legislature passed House Bill 114, effective September 1, 2015, that prohibits Texas local governments from issuing CABs secured by property taxes with terms of more than 20 years, and (with some exceptions) from refunding CABs to extend their maturity dates. It also limits each government’s CAB debt to no more than 25 percent of its total outstanding bond debt including principal and interest. The 85th Legislature passed Senate Bill 295, which extends the allowed maturity date for CABs issued for refunding purposes and financing transportation projects.

Texas Local Governments: \$251.82 Billion of Outstanding Debt

As of fiscal year-end 2020 Texas local governments (excluding conduit debt) had \$251.82 billion in outstanding debt (*Table 1.8*),

an increase of \$42.08 billion (20.1 percent) since fiscal year 2016. Of the 2020 total 65.7 percent (\$165.44 billion) is GO debt to be repaid from local ad valorem tax collections while the remaining 34.3 percent (\$86.39 billion) will be repaid from revenues generated by various projects such as water, sewer and electric utility fees. Since fiscal year 2016, tax-supported debt outstanding increased 22.4 percent (\$30.33 billion) and revenue debt outstanding increased 15.7 percent (\$11.75 billion).

School Districts accounted for 37.0 percent (\$93.11 billion) of all local debt outstanding and Cities accounted for 31.6 percent (\$79.59 billion). Water districts held the third highest percentage and accounted for 14.6 percent (\$36.65 billion) of all local debt outstanding. The remaining 16.9 percent (\$42.47 billion) was held by Community and Junior Colleges, Counties, Health/Hospital Districts and Other Special Districts (*Table 1.8*).

The most recent U.S. Census Bureau data, for census year 2018, showed that Texas continued to be ranked second in population, third among the ten most populous states in terms of local debt per capita, fourth in total state and

| Table 1.7 TEXAS LOCAL GOVERNMENT CAPITAL APPRECIATION BONDS PAR AMOUNT ISSUED BY FISCAL YEAR (amounts in millions) | | | | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2016 | 2017* | 2018 | 2019 | 2020 |
| Public School Districts | \$70.5 | \$38.1 | \$16.3 | \$1.5 | \$91.7 |
| Cities, Towns, and Villages | 0.7 | 1.2 | 0.4 | - | 0.4 |
| Water Districts and Authorities | 2.5 | 11.6 | 0.6 | 0.3 | 1.2 |
| Other Special Districts and Authorities | - | - | - | - | - |
| Counties | - | - | - | - | 1.2 |
| Community and Junior Colleges | - | 0.0 | - | - | 0.3 |
| Health/Hospital Districts and Authorities | - | - | - | - | - |
| Total CAB Par Amount Issued | \$73.8 | \$51.0 | \$17.3 | \$1.9 | \$94.8 |
| Total Par Amount Issued** | \$39,467.7 | \$29,942.5 | \$32,645.2 | \$29,767.9 | \$40,840.5 |
| CAB Par Amount % of Total | 0.19% | 0.17% | 0.05% | 0.01% | 0.23% |

* CCDs issued \$35,000 of CABs in 2017.
 ** Includes current interest bonds; excludes commercial paper authorizations and conduit issuances.
 Sums may not total due to rounding.
 Source: Bond Review Board - Bond Finance Office.

local debt per capita and seventh in state debt per capita.

Total tax-supported debt per capita increased by 3.7 percent from \$5,435 in fiscal year 2019 to \$5,635 in fiscal year 2020. Over the past 10 years debt per capita has increased by 24.8 percent (\$1,121) while the state's population has increased by 14.5 percent (3.7 million) (*Figure 1.7*).

Over the past decade, total local debt outstanding (excluding conduit debt) increased by 37.8 percent from \$182.76 billion to \$251.82 billion. Notable debt increases during this period included Water Districts (water, sewer and roads) which increased 79.7 percent from \$20.40 billion to \$36.65 billion, School Districts which increased 46.8 percent from \$63.44 billion to \$93.11 billion, Community and Junior Colleges, which increased 42.7 percent from \$3.99 billion to 5.70 billion, and Cities which increased 28.3 percent from \$62.05 billion to \$79.59 billion (*Figure 1.8*).

Tax-Supported Debt Rises 22.4 Percent in Five Years

Total tax-supported debt has increased 22.4 percent from \$135.11 billion in fiscal year 2016 to \$165.44 billion in fiscal year 2020 (*Table 1.9*).

Tax-supported debt for Texas School Districts increased over the past five years from \$74.58 billion in fiscal year 2016 to \$92.90 billion in fiscal year 2020 (24.6 percent). Tax-supported school district debt accounted for 56.2 percent of all tax-supported debt and is primarily used to finance instructional facilities while only a handful of school districts carry revenue debt for constructing, improving and equipping athletic/stadium facilities.

Over the five-year period tax-supported debt carried by Texas Cities has increased from \$30.53 billion to \$34.95 billion (14.5 percent) and accounted for 21.1 percent of all tax-supported debt.

During the past five fiscal years, tax-supported debt for Water Districts including navigation and port districts, river authorities, municipal utility districts (MUDs) and municipal water authorities increased from \$12.53 billion to \$17.56 billion (40.2 percent) and accounted for 10.6 percent of all tax-supported debt.

During the same period, County tax-supported debt increased from \$11.22 billion to \$12.80 billion (14.1 percent).

During the five-year period, enrollment for the 50 Junior and Community College Districts in Texas has increased 6.5 percent from 769,880 in 2016 to 820,010 in 2020. Tax-supported debt outstanding increased from \$3.68 billion to \$4.61 billion (25.5 percent) during the same time period.

During the five-year period, tax-supported debt for Health/Hospital Districts increased from \$2.40 billion to \$2.46 billion (2.6 percent). Population increases along with the increasing healthcare needs of aging baby boomers also contributed to increased debt issuance. In addition, aging healthcare facilities continue to be renovated or replaced to accommodate advances in medical technology, energy efficiency and to comply with new fire and building codes.

During the five-year period, tax-supported debt for Other Special Districts decreased from \$175.0 million to \$152.5 million (12.9 percent). The majority of Other Special District issuances are issued as revenue debt.

Revenue Debt – 15.7 Percent Increase in Five Years

Since fiscal year 2016 revenue debt has increased by 15.7 percent (\$11.75 billion) from \$74.64 billion to \$86.39 billion (*Table 1.9*).

City revenue debt increased by 13.6 percent from \$39.30 billion to \$44.64 billion in the five-year period. As the state's population increased by 5.2 percent (1.4 million) from

2016 to 2020, urban areas have experienced particularly rapid growth that has created the need for new infrastructure including roads and construction for new and expanded water and sewer systems. The majority of city revenue debt has been used to finance utility-related projects including water, wastewater and in some localities, electric utility systems.

Since fiscal year 2016, Water District revenue debt increased 49.0 percent from \$12.81 billion to \$19.09 billion, Health/Hospital revenue debt increased 5.2 percent from \$1.12 billion to \$1.18 billion, revenue debt for Other Special Districts increased 0.1 percent from \$17.69 billion to \$17.69 billion, Community College Districts revenue debt decreased by 2.1 percent from \$1.11 billion to \$1.08 billion, and revenue debt for Counties increased 8.0 percent from \$2.30 billion to \$2.49 billion.

During the five-year period, revenue debt for School Districts decreased 30.0 percent, from \$313.3 million to \$219.4 million.

Table 1.8
TEXAS LOCAL GOVERNMENT
DEBT OUTSTANDING AS OF AUGUST 31, 2020
(amounts in millions)

| Type of Issuer | | Tax-Supported* | Revenue** | Total Debt |
|--|---------------------------------|---------------------|--------------------|---------------------|
| Public School Districts | Voter-approved tax | 91,694.4 | | 91,694.4 |
| | Maintenance tax (ed. equipment) | 1,201.0 | | 1,201.0 |
| | Lease-purchase contracts | | 217.5 | 217.5 |
| | Revenue (athletic facilities) | | 1.9 | 1.9 |
| | Subtotal | \$ 92,895.4 | \$ 219.4 | \$ 93,114.8 |
| Cities, Towns, Villages | Tax | 34,952.9 | | 34,952.9 |
| | Revenue | | 44,506.4 | 44,506.4 |
| | Sales Tax | | 134.1 | 134.1 |
| | Subtotal | \$ 34,952.9 | \$ 44,640.5 | \$ 79,593.4 |
| Water Districts and Authorities | Tax | 17,561.6 | | 17,561.6 |
| | Revenue | | 19,071.1 | 19,071.1 |
| | Sales Tax | | 17.0 | 17.0 |
| | Subtotal | \$ 17,561.6 | \$ 19,088.0 | \$ 36,649.6 |
| Other Special Districts and Authorities | Tax | 152.5 | | 152.5 |
| | Revenue | | 12,970.6 | 12,970.6 |
| | Sales Tax | | 4,692.9 | 4,692.9 |
| | Lease-purchase contracts | | 30.7 | 30.7 |
| | Subtotal | \$ 152.5 | \$ 17,694.2 | \$ 17,846.7 |
| Counties | Tax | 12,798.3 | | 12,798.3 |
| | Revenue | | 2,470.5 | 2,470.5 |
| | Lease-purchase contracts | | 14.8 | 14.8 |
| | Subtotal | \$ 12,798.3 | \$ 2,485.3 | \$ 15,283.6 |
| Community and Junior Colleges | Tax | 4,613.8 | | 4,613.8 |
| | Revenue | | 1,083.0 | 1,083.0 |
| | Subtotal | \$ 4,613.8 | \$ 1,083.0 | \$ 5,696.8 |
| Health/Hospital Districts and Authorities | Tax | 2,462.4 | | 2,462.4 |
| | Revenue | | 1,123.2 | 1,123.2 |
| | Sales Tax | | 53.9 | 53.9 |
| | Subtotal | \$ 2,462.4 | \$ 1,177.1 | \$ 3,639.5 |
| Total Local Debt Outstanding | | \$ 165,436.9 | \$ 86,387.5 | \$ 251,824.4 |

*Includes debt secured by a combination of ad valorem taxes and other revenue sources.

**Excludes conduit debt.

Source: Texas Bond Review Board - Bond Finance Office

| Table 1.9 | | | | | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| TEXAS LOCAL GOVERNMENT | | | | | |
| DEBT OUTSTANDING BY FISCAL YEAR | | | | | |
| (amounts in millions) | | | | | |
| | 8/31/2016 | 8/31/2017 | 8/31/2018 | 8/31/2019 | 8/31/2020 |
| Public School Districts | | | | | |
| Tax-Supported* | \$74,583.1 | \$79,612.7 | \$83,896.7 | \$87,664.4 | \$92,895.4 |
| Revenue** | 313.3 | 300.6 | 268.7 | 258.8 | 219.4 |
| Total | \$74,896.3 | \$79,913.3 | \$84,165.4 | \$87,923.2 | \$93,114.8 |
| Cities, Towns, Villages | | | | | |
| Tax-Supported* | \$30,526.7 | \$31,258.4 | \$33,134.7 | \$34,766.3 | \$34,952.9 |
| Revenue** | 39,300.1 | 40,584.0 | 42,019.8 | 43,077.8 | 44,640.5 |
| Total | \$69,826.8 | \$71,842.3 | \$75,154.4 | \$77,844.1 | \$79,593.4 |
| Water Districts and Authorities | | | | | |
| Tax-Supported* | \$12,525.8 | \$13,654.9 | \$14,813.4 | \$16,153.5 | \$17,561.6 |
| Revenue** | 12,811.5 | 13,395.5 | 15,341.6 | 17,281.3 | 19,088.0 |
| Total | \$25,337.3 | \$27,050.5 | \$30,155.0 | \$33,434.9 | \$36,649.6 |
| Other Special Districts and Authorities | | | | | |
| Tax-Supported* | \$175.0 | \$178.9 | \$166.2 | \$159.3 | \$152.5 |
| Revenue** | 17,686.2 | 17,910.4 | 17,963.3 | 17,695.8 | 17,694.2 |
| Total | \$17,861.2 | \$18,089.3 | \$18,129.5 | \$17,855.1 | \$17,846.7 |
| Counties | | | | | |
| Tax-Supported* | \$11,221.3 | \$11,699.4 | \$11,558.6 | \$12,311.7 | \$12,798.3 |
| Revenue** | 2,302.2 | 2,144.9 | 2,538.8 | 2,486.3 | 2,485.3 |
| Total | \$13,523.5 | \$13,844.3 | \$14,097.4 | \$14,798.1 | \$15,283.6 |
| Community and Junior Colleges | | | | | |
| Tax-Supported* | \$3,676.8 | \$3,645.4 | \$4,076.6 | \$4,074.2 | \$4,613.8 |
| Revenue** | 1,105.9 | 1,225.1 | 1,184.4 | 1,184.0 | 1,083.0 |
| Total | \$4,782.6 | \$4,870.5 | \$5,260.9 | \$5,258.2 | \$5,696.8 |
| Health/Hospital Districts and Authorities | | | | | |
| Tax-Supported* | \$2,399.0 | \$2,302.5 | \$2,517.2 | \$2,427.8 | \$2,462.4 |
| Revenue** | 1,118.8 | 1,068.1 | 1,175.9 | 1,125.1 | 1,177.1 |
| Total | \$3,517.8 | \$3,370.6 | \$3,693.0 | \$3,552.9 | \$3,639.5 |
| Total Tax-Supported* | \$135,107.7 | \$142,352.2 | \$150,163.3 | \$157,557.2 | \$165,436.9 |
| Total Revenue** | \$74,637.9 | \$76,628.6 | \$80,492.5 | \$83,109.1 | \$86,387.5 |
| Total Debt Outstanding | \$209,745.6 | \$218,980.8 | \$230,655.7 | \$240,666.3 | \$251,824.4 |
| *Includes debt secured by a combination of ad valorem taxes and other revenue sources. | | | | | |
| **Excludes conduit debt. | | | | | |
| Source: Texas Bond Review Board - Bond Finance Office | | | | | |

Chapter 2 State Debt Issued in Fiscal Year 2020 and Debt Outstanding

In fiscal year 2020, the state's total debt outstanding (including conduit debt) increased 4.2 percent to \$62.44 billion compared to \$59.90 billion in fiscal year 2019 and \$56.83 billion in fiscal year 2018 (Table 2.3).

Bonds issued by Texas state agencies, colleges, and universities during fiscal year 2020 increased by 88.3 percent to an aggregate total of \$12.40 billion compared to \$6.59 billion issued in fiscal year 2019. Fiscal year 2020 issues included \$3.02 billion in new-money and \$9.38 billion in refunding bonds (Table 2.1). Other debt issued included \$1.29 billion of commercial paper.

Detail on bond transactions can be found in Appendix A, and detail on commercial paper and variable-rate notes can be found in Appendix B.

New-Money and Refunding Issuances Increase in Fiscal Year 2020

A total of \$12.40 billion in bonds was issued in fiscal year 2020. Of that amount, \$3.02 billion

(24.4 percent) was issued as new-money bonds, a decrease of \$1.39 billion (31.5 percent) from \$4.41 billion issued during fiscal 2019. The remaining \$9.38 billion (75.6 percent) was issued as refunding bonds, an increase of \$7.20 billion (330.9 percent) from \$2.18 billion issued during fiscal year 2019 (Figure 2.1). Low interest rates in the bond market have prompted state debt issuers to issue refunding bonds during fiscal year 2020. Overall, net present value savings from fiscal year 2020 refundings totaled \$1.39 billion.

Of the \$3.02 billion in new-money bonds issued in fiscal year 2020, approximately \$1.21 billion (40.1 percent) was issued by Texas Water Development Board (TWDB), \$384.7 million (12.7 percent) was issued by Texas A&M University System (TAMUS), \$376.2 million was issued by Texas Department of Housing and Community Affairs (TDHCA) (12.5 percent), and \$288.4 million was issued by University of Houston System (UHS) (9.5 percent).

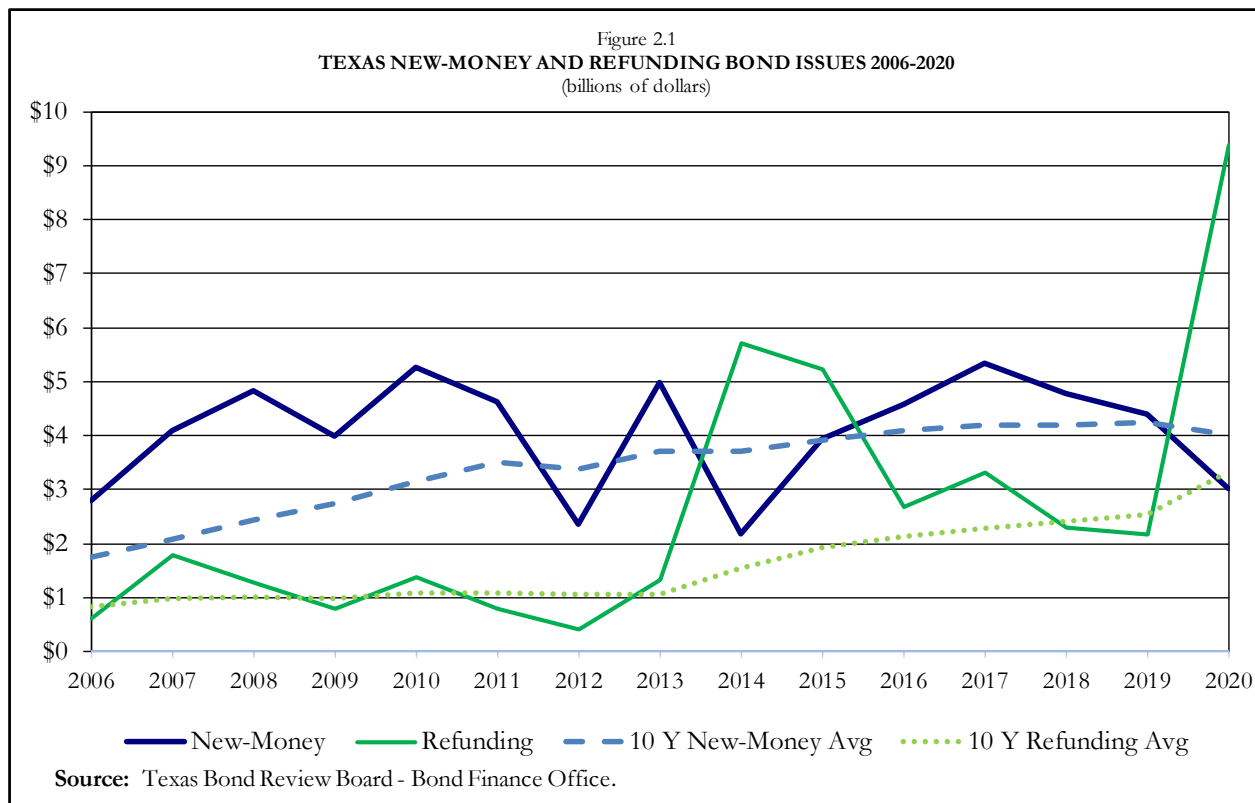


Table 2.1
TEXAS BONDS ISSUED DURING FISCAL YEAR 2020
SUMMARIZED BY ISSUER

| ISSUER | REFUNDING | NEW-MONEY | TOTAL BONDS | |
|--|-------------------------|-------------------------|--------------------------|--|
| | BONDS | BONDS | ISSUED | New-Money Use of Proceeds |
| Texas Dept. of Housing and Comm. Affairs | \$ 12,395,143 | \$ 376,150,000 | \$ 388,545,143 | Single family mortgage bonds and multifamily housing |
| Texas Higher Education Coordinating Board | 73,340,000 | 88,865,000 | 162,205,000 | College Student Loan Program |
| Texas Public Finance Authority | 357,470,000 | 115,000,000 | 472,470,000 | Cancer Prevention and Research Institute of Texas |
| Texas State Affordable Housing Corporation | - | 84,242,000 | 84,242,000 | Multifamily housing |
| Texas State Technical College | - | 30,000,000 | 30,000,000 | Acquire, purchase, construct, and equip various facilities |
| Texas State University System | 290,540,000 | 34,995,000 | 325,535,000 | Acquire, purchase, construct, and equip various facilities |
| Texas Tech University System | 157,885,000 | 156,860,000 | 314,745,000 | Acquire, purchase, construct, and equip various facilities |
| Texas Transportation Commission | 3,795,680,000 | - | 3,795,680,000 | N/A |
| TTC Grand Parkway Trans. Corporation | 2,307,060,000 | - | 2,307,060,000 | N/A |
| TTC PABST Corporation | 1,202,875,000 | - | 1,202,875,000 | N/A |
| Texas Veteran's Land Board | - | 250,000,000 | 250,000,000 | Veteran's Home Loan Program |
| Texas Water Development Board | - | 1,211,400,000 | 1,211,400,000 | State Revolving Fund and SWIRFT |
| The Texas A&M University System | 125,000,000 | 384,670,000 | 509,670,000 | Acquire, purchase, construct, and equip various facilities |
| The University of Texas System | 749,450,000 | - | 749,450,000 | N/A |
| University of Houston System | 194,870,000 | 288,390,000 | 483,260,000 | Acquire, purchase, construct, and equip various facilities |
| University of North Texas System | 114,715,000 | - | 114,715,000 | N/A |
| Total Texas Bonds Issued | \$ 9,381,280,143 | \$ 3,020,572,000 | \$ 12,401,852,143 | |

Note: Table 2.1 includes private placements. Excludes commercial paper and variable-rate notes. See Table B1 for these issuances. Excludes lease purchases.

Source: Texas Bond Review Board - Bond Finance Office.

Of the \$9.38 billion in refunding bonds issued in fiscal year 2020, the Texas Transportation Commission (TTC) issued \$3.80 billion (40.5 percent), the TTC Grand Parkway Transportation Corporation issued \$2.31 billion (24.6 percent), TTC Private Activity Bond Surface Transportation Corporation (PABSTC) issued \$1.20 billion (12.8 percent), and University of Texas System (UTS) issued \$749.5 million (8.0 percent) (Table 2.1).

Build America Bonds Outstanding for Fiscal Year 2020

In fiscal year 2009, the American Recovery and Reinvestment Act of 2009 (ARRA) created Build America Bonds (BABs) that could be issued as Tax Credit BABs or Direct-Payment BABs. Authority to issue BABs expired on December 31, 2010. As of August 31, 2020, Texas Transportation Commission (TTC), and UTS had \$3.47 billion and \$1.22 billion of BABs outstanding, respectively.

Under the Budget Control Act of 2011, across-the-board sequestration took effect on March 1, 2013, and direct-pay bonds such as BABs experienced an 8.7 percent reduction of the original 35 percent federal subsidy on BABs

interest payments. The Internal Revenue Service reported that, effective October 1, 2014, issuers of BABs and other direct-pay bonds would have their subsidy payments processed in federal fiscal year 2015 reduced by 7.3 percent. In federal fiscal years 2017, 2018, and 2019, the subsidy payments were further reduced by 6.9 percent, 6.6 percent, and 6.2 percent, respectively. In federal fiscal year 2020 the subsidy payments were reduced by 5.9 percent. Fiscal year 2021 subsidy payments are expected to be reduced by 5.7 percent.

Interim Financing in Fiscal Year 2020

Several state agencies and institutions of higher education have established variable-rate debt financing programs that provide financing for equipment or capital projects or provide loans to eligible entities.

As of August 31, 2020, a total of \$7.86 billion was authorized for state commercial paper (CP) or variable-rate note (VRN) programs. Of this amount, \$2.05 billion was outstanding at fiscal year-end 2020 (Table B1 in Appendix B), approximately \$222.5 million less than the amount outstanding at fiscal year-end 2019.

Table 2.2

TEXAS STATE DEBT ISSUES EXPECTED DURING FISCAL YEAR 2021

| ISSUER | APPROXIMATE AMOUNT | PURPOSE | APPROXIMATE ISSUE DATE |
|--|------------------------|--|------------------------|
| General Obligation Debt | | | |
| Self-Supporting | | | |
| Texas Higher Education Coordinating Board | \$180,000,000 | College Student Loan Bonds | Jun-21 |
| Texas Higher Education Coordinating Board | 93,560,000 | Refunding of certain outstanding college student loan bonds | Jun-21 |
| Texas Veterans Land Board | 250,000,000 | Proceeds will be used to augment the Veterans' Housing Assistance Program | Feb-21 |
| Total Self-Supporting | \$523,560,000 | | |
| Not Self-Supporting | | | |
| Texas Public Finance Authority | TBD | Cancer Prevention and Research Institute of Texas new money/ refunding bonds | TBD |
| Texas Public Finance Authority | TBD | Refunding of Outstanding GO Tax-Exempt Bonds Series 2011 | TBD |
| Texas Public Finance Authority | TBD | Refunding of Outstanding CP Series 2008 | TBD |
| Total Not Self-Supporting | \$0 | | |
| Total General Obligation Debt | \$523,560,000 | | |
| Non-General Obligation Debt | | | |
| Self-Supporting | | | |
| Texas Dept. of Housing and Community Affairs | \$150,000,000 | Single Family First-Time Home Buyer Program | Jan-21 |
| Texas Dept. of Housing and Community Affairs | 150,000,000 | Single Family First-Time Home Buyer Program | Jul-21 |
| Texas Water Development Board | TBD | Clean Water and Drinking Water State Revolving Fund | Apr-21 |
| Texas Water Development Board | TBD | State Water Implementation Revenue Fund for Texas (SWIRFT) new money bonds | Sep-20 |
| Texas Public Finance Authority | 326,000,000 | TxDOT Austin Campus Consolidation Project 86th Leg GAA Rider 42, VII-29 | TBD |
| Texas State University System | 94,000,000 | Various projects | TBD |
| The Texas A&M University System - RFS | 800,000,000 | RFS Bonds/Commercial Paper Notes for the financing of educational facilities | TBD |
| The Texas A&M University System - PUF | 696,000,000 | PUF Bonds/Commercial Paper Notes for the financing of educational facilities | TBD |
| The University of Texas System - RFS | 850,000,000 | RFS Bonds/Commercial Paper Notes for the financing of educational facilities | TBD |
| The University of Texas System - PUF | 750,000,000 | PUF Bonds/Commercial Paper Notes for the financing of educational facilities | TBD |
| University of Houston System | 306,350,000 | Various projects | TBD |
| Total Self-Supporting | \$4,122,350,000 | | |
| Not Self-Supporting | | | |
| Texas Public Finance Authority | \$208,816,277 | Deferred Maintenance for HHSC 86th Leg GAA Rider 2, II-48 | TBD |
| Texas Public Finance Authority | TBD | TFC Capitol Complex financings | TBD |
| Texas Public Finance Authority | TBD | MLPP Commercial Paper Program | TBD |
| Total Not Self-Supporting | \$208,816,277 | | |
| Total Non-General Obligation Debt | \$4,331,166,277 | | |
| Conduit Debt | | | |
| Texas State Affordable Housing Corporation | \$15,000,000 | Shady Oaks Manor Apartments Multifamily Bond Project | Oct-20 |
| Texas State Affordable Housing Corporation | 15,000,000 | W. Leo Daniels Towers Multifamily Bond Project | TBD |
| Texas State Affordable Housing Corporation | 3,300,000 | Pine Terrace Apartments Multifamily Bond Project | TBD |
| Texas State Affordable Housing Corporation | 2,200,000 | Trinity Oaks Apartments Multifamily Bond Project | TBD |
| Texas State Affordable Housing Corporation | 16,500,000 | Marshall Apartments Multifamily Bond Project | TBD |
| Texas State Affordable Housing Corporation | 16,500,000 | Fawn Ridge Apartments Multifamily Bond Project | TBD |
| TPFA Charter School Finance Corporation | TBD | Charter School Financing | TBD |
| Texas Windstorm Insurance Association | TBD | Potential Texas Windstorm Insurance Association Post Event Bonds | TBD |
| Texas Dept. of Housing and Comm Affairs | 40,000,000 | Legacy Riverside Senior Living Community Multifamily Bond Project | TBD |
| Texas Dept. of Housing and Comm Affairs | 45,000,000 | The Terrace at Southern Oaks Apartments Multifamily Bond Project | TBD |
| Texas Dept. of Housing and Comm Affairs | 35,000,000 | Murdeaux Villas Multifamily Bond Project | TBD |
| Texas Dept. of Housing and Comm Affairs | 35,000,000 | The Montage Apartments Multifamily Bond Project | TBD |
| Texas Dept. of Housing and Comm Affairs | 14,000,000 | Oso Bay Apartments Multifamily Bond Project | TBD |
| Texas Dept. of Housing and Comm Affairs | 18,000,000 | Cedar Ridge Apartments Multifamily Bond Project | TBD |
| Texas Dept. of Housing and Comm Affairs | 10,000,000 | Shiloh Village Apartments Multifamily Bond Project | TBD |
| Texas Dept. of Housing and Comm Affairs | 41,000,000 | Pleasant Hill Apartments Multifamily Bond Project | TBD |
| Texas Dept. of Housing and Comm Affairs | 10,000,000 | FishPond at Corpus Christi Multifamily Bond Project | Oct-20 |
| Total Conduit | \$316,500,000 | | |
| Total All Debt | \$5,171,226,277 | | |
| Includes commercial paper and variable rate notes | | | |
| Source: Texas Bond Review Board - Bond Finance Office. | | | |

Additional information about individual CP and VRN programs is included in *Appendix B*.

Projected Issuances in Fiscal Year 2021

Texas state issuers expect to issue approximately \$5.17 billion in bonds, CP, and VRN during fiscal year 2021 (*Table 2.2*), a projected increase of \$491.2 million (10.5 percent) over the amount projected for fiscal year 2020.

General Obligation Debt Outstanding Decreases in Fiscal Year 2020

Texas General Obligation (GO) debt has a constitutional pledge of the full faith and credit of the state to repay the debt and requires passage of a proposition by a vote of two-thirds of both houses of the Texas Legislature and a majority of Texas voters.

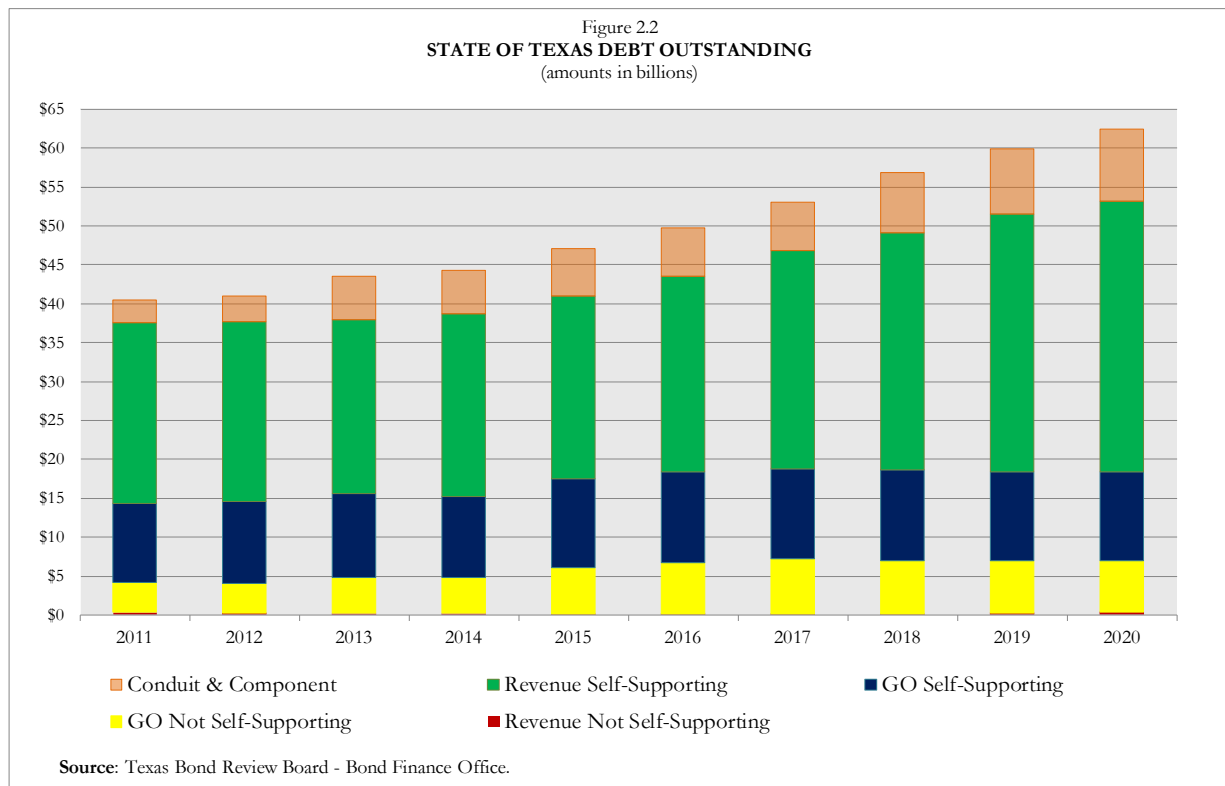
As of fiscal year-end 2020, \$18.01 billion (28.8 percent) of the state's \$62.44 billion in total debt outstanding was backed by the state's GO pledge, a decrease of \$132.9 million (0.7 percent) from the \$18.14 billion backed by the

GO pledge at the end of fiscal year 2019 (*Figure 2.2* and *Table 2.3*). During the fiscal year, the Texas Higher Education Coordinating Board (THECB) issued \$88.9 million of GO student loan bonds, VLB issued \$250.0 million of GO housing bonds, and the Texas Public Finance Authority (TPFA) issued \$115.0 million of GO new-money cancer research bonds.

Governmental Revenue Debt Outstanding Increases in Fiscal Year 2020

The repayment of revenue debt is dependent on project revenue or revenue from a designated fund. The Texas Constitution prohibits any pledge of state funds beyond the current biennium. Investors may require a higher rate of interest to compensate for the additional risks associated with revenue debt.

Excluding conduit and component debt, \$35.11 billion (56.2 percent) of the state's \$62.44 billion in total debt outstanding as of fiscal year-end 2020 was backed by non-GO revenue pledges, an increase of \$1.73 billion (5.2 percent) from the \$33.38 billion backed by



non-GO revenue pledges at the end of fiscal year 2019 (*Figure 2.2* and *Table 2.3*).

Colleges and universities are the largest issuer of revenue debt with \$15.86 billion outstanding, excluding Permanent University Fund (PUF) debt. See *Table 2.5* and *Table 2.6* for more detail on college and university debt outstanding and debt service requirements.

Conduit Revenue and Component Debt

The state is authorized by statute to issue conduit debt for certain purposes, including charter schools, transportation, single family mortgages, multifamily dwellings, and economic development. Debt-service for conduit debt is typically provided by project revenue and is secured by a third party.

Although conduit revenue debt obligations bear the name of the agency as the issuer, the agency is not financially liable for the debt beyond the revenues provided by a lease or loan with the third party on whose behalf they are issued. For example, the Texas Department of Housing and Community Affairs (TDHCA) is not liable for debt service for issuances of its multifamily mortgage revenue bonds beyond the revenues it receives from the borrower that is acquiring, constructing, or renovating the multifamily facility.

Component debt obligations are issued by legally separate units of the agency, and the agency is not financially liable for the debt. For example, the Texas Public Finance Authority (TPFA) is not liable for debt service for issuances of the Texas Public Finance Authority Charter School Finance Corporation.

Of the state's \$62.44 billion in debt outstanding as of fiscal year-end 2020, \$9.33 billion (14.9 percent) was state conduit and component debt which includes \$4.56 billion of debt outstanding by Grand Parkway Transportation Corporation (GPTC) (*Table 2.3*). As conduit debt, GPTC debt service is payable solely from

payments received from transportation projects it finances. The \$9.33 billion of conduit and component debt outstanding represents an increase of \$937.9 million (11.2 percent) from the \$8.39 billion outstanding at the end of fiscal year 2019.

General Revenue Supported Debt Decreases in Fiscal Year 2020

All debt does not have the same financial impact on the state's general revenue. Self-supporting debt relies on sources other than the state's general revenue to pay debt service; thus, self-supporting debt does not directly impact state finances. Debt service for not self-supporting debt is primarily derived from the state's general revenue fund and thus draws on the same sources used by the legislature to finance state government.

As of August 31, 2020, Texas had a total of \$7.00 billion in GO and non-GO not self-supporting debt outstanding to be repaid from the state's general revenue compared to \$7.01 billion outstanding at fiscal year-end 2019. During fiscal year 2020, non-GO not self-supporting debt increased by \$147.5 million, but GO not self-supporting debt decreased by \$164.6 million for a net decrease in not self-supporting debt of approximately \$17.0 million (0.2 percent) (*Figure 2.3*).

Variable Rate Debt Outstanding Decreases in Fiscal Year 2020

State issuers and institutions of higher education have established variable-rate debt financing programs to provide financing for equipment and capital projects, provide loans to eligible entities, diversify their debt portfolio, and take advantage of lower short-term interest rates.

Variable rate debt outstanding totaled \$8.17 billion in fiscal year 2020. Of this amount, approximately \$2.05 billion (25.1 percent) was short-term commercial paper (CP) or variable-rate notes (VRN), and the remaining \$6.12 billion (74.9 percent) was long-term variable-

Table 2.3
STATE OF TEXAS DEBT OUTSTANDING
(amounts in thousands)

| | 8/31/2016 | 8/31/2017 | 8/31/2018 | 8/31/2019 | 8/31/2020 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| General Obligation Debt | | | | | |
| Self-Supporting | | | | | |
| Veterans' Land and Housing Bonds | \$2,782,245 | \$2,875,515 | \$2,957,335 | \$2,950,180 | \$2,945,465 |
| Water Development Bonds | 1,308,360 | 1,259,490 | 1,229,720 | 966,300 | 915,315 |
| Water Development Bonds - State Participation | 113,080 | 104,350 | 102,035 | 89,265 | 72,240 |
| Water Development Bonds - WIF | 190,375 | 171,835 | 238,895 | 207,315 | 187,455 |
| Economic Development Bank Bonds | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 |
| College Student Loan Bonds | 920,595 | 1,020,215 | 1,115,475 | 1,187,945 | 1,207,750 |
| Texas Agricultural Finance Authority | 5,250 | 0 | 0 | 0 | 0 |
| Texas Mobility Fund Bonds | 6,268,985 | 6,093,175 | 6,024,765 | 5,943,130 | 6,048,930 |
| Texas Public Finance Authority - TMVRLF | 34,015 | 25,420 | 24,175 | 22,885 | 21,545 |
| Total, Self-Supporting | \$11,667,905 | \$11,595,000 | \$11,737,400 | \$11,412,020 | \$11,443,700 |
| Not Self-Supporting¹ | | | | | |
| Higher Education Constitutional Bonds ² | \$35,204 | \$25,986 | \$22,080 | \$17,855 | \$15,560 |
| Texas Public Finance Authority Bonds | 1,395,260 | 1,289,230 | 1,182,845 | 1,049,025 | 961,090 |
| Cancer Prevention and Research Institute of Texas | 966,520 | 1,143,710 | 1,301,455 | 1,444,695 | 1,584,765 |
| Park Development Bonds | 3,725 | 2,220 | 1,465 | 725 | 0 |
| Water Development Bonds - EDAP ³ | 236,830 | 213,425 | 192,535 | 217,772 | 196,653 |
| Water Development Bonds - State Participation | 0 | 0 | 0 | 0 | 0 |
| Water Development Bonds - WIF | 439,450 | 409,115 | 275,190 | 249,570 | 190,070 |
| TTC GO Transportation Bonds | 3,521,965 | 4,004,360 | 3,876,440 | 3,747,065 | 3,613,990 |
| Total, Not Self-Supporting | \$6,598,954 | \$7,088,046 | \$6,852,010 | \$6,726,707 | \$6,562,128 |
| Total General Obligation Debt | \$18,266,859 | \$18,683,046 | \$18,589,410 | \$18,138,727 | \$18,005,828 |
| Non-General Obligation Debt | | | | | |
| Self-Supporting | | | | | |
| Permanent University Fund Bonds | | | | | |
| The Texas A&M University System | \$968,675 | \$932,850 | \$1,233,095 | \$1,258,580 | \$1,439,735 |
| The University of Texas System | 2,615,155 | 2,695,035 | 2,922,895 | 3,106,760 | 3,223,190 |
| College and University Revenue Bonds ⁴ | 12,874,295 | 15,132,309 | 15,266,896 | 15,526,283 | 15,863,247 |
| Texas Water Resources Finance Authority Bonds | 0 | 0 | 0 | 0 | 0 |
| TxDOT Toll Revenue Bonds ⁶ | 2,401,472 | 2,721,029 | 2,714,721 | 2,955,531 | 2,941,885 |
| Texas Department of Housing & Community Affairs - SF | 521,460 | 533,325 | 471,578 | 874,549 | 984,507 |
| Economic Development Program (Leverage Fund) | 20,000 | 15,000 | 5,000 | 0 | 0 |
| Veterans' Financial Assistance Bonds | 0 | 0 | 0 | 0 | 0 |
| Texas Workforce Commission Unemp Comp Bonds | 298,625 | 0 | 0 | 0 | 0 |
| State Highway Fund | 3,972,595 | 4,417,980 | 4,202,305 | 3,976,805 | 3,723,025 |
| Water Development Bonds - State Revolving Fund | 609,935 | 164,010 | 288,395 | 502,085 | 834,410 |
| Water Development Bonds - SWIRFT | 810,410 | 1,392,700 | 3,251,740 | 4,889,925 | 5,663,725 |
| Total, Self-Supporting | \$25,092,622 | \$28,004,238 | \$30,356,625 | \$33,090,518 | \$34,673,724 |
| Not Self-Supporting¹ | | | | | |
| Texas Public Finance Authority Bonds | \$45,835 | \$45,470 | \$75,910 | \$256,865 | \$403,670 |
| TPFA Master Lease Purchase Program | 44,480 | 35,850 | 33,650 | 24,390 | 26,900 |
| Texas Military Facilities Commission Bonds | 7,680 | 6,740 | 5,765 | 4,740 | 3,670 |
| Parks and Wildlife Improvement Bonds | 8,375 | 5,575 | 2,710 | 705 | 0 |
| Total, Not Self-Supporting | \$106,370 | \$93,635 | \$118,035 | \$286,700 | \$434,240 |
| Conduit, Component and Related Organizations⁵ | | | | | |
| Texas Windstorm Insurance Association | \$458,400 | \$414,600 | \$368,500 | \$318,600 | \$227,200 |
| Texas Dept. of Housing and Community Affairs Bonds - MF | 957,970 | 875,230 | 973,529 | 937,790 | 1,043,686 |
| Texas State Affordable Housing Corporation | 241,536 | 228,300 | 224,673 | 277,708 | 333,722 |
| Texas Grand Parkway Transportation Corporation ⁶ | 2,900,940 | 3,007,779 | 4,491,734 | 4,491,734 | 4,561,330 |
| Texas PAB Surface Transportation Corporation | 1,561,665 | 1,561,665 | 1,561,665 | 2,215,530 | 3,018,405 |
| TPFA Charter School Finance Corporation | 163,646 | 155,744 | 149,309 | 146,562 | 141,506 |
| Total Conduit, Component and Related Organizations | \$6,284,157 | \$6,243,318 | \$7,769,409 | \$8,387,924 | \$9,325,849 |
| Total Non-General Obligation Debt | \$31,483,149 | \$34,341,191 | \$38,244,069 | \$41,765,141 | \$44,433,813 |
| Total Debt Outstanding | \$49,750,007 | \$53,024,237 | \$56,833,479 | \$59,903,869 | \$62,439,641 |

¹ Not self-supporting debt (general obligation and non-general obligation) depends solely on the state's general revenue fund for debt service.

² While not explicitly a general obligation or full faith and credit bond, the revenue pledge in Constitutional Bonds has the same effect.

³ Economically Distressed Areas Program (EDAP) bonds do not depend totally on the state's general revenue fund for debt service.

⁴ Tuition Revenue Bonds are included in these totals. See *Table 2.5*.

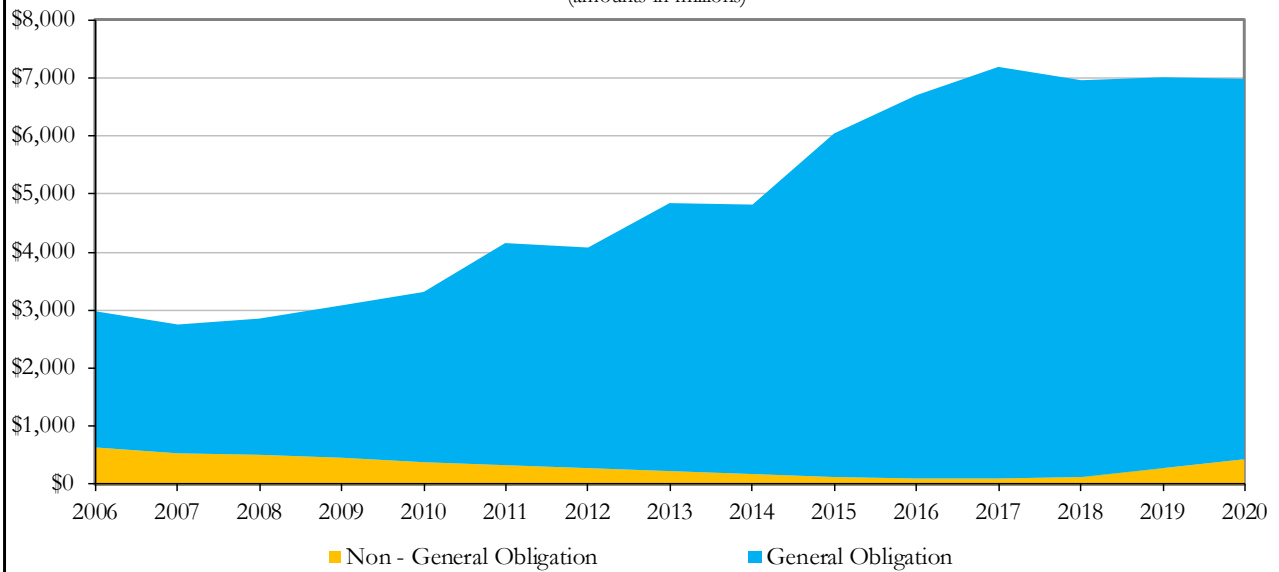
⁵ This section contains debt that is not a legal liability of the state but rather is backed by third party entities.

⁶ Includes TIFIA loan debt outstanding. Amortization schedule provided by TxDOT.

Note: Certain lease purchase, SECO LoanSTAR, and other revolving loan program debt is not included.

Source: Texas Bond Review Board - Bond Finance Office.

Figure 2.3
TEXAS STATE DEBT OUTSTANDING
BACKED BY GENERAL REVENUE (NOT SELF-SUPPORTING)
(amounts in millions)



Source: Texas Bond Review Board - Bond Finance Office.

rate debt. See *Table B1* in *Appendix B* for more information regarding CP and VRN programs.

Variable-rate debt decreased by approximately \$232.7 million (2.8 percent) in fiscal year 2020 to \$8.17 billion compared with \$8.41 billion outstanding in fiscal year 2019. Variable-rate GO debt accounted for \$3.52 billion (43.1 percent), and revenue debt accounted for \$4.65 billion (56.9 percent) of the total amount of variable-rate debt outstanding at the end of fiscal year 2020. Variable-rate GO debt decreased by \$103.1 million (2.8 percent), and variable-rate revenue debt decreased by \$129.5 million (2.7 percent) from amounts outstanding at fiscal year-end 2019 (*Table 2.3.4*). The largest issuers of variable-rate debt are: Veterans Land Board (VLB) with \$2.95 billion outstanding, UTS with \$2.76 billion outstanding, Texas Department of Transportation (TXDOT) with \$1.01 billion outstanding, and Texas Public Finance Authority (TPFA) with \$335.8 million outstanding.

Scheduled Debt-Service Payments from General Revenue Decrease for Fiscal Year 2021

During fiscal years 2018, 2019, and 2020, scheduled debt service from general revenue was \$726.6 million, \$716.6 million, and \$707.6 million, respectively. Scheduled debt-service payments from general revenue are expected to decrease by 2.4 percent to \$690.4 million in fiscal year 2021 (*Figure 2.4*). (See *Table 2.4* for debt-service requirements by fiscal year for Texas state bonds.) See the *State of Texas Annual Cash Report 2020* published by the Texas Comptroller of Public Accounts for actual debt-service paid by the state from General Revenue.

Debt service for tuition revenue bond (TRB) debt is not included in this analysis. Although college and university revenue debt is payable from a pledge of certain “revenue funds” of the applicable system or institution of higher education, pursuant to authorizations to individual institutions in Chapter 55, Texas Education Code, the legislature has historically appropriated funds in an amount equal to all or a portion of the debt service on tuition revenue

Table 2.3A
STATE OF TEXAS VARIABLE RATE DEBT OUTSTANDING
(amounts in thousands)

| | 8/31/2016 | 8/31/2017 | 8/31/2018 | 8/31/2019 | 8/31/2020 |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| General Obligation Debt | | | | | |
| Texas Department of Agriculture | \$5,250 | \$0 | \$0 | \$0 | \$0 |
| Texas Department of Transportation | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 |
| Texas Economic Development Bank | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 |
| Texas Public Finance Authority | 284,760 | 11,600 | 255,550 | 176,925 | 62,000 |
| Texas Tech University ¹ | 7,642 | 1,540 | 855 | 0 | 0 |
| Texas Water Development Board | 74,925 | 57,960 | 25,475 | 105,450 | 71,040 |
| Veterans Land Board | 2,645,575 | 2,745,630 | 2,834,010 | 2,899,270 | 2,945,465 |
| Total General Obligation Variable Rate Debt | \$3,463,152 | \$3,261,730 | \$3,560,890 | \$3,626,645 | \$3,523,505 |
| Revenue Debt | | | | | |
| Texas A&M University System | \$178,962 | \$295,974 | \$325,461 | \$261,985 | \$176,075 |
| Texas Department of Housing and Community Affairs | 424,595 | 369,940 | 332,545 | 333,410 | 370,925 |
| Texas Department of Transportation | 625,000 | 614,370 | 614,370 | 614,370 | 614,370 |
| Texas Economic Development Bank | 20,000 | 15,000 | 5,000 | 0 | 0 |
| Texas Grand Parkway Transportation Corporation | 190,730 | 0 | 166,525 | 166,525 | 166,525 |
| Texas Public Finance Authority | 150,650 | 154,358 | 192,389 | 116,250 | 273,773 |
| Texas State Affordable Housing Corporation | 0 | 0 | 0 | 30,000 | 70,000 |
| Texas State Technical College | 3,194 | 2,878 | 2,535 | 2,201 | 1,860 |
| Texas State University System | 2,588 | 10,258 | 55,600 | 124,980 | 94,840 |
| Texas Tech University System | 44,454 | 41,713 | 51,830 | 50,795 | 28,978 |
| TPFA Charter School Finance Corporation | 4,046 | 3,756 | 0 | 0 | 0 |
| University of Houston System | 56,367 | 49,117 | 83,567 | 162,050 | 43,681 |
| University of North Texas System | 20,150 | 25,275 | 83,600 | 49,180 | 45,065 |
| University of Texas System | 3,093,790 | 2,924,768 | 2,590,228 | 2,866,727 | 2,762,838 |
| Total Revenue Variable Rate Debt | \$4,814,526 | \$4,507,407 | \$4,503,651 | \$4,778,473 | \$4,648,929 |
| Total Variable Rate Debt | \$8,277,677 | \$7,769,137 | \$8,064,541 | \$8,405,118 | \$8,172,434 |
| ¹ While not explicitly a general obligation or full faith and credit bond, the revenue pledge in Constitutional Bonds has the same effect. Includes Commercial Paper and Variable-Rate Notes. Source: Texas Bond Review Board - Bond Finance Office. | | | | | |

debt issued. (For revenue debt outstanding and debt-service requirements for each system or institution, see *Tables 2.5* and *2.6*, respectively.)

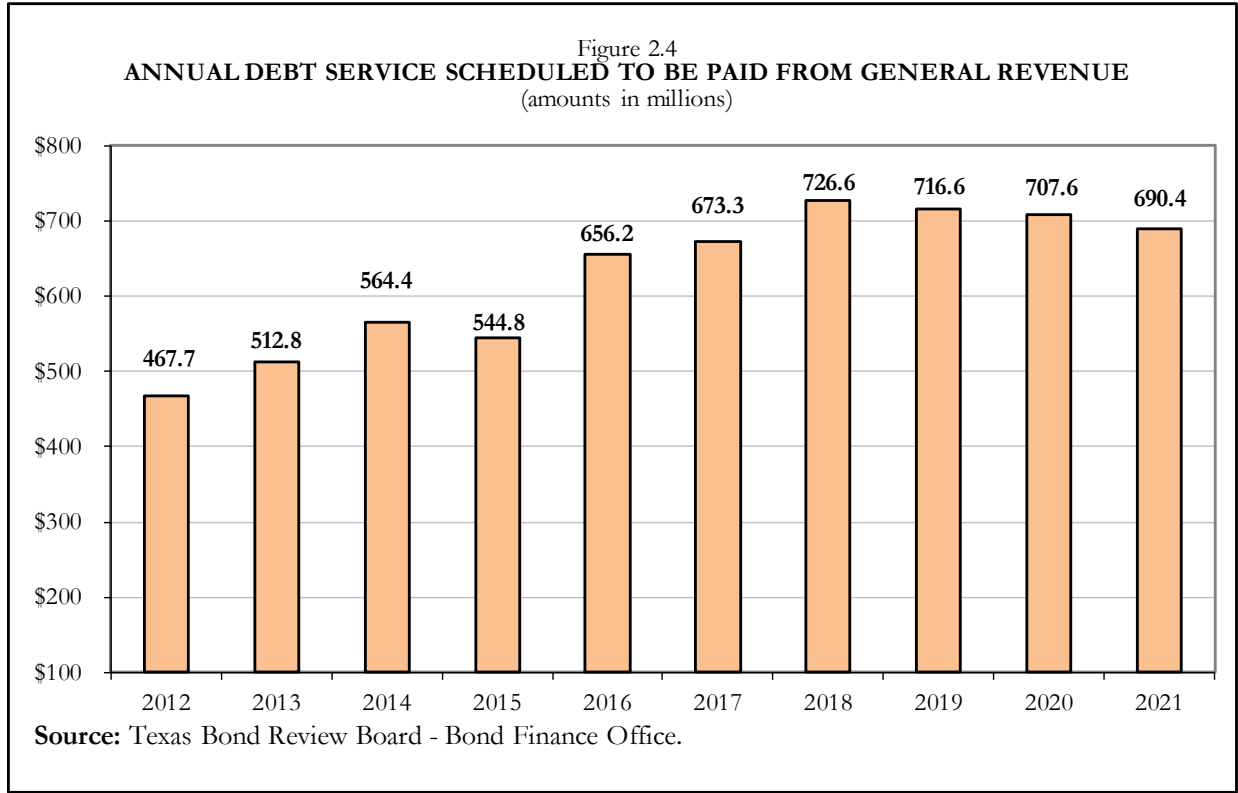
Authorized but Unissued Debt Increases in Fiscal Year 2020

Authorized but unissued debt is defined as debt that may be issued without further legislative or voter action. As of August 31, 2020, Texas had \$17.49 billion in authorized but unissued debt compared to \$13.35 billion in fiscal year 2019 (*Table 2.7*). This increase is attributed to the additional \$3 billion for cancer research and \$200 million for TWDB economically distressed areas projects, both authorized by the voters at the November 2019

general election, as well as \$200 million for TWDB State Participation account projects, \$208.8 million for Health and Human Services Commission (HHSC) deferred maintenance projects, and \$326 million for a TXDOT Austin Campus Consolidation project all authorized by the 86th Legislature.

Of the \$17.49 billion authorized, \$13.30 billion (76.0 percent) was GO debt. Of the GO debt, \$8.66 billion (65.2 percent) was self-supporting and \$4.63 billion (34.8 percent) was not self-supporting. Not self-supporting GO debt increased \$3.15 billion to \$4.63 billion at fiscal year-end 2020 compared to the total of \$1.48

| Table 2.4 DEBT-SERVICE REQUIREMENTS OF TEXAS STATE DEBT BY FISCAL YEAR | | | | | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| (amounts in thousands) | | | | | | |
| | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 & beyond |
| General Obligation Debt | | | | | | |
| Self-Supporting | | | | | | |
| Veterans' Land and Housing Bonds | \$279,906 | \$286,049 | \$274,587 | \$260,876 | \$253,974 | \$2,123,647 |
| Water Development Bonds | 94,514 | 86,851 | 78,965 | 78,796 | 74,054 | 987,826 |
| Water Development Bonds - State Participation | 5,580 | 8,144 | 7,925 | 7,825 | 7,711 | 60,994 |
| Water Development Bonds - WIF | 31,463 | 31,473 | 31,428 | 32,082 | 32,568 | 69,081 |
| Economic Development Bank Bonds | 2,048 | 2,048 | 2,048 | 2,048 | 2,048 | 85,844 |
| Park Development Bonds | 0 | 0 | 0 | 0 | 0 | 0 |
| College Student Loan Bonds | 115,115 | 113,362 | 116,315 | 119,427 | 119,642 | 1,127,871 |
| Texas Agriculture Finance Authority | 0 | 0 | 0 | 0 | 0 | 0 |
| Texas Mobility Fund Bonds | 344,359 | 383,031 | 390,709 | 398,499 | 406,411 | 7,354,119 |
| Texas Public Finance Authority - TMVRLF | 2,138 | 2,136 | 2,132 | 2,136 | 2,132 | 15,906 |
| Total Self-Supporting | \$875,122 | \$913,094 | \$904,110 | \$901,687 | \$898,539 | \$11,825,287 |
| Not Self-Supporting¹ | | | | | | |
| Higher Education Constitutional Bonds ² | \$2,977 | \$2,975 | \$2,972 | \$2,977 | \$2,971 | \$2,973 |
| Texas Public Finance Authority Bonds | 149,602 | 145,361 | 140,268 | 131,028 | 101,644 | 540,692 |
| Park Development Bonds | 0 | 0 | 0 | 0 | 0 | 0 |
| Agriculture Water Conservation Bonds | 0 | 0 | 0 | 0 | 0 | 0 |
| Cancer Prevention and Research Institute of Texas | 146,416 | 147,500 | 145,004 | 140,785 | 137,449 | 1,322,248 |
| Water Development Bonds - EDAP ³ | 28,380 | 27,496 | 25,603 | 24,282 | 20,368 | 126,174 |
| Water Development Bonds - State Participation | 0 | 0 | 0 | 0 | 0 | 0 |
| Water Development Bonds - WIF | 33,388 | 32,252 | 30,518 | 29,375 | 28,280 | 77,590 |
| TTC GO Transportation Bonds | 281,923 | 286,491 | 281,974 | 277,431 | 272,858 | 4,075,499 |
| Total Not Self-Supporting | \$642,686 | \$642,074 | \$626,339 | \$605,877 | \$563,570 | \$6,145,176 |
| Total General Obligation Debt Service | \$1,517,808 | \$1,555,168 | \$1,530,448 | \$1,507,564 | \$1,462,109 | \$17,970,463 |
| Non-General Obligation Debt | | | | | | |
| Self-Supporting | | | | | | |
| Permanent University Fund Bonds | | | | | | |
| The Texas A&M University System | \$106,102 | \$105,568 | \$105,254 | \$100,068 | \$100,093 | \$1,680,360 |
| The University of Texas System | 229,012 | 229,011 | 229,010 | 229,010 | 229,011 | 4,099,409 |
| College and University Revenue Bonds | 1,480,501 | 1,459,976 | 1,390,211 | 1,362,328 | 1,336,373 | 16,528,300 |
| Texas Water Resources Finance Authority Bonds | 0 | 0 | 0 | 0 | 0 | 0 |
| TxDOT Toll Revenue Bonds ⁴ | 137,865 | 150,871 | 168,476 | 177,283 | 186,103 | 5,114,066 |
| Texas Dept. of Housing & Community Affairs - SF | 46,880 | 52,257 | 49,676 | 49,795 | 61,852 | 1,420,010 |
| Economic Development Program (Leverage Fund) | 0 | 0 | 0 | 0 | 0 | 0 |
| Veterans' Financial Assistance Bonds | 0 | 0 | 0 | 0 | 0 | 0 |
| Texas Workforce Commission Unemp Comp Bonds | 0 | 0 | 0 | 0 | 0 | 0 |
| State Highway Fund | 415,732 | 419,136 | 419,140 | 417,974 | 417,639 | 2,774,257 |
| Water Development Bonds - State Revolving Fund | 72,575 | 72,584 | 72,563 | 72,561 | 72,573 | 879,790 |
| Water Development Bonds - SWIRIFT | 356,070 | 364,957 | 363,946 | 363,764 | 360,196 | 8,159,328 |
| Total Self-Supporting | \$2,844,736 | \$2,854,359 | \$2,798,276 | \$2,772,783 | \$2,763,839 | \$40,655,520 |
| Not Self-Supporting¹ | | | | | | |
| Texas Public Finance Authority Bonds | \$37,580 | \$39,977 | \$37,914 | \$36,855 | \$35,791 | \$398,834 |
| TPFA Master Lease Purchase Program | 8,855 | 6,785 | 3,702 | 1,738 | 1,432 | 13,461 |
| Texas Military Facilities Commission Bonds | 1,259 | 917 | 920 | 926 | 0 | 0 |
| Parks and Wildlife Improvement Bonds | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Not Self-Supporting | \$47,694 | \$47,679 | \$42,535 | \$39,518 | \$37,223 | \$412,295 |
| Conduit, Component and Related Organizations | | | | | | |
| Texas Windstorm Insurance Association | \$68,944 | \$69,003 | \$69,015 | \$68,955 | \$0 | \$0 |
| Texas Small Business I.D.C. Bonds | 0 | 0 | 0 | 0 | 0 | 0 |
| Texas Dept. of Housing & Community Affairs - MF | 87,969 | 52,134 | 61,008 | 56,367 | 66,188 | 1,344,966 |
| Texas State Affordable Housing Corporation | 17,683 | 53,715 | 21,300 | 17,776 | 18,121 | 458,772 |
| Texas Grand Parkway Transportation Corporation ⁴ | 197,438 | 193,823 | 794,110 | 260,297 | 172,993 | 7,443,384 |
| Texas PAB Surface Transportation Corporation | 158,427 | 158,427 | 158,427 | 158,427 | 158,427 | 5,815,670 |
| TPFA Charter School Finance Corporation | 10,493 | 10,633 | 10,644 | 10,621 | 10,827 | 161,839 |
| Total Conduit, Component and Related Organizations | \$540,953 | \$537,734 | \$1,114,502 | \$572,443 | \$426,556 | \$15,224,632 |
| Total Non-General Obligation Debt Service | \$3,433,383 | \$3,439,773 | \$3,955,313 | \$3,384,744 | \$3,227,618 | \$56,292,447 |
| Total Debt Service | \$4,951,191 | \$4,994,941 | \$5,485,761 | \$4,892,309 | \$4,689,727 | \$74,262,910 |
| ¹ Bonds that are not self-supporting (general obligation and non-general obligation) depend solely on the state's general revenue for debt service. | | | | | | |
| ² While not explicitly a general obligation or full faith and credit bond, the revenue pledge contained in Constitutional Bonds has the same effect. Debt service is paid from annual constitutional appropriation to qualified institutions of higher education from first monies coming into the state treasury not otherwise dedicated by the Constitution. | | | | | | |
| ³ Economically Distressed Areas Program (EDAP) bonds do not depend totally on the state's general revenue fund for debt service. | | | | | | |
| ⁴ Includes TIFIA loan debt outstanding. Amortization schedule provided by TxDOT. | | | | | | |
| Notes: The debt-service figures do not include the early redemption of bonds under the state's various loan programs or cash defeasances after August 31, 2020, or the Build America Bond subsidy payments. Certain lease purchase, SECO LoanSTAR, and other revolving loan program debt is not included. | | | | | | |
| All future debt-service payments are estimated. Future debt-service payments for variable-rate bonds are calculated based on information provided by the issuer. Future debt-service payments for commercial paper are calculated at 5 percent for a 20-year period. | | | | | | |
| Detail may not add to total due to rounding. | | | | | | |
| Source: Texas Bond Review Board - Bond Finance Office. | | | | | | |



billion in not self-supporting authorized but unissued GO debt at fiscal year-end 2019.

Authorized but unissued not self-supporting revenue debt totaled \$1.39 billion at the end of fiscal 2020 compared to \$757.2 million at fiscal year-end 2019. The remaining authorized but unissued revenue debt was self-supporting and increased from \$2.44 billion to \$2.81 billion.

86th Legislature – Regular Session

The 86th Legislature authorized additional GO debt that was approved by the voters at the November 5, 2019, general election. This included HJR 12 for an additional \$3 billion in bonding authority to finance cancer research up to a maximum of \$6 billion and SJR 79 for \$200 million in evergreen bonding authority to provide financial assistance for the development of certain water projects in economically distressed areas.

Additionally, the 86th Legislature passed HB 1052 authorizing the TWDB to use the state participation account of the water

development fund to provide financial assistance for the development of certain facilities in an amount not to exceed \$200 million.

At the November 5, 2019, general election, the voters approved the use of a Flood Infrastructure Fund, to be initially funded by the state’s Economic Stabilization Fund, as a special fund in the State Treasury outside the general revenue fund to be used to provide financing for drainage, flood mitigation, or flood control projects. The Texas Legislature passed two related bills, SB 7 and SB 8, which addressed flood control and mitigation.

In the General Appropriations Act (GAA), the 86th Legislature authorized the issuance of \$475.2 million of additional revenue bonds and appropriated those bond proceeds to the Texas Facilities Commission for phase two of the North Austin and Capitol Complex projects. The bonds are anticipated to be repaid with lease payments and are subject to biennial appropriation by the legislature of funds

Table 2.5
TEXAS COLLEGE AND UNIVERSITY REVENUE DEBT OUTSTANDING
(amounts in thousands)

| College and University Revenue Debt | FY 2018 | | | FY 2019 | | | FY 2020 | | |
|---------------------------------------|---------------------|--------------------|---------------------|---------------------|--------------------|---------------------|---------------------|--------------------|---------------------|
| | Non-TRB | TRB | Total | Non-TRB | TRB | Total | Non-TRB | TRB | Total |
| Midwestern State University | \$86,775 | \$55,695 | \$142,470 | \$84,394 | \$52,155 | \$136,549 | \$81,063 | \$49,195 | \$130,258 |
| Stephen F. Austin State University | 85,508 | 59,945 | 145,453 | 191,310 | 55,162 | 246,472 | 180,204 | 51,205 | 231,409 |
| Texas Southern University | 101,364 | 95,320 | 196,684 | 95,805 | 87,415 | 183,220 | 90,103 | 79,125 | 169,228 |
| Texas State Technical College System | 51,175 | 38,500 | 89,675 | 51,867 | 36,380 | 88,247 | 99,280 | 34,160 | 133,440 |
| Texas State University System | 817,995 | 275,560 | 1,093,555 | 848,183 | 253,647 | 1,101,830 | 885,373 | 229,777 | 1,115,150 |
| Texas Tech University System | 481,629 | 324,576 | 806,205 | 450,992 | 294,137 | 745,129 | 611,601 | 264,691 | 876,292 |
| Texas Woman's University | 110,045 | 50,640 | 160,685 | 103,975 | 45,735 | 149,710 | 98,780 | 41,290 | 140,070 |
| The Texas A&M University System | 2,241,674 | 985,004 | 3,226,678 | 2,439,653 | 911,405 | 3,351,058 | 2,527,503 | 836,400 | 3,363,903 |
| The University of Texas System | 5,948,033 | 1,267,100 | 7,215,133 | 6,096,479 | 1,128,458 | 7,224,937 | 6,316,130 | 983,023 | 7,299,153 |
| University of Houston System | 1,015,751 | 403,516 | 1,419,267 | 1,053,042 | 378,528 | 1,431,570 | 1,213,813 | 364,948 | 1,578,761 |
| University of North Texas System | 468,189 | 302,903 | 771,092 | 589,061 | 278,500 | 867,561 | 570,264 | 255,320 | 825,584 |
| Total Revenue Debt Outstanding | \$11,408,137 | \$3,858,759 | \$15,266,896 | \$12,004,760 | \$3,521,523 | \$15,526,283 | \$12,674,114 | \$3,189,133 | \$15,863,247 |

Legend: TRB = Tuition Revenue Bonds

Notes: No capital appreciation bonds outstanding as of fiscal years 2018, 2019, or 2020.

All college and university revenue bonds are equally secured by and payable from a pledge of all or a portion of certain "revenue funds" as defined in Chapter 55, Texas Education Code, as amended, of the applicable system or institution of higher education. Historically, however, the state has appropriated funds to the schools in an amount equal to all or a portion of the debt service on revenue bonds issued pursuant to certain specific authorizations to individual institutions in Chapter 55, Texas Education Code ("Tuition Revenue Bonds").

Includes commercial paper notes outstanding, lease purchases, and SECO loans. Excludes HEAF and PUF debt.

Source: Texas Bond Review Board - Bond Finance Office.

available for payment. Lease payments were appropriated to the Texas Facilities Commission for the 2020-2021 biennium (GAA Rider 16, I-46).

The 86th Legislature appropriated \$208.8 million to HHSC for deferred maintenance at state hospitals and state supported living centers, to be financed through the Texas Public Finance Authority (GAA Rider 2, II-48). Also, TXDOT was authorized to issue revenue bonds, not to exceed \$326 million, to construct and equip the Austin Campus Consolidation project on land owned by the agency in southeast Austin. The bonds are to be issued by the Texas Public Finance Authority (GAA Rider 42, VII-29).

85th Legislature – Regular Session and 1st Called Special Session

No new state debt authorizations were approved during the 85th Legislature. The 85th Legislature appropriated debt service for the 2018–19 biennium to the Cancer Prevention and Research Institute of Texas (CPRIT) to issue \$600 million in GO debt under the \$3 billion in authority approved by voters in 2007. In addition, TPFA is authorized to issue on behalf of the Texas Facilities Commission (TFC) the remainder of the \$767.7 million of revenue bonds originally authorized during the 2016–17 biennium for the office buildings and utility infrastructure in the capital complex and

the office building and parking structure in the North Austin complex.

Debt Authority – 84th Texas Legislature

In the General Appropriations Act, the 84th Legislature authorized the issuance of \$767.7 million of revenue bonds and appropriated those bond proceeds in the General Appropriations Act to TFC for the North Austin and Capitol Complex projects. The bonds are anticipated to be repaid with lease payments from state agencies and are subject to biennial appropriation by the legislature of funds available for payment. Lease payments were appropriated to TFC for the 2016–17 biennium. In addition, the 84th Legislature appropriated debt service for the Texas Transportation Commission to issue \$1.35 billion of Prop 12 GO debt and for CPRIT to issue \$600 million in GO debt for the biennium.

The legislature also authorized \$3.10 billion in tuition revenue bond (TRB) debt with the passing of HB 100. Historically, the legislature has appropriated funds in an amount equal to all or a portion of the debt service on TRBs issued. As of August 31, 2020, the only remaining authorized but unissued TRB debt totaled approximately \$2.3 million for the Texas Woman's University Science & Technology Center.

| College and University Revenue Debt | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 & Beyond |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| The University of Texas System - Non-TRB | \$442,366 | \$443,267 | \$428,435 | \$425,069 | \$421,111 | \$8,327,918 |
| The University of Texas System - TRB | 201,318 | 201,320 | 198,362 | 180,818 | 165,299 | 217,289 |
| The University of Texas System - TOTAL* | \$643,683 | \$644,587 | \$626,797 | \$605,888 | \$586,410 | \$8,545,208 |
| The Texas A&M University System - Non-TRB | \$206,817 | \$201,347 | \$195,328 | \$195,181 | \$194,694 | \$2,666,997 |
| The Texas A&M University System - TRB | 105,148 | 105,274 | 95,739 | 95,737 | 95,741 | 508,109 |
| The Texas A&M University System - TOTAL | \$311,965 | \$306,620 | \$291,066 | \$290,919 | \$290,434 | \$3,175,106 |
| Texas Tech University System - Non-TRB | \$53,846 | \$44,189 | \$44,594 | \$46,262 | \$45,909 | \$587,233 |
| Texas Tech University System - TRB | 41,308 | 38,928 | 34,205 | 30,816 | 30,807 | 137,536 |
| Texas Tech University System - TOTAL | \$95,155 | \$83,118 | \$78,799 | \$77,079 | \$76,716 | \$724,769 |
| Texas State University System - Non-TRB | \$87,248 | \$85,969 | \$82,533 | \$81,765 | \$81,485 | \$824,313 |
| Texas State University System - TRB | 33,680 | 34,287 | 27,707 | 26,610 | 26,606 | 151,761 |
| Texas State University System - TOTAL | \$120,928 | \$120,256 | \$110,239 | \$108,374 | \$108,091 | \$976,074 |
| University of Houston System - Non-TRB | \$102,142 | \$93,911 | \$93,326 | \$92,794 | \$92,752 | \$1,274,005 |
| University of Houston System - TRB | 40,389 | 40,491 | 33,878 | 33,868 | 33,860 | 317,115 |
| University of Houston System - TOTAL | \$142,531 | \$134,402 | \$127,204 | \$126,662 | \$126,612 | \$1,591,120 |
| The University of North Texas System - Non-TRB | \$49,043 | \$52,524 | \$48,230 | \$48,411 | \$45,082 | \$641,931 |
| The University of North Texas System - TRB | 33,171 | 32,791 | 29,273 | 29,289 | 29,050 | 170,616 |
| The University of North Texas System - TOTAL | \$82,215 | \$85,316 | \$77,503 | \$77,700 | \$74,132 | \$812,547 |
| Texas Woman's University - Non-TRB | \$9,299 | \$9,296 | \$9,296 | \$9,297 | \$9,298 | \$88,923 |
| Texas Woman's University - TRB | 6,240 | 6,240 | 4,844 | 4,841 | 4,480 | 24,745 |
| Texas Woman's University - TOTAL | \$15,539 | \$15,536 | \$14,140 | \$14,138 | \$13,778 | \$113,668 |
| Texas State Technical College System - Non-TRB | \$7,574 | \$11,257 | \$11,035 | \$10,478 | \$9,915 | \$80,109 |
| Texas State Technical College System - TRB | 3,757 | 3,753 | 2,985 | 2,715 | 2,714 | 29,825 |
| Texas State Technical College System - TOTAL | \$11,331 | \$15,010 | \$14,019 | \$13,194 | \$12,629 | \$109,934 |
| Stephen F. Austin State University - Non-TRB | \$19,684 | \$18,392 | \$17,252 | \$17,278 | \$17,303 | \$181,672 |
| Stephen F. Austin State University - TRB | 5,388 | 5,384 | 5,383 | 5,383 | 5,389 | 43,149 |
| Stephen F. Austin State University - TOTAL | \$25,072 | \$23,776 | \$22,635 | \$22,661 | \$22,693 | \$224,821 |
| Midwestern State University - Non-TRB | \$6,617 | \$6,496 | \$6,528 | \$6,559 | \$6,606 | \$86,659 |
| Midwestern State University - TRB | 5,107 | 4,501 | 4,502 | 4,501 | 4,494 | 43,521 |
| Midwestern State University - TOTAL | \$11,724 | \$10,997 | \$11,030 | \$11,061 | \$11,100 | \$130,179 |
| Texas Southern University - Non-TRB | \$7,963 | \$7,964 | \$7,968 | \$7,964 | \$7,087 | \$67,347 |
| Texas Southern University - TRB | 12,395 | 12,394 | 8,811 | 6,690 | 6,693 | 57,527 |
| Texas Southern University - TOTAL | \$20,358 | \$20,359 | \$16,779 | \$14,654 | \$13,779 | \$124,875 |
| Total College and University Revenue Debt | \$1,480,501 | \$1,459,976 | \$1,390,211 | \$1,362,328 | \$1,336,373 | \$16,528,300 |
| *Excludes Build America Bond subsidy payments. | | | | | | |
| Legend: TRB = Tuition Revenue Bonds | | | | | | |
| Notes: All college and university revenue bonds are equally secured by and payable from a pledge of all or a portion of certain "revenue funds" as defined in Chapter 55, Texas Education Code, as amended, of the applicable system or institution of higher education. Historically, however, the state has appropriated funds to the schools in an amount equal to all or a portion of the debt service on revenue bonds issued pursuant to certain specific authorizations to individual institutions in Chapter 55, Texas Education Code ("Tuition Revenue Bonds"). The table includes commercial paper, lease purchases, and SECO loans but excludes HEAF and PUF debt. | | | | | | |
| Source: Texas Bond Review Board - Bond Finance Office. | | | | | | |

Table 2.7
TEXAS DEBT AUTHORIZED BUT UNISSUED

(amounts in thousands)

| | 8/31/2016 | 8/31/2017 | 8/31/2018 | 8/31/2019 | 8/31/2020 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| General Obligation Debt | | | | | |
| Self-Supporting | | | | | |
| Veterans' Land and Housing Bonds | \$1,208,929 | \$1,116,689 | \$1,035,813 | \$1,046,456 | \$1,054,535 |
| Water Development Bonds | 5,998,014 | 5,973,405 | 5,937,044 | 5,945,878 | 5,951,486 |
| Farm and Ranch Loan Bonds ¹ | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 |
| College Student Loan Bonds | 1,214,895 | 1,115,275 | 1,020,015 | 947,545 | 927,740 |
| Texas Agricultural Finance Authority Bonds | 224,750 | 230,000 | 230,000 | 230,000 | 230,000 |
| Texas Public Finance Authority - TMVRLF | 200,405 | 200,405 | 200,405 | 200,405 | 200,405 |
| Texas Mobility Fund Bonds | * | * | * | * | * |
| Texas Rail Relocation and Improvement Fund | * | * | * | * | * |
| Total Self-Supporting | \$9,146,993 | \$8,935,774 | \$8,723,277 | \$8,670,284 | \$8,664,166 |
| Not Self-Supporting ² | | | | | |
| Agricultural Water Conservation Bonds | \$164,840 | \$164,840 | \$164,840 | \$164,840 | \$164,840 |
| Higher Education Constitutional Bonds | *** | *** | *** | *** | *** |
| Texas Public Finance Authority ³ | 2,037,487 | 1,779,437 | 1,535,487 | 1,315,937 | 4,067,837 |
| Transportation Commission GO Transportation Bonds | 697,008 | 0 | 0 | 0 | 0 |
| Water Development Bonds - EDAP ⁴ | 53,492 | 53,492 | 53,492 | 0 | 200,000 |
| Water Development Bonds - State Participation | 0 | 0 | 0 | 0 | 200,000 |
| Water Development Bonds - WIF | 0 | 0 | 0 | 0 | 0 |
| Total Not Self-Supporting | \$2,952,827 | \$1,997,769 | \$1,753,819 | \$1,480,777 | \$4,632,677 |
| Total General Obligation Debt | \$12,099,820 | \$10,933,543 | \$10,477,096 | \$10,151,061 | \$13,296,843 |
| Non-General Obligation Debt | | | | | |
| Self-Supporting | | | | | |
| Permanent University Fund Bonds ⁵ | | | | | |
| The Texas A&M University System | \$548,407 | \$680,110 | \$589,676 | \$703,618 | \$634,354 |
| The University of Texas System | 419,009 | 530,885 | 722,647 | 817,635 | 924,988 |
| College and University Revenue Bonds | ** | ** | ** | ** | ** |
| Texas Turnpike Authority Bonds | ** | ** | ** | ** | ** |
| Texas Water Resources Finance Authority Bonds | ** | ** | ** | ** | ** |
| Texas Water Development Bonds (Water Resources Fund) | ** | ** | ** | ** | ** |
| Texas Workers' Compensation Fund Bonds | ** | ** | ** | ** | ** |
| Texas Workforce Commission Unemp Comp Bonds | *** | *** | *** | *** | *** |
| Nursing Home Liability Insurance | 75,000 | 75,000 | 75,000 | 75,000 | 75,000 |
| FAIR Plan | 75,000 | 75,000 | 75,000 | 75,000 | 75,000 |
| TPFA Revenue Bonds (TXDOT Austin Campus Project) ⁶ | 0 | 0 | 0 | 0 | 326,000 |
| Veterans' Financial Assistance Bonds | 771,440 | 771,440 | 771,440 | 771,440 | 771,440 |
| State Highway Fund Revenue Bonds | 700,149 | 0 | 0 | 0 | 0 |
| Water Development Board - State Revolving Fund | ** | ** | ** | ** | ** |
| Total Self-Supporting | \$2,589,005 | \$2,132,435 | \$2,233,763 | \$2,442,693 | \$2,806,782 |
| Not Self-Supporting ² | | | | | |
| Texas Public Finance Authority Bonds | \$888,551 | \$871,551 | \$826,551 | \$631,551 | \$1,113,553 |
| TPFA Master Lease Purchase Program | 105,520 | 64,100 | 116,350 | 125,610 | 273,100 |
| Texas Military Facilities Commission Bonds | ** | ** | ** | ** | ** |
| Total Not Self-Supporting | \$994,071 | \$935,651 | \$942,901 | \$757,161 | \$1,386,653 |
| Conduit | | | | | |
| Texas Windstorm Insurance Association | *** | *** | *** | *** | *** |
| Texas Small Business L.D.C. Bonds | ** | ** | ** | ** | ** |
| Texas Department of Housing & Community Affairs | ** | ** | ** | ** | ** |
| Texas State Affordable Housing Corporation | ** | ** | ** | ** | ** |
| Total, Conduit | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total Non-General Obligation Debt | \$3,583,076 | \$3,068,086 | \$3,176,664 | \$3,199,854 | \$4,193,435 |
| Total Debt | \$15,682,896 | \$14,001,629 | \$13,653,760 | \$13,350,915 | \$17,490,278 |

* No bond issuance limit, but debt service on all bonds issued and proposed to be issued pursuant to the Article III, Section 49-k and 49-o of the Texas Constitution can not be greater than the Comptroller's certified projection that the amount of money dedicated to the fund is equal to at least 110 percent of the debt-service requirements for as long as the obligations are outstanding.

** No issuance limit has been set by the Texas Constitution. Bonds may be issued by the agency without further authorization by the legislature. However, university bonds rated lower than AA- or its equivalent may not be issued without the approval of the Bond Review Board. All bonds must be approved by the Attorney General.

*** No bond issuance limit, but HECB debt service may not exceed \$196.88 million per year; TWIA has an annual limit of \$500 Million in "Class 1," \$250 Million of "Class 2," and \$250 million of "Class 3" public securities; and TWC may not exceed \$2 billion per issuance.

¹ Effective in November 1995, state voters authorized the use of \$200 million of the existing \$500 million Farm and Ranch Program authority for the purposes of the Texas Agricultural Finance Authority (TAFA). Of the \$200 million, the Bond Review Board has approved an initial amount of \$25 million for the Texas Agricultural Fund Program of TAFA.

² Bonds that are not self-supporting depend solely on the state's general revenue for debt service.

³ Includes \$6 billion for cancer prevention that was authorized by voters, including \$3 billion authorized in November 2007 and an additional \$3 billion authorized in November 2019 of which \$4.05 billion remains unissued.

⁴ Economically Distressed Areas Program (EDAP) bonds do not depend totally on the state's general revenue fund for debt service.

⁵ Issuance of PUF bonds by A&M is limited to 10 percent, and issuance by UT is limited to 20 percent of the cost value of investments and other assets of the PUF, except real estate. The PUF value used is as of August 31, 2020.

⁶ The Texas Public Finance Authority is authorized to issue revenue bonds or other obligations on behalf of the Department of Transportation in an amount not to exceed \$326,000,000 for the purpose of constructing and equipping the Austin Campus Consolidation project. Future debt service payments are expected to be paid out of the State Highway Fund towards the project outlined in HB 1, Article VII, Rider 42, pp.VII-29 and VII-30 of the GAA, 2019.

Source: Texas Bond Review Board - Bond Finance Office

Additionally, the 84th Legislature passed HB 122 which limits the issuance of debt secured by the Texas Mobility Fund solely to refundings or issuances that replace variable-rate debt.

Long-Term Contracts and Lease Purchases

Long-term contracts and lease or installment-purchase agreements can serve as cost-effective financing alternatives to the issuance of bonds. Like bonds, these agreements are a method of financing capital purchases over time, and payments on these contracts and agreements are generally subject to biennial legislative appropriations.

The equipment lease purchases approved by the Bond Review Board are typically financed through the Texas Public Finance Authority's Master Lease Purchase Program and are included in the state's total debt outstanding.

Texas Swaps Outstanding

At the end of fiscal year 2020, three state issuers had swap agreements in place. VLB, UTS, and TDHCA entered the swap market in 1994, 1999, and 2004, respectively.

As of August 31, 2020, the aggregate notional amount of swaps outstanding at the state level was \$5.77 billion. Interest rate swaps are primarily used as financial-management tools to reduce interest expense and hedge against interest rate, tax, basis, and other risks. (See *Appendix C* for a background discussion of swaps and related data.)

State issuers are authorized to enter into swap agreements under the Texas Government Code, Section 1371, which grants special authority to enter into credit agreements. However, TDHCA and VLB have broad authority to enter into swaps under Section 2306.351 of the Texas Government Code and Sections 161.074, 162.052, and 164.010 of the Texas Natural Resources Code, respectively.

At the end of fiscal year 2020, VLB was a party to 55 pay-fixed, receive-variable rate (synthetic fixed-rate) swaps associated with its variable-rate demand bond issues. The total notional amount for these swaps was \$2.69 billion at fiscal year-end 2020. UTS had seven Revenue Financing System (RFS) swap agreements and three Permanent University Fund (PUF) swap agreements totaling \$1.84 billion in notional amount. TDHCA had four such swaps on single-family bonds totaling \$57.9 million in notional amount.

Additionally, at the end of fiscal year 2020 VLB had one outstanding basis rate (pay-variable, receive-variable) swap with \$25.0 million in notional amount. UTS had six Revenue Financing System and three PUF basis rate agreements totaling \$1.16 billion in notional amount.

The Net Fair Values for the swap agreements in place at the end of fiscal year 2020 for the three state issuers were as follows: VLB, negative \$345.9 million; UTS, negative \$464.2 million; and TDHCA, negative \$5.7 million. A negative fair value on a swap agreement indicates that the state issuer would owe its counterparty the amount indicated if the swaps were terminated. (See *Tables C1* and *C2* in *Appendix C* for details regarding Texas' interest rate swaps outstanding and fair value data at August 31, 2020.) VLB and TDHCA have the unilateral option to terminate their swap agreements. UTS has the unilateral option to terminate all of its swap agreements except for the Municipal Market Data (MMD) basis swap associated with its RFS 2016A bonds. Under this swap agreement, Deutsche Bank has the right to optionally terminate the swap on or after February 15, 2030, provided the mark-to-market value of the swap is positive to UTS and Deutsche Bank agrees to pay this amount to UTS.

See *Table C3* and *Table C4* in *Appendix C* for debt-service requirements of variable-rate and fixed-rate debt outstanding and net interest

rate swap payments. At fiscal year-end 2020, estimated variable rate debt-service requirements and net swap payments for VLB's pay-fixed, receive-variable swaps (synthetic fixed-rate swaps) totaled \$3.22 billion, and UTS totaled \$1.91 billion. For TDHCA the estimated variable rate debt-service requirements and net swap payments totaled \$89.5 million. UTS had eight basis swaps outstanding, the estimated variable rate and fixed rate debt-service requirements and net swap payments for which totaled \$1.24 billion. VLB had one basis swap outstanding, the estimated variable rate debt-service requirements and net swap payments for which totaled \$25.6 million.

Chapter 3 State Bond Issuance Costs

Excluding issuances of conduit and private placement debt, during fiscal year 2020, the weighted average of issuance costs for state bond issuers was \$5.09 per \$1,000 compared to \$5.54 per \$1,000 for fiscal year 2019. The issuances ranged in size from \$23.0 million to \$1.27 billion. Appendix A of this report details the issuance costs associated with each of these issues as well as the conduit and private placement issues.

Issuance Costs for Texas Bond Issuers

In fiscal year 2020, the average issue size for Texas' state issuers increased to \$343.0 million from \$198.3 million in fiscal year 2019 (Table 3.1). Excluding conduit and private placement issues, 20 (80.0 percent) of the 25 transactions completed in fiscal year 2020 were \$100.0 million or greater in size compared to 17 (58.6 percent) of the 29 transactions completed in fiscal year 2019.

In fiscal year 2020, the weighted average underwriting spread accounted for 73.5 percent of all issuance costs. As a result of an increase in the average underwriter's takedown costs, spread expenses, and management fee in fiscal year 2020, the weighted average underwriting spread per \$1,000 of bonds issued increased to \$3.75 from \$3.70 in fiscal year 2019 (Figure 3.1). (See *Comparison of Issuance Costs by Transaction Size* below).

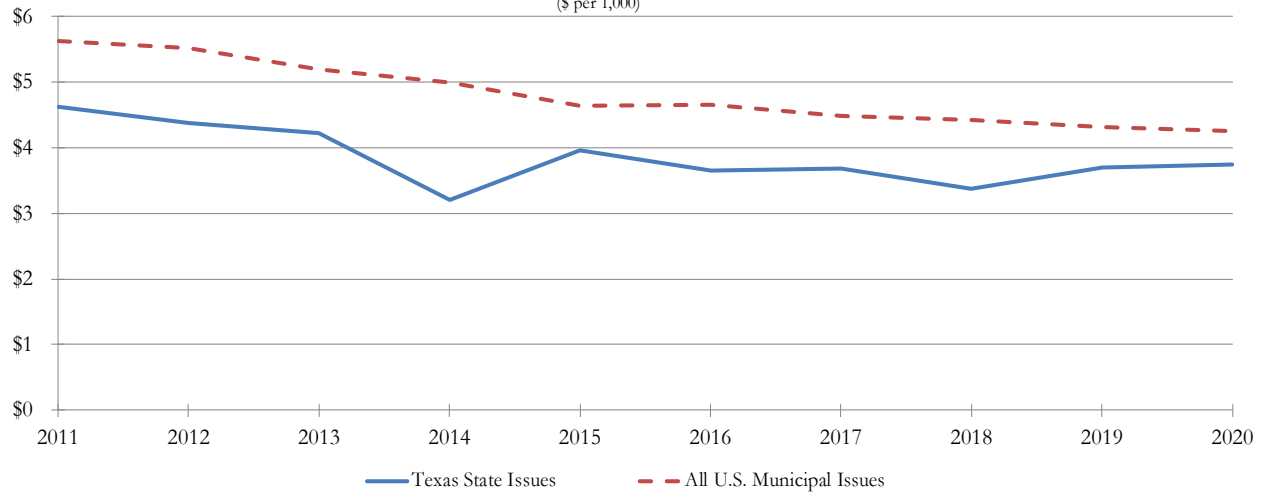
During fiscal year 2020, fees per bond (cost per \$1,000) generally decreased overall compared to fiscal year 2019. Other Issuance Costs (bond counsel, financial advisor, rating agency, printing, and other costs) per \$1,000 decreased to an average of \$1.34 compared to \$1.84 in fiscal year 2019.

Table 3.1
WEIGHTED AVERAGE ISSUANCE COSTS FOR TEXAS BOND ISSUES
(Excludes Private Placements, Conduits and Remarketings)

| | Fiscal 2019 | | | Fiscal 2020 | | |
|-----------------------------------|-------------|-----------------------------|--|-------------|-----------------------------|--|
| | Count | Average Cost Per Bond Issue | Average Cost Per \$1,000 of Bonds Issued | Count | Average Cost Per Bond Issue | Average Cost Per \$1,000 of Bonds Issued |
| Average Issue Size (In Millions) | 29 | \$198.3 | | 25 | \$343.0 | |
| Costs of Issuance: | | | | | | |
| Underwriter's Spread: | | | | | | |
| Takedown | 28 | \$677,343 | \$3.45 | 24 | \$1,235,097 | \$3.56 |
| Spread Expenses | 23 | 73,830 | 0.31 | 22 | 98,668 | 0.27 |
| Underwriter's Counsel | 24 | 37,581 | 0.17 | 20 | 54,232 | 0.14 |
| Other Underwriter's Spread Costs* | 7 | 89,470 | 0.52 | 3 | 119,396 | 0.44 |
| Underwriter's Spread Subtotal | 29 | \$734,137 | \$3.70 | 25 | \$1,286,848 | \$3.75 |
| Other Issuance Costs: | | | | | | |
| Bond Counsel | 29 | \$100,601 | \$0.51 | 25 | \$132,205 | \$0.39 |
| Financial Advisor | 27 | 116,694 | 0.62 | 21 | 129,537 | 0.35 |
| Printing | 27 | 3,751 | 0.02 | 24 | 3,325 | 0.01 |
| Other | 29 | 53,571 | 0.27 | 25 | 63,256 | 0.18 |
| Other Issuance Costs Subtotal | 29 | \$264,259 | \$1.33 | 25 | \$307,463 | \$0.90 |
| Major Rating Agencies: | | | | | | |
| Moody's | 26 | \$46,106 | \$0.31 | 21 | \$77,714 | \$0.23 |
| Standard & Poor's | 21 | 50,877 | 0.22 | 18 | 69,673 | 0.22 |
| Fitch | 16 | 40,372 | 0.19 | 12 | 72,500 | 0.16 |
| Rating Agency Costs Subtotal | 29 | \$100,453 | \$0.51 | 24 | \$156,505 | \$0.45 |
| Total | 29 | \$1,098,849 | \$5.54 | 25 | \$1,750,816 | \$5.09 |

Note: Figures exclude bond insurance premiums.
* Management Fee, Structuring Fee or Underwriter's Risk.
Source: Texas Bond Review Board.

Figure 3.1
GROSS UNDERWRITING SPREADS: 2011 - 2020
TEXAS STATE BOND ISSUES vs. ALL U.S. MUNICIPAL BOND ISSUES
 (\$ per 1,000)



Note: 2020 municipal figures are through August 24, 2020. Amounts represent dollars per \$1,000 face value of bond issues. Gross spreads include managers' fees, underwriting fees, average takedowns, and expenses. Private placements, conduits, short-term notes maturing in 13 months or less, and remarketings of variable-rate securities are excluded.

Sources: The Bond Buyer - 2020 in Statistics Midyear Review (08/24/20), Refinitiv Financial Solutions; and the Texas Bond Review Board - Bond Finance Office.

Underwriting Costs for Texas Bond Issuers Compared to National Costs

Excluding conduit and private placement issuances, during fiscal year 2020, Texas' state bond issuers paid lower average underwriting fees compared to the national averages (*Figure 3.1*). This difference is primarily due to the generally higher credit quality of Texas issuers and the market's receptivity to Texas issues. Statistics published by Refinitiv Financial Solutions show that underwriting spreads nationally averaged \$4.25 per \$1,000 compared to Texas' average of \$3.75 per \$1,000.

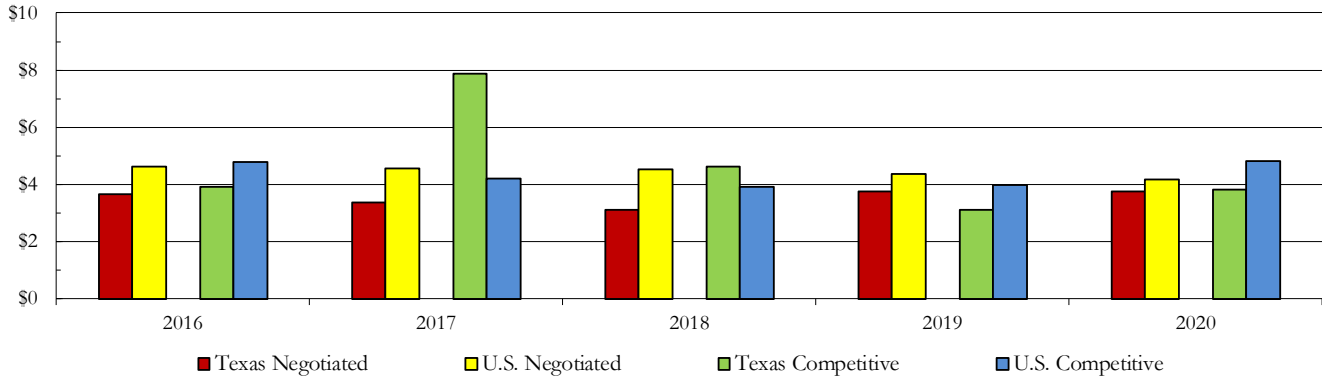
During fiscal year 2020, Texas issuers saw lower weighted average underwriting costs with negotiated and competitive transactions when compared to the national averages as reported by Refinitiv Financial Solutions (*Figure 3.2*). Texas' average of \$3.74 per \$1,000 for negotiated sales and \$3.83 per \$1,000 for competitively bid sales were 10.3 percent lower and 20.5 percent lower than the national averages, respectively.

Comparison of Issuance Costs by Transaction Size

Larger bond issues usually have a lower cost per \$1,000 because certain fixed costs of issuance, including some legal and financial advisory services and document drafting fees, do not vary proportionately with the size of the bond issue.

Texas' issuance costs increased overall in fiscal year 2020. Because of larger transaction sizes, average cost per \$1,000 generally decreased when compared to fiscal year 2019. *Figure 3.3* shows fiscal year 2020 cost per \$1,000 for each transaction (excluding conduit and private placements) compared to a trendline of previous costs per \$1,000 experienced during fiscal years 2016–19 (*Figure 3.3*). *Appendix A* details the issuance costs for each transaction in fiscal year 2020.

Figure 3.2
GROSS UNDERWRITING SPREADS: 2016 - 2020
NEGOTIATED vs. COMPETITIVE MUNICIPAL ISSUES
 (Excludes Private Placements, Conduits, and Remarketings; weighted averages)
 (\$ per 1,000)



Note: 2020 US figures are through August 24, 2020. Amounts represent dollars per \$1,000 face value of bond issues. Gross spreads include managers' fees, underwriting fees, average takedowns, and expenses. Private placements, conduits, short-term notes maturing in 13 months or less, and remarketings of variable-rate securities are excluded.
Sources: The Bond Buyer - 2020 in Statistics Midyear Review (08/24/20), Refinitiv Financial Solutions; and the Texas Bond Review Board - Bond Finance Office.

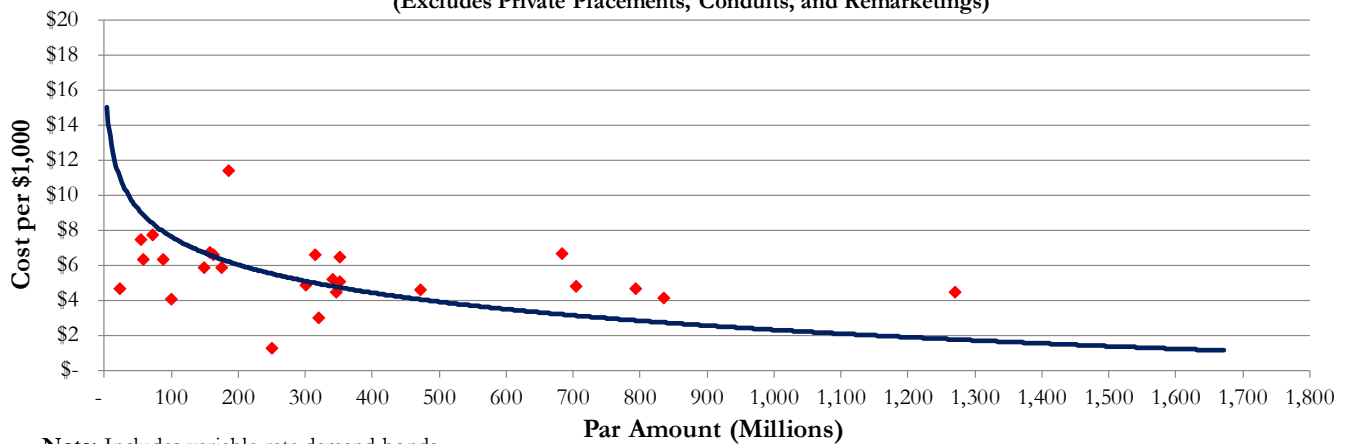
Trends in State Bond Issuance Costs in 2020

The characteristics of 25 non-conduit non-private placement bond transactions were reviewed to determine trends in issuance costs during fiscal year 2020. Of those, 20 were negotiated sales and five were competitive sales. Of the 20 negotiated sales, three were less than \$100 million in size, six were from \$100-\$300 million, six were from \$300-\$500 million,

and five were greater than \$500.0 million. The five competitive transactions were for \$73.3 million, \$88.9 million, \$162.6 million, \$320.6 million, and \$351.9 million, respectively. There was one non-conduit private placement issued by Texas State Technical College during 2020.

In some cases, the total cost per \$1,000 in fiscal year 2020 was lower and in some cases higher than the FY 2016-2019 trendline (*Figure 3.3*).

Figure 3.3
COSTS OF ISSUANCE: Fiscal Years 2016-2020
 (Excludes Private Placements, Conduits, and Remarketings)



Note: Includes variable-rate demand bonds.

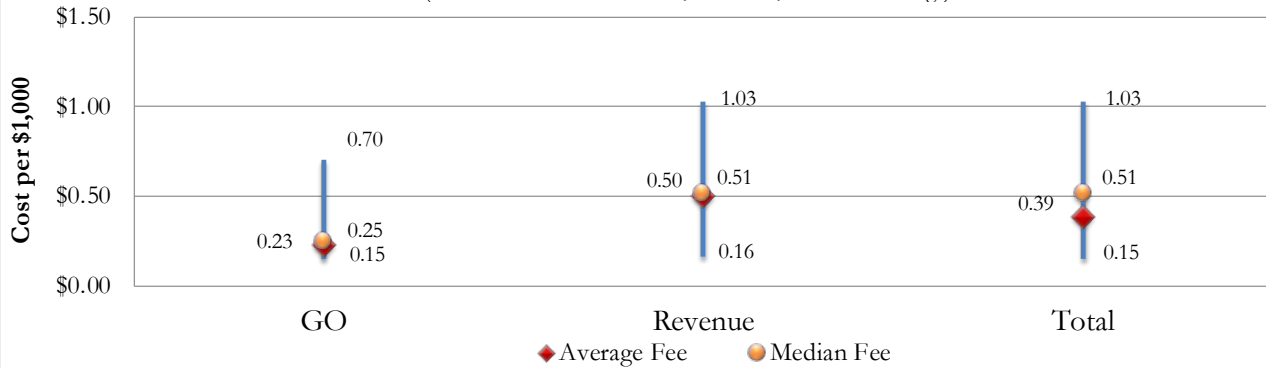
Source: Texas Bond Review Board - Bond Finance Office.

◆ FY 2020 — FY 2016-2019

Figure 3.4

Range of Bond Counsel Fees for Fiscal Year 2020

(Excludes Private Placements, Conduits, and Remarketings)



Note: Includes co-bond counsel fees and variable-rate demand bonds.

Source: Texas Bond Review Board - Bond Finance Office.

Issuance Costs for State General Obligation and Revenue Bonds in 2020

Four component fees comprise most of the costs of issuing bonds: bond counsel, financial advisor, underwriters' spread, and credit rating agencies. To analyze these fees on a cost per \$1,000 basis for state general obligation (GO) and revenue issues, data from fiscal year 2020 is shown graphically in *Figures 3.4, 3.5, 3.6, and 3.7*. Each cost of issuance component has been compared by bond type (general obligation vs. revenue) and by total bonds issued.

Cost of issuance data was obtained from seven GO transactions and eighteen revenue

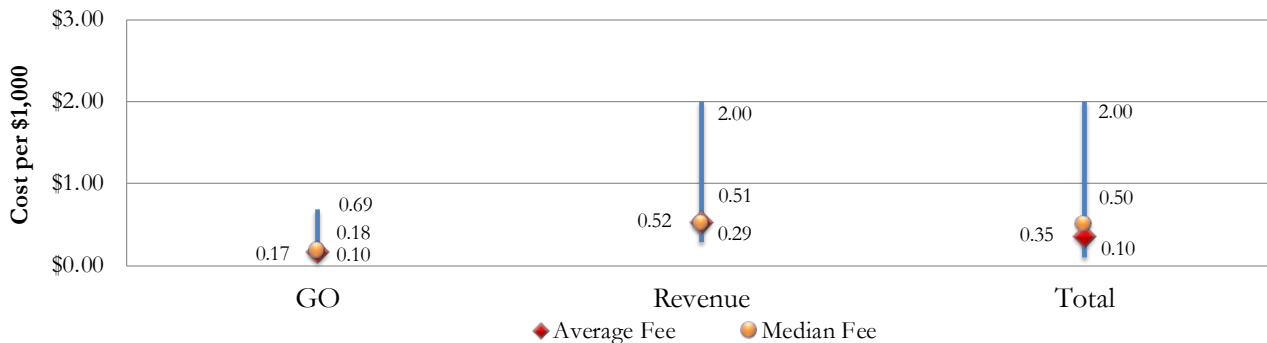
transactions representing six state agencies and six institutions of higher education.

Figure 3.4 shows the bond counsel cost per \$1,000 for the twenty-five bonds issued during 2020. The total weighted average cost for bond counsel fees was \$0.39 per \$1,000, lower than the \$0.51 per \$1,000 for fiscal year 2019. GO bonds had lower costs per \$1,000 than revenue bonds with a weighted average cost of \$0.23 per \$1,000 compared to \$0.50 per \$1,000 for revenue bonds. Additionally, the fees for revenue bonds had a larger variance than the fees for GO bonds. The fees for GO bonds ranged from \$0.15 to \$0.70 per \$1,000 while

Figure 3.5

Range of Financial Advisor Fees for Fiscal Year 2020

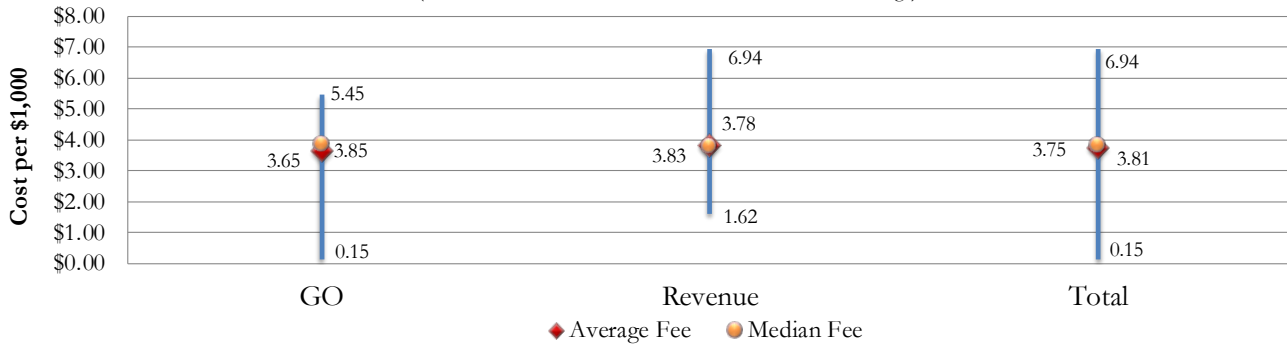
(Excludes Private Placements, Conduits, and Remarketings)



Note: Includes co-financial advisor fees and variable-rate demand bonds.

Source: Texas Bond Review Board - Bond Finance Office.

Figure 3.6
Range of Total Underwriter's Spread for Fiscal Year 2020
 (Excludes Private Placements, Conduits, and Remarketings)



Note: Includes variable-rate demand bonds. Total underwriter's spread includes takedown, spread expenses, management & structuring fees, underwriting risk, and underwriter's counsel.

Source: Texas Bond Review Board - Bond Finance Office.

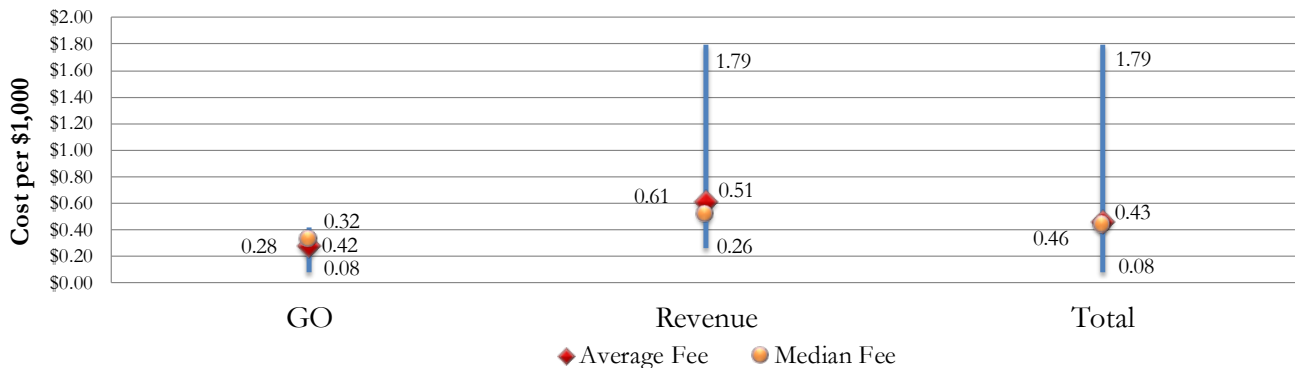
the fees for revenue bonds ranged from \$0.16 to \$1.03 per \$1,000.

Figure 3.5 shows the cost per \$1,000 for the twenty-one transactions with a financial advisor fee. The total weighted average cost for financial advisor fees was \$0.35 per \$1,000, a decrease of \$0.27 per \$1,000 compared to \$0.62 per \$1,000 for fiscal year 2019. GO bonds had a weighted average cost of \$0.17 per \$1,000 compared to \$0.52 per \$1,000 for revenue bonds. The difference in the range of fees for financial advisor was greater for revenue bonds than GO bonds. GO

transactions had a minimum fee of \$0.10 and a maximum fee of \$0.69 per \$1,000, and revenue bonds had a minimum fee of \$0.29 and a maximum fee of \$2.00 per \$1,000.

Figure 3.6 shows the total underwriters' spread for all transactions and includes the following: takedown, management and structuring fees, underwriting risk, spread expenses, and underwriter's counsel. The total weighted average cost was \$3.75 per \$1,000, an increase of \$0.05 per \$1,000 compared to \$3.70 per \$1,000 for fiscal year 2019. GO bonds had an average weighted cost of \$3.65, and revenue

Figure 3.7
Range of Total Ratings Fees for Fiscal Year 2020
 (Excludes Private Placements, Conduits, and Remarketings)



Note: Includes variable-rate demand bonds. Total ratings fee may include ratings fees from Moody's, S&P, Fitch, and Kroll.

Source: Texas Bond Review Board - Bond Finance Office.

bonds had an average weighted cost of \$3.83 per \$1,000. The fees for GO bonds ranged from a minimum fee of \$0.15 to a maximum fee of \$5.45 per \$1,000. Revenue bonds ranged from \$1.62 to \$6.94 per \$1,000.

Figure 3.7 shows the cost per \$1,000 for rating agency fees. The total weighted average cost was \$0.46 per \$1,000, a decrease of \$0.05 per \$1,000 compared to \$0.51 per \$1,000 for fiscal year 2019. The average weighted cost for GO bonds was lower at \$0.28 per \$1,000 compared to \$0.37 per \$1,000 for fiscal year 2019, while the average weighted cost for revenue bonds was higher at \$0.61 per \$1,000 compared to \$0.55 per \$1,000 for fiscal year 2019.

Chapter 4
Texas Private Activity Bond Allocation
Program and Other Bonding Authority

Texas again experienced an increase in volume cap for the Program Year 2020 Private Activity Bond (PAB) Allocation Program. The 2020 volume cap was set at \$3.04 billion, an increase of \$30.9 million (1.0 percent) over the calendar year 2019 cap. The total size of the PAB program, including the 2020 volume cap and carryforward was \$6.42 billion, a 6.6 percent decrease from the 2019 total. As of November 15, 2020, \$3.02 billion had been allocated and application requests totaled \$8.49 billion, an increase of 30.9 percent of the total application requests from Program Year 2019.

Volume Cap

Texas is second only to California in population and resulting volume cap. Texas experienced an increase in volume cap for the 2020 PAB Allocation Program. Based on its population, the 2020 volume cap was set at \$3.04 billion, an increase of \$30.9 million (1.0 percent) over the calendar year 2019 cap of \$3.01 billion.

The volume cap increase can be attributed not only to the growth of the state's population, but also to federal legislation that increased the per capita formula. On December 20, 2000, federal legislation was passed that accelerated the increase in private activity volume cap, the first such increase since the Tax Reform Act of 1986. The cap phase-in began January 1, 2001, when the limit was increased from \$50 per capita to \$62.50 per capita. The second part of the plan occurred in January 2002, when the cap multiplier increased to \$75 per capita or \$225 million, whichever is greater. The multiplier was indexed to inflation beginning in 2003 resulting in increases in 2007, 2008, 2009, 2011, 2014, and 2018 to the current level of \$105 per capita. The small state minimum was increased for the 2020 program year to \$321.8 million from \$316.7 million set in 2018.

Including 2020 volume cap and carryforward, for Program Year 2020, the state had a total of \$6.42 billion of volume cap available among the five subceilings, of which \$3.02 billion (47.0 percent) had been allocated as of November 15, 2020 (Table 4.1).

Table 4.1
STATE OF TEXAS
PRIVATE ACTIVITY BOND ALLOCATION PROGRAM
2020 AVAILABLE VOLUME CAP vs. ALLOCATION AMOUNTS
 (as of November 15, 2020)

| SUBCEILING | AVAILABLE* VOLUME CAP | PERCENT OF TOTAL | ISSUED 2020 ALLOCATION | ISSUED CARRYFORWARD ALLOCATION | ISSUED PERCENT OF TOTAL |
|-----------------------|----------------------------------|-----------------------------|-----------------------------------|---|--|
| Single Family Housing | \$ 3,251,512,802 | 50.6% | \$ - | \$ 1,399,996,402 | 21.8% |
| State-Voted Issues | 334,181,028 | 5.2% | 69,990,169 | 29,724,277 | 1.6% |
| Small Issue IDBs | 60,891,350 | 0.9% | - | - | 0.0% |
| Multifamily Housing | 1,721,848,640 | 26.8% | 744,839,000 | 531,758,000 | 19.9% |
| All Other Issues | 1,052,124,589 | 16.4% | 118,128,648 | 124,062,428 | 3.8% |
| TOTAL | \$ 6,420,558,409 | 100.0% | \$ 932,957,817 | \$ 2,085,541,107 | 47.0% |

*Includes carryforward amounts. Carryforward is reserved volume cap from the prior 3 years.

Source: Texas Bond Review Board - Private Activity Bond Program.

Table 4.2
STATE OF TEXAS
PRIVATE ACTIVITY BOND ALLOCATION PROGRAM
2020 REQUESTED VOLUME CAP
(as of November 15, 2020)

| SUBCEILINGS | AVAILABLE VOLUME CAP* | REQUESTED ALLOCATION* | REQUESTS AS A % OF AVAILABILITY |
|--------------------------------------|--------------------------|--------------------------|---------------------------------------|
| Mortgage Revenue Bonds | \$ 3,251,512,802 | \$ 2,487,872,267 | 76.5% |
| State-Voted Issue Bonds | 334,181,028 | 100,000,000 | 29.9% |
| Industrial Development Bonds | 60,891,350 | - | 0.0% |
| Multifamily Rental Project Bonds | 1,721,848,640 | 4,758,385,296 | 276.4% |
| All Other Bonds Requiring Allocation | 1,052,124,589 | 1,139,000,000 | 108.3% |
| TOTALS | \$ 6,420,558,409 | \$ 8,485,257,563 | 132.2% |

*Includes carryforward amounts. Carryforward is reserved volume cap from the prior 3 years.

Source: Texas Bond Review Board - Private Activity Bond Program.

Total bonding authority demand increased by \$2.00 billion (30.9 percent) during the 2020 Program Year compared to the 2019 Program Year. As of November 15, 2020, 132.2 percent had been requested in 2020 compared to 94.3 percent in 2019 (*Table 4.3*).

Additionally, after the August 15, 2019, collapse, the Bond Review Board (BRB) received \$2.90 billion in requests; after the August 15, 2020 collapse, the BRB received \$995 million in requests. Applications received for Program Year 2020, including carryforward requests, totaled \$8.49 billion or 132.2 percent of the total available allocation of \$6.42 billion (*Table 4.2*), a decrease of 6.6 percent from the \$6.87 billion of the available allocation requested in 2019.

Current Allocation Trends

Excluding carryforward, as of November 15, 2020, \$933.0 million (30.6 percent) of Program Year 2020 volume cap had been allocated. As of the same date in Program Years 2017, 2018, and 2019 \$975.4 million

(35.0 percent), \$226.0 million (7.6 percent), and \$244.1 million (8.1 percent), respectively, of total volume cap (excluding carryforward) had been allocated.

While most of the 2020 applications were for residential rental transactions and the amounts requested are limited by statute and scope, the number of applications increased for 2020 and the amount of volume cap requested also increased (*Table 4.3*). Many issuers have been waiting for the spread between tax-exempt rates and taxable rates to widen before seeking volume cap, or they applied for volume cap with the intention of converting it to carryforward. Larger transactions provide economies of scale that may still take advantage of tax-exempt rates.

As of November 15, 2020, no mortgage revenue bonds (MRBs) or mortgage credit certificate (MCC) programs had closed utilizing Program Year 2020 volume cap.

Table 4.3
STATE OF TEXAS
PRIVATE ACTIVITY BOND ALLOCATION PROGRAM
2015 TO 2020 ISSUED ALLOCATION
(as of November 15, 2020)

| YEAR | AVAILABLE ALLOCATION* | REQUESTED ALLOCATION* | ISSUED VOLUME CAP ALLOCATION | ISSUED CARRYFORWARD ALLOCATION | NUMBER OF APPLICATIONS RECEIVED | ISSUED AS A % OF AVAILABILITY |
|------|-----------------------|-----------------------|------------------------------|--------------------------------|---------------------------------|-------------------------------|
| 2015 | 6,461,406,313 | 4,355,040,098 | 84,850,000 | 1,071,125,213 | 71 | 17.9% |
| 2016 | 6,561,415,029 | 3,403,690,252 | 169,538,280 | 681,068,500 | 104 | 13.0% |
| 2017 | 7,634,459,758 | 6,196,133,141 | 975,357,669 | 2,440,916,606 | 92 | 44.7% |
| 2018 | 6,281,389,532 | 5,314,660,316 | 226,007,000 | 1,225,430,732 | 128 | 23.1% |
| 2019 | 6,873,330,024 | 6,484,674,476 | 244,092,314 | 2,552,953,904 | 104 | 40.7% |
| 2020 | 6,420,558,410 | 8,485,257,563 | 932,957,817 | 2,085,541,107 | 131 | 47.0% |

*Includes carryforward amounts. Carryforward is reserved volume cap from the prior 3 years.

Source: Texas Bond Review Board - Private Activity Bond Program.

Using carryforward volume cap, Texas Department of Housing and Community Affairs and Garland Housing Finance Corporation used \$1.20 billion and approximately \$15.0 million, respectively, to close MCC programs. The Texas Department of Housing and Community Affairs also used \$185.0 million to close MRBs. Multifamily issuers closed forty-six projects as of November 15, 2020, using \$744.8 million of volume cap and \$531.8 million of carryforward compared to twenty-nine projects closing in 2019.

At the beginning of Program Year 2020, the carryforward amount of \$3.38 billion was 110.9 percent of the 2020 Program Year volume cap of \$3.04 billion. Many issuers that applied for a reservation were forced to use carryforward volume cap (as required by IRS Code) before using 2020 volume cap.

To date, much more carryforward (\$2.09 billion) was allocated than actual 2020 volume cap (\$933.0 million) during the Program Year (Figure 4.1). Project requests after the August 15th collapse date were not subject to subceiling limits. Because closing dates generally extend into the next program year, issuers were able to convert their reservations into carryforward. This cycle of issuers not using current year volume cap will likely continue for several years as issuers with

carryforward must close that volume cap before using current-year volume cap.

As of November 15, 2020, none of the state’s 2020 PAB volume cap remained unencumbered. Any amounts returned will be converted to carryforward.

86th Legislature Changes

Senate Bill (SB) 1474 was a comprehensive modernization of the PAB program, along with additional cleanup language to assist in the administration of the program.

SB 1474 made the following changes both to the Program and to the responsibilities of the BRB:

- Subceiling 5 (student loan bonds) was eliminated. All student loan bond applications are now processed under the All Other subceiling.
- The volume cap previously assigned to subceiling 5 was redistributed to subceiling 1 (single-family issues), subceiling 2 (state-voted issues), and subceiling 4 (multifamily issues). These subceilings now receive 32.25 percent, 10.0 percent, and 26.25 percent of the total program volume cap, respectively.

- The project limit for single-family and multifamily issuers was increased to the greater of \$50 million or 1.70 percent of the available state ceiling.
- The project limit for state-voted issues, other than the Texas Higher Education Coordinating Board (THECB) was increased to the greater of \$100 million or 3.40 percent of the available state ceiling.
- The project limit for the THECB under state-voted issues was increased to the greater of \$200 million or 6.8 percent of the available state ceiling.
- The project limit for the All Other issuers subceiling was increased to the greater of \$100 million or 3.40 percent of the available state ceiling.
- A rural county was redefined as a county with a population less than 100,000, a 25,000 increase from the previous rural county definition.
- The requirement that no more than 50 percent of the set aside amounts for multifamily housing reside in a qualified census tract was removed.
- The subceiling 4 regional collapse was moved from May 1st to March 1st.
- The utilization percentage calculation will no longer be used for mortgage revenue bonds and mortgage credit certificate applications received after July 14th.
- The closing deadline for single-family issues, state-voted issues, and student loan bonds was increased to 210 days.
- The closing deadline for multifamily issues was increased to 180 days.
- The closing deadline for Small Issue Industrial Development bonds and All

Other issues was increased to 150 days.

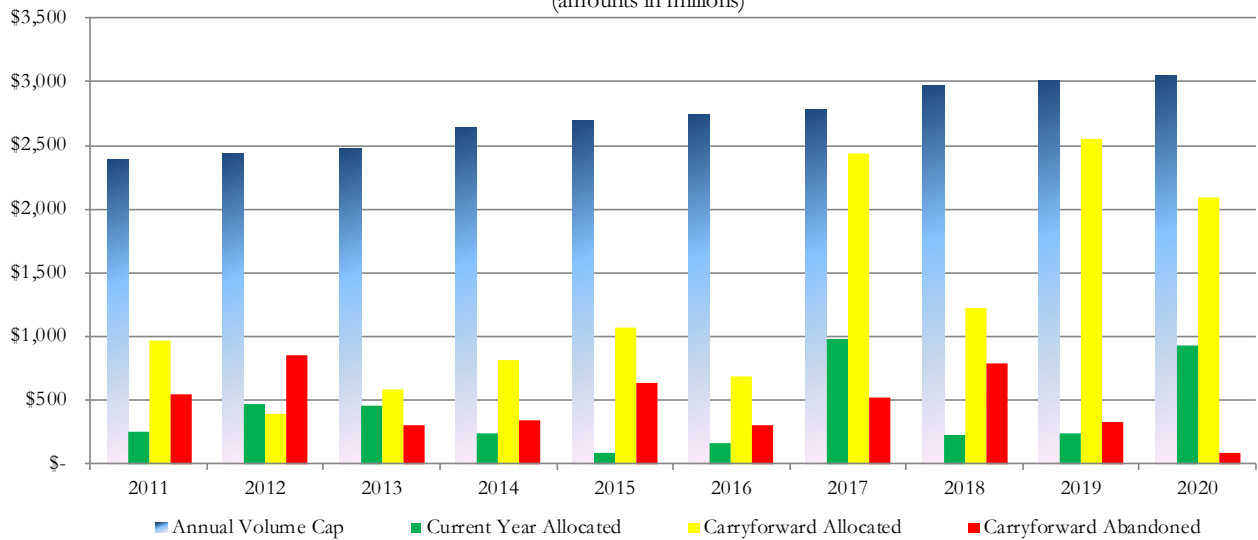
- All debt issuers created on behalf of the state are now permitted to apply for unencumbered carryforward.
- Section 1372.074 Reassignment of Carryforward Designation was created. This will allow traditional carryforward to be transferred to a different project by the issuer once it had been reserved for one year. Additionally, it will allow any remaining traditional carryforward after the reservation closes to be used for different projects by the issuer.

Prior Legislative Changes

The 82nd Legislature (2011) passed House Bill (HB) 2911 simplifying the reservation process for Higher Education Authorities (HEAs). Prior to the change, HEAs were required to provide evidence of student loan need-based demand. HEAs that were able to show the greatest demand received weighted reservations and thus the largest allocations. HB 2911 redefined the assignment of student loan bond allocation to equal the total amount of the allocation for the student loan subceiling divided by the number of qualified HEAs thus removing the need-based provisions.

The 81st Legislature (2009) passed Senate Bill (SB) 2064 to provide issuers using PAB authority with increased flexibility during difficult market conditions such as those experienced in fiscal year 2009, and to respond to the announcement of new federal bond programs and new federal guidelines for the existing Program.

Figure 4.1
STATE OF TEXAS
PRIVATE ACTIVITY BOND ALLOCATION PROGRAM
Current Year vs. Carryforward Allocated
as of November 15, 2020
(amounts in millions)



Source: Texas Bond Review Board - Private Activity Bond Program.

SB 2064 made the following changes both to the Program and to the responsibilities of the BRB:

- If designated by the applicable state official, the BRB is now authorized to administer other bond authority programs created by federal legislation.
- The BRB now has specific authority to administer and create rules for any additional state ceiling that may be created by federal legislation.
- Certain facilities, including sewage facilities, solid waste disposal, and qualified hazardous waste facilities are now permitted to include multiple projects on one application but are still required to pay an application fee for each facility.
- Issuers subject to a utilization percentage will not be penalized if in a previous Program Year less than 50 percent of volume cap dedicated to single-family

issuers was not allocated for such purposes.

- The last day to apply for a reservation and to receive a reservation was changed from December 1st to November 15th.
- Any unencumbered volume cap at the end of the program year may be granted to any state agency that requests it.

The 80th Legislature (2007) gave the Texas Economic Development Bank priority over all other issuers within subceiling 6 as well as all issuers with carryforward applications.

Hurricane Ike Bond Authority

In October 2008, the Heartland Disaster Tax Relief Act (HDTRA) of 2008 created \$1.86 billion in tax-exempt bonding authority for thirty-four counties affected by Hurricane Ike. The authority to issue bonds for areas affected by Hurricane Ike expired at the end of 2012.

Hurricane Ike bonds were used for: 1) the acquisition, construction, renovation, and

reconstruction of nonresidential real property; 2) the acquisition, construction, renovation, and reconstruction of qualified residential rental property; 3) financing the repair or reconstruction of public utility property; 4) rehabilitation projects at certain existing facilities; and 5) the issuance of qualified mortgage bonds.

Borrowers using Hurricane Ike bond proceeds must have suffered an actual business loss or have received a designation that the business being replaced suffered a loss attributable to Hurricane Ike.

HDTRA required the Governor of Texas to designate projects “on the basis of providing assistance to areas in the order in which assistance is most needed.”

On April 10, 2009, the Governor issued Proclamation 41-3177 designating projects in Brazoria, Chambers, Galveston, Jefferson, and Orange counties as having priority for utilization of Hurricane Ike bonds. On the same date, Proclamation 41-3178 allocated up to \$300.0 million in authority to Jefferson County Industrial Development Corporation for use by Jefferson Refinery LLC.

The 81st Texas Legislature passed legislation authorizing the BRB to administer the qualified Hurricane Ike disaster area bond program under the direction of the Governor. On December 7, 2009, Governor Perry issued Proclamation 41-3232 providing for administration of the qualified Hurricane Ike disaster area bond program and naming priorities for the designation of such bonds. In February 2012, the Governor issued Proclamation 41-3293, which removed the group priorities and allowed all issuers to apply for any remaining bonding authority. As of the expiration of the program (January 1, 2013), approximately \$1.86 billion of the total authority was allocated (99.6 percent).

Other Bonding Authority

In February 2009, the American Recovery and Reinvestment Act of 2009 (ARRA) created two new types of bonding authority: Build America Bonds (see *Chapter 2*) and Qualified School Construction Bonds (QSCB). In addition, ARRA expanded three existing authorities: Qualified Zone Academy Bonds (QZAB), Qualified Energy Conservation Bonds (QECCB), and Clean Renewable Energy Bonds (CREBs). All of these programs have expired except for the QECCB Program, which has no expiration date.

Texas was allocated \$252.4 million in QECCB authority to be used for qualified energy conservation purposes. Large cities and counties received an allocation based on population size. Other issuers seeking the remaining authority may request a reservation directly from the state.

As a result of Section 13404 of the Tax Cuts and Jobs Act of 2017, all new CREBs, including QECCBs, were eliminated. As of the elimination of the program, effective January 1, 2018, all allocated issuers in Texas had \$166.2 million in unused QECCB authority. Texas had \$8.9 million remaining in state authority.

Appendix A – Summary of State Bonds Issued During Fiscal Year 2020

This appendix details the issuance costs associated with each state bond transaction issued during fiscal year 2020 and is automatically generated based on information reported to the Bond Review Board (BRB) by each state debt issuer. Historically Underutilized Business (HUB) status and transaction costs are reported to the BRB by the issuing agencies and entities. For the purposes of this appendix, to identify the controlling ownership of firms based on race, gender, and ethnicity, the businesses are classified as Asian-Pacific American (AP), Black American (BA), Hispanic American (HA), Native American (NA), Woman-Owned (WO), Disabled-Veteran (DV), Veteran-Owned (VO), or not belonging to one of these categories. Although “HUB” is used in this appendix, it does not imply that the firms listed as such are certified with the Texas Comptroller of Public Accounts.

STATE BONDS ISSUED

| Issuance Name | Par Amount | Closing Date |
|---|-----------------|--------------|
| Texas A&M University System Permanent University Fund Bonds Taxable Series 2019 | \$351,890,000 | 12/17/2019 |
| Texas A&M University System Revenue Financing System Bonds Taxable Series 2020A | \$157,780,000 | 7/30/2020 |
| Texas Department of Housing and Community Affairs Multifamily Green Tax-Exempt Bonds (Green M-TEBS - 333 Holly) Series 2020 | \$36,800,000 | 6/23/2020 |
| Texas Department of Housing and Community Affairs Multifamily Green Tax-Exempt Bonds (Green M-TEBS - Oaks on Clark) Series 2020 | \$10,000,000 | 5/21/2020 |
| Texas Department of Housing and Community Affairs Multifamily Green Tax-Exempt Bonds (Green M-TEBS - The Pines) Series 2020 | \$22,000,000 | 6/23/2020 |
| Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Pecan Grove Apts) Series 2020 | \$26,000,000 | 8/26/2020 |
| Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Walzem Apartments) Series 2020 | \$20,000,000 | 7/8/2020 |
| Texas Department of Housing and Community Affairs Multifamily Housing Revenue Notes (Scott Street Lofts) Series 2020 | \$18,000,000 | 7/7/2020 |
| Texas Department of Housing and Community Affairs Multifamily Note (Reserves at San Marcos Apartments) Series 2020 | \$41,000,000 | 6/16/2020 |
| Texas Department of Housing and Community Affairs Multifamily Note (Ventura at Hickory Tree) Series 2019 | \$28,100,000 | 12/11/2019 |
| Texas Department of Housing and Community Affairs Single Family Mortgage Revenue Bonds Series 2020A and Series 2020B (Taxable) | \$186,645,143 | 7/8/2020 |
| Texas Higher Education Coordinating Board College Student Loan Bonds Series 2020A | \$88,865,000 | 7/2/2020 |
| Texas Higher Education Coordinating Board College Student Loan Refunding Bonds Series 2020B | \$73,340,000 | 7/2/2020 |
| Texas Public Finance Authority State of Texas General Obligation and Refunding Bonds Taxable Series 2020 | \$472,470,000 | 4/23/2020 |
| Texas State Affordable Housing Corporation Multifamily Collateralized Revenue Bonds (Hamilton Valley Rural Development Portfolio) Series 2020 | \$35,942,000 | 6/30/2020 |
| Texas State Affordable Housing Corporation Multifamily Mortgage Revenue Note (Pythian Manor Apartments) Series 2019 | \$8,300,000 | 9/25/2019 |
| Texas State Affordable Housing Corporation Multifamily Mortgage Revenue Note (Ventura at Fairgrounds) Series 2020 | \$40,000,000 | 6/11/2020 |
| Texas State Technical College Revenue Financing System Improvement Bond Series 2020 | \$30,000,000 | 6/17/2020 |
| Texas State University System Revenue Financing System Revenue and Refunding Bonds Series 2019A | \$176,055,000 | 12/17/2019 |
| Texas State University System Revenue Financing System Revenue and Refunding Bonds Taxable Series 2019B | \$149,480,000 | 11/21/2019 |
| Texas Tech University System Revenue Financing System Refunding and Improvement Bonds Taxable Series 2020 | \$314,745,000 | 7/29/2020 |
| Texas Transportation Commission CTTS First Tier Revenue Refunding Bonds Series 2020A, B, and C | \$683,780,000 | 3/5/2020 |
| Texas Transportation Commission General Obligation Mobility Fund Refunding Bonds Taxable Series 2020 | \$1,270,690,000 | 8/5/2020 |
| Texas Transportation Commission Grand Parkway Transportation Corporation Grand Parkway System Toll Revenue and Refunding Bonds Series 2020A, B, and C | \$2,307,060,000 | 2/27/2020 |
| Texas Transportation Commission Private Activity Bond Surface Transportation Corporation Senior Lien Refunding Bonds (NTE Mobility Partners) Series 2019A (Non-AMT PAB) and 2019B Taxable | \$1,202,875,000 | 12/17/2019 |
| Texas Transportation Commission State Highway Fund First Tier Revenue Refunding Bonds Taxable Series 2020 | \$341,425,000 | 7/1/2020 |
| Texas Transportation Commission State of Texas Highway Improvement General Obligation Refunding Bonds Taxable Series 2019 | \$705,550,000 | 12/11/2019 |

| Issuance Name | Par Amount | Closing Date |
|---|-------------------------|---------------------|
| Texas Transportation Commission State of Texas Highway Improvement General Obligation Refunding Bonds Taxable Series 2020 | \$794,235,000 | 7/8/2020 |
| Texas Veterans Land Board State of Texas Veterans Bonds Series 2020 | \$250,000,000 | 1/9/2020 |
| Texas Water Development Board State Revolving Fund Revenue Bonds New Series 2020 | \$352,590,000 | 6/2/2020 |
| Texas Water Development Board State Water Implementation Revenue Fund For Texas Revenue Bonds Series 2019A (Master Trust) | \$835,825,000 | 10/10/2019 |
| Texas Water Development Board State Water Implementation Revenue Fund For Texas Revenue Bonds Taxable Series 2019B (Master Trust) | \$22,985,000 | 10/10/2019 |
| University of Houston System Consolidated Revenue and Refunding Bonds Series 2020A | \$320,635,000 | 2/19/2020 |
| University of Houston System Consolidated Revenue and Refunding Bonds Series 2020B (Taxable) | \$162,625,000 | 2/19/2020 |
| University of North Texas System Revenue Financing System Refunding Bonds Series 2020A | \$59,475,000 | 7/2/2020 |
| University of North Texas System Revenue Financing System Refunding Bonds Taxable Series 2020B | \$55,240,000 | 7/2/2020 |
| University of Texas System Revenue Financing System Bonds Series 2020A | \$347,580,000 | 4/14/2020 |
| University of Texas System Revenue Financing System Bonds Series 2020C | \$101,065,000 | 6/16/2020 |
| University of Texas System Revenue Financing System Bonds Taxable Series 2020B | \$300,805,000 | 5/29/2020 |
| Total | \$12,401,852,143 | |

Issuer Texas A&M University System

Issuance Permanent University Fund Bonds Taxable Series 2019

Purpose The proceeds from the sale of the Bonds will be used to (i) provide funding for eligible projects, (ii) refund \$125,000,000 in aggregate principal amount of the Board's outstanding Permanent University Fund Taxable Commercial Paper Notes secured by and payable from a lien on and pledge of the Available University Share, junior and subordinate to the lien thereon and pledge thereof securing the Parity Obligations, and (iii) pay the costs of issuing the Bonds.

Actual Par \$351,890,000

Sale Type Competitive

Sale Date 12/3/2019

Closing Date 12/17/2019

| Series Name | TIC | NIC | Is Variable |
|-------------------------|-------|-------|-------------|
| PUF Bonds Txbl Ser 2019 | 3.10% | 3.10% | No |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 |
|------------------------|--------------------------|-----|------------------|-------------|
| Attorney General | | NO | \$9,500 | 0.03 |
| Bond Counsel | Winstead PC | NO | \$126,000 | 0.36 |
| CUSIP | S&P | NO | \$913 | 0.00 |
| Disclosure Counsel | Winstead PC | NO | \$30,000 | 0.09 |
| Financial Advisor | Hilltop Securities, Inc. | NO | \$176,045 | 0.50 |
| Miscellaneous | | NO | \$2,230 | 0.01 |
| Paying Agent/Registrar | UMB Bank | NO | \$3,500 | 0.01 |
| Printing | Ipreo | NO | \$4,260 | 0.01 |
| Total | | | \$352,448 | 1.00 |

| Fee Name | Rating Agency | Assigned Rating | Actual Fee | \$ Per 1000 |
|--------------|---------------|-----------------|------------------|-------------|
| | Fitch | AAA | | |
| Rating Fee | Moody's | Aaa | \$130,000 | 0.37 |
| CUSIP | S&P | AAA | \$913 | 0.00 |
| Rating Fee | S&P | AAA | \$108,750 | 0.31 |
| Total | | | \$239,663 | 0.68 |

| Fee Name | Actual Fee | \$ Per 1000 |
|-----------------|--------------------|-------------|
| Spread Expenses | \$55,723 | 0.16 |
| Takedown | \$1,637,277 | 4.65 |
| Total | \$1,693,000 | 4.81 |

| Firm Name | HUB | % of Risk | Mgmt Fee % | Mgmt Fee \$ | Take Down % | Take Down \$ |
|-------------------------------|-----------|-----------|------------|-------------|-------------|--------------|
| Morgan Stanley | NO | 82.24% | | | 98.40% | \$1,611,104 |
| Fidelity Capital Markets | NO | 0.28% | | | 0.93% | \$15,183 |
| FHN Financial Capital Markets | NO | 4.26% | | | 0.60% | \$9,878 |
| Ziegler Securities Inc. | NO | 1.42% | | | 0.05% | \$894 |
| Raymond James | NO | 11.37% | | | 0.01% | \$125 |
| 280 Securities, LLC | NO | 0.28% | | | 0.01% | \$94 |
| American Veterans Group | VO | 0.07% | | | | |

| | | | | | | |
|------------------------|-----------|--------------|--|--|-------------|--------------------|
| R. Seelaus & Co., Inc. | WO | 0.07% | | | | |
| | | Total | | | 100% | \$1,637,278 |

Issuer Texas A&M University System

Issuance Revenue Financing System Bonds Taxable Series 2020A

Purpose The proceeds of the Bonds will be used for the purpose of providing funds for the acquisition and construction of projects for participants within the A&M System.

Actual Par \$157,780,000

Sale Type Negotiated

Sale Date 7/14/2020

Closing Date 7/30/2020

| Series Name | TIC | NIC | Is Variable |
|--------------------------|-------|-------|-------------|
| RFS Bonds Txbl Ser 2020A | 2.31% | 2.33% | No |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 |
|------------------------|-------------------------|-----|------------------|-------------|
| Attorney General | | NO | \$9,500 | 0.06 |
| Bond Counsel | Winstead PC | NO | \$83,723 | 0.53 |
| Disclosure Counsel | Winstead PC | NO | \$20,000 | 0.13 |
| Financial Advisor | Hilltop Securities Inc. | NO | \$79,241 | 0.50 |
| Miscellaneous | | NO | \$3,901 | 0.02 |
| Paying Agent/Registrar | UMB Bank | NO | \$3,250 | 0.02 |
| Printing | ImageMaster, LLC | NO | \$3,500 | 0.02 |
| Total | | | \$203,115 | 1.29 |

| Fee Name | Rating Agency | Assigned Rating | Actual Fee | \$ Per 1000 |
|--------------|---------------|-----------------|------------------|-------------|
| Rating Fee | Fitch | AAA | \$80,000 | 0.51 |
| Rating Fee | Moody's | Aaa | \$105,000 | 0.67 |
| Rating Fee | S&P | AAA | \$78,750 | 0.50 |
| Total | | | \$263,750 | 1.67 |

| Fee Name | Actual Fee | \$ Per 1000 |
|-----------------|------------------|-------------|
| Spread Expenses | \$56,775 | 0.36 |
| Takedown | \$542,463 | 3.44 |
| Total | \$599,238 | 3.80 |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 | UW Paid |
|---------------------|--------------------------------|-----|------------|-------------|---------|
| Underwriter Counsel | McCall, Parkhurst & Horton LLP | NO | \$30,000 | 0.19 | Yes |

| Firm Name | HUB | % of Risk | Mgmt Fee % | Mgmt Fee \$ | Take Down % | Take Down \$ |
|-----------------------------------|-----|-----------|------------|-------------|-------------|------------------|
| JP Morgan Securities | NO | 50.00% | | | 50.00% | \$271,232 |
| Siebert Williams Shank & Co., LLC | BA | 25.00% | | | 25.00% | \$135,616 |
| Mesirow Financial, Inc. | NO | 25.00% | | | 25.00% | \$135,616 |
| Total | | | | | 100% | \$542,463 |

Issuer Texas Department of Housing and Community Affairs Multifamily

Issuance Multifamily Green Tax-Exempt Bonds (Green M-TEBS - 333 Holly) Series 2020

Purpose The proceeds of the bonds will be used for the acquisition and rehabilitation of 333 Holly, an existing 332-unit multifamily residential rental development located in The Woodlands, Montgomery County, Texas.

Actual Par \$36,800,000

Sale Type Negotiated

Sale Date 6/11/2020

Closing Date 6/23/2020

| Series Name | TIC | NIC | Is Variable |
|--|-------|-------|-------------|
| Multifamily Green Tax-Exempt Bonds (Green M-TEBS - 333 Holly) Ser 2020 | 2.29% | 2.30% | No |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 |
|----------------------|---|-----|------------------|--------------|
| Attorney General | | NO | \$9,500 | 0.26 |
| Bond Counsel | Bracewell LLP | NO | \$125,000 | 3.40 |
| Disclosure Counsel | McCall Parkhurst & Horton LLP | NO | \$5,000 | 0.14 |
| Financial Advisor | Stifel | NO | \$28,000 | 0.76 |
| Issuer Fees | Texas Department of Housing & Community Affairs | NO | \$7,640 | 0.21 |
| Issuer Fees | Texas Department of Housing & Community Affairs | NO | \$8,300 | 0.23 |
| Issuer Fees | Texas Department of Housing & Community Affairs | NO | \$71,862 | 1.95 |
| Issuer Fees | Texas Department of Housing & Community Affairs | NO | \$184,000 | 5.00 |
| Printing | Image Master | NO | \$2,000 | 0.05 |
| Private Activity Fee | Texas Bond Review Board | NO | \$14,200 | 0.39 |
| Trustee | BOK Financial Securities, Inc | NO | \$5,000 | 0.14 |
| Trustee Counsel | Haynes & Boone LLP | NO | \$7,500 | 0.20 |
| Total | | | \$468,002 | 12.72 |

| Fee Name | Rating Agency | Assigned Rating | Actual Fee | \$ Per 1000 |
|--------------|---------------|-----------------|-----------------|-------------|
| Rating Fee | Moody's | Aaa | \$12,540 | 0.34 |
| Total | | | \$12,540 | 0.34 |

| Fee Name | Actual Fee | \$ Per 1000 |
|----------------|------------------|-------------|
| Management Fee | \$187,922 | 5.11 |
| Total | \$187,922 | 5.11 |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 | UW Paid |
|---------------------|--------------|-----|------------|-------------|---------|
| Underwriter Counsel | Tiber Hudson | NO | \$50,000 | 1.36 | No |

| Firm Name | HUB | % of Risk | Mgmt Fee % | Mgmt Fee \$ | Take Down % | Take Down \$ |
|----------------|-----|-----------|-------------|------------------|-------------|--------------|
| Jefferies, LLC | NO | 100.00% | 100.00% | \$187,922 | 100.00% | |
| Total | | | 100% | \$187,922 | 100% | |

Issuer Texas Department of Housing and Community Affairs Multifamily

Issuance Multifamily Green Tax-Exempt Bonds (Green M-TEBS - Oaks on Clark) Series 2020

Purpose The Bonds are being issued for the purpose of obtaining funds to make a mortgage loan to the Borrower to provide financing for the acquisition, equipping, and rehabilitation of a multifamily residential rental development located within San Antonio, Bexar County, Texas, to be occupied by individuals and families of low, very low, and extremely low income and families of moderate income, as determined by the Issuer, and to be occupied at least partially (at least 40 percent of the Units) by low income tenants.

Actual Par \$10,000,000

Sale Type Negotiated

Sale Date 5/13/2020

Closing Date 5/21/2020

| Series Name | TIC | NIC | Is Variable |
|--|-------|-------|-------------|
| Multifamily Green Tax-Exempt Bonds (Green M-TEBS - Oaks on Clark) Ser 2020 | 2.26% | 2.24% | No |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 |
|----------------------|---|-----|------------------|--------------|
| Attorney General | | NO | \$9,500 | 0.95 |
| Bond Counsel | Bracewell LLP | NO | \$65,000 | 6.50 |
| Disclosure Counsel | McCall, Parkhurst & Horton LLP | NO | \$6,500 | 0.65 |
| Financial Advisor | Stifel | NO | \$35,000 | 3.50 |
| Issuer Fees | Texas Department of Housing & Community Affairs | NO | \$2,000 | 0.20 |
| Issuer Fees | Texas Department of Housing & Community Affairs | NO | \$2,600 | 0.26 |
| Issuer Fees | Texas Department of Housing & Community Affairs | NO | \$19,583 | 1.96 |
| Issuer Fees | Texas Department of Housing & Community Affairs | NO | \$50,000 | 5.00 |
| Printing | Image Master | NO | \$2,000 | 0.20 |
| Private Activity Fee | Texas Bond Review Board | NO | \$15,500 | 1.55 |
| Trustee | BOKF, NA | NO | \$5,000 | 0.50 |
| Trustee Counsel | Haynes & Boone LLP | NO | \$5,000 | 0.50 |
| Total | | | \$217,683 | 21.77 |

| Fee Name | Rating Agency | Assigned Rating | Actual Fee | \$ Per 1000 |
|--------------|---------------|-----------------|-----------------|-------------|
| Rating Fee | Moody's | Aaa | \$11,495 | 1.15 |
| Total | | | \$11,495 | 1.15 |

| Fee Name | Actual Fee | \$ Per 1000 |
|----------------|-----------------|-------------|
| Management Fee | \$75,000 | 7.50 |
| Total | \$75,000 | 7.50 |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 | UW Paid |
|---------------------|--------------|-----|------------|-------------|---------|
| Underwriter Counsel | Tiber Hudson | NO | \$45,000 | 4.50 | No |

| Firm Name | HUB | % of Risk | Mgmt Fee % | Mgmt Fee \$ | Take Down % | Take Down \$ |
|------------------------|-----|-----------|-------------|-----------------|-------------|--------------|
| Wells Fargo Securities | NO | 100.00% | 100.00% | \$75,000 | 100.00% | |
| Total | | | 100% | \$75,000 | 100% | |

Issuer Texas Department of Housing and Community Affairs Multifamily

Issuance Multifamily Green Tax-Exempt Bonds (Green M-TEBS - The Pines) Series 2020

Purpose The proceeds of the bonds will be used for the acquisition and rehabilitation of The Pines, an existing 152-unit multifamily residential rental development in The Woodlands, Texas.

Actual Par \$22,000,000

Sale Type Negotiated

Sale Date 6/11/2020

Closing Date 6/23/2020

| Series Name | TIC | NIC | Is Variable |
|--|-------|-------|-------------|
| Multifamily Green Tax-Exempt Bonds (Green M-TEBS - The Pines) Ser 2020 | 2.29% | 2.30% | No |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 |
|----------------------|---|-----|------------------|--------------|
| Attorney General | | NO | \$9,500 | 0.43 |
| Bond Counsel | Bracewell LLP | NO | \$75,000 | 3.41 |
| Disclosure Counsel | McCall Parkhurst & Horton LLP | NO | \$4,000 | 0.18 |
| Financial Advisor | Stifel Nicolaus & Co., Inc. | NO | \$17,000 | 0.77 |
| Issuer Fees | Texas Department of Housing & Community Affairs | NO | \$3,800 | 0.17 |
| Issuer Fees | Texas Department of Housing & Community Affairs | NO | \$4,040 | 0.18 |
| Issuer Fees | Texas Department of Housing & Community Affairs | NO | \$42,961 | 1.95 |
| Issuer Fees | Texas Department of Housing & Community Affairs | NO | \$110,000 | 5.00 |
| Printing | Image Master | NO | \$2,000 | 0.09 |
| Private Activity Fee | Texas Bond Review Board | NO | \$10,500 | 0.48 |
| Trustee | BOK Financial Securities, Inc | NO | \$5,000 | 0.23 |
| Trustee Counsel | Haynes & Boone LLP | NO | \$7,500 | 0.34 |
| Total | | | \$291,301 | 13.24 |

| Fee Name | Rating Agency | Assigned Rating | Actual Fee | \$ Per 1000 |
|--------------|---------------|-----------------|-----------------|-------------|
| Rating Fee | Moody's | Aaa | \$12,540 | 0.57 |
| Total | | | \$12,540 | 0.57 |

| Fee Name | Actual Fee | \$ Per 1000 |
|----------------|------------------|-------------|
| Management Fee | \$112,613 | 5.12 |
| Total | \$112,613 | 5.12 |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 | UW Paid |
|---------------------|--------------|-----|------------|-------------|---------|
| Underwriter Counsel | Tiber Hudson | NO | \$30,000 | 1.36 | No |

| Firm Name | HUB | % of Risk | Mgmt Fee % | Mgmt Fee \$ | Take Down % | Take Down \$ |
|----------------|-----|-----------|-------------|------------------|-------------|--------------|
| Jefferies, LLC | NO | 100.00% | 100.00% | \$112,613 | 100.00% | |
| Total | | | 100% | \$112,613 | 100% | |

Issuer Texas Department of Housing and Community Affairs Multifamily

Issuance Multifamily Housing Revenue Bonds (Pecan Grove Apts) Series 2020

Purpose Bond proceeds will be used for financing the cost of the acquisition, construction, installation, and equipping of a multifamily rental housing facility, consisting of a total of 198 units and related personal property and equipment, and located in the City of Seguin, Guadalupe County, Texas.

Actual Par \$26,000,000

Sale Type Private Placement

Sale Date 8/18/2020

Closing Date 8/26/2020

| Series Name | TIC | NIC | Is Variable |
|---|-------|-------|-------------|
| Multifamily Housing Rev Bonds (Pecan Grove Apts) Ser 2020 | 3.52% | 3.56% | Yes |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 |
|----------------------|---|-----|------------------|--------------|
| Attorney General | | NO | \$9,500 | 0.37 |
| Bond Counsel | Bracewell LLP | NO | \$77,500 | 2.98 |
| Disclosure Counsel | McCall, Parkhurst & Horton LLP | NO | \$6,500 | 0.25 |
| Financial Advisor | Stifel | NO | \$35,000 | 1.35 |
| Issuer Fees | Texas Department of Housing & Community Affairs | NO | \$3,960 | 0.15 |
| Issuer Fees | Texas Department of Housing & Community Affairs | NO | \$4,950 | 0.19 |
| Issuer Fees | Texas Department of Housing & Community Affairs | NO | \$50,055 | 1.93 |
| Issuer Fees | Texas Department of Housing & Community Affairs | NO | \$129,739 | 4.99 |
| Private Activity Fee | Texas Bond Review Board | NO | \$11,500 | 0.44 |
| Trustee | BOKF, NA | NO | \$8,000 | 0.31 |
| Trustee Counsel | Naman Howell Smith & Lee, PLLC | NO | \$7,000 | 0.27 |
| Total | | | \$343,704 | 13.22 |

Issuer Texas Department of Housing and Community Affairs Multifamily

Issuance Multifamily Housing Revenue Bonds (Walzem Apartments) Series 2020

Purpose The proceeds of the bonds will be used to construct a new 200-unit affordable multifamily residential rental development in San Antonio, Bexar County, Texas.

Actual Par \$20,000,000

Sale Type Private Placement

Sale Date 7/1/2020

Closing Date 7/8/2020

| Series Name | TIC | NIC | Is Variable |
|--|-------|-------|-------------|
| Multifamily Housing Rev Bonds (Walzem Apartments) Ser 2020 | 3.11% | 3.28% | Yes |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 |
|----------------------|---|-----|------------------|--------------|
| Attorney General | | NO | \$9,500 | 0.48 |
| Bond Counsel | Bracewell LLP | NO | \$130,000 | 6.50 |
| Disclosure Counsel | McCall, Parkhurst & Horton LLP | NO | \$6,500 | 0.33 |
| Financial Advisor | Stifel | NO | \$35,000 | 1.75 |
| Issuer Fees | Texas Department of Housing & Community Affairs | NO | \$5,000 | 0.25 |
| Issuer Fees | Texas Department of Housing & Community Affairs | NO | \$39,888 | 1.99 |
| Issuer Fees | Texas Department of Housing & Community Affairs | NO | \$100,000 | 5.00 |
| Private Activity Fee | Texas Bond Review Board | NO | \$10,000 | 0.50 |
| Trustee | Wilmington Trust, NA | NO | \$5,000 | 0.25 |
| Trustee Counsel | Naman Howell Smith & Lee PLLC | NO | \$7,000 | 0.35 |
| Total | | | \$347,888 | 17.39 |

Issuer Texas Department of Housing and Community Affairs Multifamily

Issuance Multifamily Housing Revenue Notes (Scott Street Lofts) Series 2020

Purpose The proceeds of the Notes will be used for the development of Scott Street Lofts, a 123-unit, new construction residential rental property for seniors located in Houston.

Actual Par \$18,000,000

Sale Type Competitive

Sale Date 6/25/2020

Closing Date 7/7/2020

| Series Name | TIC | NIC | Is Variable |
|---|-------|-------|-------------|
| Multifamily Housing Rev Notes (Scott Street Lofts) Ser 2020 | 2.52% | 2.62% | No |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 |
|----------------------|---|-----|------------------|--------------|
| Attorney General | | NO | \$9,500 | 0.53 |
| Bond Counsel | Bracewell LLP | NO | \$170,000 | 9.44 |
| Disclosure Counsel | McCall Parkhurst & Horton LLP | NO | \$6,500 | 0.36 |
| Financial Advisor | Stifel | NO | \$35,000 | 1.94 |
| Issuer Fees | Texas Department of Housing & Community Affairs | NO | \$2,450 | 0.14 |
| Issuer Fees | Texas Department of Housing & Community Affairs | NO | \$3,460 | 0.19 |
| Issuer Fees | Texas Department of Housing & Community Affairs | NO | \$35,650 | 1.98 |
| Issuer Fees | Texas Department of Housing & Community Affairs | NO | \$90,000 | 5.00 |
| Printing | Image Master | NO | \$2,000 | 0.11 |
| Private Activity Fee | Texas Bond Review Board | NO | \$9,500 | 0.53 |
| Trustee | Wilmington Trust, NA | NO | \$7,000 | 0.39 |
| Trustee Counsel | Naman Howell Smith & Lee PLLC | NO | \$6,000 | 0.33 |
| Total | | | \$377,060 | 20.95 |

| Fee Name | Rating Agency | Assigned Rating | Actual Fee | \$ Per 1000 |
|--------------|---------------|-----------------|-----------------|-------------|
| Rating Fee | Moody's | Aaa | \$10,000 | 0.56 |
| Total | | | \$10,000 | 0.56 |

| Fee Name | Actual Fee | \$ Per 1000 |
|----------------|------------------|-------------|
| Management Fee | \$111,759 | 6.21 |
| Total | \$111,759 | 6.21 |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 | UW Paid |
|---------------------|------------------------------|-----|------------|-------------|---------|
| Underwriter Counsel | Norris George & Ostrow, PLLC | NO | \$47,500 | 2.64 | No |

| Firm Name | HUB | % of Risk | Mgmt Fee % | Mgmt Fee \$ | Take Down % | Take Down \$ |
|---------------------|-----|-----------|-------------|------------------|-------------|--------------|
| RBC Capital Markets | NO | 100.00% | 100.00% | \$111,759 | | |
| Total | | | 100% | \$111,759 | | |

Issuer Texas Department of Housing and Community Affairs Multifamily

Issuance Multifamily Note (Reserves at San Marcos Apartments) Series 2020

Purpose The proceeds of the Note will be used for the development of the Reserves at San Marcos Apartments, a 376-unit, new construction residential rental property located in San Marcos.

Actual Par \$41,000,000

Sale Type Private Placement

Sale Date 6/8/2020

Closing Date 6/16/2020

| Series Name | TIC | NIC | Is Variable |
|---|-------|-------|-------------|
| Multifamily Note (Reserves at San Marcos Apartments) Ser 2020 | 3.35% | 3.38% | No |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 |
|----------------------|---|-----|------------------|--------------|
| Attorney General | | NO | \$9,500 | 0.23 |
| Bond Counsel | Bracewell LLP | NO | \$165,000 | 4.02 |
| Disclosure Counsel | McCall, Parkhurst & Horton | NO | \$6,500 | 0.16 |
| Financial Advisor | Stifel | NO | \$35,000 | 0.85 |
| Issuer Fees | Texas Department of Housing & Community Affairs | NO | \$8,000 | 0.20 |
| Issuer Fees | Texas Department of Housing & Community Affairs | NO | \$8,520 | 0.21 |
| Issuer Fees | Texas Department of Housing & Community Affairs | NO | \$80,861 | 1.97 |
| Issuer Fees | Texas Department of Housing & Community Affairs | NO | \$194,750 | 4.75 |
| Private Activity Fee | Texas Bond Review Board | NO | \$30,500 | 0.74 |
| Trustee | Wilmington Trust Company | NO | \$6,000 | 0.15 |
| Trustee Counsel | Naman Howell Smith & Lee PLLC | NO | \$6,000 | 0.15 |
| Total | | | \$550,631 | 13.43 |

Issuer Texas Department of Housing and Community Affairs Multifamily

Issuance Multifamily Note (Ventura at Hickory Tree) Series 2019

Purpose To provide for the financing of a multifamily rental housing development located in Balch Springs, Texas, to be known as Ventura at Hickory Tree Apartments.

Actual Par \$28,100,000

Sale Type Private Placement

Sale Date 12/11/2019

Closing Date 12/11/2019

| Series Name | TIC | NIC | Is Variable |
|---|-------|-------|-------------|
| Multifamily Note (Ventura at Hickory Tree) Ser 2019 | 3.91% | 3.94% | Yes |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 |
|----------------------|---|-----|------------------|--------------|
| Attorney General | | NO | \$9,500 | 0.34 |
| Bond Counsel | Bracewell LLP | NO | \$130,000 | 4.63 |
| Disclosure Counsel | McCall Parkhurst & Horton LLP | NO | \$6,500 | 0.23 |
| Financial Advisor | Stifel Nicolaus & Co., Inc. | NO | \$35,000 | 1.25 |
| Issuer Fees | Texas Department of Housing & Community Affairs | NO | \$5,320 | 0.19 |
| Issuer Fees | Texas Department of Housing & Community Affairs | NO | \$5,400 | 0.19 |
| Issuer Fees | Texas Department of Housing & Community Affairs | NO | \$55,888 | 1.99 |
| Issuer Fees | Texas Department of Housing & Community Affairs | NO | \$140,500 | 5.00 |
| Miscellaneous | Texas Department of Housing & Community Affairs | NO | \$76,228 | 2.71 |
| Private Activity Fee | Texas Bond Review Board | NO | \$12,500 | 0.44 |
| Trustee | US Bank, NA | NO | \$3,300 | 0.12 |
| Trustee Counsel | Ballard Spahr, LLP | NO | \$3,000 | 0.11 |
| Total | | | \$483,136 | 17.19 |

Issuer Texas Department of Housing and Community Affairs Single Family

Issuance Single Family Mortgage Revenue Bonds Series 2020A and Series 2020B (Taxable)

Purpose The Series 2020A Bonds are being issued for the primary purpose of providing funds for the purchase of mortgage-backed, pass-through certificates. The Mortgage Certificates purchased with bond proceeds will be guaranteed by Ginnie Mae. The Series 2020B bonds are being issued for the primary purpose of refunding the Department's outstanding Single Family Mortgage Revenue Refunding Bonds, 2013 Series A (Taxable).

Actual Par \$186,645,143

Sale Type Negotiated

Sale Date 6/11/2020

Closing Date 7/8/2020

| Series Name | TIC | NIC | Is Variable |
|----------------------------|-------|-------|-------------|
| SF MRB Ser 2020A (non-AMT) | 2.64% | 2.78% | No |
| SF MRB Ser 2020B (Taxable) | 2.01% | 2.00% | No |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 |
|----------------------|---------------------------------|-----|------------------|-------------|
| Attorney General | | NO | \$19,000 | 0.10 |
| Bond Counsel | Bracewell LLP | NO | \$129,290 | 0.69 |
| Disclosure Counsel | McCall, Parkhurst & Horton LLP | NO | \$55,000 | 0.29 |
| Financial Advisor | Stifel Nicolaus & Co., Inc. | NO | \$186,645 | 1.00 |
| Miscellaneous | Causey Demgen & Moore, PC | NO | \$6,500 | 0.03 |
| Printing | Image Master | NO | \$1,500 | 0.01 |
| Private Activity Fee | Texas Bond Review Board | NO | \$46,750 | 0.25 |
| Trustee | Bank of New York Trust Co. | NO | \$10,750 | 0.06 |
| Trustee Counsel | McGuire Craddock & Strother, PC | NO | \$25,000 | 0.13 |
| Total | | | \$480,435 | 2.57 |

| Fee Name | Rating Agency | Assigned Rating | Actual Fee | \$ Per 1000 |
|--------------|---------------|-----------------|------------------|-------------|
| Rating Fee | Moody's | Aaa | \$89,500 | 0.48 |
| Rating Fee | S&P | AA+ | \$77,500 | 0.42 |
| Total | | | \$167,000 | 0.89 |

| Fee Name | Actual Fee | \$ Per 1000 |
|-----------------|--------------------|-------------|
| Management Fee | \$186,645 | 1.00 |
| Spread Expenses | \$80,596 | 0.43 |
| Takedown | \$1,028,307 | 5.51 |
| Total | \$1,295,548 | 6.94 |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 | UW Paid |
|---------------------|-----------------------|-----|------------|-------------|---------|
| Underwriter Counsel | Chapman & Cutler, LLP | NO | \$50,000 | 0.27 | Yes |

| Firm Name | HUB | % of Risk | Mgmt Fee % | Mgmt Fee \$ | Take Down % | Take Down \$ |
|------------------------|-----|-----------|------------|-------------|-------------|--------------|
| RBC Capital Markets | NO | 49.00% | 100.00% | \$186,645 | 60.71% | \$624,287 |
| Morgan Stanley | NO | 5.00% | | | 9.77% | \$100,427 |
| JP Morgan | NO | 12.00% | | | 9.44% | \$97,053 |
| Barclays Capital, Inc. | NO | 12.00% | | | 6.27% | \$64,508 |

| | | | | | | |
|---------------------|--------------|--------|-------------|------------------|-------------|--------------------|
| Piper Sandler & Co. | NO | 5.00% | | | 6.19% | \$63,670 |
| Jefferies, LLC | NO | 12.00% | | | 3.87% | \$39,816 |
| Ramirez & Co., Inc. | HA | 5.00% | | | 3.75% | \$38,548 |
| | Total | | 100% | \$186,645 | 100% | \$1,028,307 |

Issuer Texas Higher Education Coordinating Board

Issuance College Student Loan Bonds Series 2020A

Purpose Proceeds from the sale of the Series 2020A Bonds will be used to fund an ongoing student loan program that provides low interest loans to eligible students at institutions of higher education in the State.

Actual Par \$88,865,000

Sale Type Competitive

Sale Date 6/9/2020

Closing Date 7/2/2020

| Series Name | TIC | NIC | Is Variable |
|--------------------------------------|-------|-------|-------------|
| College Student Loan Bonds Ser 2020A | 2.25% | 2.38% | No |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 |
|------------------------|-------------------------------|-----|------------------|-------------|
| Attorney General | | NO | \$9,500 | 0.11 |
| Bond Counsel | McCall Parkhurst & Horton LLP | NO | \$50,396 | 0.57 |
| Financial Advisor | Hilltop Securities, Inc. | NO | \$48,876 | 0.55 |
| Paying Agent/Registrar | Wells Fargo Bank | NO | \$2,000 | 0.02 |
| Printing | Image Master | NO | \$1,178 | 0.01 |
| Printing | McCall Parkhurst & Horton LLP | NO | \$5,205 | 0.06 |
| Private Activity Fee | Texas Bond Review Board | NO | \$500 | 0.01 |
| Total | | | \$117,655 | 1.32 |

| Fee Name | Rating Agency | Assigned Rating | Actual Fee | \$ Per 1000 |
|--------------|---------------|-----------------|-----------------|-------------|
| Rating Fee | Moody's | Aaa | \$19,175 | 0.22 |
| Rating Fee | S&P | AAA | \$17,805 | 0.20 |
| Total | | | \$36,980 | 0.42 |

| Fee Name | Actual Fee | \$ Per 1000 |
|--------------|------------------|-------------|
| Takedown | \$407,808 | 4.59 |
| Total | \$407,808 | 4.59 |

| Firm Name | HUB | % of Risk | Mgmt Fee % | Mgmt Fee \$ | Take Down % | Take Down \$ |
|-------------------------|-----|-----------|------------|-------------|-------------|------------------|
| Mesirow Financial, Inc. | NO | 100.00% | | | 100.00% | \$407,808 |
| Total | | | | | 100% | \$407,808 |

Issuer Texas Higher Education Coordinating Board

Issuance College Student Loan Refunding Bonds Series 2020B

Purpose Proceeds from the sale of the Bonds will be used to currently refund the College Student Loan Bonds, Series 2010.

Actual Par \$73,340,000

Sale Type Competitive

Sale Date 6/9/2020

Closing Date 7/2/2020

| Series Name | TIC | NIC | Is Variable |
|--|-------|-------|-------------|
| College Student Loan Ref Bonds Ser 2020B | 1.42% | 1.60% | No |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 |
|------------------------|-------------------------------|-----|------------------|-------------|
| Attorney General | | NO | \$9,500 | 0.13 |
| Bond Counsel | McCall Parkhurst & Horton LLP | NO | \$51,591 | 0.70 |
| Escrow Agent | Wells Fargo Bank, NA | NO | \$2,500 | 0.03 |
| Financial Advisor | Hilltop Securities Inc | NO | \$50,605 | 0.69 |
| Paying Agent/Registrar | Wells Fargo Bank, NA | NO | \$2,000 | 0.03 |
| Printing | Image Master | NO | \$972 | 0.01 |
| Printing | McCall Parkhurst & Horton LLP | NO | \$4,295 | 0.06 |
| Private Activity Fee | Texas Bond Review Board | NO | \$16,750 | 0.23 |
| Total | | | \$138,213 | 1.88 |

| Fee Name | Rating Agency | Assigned Rating | Actual Fee | \$ Per 1000 |
|--------------|---------------|-----------------|-----------------|-------------|
| Rating Fee | Moody's | Aaa | \$15,824 | 0.22 |
| Rating Fee | S&P | AAA | \$14,695 | 0.20 |
| Total | | | \$30,519 | 0.42 |

| Fee Name | Actual Fee | \$ Per 1000 |
|--------------|------------------|-------------|
| Takedown | \$399,923 | 5.45 |
| Total | \$399,923 | 5.45 |

| Firm Name | HUB | % of Risk | Mgmt Fee % | Mgmt Fee \$ | Take Down % | Take Down \$ |
|-------------------------------|-----|-----------|------------|-------------|-------------|------------------|
| Bank of America Merrill Lynch | NO | 100.00% | | | 100.00% | \$399,923 |
| Total | | | | | 100% | \$399,923 |

Issuer Texas Public Finance Authority

Issuance State of Texas General Obligation and Refunding Bonds Taxable Series 2020

Purpose Proceeds of the Bonds will be used by the Cancer Prevention and Research Institute of Texas (CPRIT) to make grants for cancer research and prevention and pay for the operation of CPRIT, to refund certain outstanding general obligation commercial paper notes (\$248,025,000) of the State issued by the Authority, and to partially refund the State of Texas GO and Refunding Bonds, Taxable Series 2011.

Actual Par \$472,470,000

Sale Type Negotiated

Sale Date 4/7/2020

Closing Date 4/23/2020

| Series Name | TIC | NIC | Is Variable |
|---|-------|-------|-------------|
| State of Texas GO and Ref Bonds Txbl Ser 2020 | 2.63% | 2.69% | No |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 |
|---------------------|-------------------------------|-----|------------------|-------------|
| Attorney General | | NO | \$9,500 | 0.02 |
| Bond Counsel | Norton Rose Fulbright US LLP | NO | \$94,918 | 0.20 |
| Co-Bond Counsel | Bates & Coleman PC | BA | \$23,000 | 0.05 |
| Disclosure Counsel | McCall Parkhurst & Horton LLP | NO | \$64,849 | 0.14 |
| Escrow Agent | TTSTC | NO | \$2,500 | 0.01 |
| Escrow Verification | Robert Thomas CPA | NO | \$1,250 | 0.00 |
| Financial Advisor | PFM Financial Advisors LLC | NO | \$60,063 | 0.13 |
| Miscellaneous | | NO | \$14 | 0.00 |
| Printing | Image Master | NO | \$1,880 | 0.00 |
| Total | | | \$257,974 | 0.55 |

| Fee Name | Rating Agency | Assigned Rating | Actual Fee | \$ Per 1000 |
|--------------|---------------|-----------------|------------------|-------------|
| Rating Fee | Moody's | Aaa | \$65,000 | 0.14 |
| Rating Fee | S&P | AAA | \$55,062 | 0.12 |
| Total | | | \$120,062 | 0.25 |

| Fee Name | Actual Fee | \$ Per 1000 |
|-----------------|--------------------|-------------|
| Management Fee | \$75,000 | 0.16 |
| Spread Expenses | \$87,033 | 0.18 |
| Takedown | \$1,623,844 | 3.44 |
| Total | \$1,785,877 | 3.78 |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 | UW Paid |
|---------------------|---------------|-----|------------|-------------|---------|
| Underwriter Counsel | Bracewell LLP | NO | \$35,000 | 0.07 | Yes |

| Firm Name | HUB | % of Risk | Mgmt Fee % | Mgmt Fee \$ | Take Down % | Take Down \$ |
|--|-----|-----------|------------|-------------|-------------|--------------|
| Citigroup Global Capital Markets, Inc. | NO | 50.00% | 50.00% | \$37,500 | 50.00% | \$811,922 |
| Bank of America Securities, LLC | NO | 20.00% | 20.00% | \$15,000 | 20.00% | \$324,769 |
| Siebert Williams Shank & Co., LLC | BA | 7.50% | 7.50% | \$5,625 | 7.50% | \$121,788 |
| Ramirez & Co., Inc. | HA | 7.50% | 7.50% | \$5,625 | 7.50% | \$121,788 |
| Mesirow Financial, Inc. | NO | 7.50% | 7.50% | \$5,625 | 7.50% | \$121,788 |

| | | | | | | |
|------------------------|----|-------|-------------|-----------------|-------------|--------------------|
| Barclays Capital, Inc. | NO | 7.50% | 7.50% | \$5,625 | 7.50% | \$121,788 |
| Total | | | 100% | \$75,000 | 100% | \$1,623,843 |

Issuer Texas State Affordable Housing Corporation Multifamily

Issuance Collateralized Revenue Bonds (Hamilton Valley Rural Development Portfolio) Series 2020

Purpose The Issuer will loan the proceeds of the sale of the Bonds to (1) HVM BP Dilley Ret., LLC, (2) HVM BP San Diego, LLC, (3) HVM BP Edcouch II, LLC, (4) HVM BP Sebastian I, LLC, (5) HVM BP Elsa, LLC, (6) HVM BP La Villa, LLC, (7) HVM BP Donna Ret., LLC, (8) HVM BP La Feria III, LLC, (9) HVM BP Justin, LLC, (10) HVM BP Alton Ret., LLC, (11) HVM BP Donna II, LLC, (12) HVM BP Alamo I, LLC, (13) HVM BP Seagraves, LLC, (14) HVM BP Menard Ret., LLC, (15) HVM BP Tomball Cong., LLC, (16) HVM BP Valley View, LLC, (17) HVM BP Rio Grande City I, LLC, (18) HVM BP Cotulla, LLC, (19) HVM BP Gainesville, LLC, (20) HVM BP Giddings, LLC, and (21) HVM BP Kingsland, LLC, each a Texas limited liability company (each, a "Borrower" and collectively, the "Borrowers"), pursuant to a Loan Agreement, dated as of June 1, 2020, among the Issuer and the Borrowers to pay a portion of the costs of acquiring, rehabilitating, equipping, and otherwise improving 21 separate multifamily housing facilities herein to be owned by the Borrowers.

Actual Par \$35,942,000

Sale Type Negotiated

Sale Date 6/12/2020

Closing Date 6/30/2020

| Series Name | TIC | NIC | Is Variable |
|---|-------|-------|-------------|
| Collateralized Rev Bonds (Hamilton Valley Rural Development Portfolio) Ser 2020 | 0.72% | 0.71% | No |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 |
|----------------------|--------------------------------------|-----|------------------|--------------|
| Attorney General | | NO | \$9,500 | 0.26 |
| Bond Counsel | Norton Rose Fulbright US LLP | NO | \$357,720 | 9.95 |
| Financial Advisor | Hiltop Securities Inc | NO | \$81,884 | 2.28 |
| Issuer Counsel | Norton Rose Fulbright US LLP | NO | \$40,000 | 1.11 |
| Issuer Fees | Texas State Affordable Housing Corp. | NO | \$1,500 | 0.04 |
| Issuer Fees | Texas State Affordable Housing Corp. | NO | \$35,942 | 1.00 |
| Issuer Fees | Texas State Affordable Housing Corp. | NO | \$53,913 | 1.50 |
| Issuer Fees | Texas State Affordable Housing Corp. | NO | \$100,440 | 2.79 |
| Private Activity Fee | Texas Bond Review Board | NO | \$25,066 | 0.70 |
| Trustee | Wilmington Trust, NA | NO | \$10,500 | 0.29 |
| Trustee Counsel | Naman Howell Smith & Lee PLLC | NO | \$7,000 | 0.19 |
| Total | | | \$723,465 | 20.13 |

| Fee Name | Rating Agency | Assigned Rating | Actual Fee | \$ Per 1000 |
|--------------|---------------|-----------------|----------------|-------------|
| Rating Fee | Moody's | Aaa | \$5,500 | 0.15 |
| Total | | | \$5,500 | 0.15 |

| Fee Name | Actual Fee | \$ Per 1000 |
|-----------------|------------------|-------------|
| Management Fee | \$71,884 | 2.00 |
| Spread Expenses | \$5,000 | 0.14 |
| Takedown | \$89,855 | 2.50 |
| Total | \$166,739 | 4.64 |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 | UW Paid |
|---------------------|--------------|-----|------------|-------------|---------|
| Underwriter Counsel | Tiber Hudson | NO | \$110,000 | 3.06 | No |

| Firm Name | HUB | % of Risk | Mgmt Fee % | Mgmt Fee \$ | Take Down % | Take Down \$ |
|-----------------------------|------------|------------------|-------------------|--------------------|--------------------|---------------------|
| Stifel Nicolaus & Co., Inc. | NO | 100.00% | 100.00% | \$71,884 | 100.00% | \$89,855 |
| Total | | | 100% | \$71,884 | 100% | \$89,855 |

Issuer Texas State Affordable Housing Corporation Multifamily

Issuance Multifamily Mortgage Revenue Note (Pythian Manor Apartments) Series 2019

Purpose The proceeds of the bonds will be used for acquiring, rehabilitating, improving, and equipping an existing multifamily residential development serving the elderly population located in the City of Dallas, Dallas County, Texas, and known as the Pythian Manor Apartments.

Actual Par \$8,300,000

Sale Type Private Placement

Sale Date 9/25/2019

Closing Date 9/25/2019

| Series Name | | TIC | NIC | Is Variable |
|--|--------------------------------------|-------|------------------|--------------|
| MF Mortgage Rev Note (Pythian Manor Apartments) Ser 2019 | | 4.11% | 4.08% | No |
| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 |
| Attorney General | | NO | \$9,500 | 1.14 |
| Bond Counsel | Norton Rose Fulbright | NO | \$97,500 | 11.75 |
| Co-Bond Counsel | Mahomes Bolden PC | BA | \$15,000 | 1.81 |
| Financial Advisor | Hilltop Securities | NO | \$26,600 | 3.20 |
| Issuer Fees | Texas State Affordable Housing Corp. | NO | \$1,500 | 0.18 |
| Issuer Fees | Texas State Affordable Housing Corp. | NO | \$8,300 | 1.00 |
| Issuer Fees | Texas State Affordable Housing Corp. | NO | \$22,800 | 2.75 |
| Miscellaneous | Dougherty & Co., LLC | NO | \$50,000 | 6.02 |
| Miscellaneous | Kutak Rock, LLP | NO | \$55,000 | 6.63 |
| Private Activity Fee | Bond Review Board | NO | \$7,075 | 0.85 |
| Trustee | Wilmington Trust Company | NO | \$6,000 | 0.72 |
| Trustee Counsel | Naman Howell Smith & Lee PLLC | NO | \$6,000 | 0.72 |
| Total | | | \$305,275 | 36.78 |

Issuer Texas State Affordable Housing Corporation Multifamily

Issuance Multifamily Mortgage Revenue Note (Ventura at Fairgrounds) Series 2020

Purpose The proceeds of the funding loan will be used for the construction of a 300-unit affordable multifamily housing development serving the general population to be located at the northeast corner of the intersection of Scharbauer Drive and North Fairgrounds Road in Midland, Texas.

Actual Par \$40,000,000

Sale Type Private Placement

Sale Date 6/4/2020

Closing Date 6/11/2020

| Series Name | TIC | NIC | Is Variable |
|--|-------|-------|-------------|
| MF Mortgage Rev Note (Ventura at Fairgrounds) Ser 2020 | 3.46% | 3.44% | Yes |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 |
|----------------------|--------------------------------------|-----|------------------|--------------|
| Attorney General | | NO | \$19,000 | 0.48 |
| Bond Counsel | Norton Rose Fulbright US LLP | NO | \$140,000 | 3.50 |
| Co-Bond Counsel | Bracewell LLP | NO | \$30,000 | 0.75 |
| Financial Advisor | Hilltop Securities Inc. | NO | \$90,000 | 2.25 |
| Issuer Fees | Texas State Affordable Housing Corp. | NO | \$9,000 | 0.23 |
| Issuer Fees | Texas State Affordable Housing Corp. | NO | \$13,500 | 0.34 |
| Issuer Fees | Texas State Affordable Housing Corp. | NO | \$40,000 | 1.00 |
| Miscellaneous | Kutak Rock, LLP | NO | \$65,000 | 1.63 |
| Private Activity Fee | Texas Bond Review Board | NO | \$39,333 | 0.98 |
| Trustee | Wilmington Trust, NA | NO | \$5,000 | 0.13 |
| Trustee Counsel | Naman Howell Smith & Lee PLLC | NO | \$6,000 | 0.15 |
| Total | | | \$456,833 | 11.42 |

| Fee Name | Actual Fee | \$ Per 1000 |
|-----------------|-----------------|-------------|
| Structuring Fee | \$25,000 | 0.63 |
| Total | \$25,000 | 0.63 |

Issuer Texas State Technical College

Issuance Revenue Financing System Improvement Bond Series 2020

Purpose The bond will be issued primarily to (i) renovate, expand, improve, and equip existing facilities located at the System's campuses in Fort Bend County and in the Cities of Harlingen and Waco to be used primarily for their welding and/or electrical line worker programs; (ii) renovate, remodel, and equip the Industrial Technology Center at the System's Waco campus to be used primarily for administrative office space; and (iii) acquire real estate at the System's Waco campus to be used primarily for campus expansion.

Actual Par \$30,000,000

Sale Type Private Placement

Sale Date 6/4/2020

Closing Date 6/17/2020

| Series Name | | TIC | NIC | Is Variable |
|------------------------|------------------------------------|-------|------------------|-------------|
| RFS Impr Bond Ser 2020 | | 2.53% | 2.53% | No |
| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 |
| Attorney General | Public Finance Division | NO | \$9,500 | 0.32 |
| Bank Counsel | Orrick, Herrington & Sutcliffe LLP | NO | \$7,500 | 0.25 |
| Bond Counsel | McCall, Parkhurst & Horton LLP | NO | \$36,750 | 1.23 |
| Financial Advisor | Hilltop Securities Inc. | NO | \$45,250 | 1.51 |
| MAC Fee | MAC | NO | \$3,400 | 0.11 |
| Total | | | \$102,400 | 3.41 |

Issuer Texas State University System

Issuance Revenue Financing System Revenue and Refunding Bonds Series 2019A

Purpose Issued for the purpose of (i) acquiring, purchasing, constructing, improving, renovating, enlarging, or equipping property, buildings, structures, facilities, roads, or related infrastructure for certain members of the Revenue Financing System, (ii) refunding a portion (\$89,706,200) of the Board's outstanding Commercial Paper Notes, and (iii) refunding a portion of the University System's outstanding obligations RFS Ser 2010 & 2010A Bonds.

Actual Par \$176,055,000

Sale Type Negotiated

Sale Date 10/25/2019

Closing Date 12/17/2019

| Series Name | TIC | NIC | Is Variable |
|-------------------------------|-------|-------|-------------|
| RFS Rev & Ref Bonds Ser 2019A | 2.47% | 2.70% | No |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 |
|------------------------|--------------------------------|-----|------------------|-------------|
| Attorney General | | NO | \$9,500 | 0.05 |
| Bond Counsel | McCall, Parkhurst & Horton LLP | NO | \$147,215 | 0.84 |
| Escrow Agent | BOKF, NA | NO | \$700 | 0.00 |
| Financial Advisor | Hilltop Securities, Inc. | NO | \$210,619 | 1.20 |
| Miscellaneous | | NO | \$2,219 | 0.01 |
| Miscellaneous | Bank of New York | NO | \$600 | 0.00 |
| Paying Agent/Registrar | BOKF, NA | NO | \$2,100 | 0.01 |
| Total | | | \$372,953 | 2.12 |

| Fee Name | Rating Agency | Assigned Rating | Actual Fee | \$ Per 1000 |
|--------------|---------------|-----------------|------------|-------------|
| Rating Fee | Fitch | AA | \$0 | 0.00 |
| Rating Fee | Moody's | Aa2 | \$0 | 0.00 |
| Total | | | \$0 | 0.00 |

| Fee Name | Actual Fee | \$ Per 1000 |
|-----------------|------------------|-------------|
| Spread Expenses | \$72,978 | 0.41 |
| Takedown | \$586,888 | 3.33 |
| Total | \$659,866 | 3.75 |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 | UW Paid |
|---------------------|------------------------------|-----|------------|-------------|---------|
| Underwriter Counsel | Norton Rose Fulbright US LLP | NO | \$52,817 | 0.30 | Yes |

| Firm Name | HUB | % of Risk | Mgmt Fee % | Mgmt Fee \$ | Take Down % | Take Down \$ |
|--|-----------|-----------|------------|-------------|-------------|------------------|
| Morgan Stanley | NO | 40.00% | | | 49.94% | \$293,095 |
| Citigroup Global Capital Markets, Inc. | NO | 12.00% | | | 12.37% | \$72,577 |
| JP Morgan | NO | 12.00% | | | 11.06% | \$64,908 |
| RBC Capital Markets | NO | 12.00% | | | 10.72% | \$62,922 |
| Piper Sandler & Co. | NO | 12.00% | | | 10.07% | \$59,103 |
| Blaylock Van, LLC | BA | 12.00% | | | 5.84% | \$34,283 |
| Total | | | | | 100% | \$586,888 |

Issuer Texas State University System

Issuance Revenue Financing System Revenue and Refunding Bonds Taxable Series 2019B

Purpose The Taxable Series 2019B Bonds are being issued for the purpose of (i) refunding a portion of the University System's outstanding obligations RFS Bonds Ser 2011; RFS Rev & Ref Bonds Ser 2012; RFS Rev & Ref Bonds Ser 2013, and (ii) paying certain costs of issuing the Taxable Series 2019B Bonds.

Actual Par \$149,480,000

Sale Type Negotiated

Sale Date 10/25/2019

Closing Date 11/21/2019

| Series Name | TIC | NIC | Is Variable |
|------------------------------------|-------|-------|-------------|
| RFS Rev & Ref Bonds Txbl Ser 2019B | 2.87% | 2.89% | No |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 |
|------------------------|--------------------------------|-----|-----------------|-------------|
| Attorney General | | NO | \$9,500 | 0.06 |
| Bond Counsel | McCall, Parkhurst & Horton LLP | NO | \$24,279 | 0.16 |
| Escrow Agent | BOKF, NA | NO | \$2,250 | 0.02 |
| Escrow Verification | Causey Demgen & Moore, PC | NO | \$3,250 | 0.02 |
| Miscellaneous | Bank of New York | NO | \$2,400 | 0.02 |
| Paying Agent/Registrar | BOKF, NA | NO | \$2,100 | 0.01 |
| Printing | Image Master | NO | \$5,760 | 0.04 |
| Total | | | \$49,539 | 0.33 |

| Fee Name | Rating Agency | Assigned Rating | Actual Fee | \$ Per 1000 |
|--------------|---------------|-----------------|------------------|-------------|
| Rating Fee | Fitch | AA | \$130,000 | 0.87 |
| Rating Fee | Moody's | Aa2 | \$138,000 | 0.92 |
| Total | | | \$268,000 | 1.79 |

| Fee Name | Actual Fee | \$ Per 1000 |
|-----------------|------------------|-------------|
| Spread Expenses | \$61,962 | 0.41 |
| Takedown | \$500,251 | 3.35 |
| Total | \$562,214 | 3.76 |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 | UW Paid |
|---------------------|------------------------------|-----|------------|-------------|---------|
| Underwriter Counsel | Norton Rose Fulbright US LLP | NO | \$44,844 | 0.30 | Yes |

| Firm Name | HUB | % of Risk | Mgmt Fee % | Mgmt Fee \$ | Take Down % | Take Down \$ |
|--|-----------|-----------|------------|-------------|-------------|------------------|
| Morgan Stanley | NO | 30.00% | | | 30.00% | \$150,075 |
| Piper Sandler & Co. | NO | 14.00% | | | 14.00% | \$70,035 |
| RBC Capital Markets | NO | 14.00% | | | 14.00% | \$70,035 |
| Citigroup Global Capital Markets, Inc. | NO | 14.00% | | | 14.00% | \$70,035 |
| JP Morgan | NO | 14.00% | | | 14.00% | \$70,035 |
| Blaylock Van, LLC | BA | 14.00% | | | 14.00% | \$70,035 |
| Total | | | | | 100% | \$500,250 |

Issuer Texas Tech University System

Issuance Revenue Financing System Refunding and Improvement Bonds Taxable Series 2020

Purpose The bonds have been issued for the purposes of acquiring, purchasing, constructing, improving, renovating, enlarging, or equipping property, buildings, structures, facilities, roads, or related infrastructure for the University System; refunding \$52,009,000 of the "Board of Regents of Texas Tech University System Revenue Financing System Commercial Paper Notes, Series A"; and refunding certain of the University System's outstanding obligations. The Commercial Paper Notes constitute Parity Obligations under the terms of the Master Resolution.

Actual Par \$314,745,000

Sale Type Negotiated

Sale Date 7/8/2020

Closing Date 7/29/2020

| Series Name | TIC | NIC | Is Variable |
|------------------------------------|-------|-------|-------------|
| RFS Ref & Impr Bonds Txbl Ser 2020 | 2.51% | 2.53% | No |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 |
|------------------------|--------------------------------|-----|------------------|-------------|
| Attorney General | | NO | \$9,500 | 0.03 |
| Bond Counsel | Norton Rose Fulbright US LLP | NO | \$234,578 | 0.75 |
| Escrow Agent | BOK Financial Securities, Inc. | NO | \$1,500 | 0.00 |
| Escrow Verification | Causey Demgen & Moore, PC | NO | \$2,000 | 0.01 |
| Financial Advisor | Hilltop Securities Inc. | NO | \$159,623 | 0.51 |
| Miscellaneous | | NO | \$3,734 | 0.01 |
| Miscellaneous | BOK Financial Securities, Inc. | NO | \$600 | 0.00 |
| Miscellaneous | Hilltop Securities Inc. | NO | \$10,000 | 0.03 |
| Paying Agent/Registrar | BOK Financial Securities, Inc. | NO | \$3,800 | 0.01 |
| Printing | Hilltop Securities Inc. | NO | \$3,760 | 0.01 |
| Total | | | \$429,095 | 1.36 |

| Fee Name | Rating Agency | Assigned Rating | Actual Fee | \$ Per 1000 |
|--------------|---------------|-----------------|------------------|-------------|
| Rating Fee | Moody's | Aa1 | \$130,000 | 0.41 |
| Rating Fee | S&P | AA+ | \$111,500 | 0.35 |
| Total | | | \$241,500 | 0.77 |

| Fee Name | Actual Fee | \$ Per 1000 |
|-----------------|--------------------|-------------|
| Spread Expenses | \$175,045 | 0.56 |
| Takedown | \$1,226,120 | 3.90 |
| Total | \$1,401,165 | 4.45 |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 | UW Paid |
|---------------------|-----------------------------------|-----|------------|-------------|---------|
| Underwriter Counsel | Orrick Herrington & Sutcliffe LLP | NO | \$125,898 | 0.40 | Yes |

| Firm Name | HUB | % of Risk | Mgmt Fee % | Mgmt Fee \$ | Take Down % | Take Down \$ |
|-------------------------|-----|-----------|------------|-------------|-------------|--------------|
| Citigroup | NO | 26.00% | | | 26.13% | \$320,439 |
| Morgan Stanley | NO | 26.00% | | | 25.95% | \$318,212 |
| Stephens, Inc. | NO | 12.00% | | | 11.98% | \$146,867 |
| Mesirow Financial, Inc. | NO | 12.00% | | | 11.98% | \$146,867 |

| | | | | | | |
|-----------------------------------|-----------|--------|--|--|-------------|--------------------|
| Siebert Williams Shank & Co., LLC | BA | 12.00% | | | 11.98% | \$146,867 |
| RBC Capital Markets | NO | 12.00% | | | 11.98% | \$146,867 |
| Total | | | | | 100% | \$1,226,120 |

Issuer Texas Transportation Commission

Issuance CTTS First Tier Revenue Refunding Bonds Series 2020A, B, and C

Purpose Proceeds of the Bonds will be used to refund certain maturities of CTTS First Tier Revenue Bonds Ser 2015-A and CTTS First Tier Revenue & Refunding Bonds Ser 2012-A.

Actual Par \$683,780,000

Sale Type Negotiated

Sale Date 2/20/2020

Closing Date 3/5/2020

| Series Name | TIC | NIC | Is Variable |
|---|-------|-------|-------------|
| CTTS First Tier Rev Ref Bonds Ser 2020A | 2.91% | 3.28% | No |
| CTTS First Tier Rev Ref Bonds Tax Ser 2020C | 3.06% | 3.05% | No |
| CTTS First Tier Rev Ref Put Bonds Tax Ser 2020B | 3.71% | 3.79% | Yes |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 |
|------------------------|---|-----|--------------------|-------------|
| Attorney General | | NO | \$28,500 | 0.04 |
| Bond Counsel | McCall, Parkhurst & Horton LLP | NO | \$665,657 | 0.97 |
| Disclosure Counsel | McCall Parkhurst & Horton LLP | NO | \$166,756 | 0.24 |
| Escrow Agent | The Bank of New York Mellon Trust Company | NO | \$6,100 | 0.01 |
| Escrow Verification | AMTEC | NO | \$1,200 | 0.00 |
| Financial Advisor | Estrada Hinojosa & Co., Inc. | HA | \$198,210 | 0.29 |
| Paying Agent/Registrar | The Bank of New York Mellon Trust Company | NO | \$2,250 | 0.00 |
| Printing | ImageMaster, LLC | NO | \$4,941 | 0.01 |
| Trustee | The Bank of New York Mellon Trust Company | NO | \$10,000 | 0.01 |
| Trustee Counsel | McGuire Craddock & Strother, PC | NO | \$20,000 | 0.03 |
| Total | | | \$1,103,614 | 1.61 |

| Fee Name | Rating Agency | Assigned Rating | Actual Fee | \$ Per 1000 |
|--------------|---------------|-----------------|------------------|-------------|
| Rating Fee | Fitch | A | \$150,000 | 0.22 |
| Rating Fee | Moody's | A3 | \$185,000 | 0.27 |
| Rating Fee | S&P | A | \$150,500 | 0.22 |
| Total | | | \$485,500 | 0.71 |

| Fee Name | Actual Fee | \$ Per 1000 |
|-----------------|--------------------|-------------|
| Spread Expenses | \$233,146 | 0.34 |
| Takedown | \$2,741,705 | 4.01 |
| Total | \$2,974,851 | 4.35 |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 | UW Paid |
|-------------------------|------------------------------|-----|------------|-------------|---------|
| Co-Underwriters Counsel | Escamilla & Poneck, LLP | HA | \$34,189 | 0.05 | Yes |
| Underwriter Counsel | Norton Rose Fulbright US LLP | NO | \$102,567 | 0.15 | Yes |

| Firm Name | HUB | % of Risk | Mgmt Fee % | Mgmt Fee \$ | Take Down % | Take Down \$ |
|----------------------------|-----|-----------|------------|-------------|-------------|--------------|
| Jefferies, LLC | NO | 44.00% | | | 51.39% | \$1,408,852 |
| Citigroup (Series A&C) | NO | 20.00% | | | 15.90% | \$435,841 |
| Raymond James (Series A&C) | NO | 6.00% | | | 8.87% | \$243,252 |

| | | | | | | |
|--|--------------|--------|--|--|-------------|--------------------|
| Siebert Williams Shank & Co., LLC (Serie | BA | 6.00% | | | 4.77% | \$130,752 |
| Ramirez & Co., Inc. (Series A&C) | HA | 6.00% | | | 4.77% | \$130,752 |
| Piper Sandler & Co. (Series A&C) | NO | 6.00% | | | 4.77% | \$130,752 |
| Mesirow Financial, Inc. (Series A&C) | NO | 6.00% | | | 4.77% | \$130,752 |
| Frost Bank (Series A&C) | NO | 6.00% | | | 4.77% | \$130,752 |
| Raymond James (Series B) | NO | 20.00% | | | | |
| Jefferies LLC (Series B) | NO | 80.00% | | | | |
| | Total | | | | 100% | \$2,741,705 |

Issuer Texas Transportation Commission

Issuance General Obligation Mobility Fund Refunding Bonds Taxable Series 2020

Purpose Proceeds of the bonds will be used to refund the Commission's GO Mobility Fund Refunding Bonds, Series 2014 & Series 2014-A.

Actual Par \$1,270,690,000

Sale Type Negotiated

Sale Date 7/15/2020

Closing Date 8/5/2020

| Series Name | TIC | NIC | Is Variable |
|--|-------|-------|-------------|
| GO Mobility Fund Ref Bonds Txbl Ser 2020 | 2.17% | 2.19% | No |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 |
|------------------------|----------------------------------|-----|------------------|-------------|
| Attorney General | | NO | \$9,500 | 0.01 |
| Bond Counsel | McCall Parkhurst & Horton, LLP | NO | \$227,155 | 0.18 |
| Disclosure Counsel | Bracewell LLP | NO | \$127,069 | 0.10 |
| Escrow Agent | U.S. Bank National Association | NO | \$1,000 | 0.00 |
| Escrow Verification | AMTEC | NO | \$825 | 0.00 |
| Financial Advisor | Estrada Hinojosa & Company, Inc. | HA | \$125,000 | 0.10 |
| Miscellaneous | Estrada Hinojosa & Company, Inc. | HA | \$20,000 | 0.02 |
| Miscellaneous | Winters & Associates | NO | \$20,000 | 0.02 |
| Paying Agent/Registrar | U.S. Bank National Association | NO | \$650 | 0.00 |
| Printing | ImageMaster, LLC | NO | \$2,355 | 0.00 |
| Total | | | \$533,554 | 0.42 |

| Fee Name | Rating Agency | Assigned Rating | Actual Fee | \$ Per 1000 |
|--------------|---------------|-----------------|------------------|-------------|
| Rating Fee | Fitch | AAA | \$90,000 | 0.07 |
| Rating Fee | Kroll | AAA | \$75,000 | 0.06 |
| Rating Fee | Moody's | Aaa | \$150,500 | 0.12 |
| Total | | | \$315,500 | 0.25 |

| Fee Name | Actual Fee | \$ Per 1000 |
|-----------------|--------------------|-------------|
| Spread Expenses | \$279,398 | 0.22 |
| Takedown | \$4,564,081 | 3.59 |
| Total | \$4,843,479 | 3.81 |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 | UW Paid |
|-------------------------|---------------------|-----|------------|-------------|---------|
| Co-Underwriters Counsel | Bates & Coleman, PC | BA | \$28,750 | 0.02 | Yes |
| Underwriter Counsel | Winstead, PC | NO | \$86,500 | 0.07 | Yes |

| Firm Name | HUB | % of Risk | Mgmt Fee % | Mgmt Fee \$ | Take Down % | Take Down \$ |
|---------------------------------|-----|-----------|------------|-------------|-------------|--------------|
| Morgan Stanley | NO | 42.00% | | | 42.00% | \$1,919,235 |
| Barclays Capital, Inc. | NO | 22.00% | | | 22.00% | \$1,002,675 |
| RBC Capital Markets | NO | 11.00% | | | 11.00% | \$502,331 |
| Bank of America Securities, LLC | NO | 5.00% | | | 5.00% | \$228,319 |
| Loop Capital Markets, LLC | BA | 5.00% | | | 5.00% | \$227,880 |

| | | | | | | |
|---------------------|----|-------|--|--|-------------|--------------------|
| Jefferies, LLC | NO | 5.00% | | | 5.00% | \$227,880 |
| Goldman Sachs & Co. | NO | 5.00% | | | 5.00% | \$227,880 |
| Frost Bank | NO | 5.00% | | | 5.00% | \$227,880 |
| Total | | | | | 100% | \$4,564,081 |

Issuer Texas Transportation Commission Grand Parkway Transportation Corporation

Issuance Grand Parkway System Toll Revenue and Refunding Bonds Series 2020A, B, and C

Purpose A portion of the proceeds of the 2020 Bonds, together with certain other funds of the Corporation, will be used to prepay or refund certain Outstanding Obligations of the Corporation to achieve debt service savings, as follows: a portion of the proceeds of (i) the 2020 First Tier Bonds will be used to prepay in full the 2014 TIFIA Note; (ii) the Taxable Series 2020A Bonds will be used to refund a portion of the Outstanding Series 2013A Bonds; and (iii) the Taxable Series 2020B Bonds will be used to refund all of the Outstanding Series 2013B Bonds that constitute current interest obligations. The remaining proceeds of the 2020 Bonds will be used to pay the costs of issuance thereof.

Actual Par \$2,307,060,000

Sale Type Negotiated

Sale Date 2/11/2020

Closing Date 2/27/2020

| Series Name | TIC | NIC | Is Variable |
|---|-------|-------|-------------|
| Grand Parkway First Tier Toll Rev & Ref Bonds Txbl Ser 2020A | 3.33% | 3.33% | No |
| Grand Parkway First Tier Toll Rev Ref Bonds Ser 2020C | 3.16% | 3.40% | No |
| Grand Parkway Sub Tier Toll Rev & Ref Bonds Txbl Ser 2020B (TELA Supported) | 3.23% | 3.23% | No |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 |
|---------------------|--------------------------------|-----|--------------------|-------------|
| Attorney General | | NO | \$28,500 | 0.01 |
| Bond Counsel | McCall, Parkhurst & Horton LLP | NO | \$1,014,067 | 0.44 |
| Disclosure Counsel | Bracewell LLP | NO | \$796,789 | 0.35 |
| Escrow Verification | AMTEC | NO | \$950 | 0.00 |
| Financial Advisor | Estrada Hinojosa & Co., Inc. | HA | \$231,374 | 0.10 |
| Printing | Image Master | NO | \$6,913 | 0.00 |
| Special COI | Mayer Brown LLP | NO | \$66,079 | 0.03 |
| Trustee | US Bank, NA | NO | \$11,550 | 0.01 |
| Trustee Counsel | Norton Rose Fulbright | NO | \$15,000 | 0.01 |
| Total | | | \$2,171,222 | 0.94 |

| Fee Name | Rating Agency | Assigned Rating | Actual Fee | \$ Per 1000 |
|--------------|---------------|---------------------------|------------------|-------------|
| Rating Fee | Fitch | A+ (2020A&C); AA (2020B) | \$334,523 | 0.15 |
| Rating Fee | Moody's | A2 (2020A&C); Aa1 (2020B) | \$316,000 | 0.14 |
| Total | | | \$650,523 | 0.28 |

| Fee Name | Actual Fee | \$ Per 1000 |
|-----------------|---------------------|-------------|
| Spread Expenses | \$604,512 | 0.26 |
| Takedown | \$10,838,005 | 4.70 |
| Total | \$11,442,517 | 4.96 |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 | UW Paid |
|-------------------------|---------------------|-----|------------|-------------|---------|
| Co-Underwriters Counsel | Kassahn & Ortiz, PC | HA | \$69,212 | 0.03 | Yes |
| Underwriter Counsel | Locke Lorde, LLP | NO | \$276,847 | 0.12 | Yes |

| Firm Name | HUB | % of Risk | Mgmt Fee % | Mgmt Fee \$ | Take Down % | Take Down \$ |
|---|-----|--------------|------------|-------------|-------------|---------------------|
| Bank of America, LLC (Series A&B) | NO | 47.01% | | | 44.93% | \$4,869,150 |
| Goldman Sachs & Co. (Series A&B) | NO | 7.50% | | | 10.02% | \$1,085,702 |
| Morgan Stanley (Series A&B) | NO | 7.50% | | | 7.47% | \$809,750 |
| Barclays Capital, Inc. (Series A&B) | NO | 7.50% | | | 7.33% | \$793,926 |
| Stifel Nicolaus & Co., Inc. (Series A&B) | NO | 2.03% | | | 2.06% | \$222,996 |
| JP Morgan Securities (Series A&B) | NO | 2.03% | | | 2.04% | \$221,405 |
| Citigroup Global Capital Markets, Inc. (S | NO | 2.03% | | | 2.01% | \$218,378 |
| Loop Capital Markets, LLC (Series A&B) | BA | 2.03% | | | 2.01% | \$218,246 |
| Siebert Williams Shank & Co., LLC (Serie | BA | 2.03% | | | 2.01% | \$218,246 |
| RBC Capital Markets (Series A&B) | NO | 2.03% | | | 2.01% | \$218,246 |
| Ramirez & Co., Inc. (Series A&B) | HA | 2.03% | | | 2.01% | \$218,246 |
| Piper Sandler & Co. (Series A&B) | NO | 2.03% | | | 2.01% | \$218,246 |
| Mesirow Financial, Inc. (Series A&B) | NO | 2.03% | | | 2.01% | \$218,246 |
| UBS Financial Services, Inc. (Series A&B | NO | 2.03% | | | 2.01% | \$218,246 |
| Frost Bank (Series A&B) | NO | 2.03% | | | 2.01% | \$218,246 |
| Blaylock Van, LLC (Series A&B) | BA | 2.03% | | | 2.01% | \$218,246 |
| Raymond James (Series A&B) | NO | 2.03% | | | 2.01% | \$218,189 |
| Jefferies, LLC (Series A&B) | NO | 2.03% | | | 2.01% | \$217,507 |
| Wells Fargo Securities (Series A&B) | NO | 2.03% | | | 2.00% | \$216,789 |
| Jefferies, LLC (Series C) | NO | 2.00% | | | | |
| UBS Financial Services, Inc. (Series C) | NO | 2.00% | | | | |
| Stifel Nicolaus & Company, Inc. (Series | NO | 2.00% | | | | |
| Siebert Williams Shank & Co., LLC (Serie | BA | 2.00% | | | | |
| RBC Capital Markets (Series C) | NO | 2.00% | | | | |
| Raymond James & Assoc., Inc. (Series C) | NO | 2.00% | | | | |
| Ramirez & Co., Inc. (Series C) | HA | 2.00% | | | | |
| Piper Sandler & Co. (Series C) | NO | 2.00% | | | | |
| BofA Securities, Inc. (Series C) | NO | 40.00% | | | | |
| Loop Capital Markets LLC (Series C) | BA | 2.00% | | | | |
| Wells Fargo Securities (Series C) | NO | 2.00% | | | | |
| JP Morgan Securities LLC (Series C) | NO | 2.00% | | | | |
| Frost Bank (Series C) | NO | 2.00% | | | | |
| Citigroup Global Markets Inc (Series C) | NO | 2.00% | | | | |
| Blaylock Van, LLC (Series C) | BA | 2.00% | | | | |
| Morgan Stanley & Co., Inc. (Series C) | NO | 7.50% | | | | |
| Barclays Capital Inc (Series C) | NO | 7.50% | | | | |
| Goldman Sachs & Co. (Series C) | NO | 15.00% | | | | |
| Mesirow Financial Inc. (Series C) | NO | 2.00% | | | | |
| | | Total | | | 100% | \$10,838,006 |

Issuer Texas Transportation Commission Private Activity Bond Surface Transportation Corporation

Issuance Senior Lien Refunding Bonds (NTE Mobility Partners) Series 2019A (Non-AMT PAB) and 2019B Taxable

Purpose Proceeds from the issuance of the Series 2019A Bonds will be used (together with cash on hand from the Company) to fund the Series 2009 Defeasance Escrow Account 2019A bonds. Proceeds from the issuance of the Series 2019B Bonds (together with cash on hand from the Company) will be used to voluntarily prepay in full the principal and accrued interest on the TIFIA Loan.

Actual Par \$1,202,875,000

Sale Type Negotiated

Sale Date 12/10/2019

Closing Date 12/17/2019

| Series Name | TIC | NIC | Is Variable |
|---|-------|-------|-------------|
| Sr Lien Ref Bonds (NTE Mobility Partners) Ser 2019A (Non-AMT PAB) | 3.73% | 3.82% | No |
| Sr Lien Ref Bonds (NTE Mobility Partners) Ser 2019B Txbi | | | No |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 |
|----------------------|----------------------------------|-----|--------------------|-------------|
| Attorney General | | NO | \$19,000 | 0.02 |
| Bond Counsel | McCall Parkhurst & Horton LLP | NO | \$712,292 | 0.59 |
| Co-Financial Advisor | Estrada Hinojosa & Company, Inc. | HA | \$51,612 | 0.04 |
| Co-Financial Advisor | KPMG, LLP | NO | \$257,078 | 0.21 |
| Escrow Verification | Bingham ARS, Inc. | NO | \$1,500 | 0.00 |
| Printing | Image Master | NO | \$6,269 | 0.01 |
| Trustee Counsel | Holland & Knight LLP | NO | \$15,000 | 0.01 |
| Total | | | \$1,062,751 | 0.88 |

| Fee Name | Rating Agency | Assigned Rating | Actual Fee | \$ Per 1000 |
|--------------|---------------|-----------------|--------------------|-------------|
| Rating Fee | Fitch | BBB | \$766,294 | 0.64 |
| Rating Fee | Moody's | Baa2 | \$801,653 | 0.67 |
| Total | | | \$1,567,947 | 1.30 |

| Fee Name | Actual Fee | \$ Per 1000 |
|-----------------|--------------------|-------------|
| Spread Expenses | \$475,957 | 0.40 |
| Takedown | \$6,014,375 | 5.00 |
| Total | \$6,490,332 | 5.40 |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 | UW Paid |
|---------------------|-------------------|-----|------------|-------------|---------|
| Underwriter Counsel | McGuireWoods, LLP | NO | \$315,000 | 0.26 | Yes |

| Firm Name | HUB | % of Risk | Mgmt Fee % | Mgmt Fee \$ | Take Down % | Take Down \$ |
|-------------------------------------|-----|-----------|------------|-------------|-------------|--------------------|
| Bank of America Merrill Lynch | NO | 35.00% | | | 35.00% | \$2,105,031 |
| JP Morgan | NO | 35.00% | | | 35.00% | \$2,105,031 |
| MUFG Bank, Ltd. | NO | 10.00% | | | 10.00% | \$601,438 |
| SMBC Nikko Securities America, Inc. | NO | 10.00% | | | 10.00% | \$601,438 |
| Citigroup | NO | 10.00% | | | 10.00% | \$601,438 |
| Total | | | | | 100% | \$6,014,376 |

Issuer Texas Transportation Commission

Issuance State Highway Fund First Tier Revenue Refunding Bonds Taxable Series 2020

Purpose Bond proceeds will be used to refund the previously issued TTC State Highway Fund First Tier Revenue and Refunding Bonds, Series 2014-A.

Actual Par \$341,425,000

Sale Type Negotiated

Sale Date 6/9/2020

Closing Date 7/1/2020

| Series Name | TIC | NIC | Is Variable |
|---|-------|-------|-------------|
| State Highway Fund First Tier Rev Ref Bonds Txbl Ser 2020 | 1.90% | 2.15% | No |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 |
|------------------------|-----------------------------------|-----|------------------|-------------|
| Attorney General | | NO | \$9,500 | 0.03 |
| Bond Counsel | Orrick Herrington & Sutcliffe LLP | NO | \$68,285 | 0.20 |
| Disclosure Counsel | Bracewell LLP | NO | \$50,000 | 0.15 |
| Escrow Agent | U.S. Bank National Association | NO | \$1,000 | 0.00 |
| Escrow Verification | AMTEC | NO | \$825 | 0.00 |
| Financial Advisor | Estrada Hinojosa & Co., Inc. | HA | \$125,000 | 0.37 |
| Miscellaneous | Estrada Hinojosa & Co., Inc. | HA | \$20,000 | 0.06 |
| Miscellaneous | Winters & Associates | NO | \$20,000 | 0.06 |
| Paying Agent/Registrar | U.S. Bank National Association | NO | \$650 | 0.00 |
| Printing | Image Master | NO | \$2,678 | 0.01 |
| Total | | | \$297,938 | 0.87 |

| Fee Name | Rating Agency | Assigned Rating | Actual Fee | \$ Per 1000 |
|--------------|---------------|-----------------|-----------------|-------------|
| Rating Fee | Moody's | Aaa | \$55,250 | 0.16 |
| Rating Fee | S&P | AAA | \$37,727 | 0.11 |
| Total | | | \$92,977 | 0.27 |

| Fee Name | Actual Fee | \$ Per 1000 |
|-----------------|--------------------|-------------|
| Spread Expenses | \$92,200 | 0.27 |
| Takedown | \$1,280,344 | 3.75 |
| Total | \$1,372,544 | 4.02 |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 | UW Paid |
|-------------------------|------------------------------|-----|------------|-------------|---------|
| Co-Underwriters Counsel | Kintop Smith PLLC | WO | \$17,500 | 0.05 | Yes |
| Underwriter Counsel | Norton Rose Fulbright US LLP | NO | \$32,500 | 0.10 | Yes |

| Firm Name | HUB | % of Risk | Mgmt Fee % | Mgmt Fee \$ | Take Down % | Take Down \$ |
|-----------------------------------|-----|-----------|------------|-------------|-------------|--------------|
| Piper Sandler & Co. | NO | 40.00% | | | 40.05% | \$512,804 |
| Siebert Williams Shank & Co., LLC | BA | 20.00% | | | 20.03% | \$256,402 |
| Stifel Nicolaus & Co., Inc. | NO | 10.00% | | | 10.01% | \$128,201 |
| JP Morgan | NO | 10.00% | | | 10.01% | \$128,201 |
| Blaylock Van, LLC | BA | 10.00% | | | 10.01% | \$128,201 |
| Frost Bank | NO | 10.00% | | | 9.88% | \$126,534 |

| | | | | |
|--------------|--|--|-------------|--------------------|
| Total | | | 100% | \$1,280,343 |
|--------------|--|--|-------------|--------------------|

Issuer Texas Transportation Commission

Issuance State of Texas Highway Improvement General Obligation Refunding Bonds Taxable Series 2019

Purpose Refunding parts of State of Texas Highway Improvement GO Bonds, Ser 2012A, in the amount of \$621,550,000 and State of Texas Highway Improvement GO Bonds, Ser 2014, in the amount of \$84,000,000.

Actual Par \$705,550,000

Sale Type Negotiated

Sale Date 11/13/2019

Closing Date 12/11/2019

| Series Name | TIC | NIC | Is Variable |
|---|-------|-------|-------------|
| State of Texas Highway Improvement GO Ref Bonds Txbl Ser 2019 | 3.10% | 3.11% | No |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 |
|------------------------|----------------------------------|-----|------------------|-------------|
| Attorney General | | NO | \$9,500 | 0.01 |
| Bond Counsel | McCall Parkhurst & Horton, LLP | NO | \$109,885 | 0.16 |
| Contingency | | NO | \$28,544 | 0.04 |
| Disclosure Counsel | Bracewell LLP | NO | \$70,555 | 0.10 |
| Escrow Agent | US Bank, NA | NO | \$1,500 | 0.00 |
| Escrow Verification | Ritz & Assoc., PA | NO | \$1,000 | 0.00 |
| Financial Advisor | Estrada Hinojosa & Company, Inc. | HA | \$126,410 | 0.18 |
| Paying Agent/Registrar | US Bank, NA | NO | \$750 | 0.00 |
| Printing | ImageMaster, LLC | NO | \$2,114 | 0.00 |
| Total | | | \$350,258 | 0.50 |

| Fee Name | Rating Agency | Assigned Rating | Actual Fee | \$ Per 1000 |
|--------------|---------------|-----------------|------------------|-------------|
| Rating Fee | Fitch | AAA | \$85,000 | 0.12 |
| Rating Fee | Moody's | Aaa | \$85,000 | 0.12 |
| Rating Fee | S&P | AAA | \$77,601 | 0.11 |
| Total | | | \$247,601 | 0.35 |

| Fee Name | Actual Fee | \$ Per 1000 |
|-----------------|--------------------|-------------|
| Spread Expenses | \$173,445 | 0.25 |
| Takedown | \$2,624,563 | 3.72 |
| Total | \$2,798,008 | 3.97 |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 | UW Paid |
|-------------------------|---------------------|-----|------------|-------------|---------|
| Co-Underwriters Counsel | Bates & Coleman, PC | BA | \$14,111 | 0.02 | Yes |
| Co-Underwriters Counsel | Winstead PC | NO | \$56,444 | 0.08 | Yes |

| Firm Name | HUB | % of Risk | Mgmt Fee % | Mgmt Fee \$ | Take Down % | Take Down \$ |
|------------------------------|-----|-----------|------------|-------------|-------------|--------------|
| RBC Capital Markets | NO | 39.00% | | | 39.18% | \$1,028,179 |
| JP Morgan | NO | 21.04% | | | 21.13% | \$554,690 |
| UBS Financial Services, Inc. | NO | 6.66% | | | 6.69% | \$175,581 |
| Stifel Nicolaus & Co., Inc. | NO | 6.66% | | | 6.69% | \$175,581 |
| Loop Capital Markets, LLC | BA | 6.66% | | | 6.69% | \$175,581 |
| Frost Bank | NO | 6.66% | | | 6.69% | \$175,581 |

| | | | | | | |
|------------------------|-----------|-------|--|--|-------------|--------------------|
| Blaylock Van, LLC | BA | 6.66% | | | 6.69% | \$175,581 |
| Wells Fargo Securities | NO | 6.66% | | | 6.24% | \$163,787 |
| Total | | | | | 100% | \$2,624,561 |

Issuer Texas Transportation Commission

Issuance State of Texas Highway Improvement General Obligation Refunding Bonds Taxable Series 2020

Purpose Proceeds of the bonds will be used to refund certain maturities of the Commission's HIGO Series 2012A and 2014 bonds.

Actual Par \$794,235,000

Sale Type Negotiated

Sale Date 6/17/2020

Closing Date 7/8/2020

| Series Name | TIC | NIC | Is Variable |
|---|-------|-------|-------------|
| State of Texas Highway Improvement GO Ref Bonds Txbl Ser 2020 | 2.17% | 2.33% | No |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 |
|------------------------|-----------------------------------|-----|------------------|-------------|
| Attorney General | | NO | \$9,500 | 0.01 |
| Bond Counsel | McCall Parkhurst & Horton LLP | NO | \$119,135 | 0.15 |
| Disclosure Counsel | Orrick Herrington & Sutcliffe LLP | NO | \$79,424 | 0.10 |
| Escrow Agent | U.S. Bank National Association | NO | \$1,000 | 0.00 |
| Escrow Verification | AMTEC | NO | \$825 | 0.00 |
| Financial Advisor | Estrada Hinojosa & Co., Inc. | HA | \$125,000 | 0.16 |
| Miscellaneous | Estrada Hinojosa & Co., Inc. | HA | \$20,000 | 0.03 |
| Miscellaneous | Winters & Associates | NO | \$20,000 | 0.03 |
| Paying Agent/Registrar | U.S. Bank National Association | NO | \$650 | 0.00 |
| Printing | Image Master | NO | \$2,215 | 0.00 |
| Total | | | \$377,749 | 0.48 |

| Fee Name | Rating Agency | Assigned Rating | Actual Fee | \$ Per 1000 |
|--------------|---------------|-----------------|------------------|-------------|
| Rating Fee | Fitch | AAA | \$90,000 | 0.11 |
| Rating Fee | Kroll | AAA | \$70,000 | 0.09 |
| Rating Fee | Moody's | Aaa | \$97,750 | 0.12 |
| Total | | | \$257,750 | 0.32 |

| Fee Name | Actual Fee | \$ Per 1000 |
|-----------------|--------------------|-------------|
| Spread Expenses | \$170,600 | 0.21 |
| Takedown | \$2,886,719 | 3.63 |
| Total | \$3,057,319 | 3.85 |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 | UW Paid |
|-------------------------|---------------------|-----|------------|-------------|---------|
| Co-Underwriters Counsel | Kassahn & Ortiz, PC | HA | \$15,885 | 0.02 | Yes |
| Underwriter Counsel | Lock Lord LLP | NO | \$63,539 | 0.08 | Yes |

| Firm Name | HUB | % of Risk | Mgmt Fee % | Mgmt Fee \$ | Take Down % | Take Down \$ |
|------------------------------|-----|-----------|------------|-------------|-------------|--------------|
| Citigroup | NO | 42.00% | | | 42.00% | \$1,212,991 |
| Ramirez & Co., Inc. | HA | 22.00% | | | 22.00% | \$634,862 |
| Wells Fargo Securities | NO | 6.00% | | | 6.00% | \$173,144 |
| UBS Financial Services, Inc. | NO | 6.00% | | | 6.00% | \$173,144 |
| Raymond James | NO | 6.00% | | | 6.00% | \$173,144 |

| | | | | | | |
|-------------------------|----|--------------|--|--|-------------|--------------------|
| Mesirow Financial, Inc. | NO | 6.00% | | | 6.00% | \$173,144 |
| Jefferies, LLC | NO | 6.00% | | | 6.00% | \$173,144 |
| Barclays Capital, Inc. | NO | 6.00% | | | 6.00% | \$173,144 |
| | | Total | | | 100% | \$2,886,719 |

Issuer Texas Veterans Land Board

Issuance State of Texas Veterans Bonds Series 2020

Purpose Proceeds of the Bonds will be deposited in the Veterans Housing Assistance Fund II, a fund administered by the Veterans' Land Board of the State of Texas, and made available to make Home Loans to eligible Texas veterans.

Actual Par \$250,000,000

Sale Type Negotiated

Sale Date 1/8/2020

Closing Date 1/9/2020

| Series Name | TIC | NIC | Is Variable |
|--|-----|-----|-------------|
| State of Texas Veterans Bonds Ser 2020 | | | Yes |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 |
|-----------------------------|-----------------------------|-----|------------------|-------------|
| Attorney General | | NO | \$9,500 | 0.04 |
| Bond Counsel | Bracewell LLP | NO | \$125,000 | 0.50 |
| Co-Bond Counsel | Lannen & Oliver, PC | NO | \$30,365 | 0.12 |
| Financial Advisor | Stifel Nicolaus & Co., Inc. | NO | \$87,500 | 0.35 |
| Liquidity Providers Counsel | Squire Patton Boggs, LLP | NO | \$10,500 | 0.04 |
| Printing | Island Printing | NO | \$200 | 0.00 |
| Total | | | \$263,065 | 1.05 |

| Fee Name | Rating Agency | Assigned Rating | Actual Fee | \$ Per 1000 |
|--------------|---------------|-----------------|-----------------|-------------|
| Rating Fee | Moody's | Aaa/ VMIG-1 | \$20,000 | 0.08 |
| Total | | | \$20,000 | 0.08 |

| Fee Name | Actual Fee | \$ Per 1000 |
|-----------------|-----------------|-------------|
| Spread Expenses | \$37,000 | 0.15 |
| Total | \$37,000 | 0.15 |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 | UW Paid |
|---------------------|---------------|-----|------------|-------------|---------|
| Underwriter Counsel | Lock Lord LLP | NO | \$30,000 | 0.12 | Yes |

| Firm Name | HUB | % of Risk | Mgmt Fee % | Mgmt Fee \$ | Take Down % | Take Down \$ |
|--------------|-----|-----------|------------|-------------|-------------|--------------|
| JP Morgan | NO | 100.00% | | | 100.00% | |
| Total | | | | | 100% | |

Issuer Texas Water Development Board

Issuance State Revolving Fund Revenue Bonds New Series 2020

Purpose The Series 2020 Bonds are being issued to provide funds to the Clean Water State Revolving Fund (CWSRF) and the Drinking Water State Revolving Fund (DWSRF) to finance the acquisition of Political Subdivision Bonds, and to meet State Match requirements.

Actual Par \$352,590,000

Sale Type Negotiated

Sale Date 5/18/2020

Closing Date 6/2/2020

| Series Name | TIC | NIC | Is Variable |
|---|-------|-------|-------------|
| State Revolving Fund Rev Bonds New Ser 2020 | 1.99% | 2.25% | No |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 |
|------------------------|---------------------------------|-----|------------------|-------------|
| Attorney General | | NO | \$9,500 | 0.03 |
| Bond Counsel | McCall, Parkhurst & Horton LLP | NO | \$181,000 | 0.51 |
| Disclosure Counsel | Bracewell LLP | NO | \$40,000 | 0.11 |
| Financial Advisor | Hilltop Securities Inc | NO | \$200,583 | 0.57 |
| Paying Agent/Registrar | BNY Mellon Capital Markets, LLC | NO | \$501 | 0.00 |
| Printing | Hilltop Securities Inc | NO | \$7,500 | 0.02 |
| Printing | Image Master | NO | \$1,586 | 0.00 |
| Total | | | \$440,670 | 1.25 |

| Fee Name | Rating Agency | Assigned Rating | Actual Fee | \$ Per 1000 |
|--------------|---------------|-----------------|------------------|-------------|
| Rating Fee | Fitch | AAA | \$65,000 | 0.18 |
| Rating Fee | S&P | AAA | \$116,550 | 0.33 |
| Total | | | \$181,550 | 0.52 |

| Fee Name | Actual Fee | \$ Per 1000 |
|-----------------|--------------------|-------------|
| Spread Expenses | \$107,381 | 0.30 |
| Takedown | \$1,060,386 | 3.01 |
| Total | \$1,167,767 | 3.31 |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 | UW Paid |
|---------------------|-------------|-----|------------|-------------|---------|
| Underwriter Counsel | Winstead PC | NO | \$60,000 | 0.17 | Yes |

| Firm Name | HUB | % of Risk | Mgmt Fee % | Mgmt Fee \$ | Take Down % | Take Down \$ |
|-----------------------------------|-----|-----------|------------|-------------|-------------|--------------------|
| Siebert Williams Shank & Co., LLC | BA | 49.00% | | | 49.50% | \$524,920 |
| Barclays Capital, Inc. | NO | 8.50% | | | 10.42% | \$110,524 |
| Jefferies, LLC | NO | 8.50% | | | 10.13% | \$107,400 |
| Raymond James | NO | 8.50% | | | 8.93% | \$94,655 |
| Loop Capital Markets, LLC | BA | 8.50% | | | 7.44% | \$78,920 |
| SAMCO Capital Markets, Inc. | NO | 8.50% | | | 6.84% | \$72,484 |
| Huntington Securities, Inc. | NO | 8.50% | | | 6.74% | \$71,482 |
| Total | | | | | 100% | \$1,060,385 |

Issuer Texas Water Development Board

Issuance State Water Implementation Revenue Fund For Texas Revenue Bonds Series 2019A (Master Trust)

Purpose The proceeds from the sale of the Series 2019 Bonds will be used to provide funds to finance projects to implement the State Water Plan.

Actual Par \$835,825,000

Sale Type Negotiated

Sale Date 9/24/2019

Closing Date 10/10/2019

| Series Name | TIC | NIC | Is Variable |
|---|-------|-------|-------------|
| SWIRFT Rev Bonds Ser 2019A (Master Trust) | 3.03% | 3.29% | No |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 |
|--------------------|-----------------------------------|-----|------------------|-------------|
| Attorney General | | NO | \$9,500 | 0.01 |
| Bond Counsel | McCall, Parkhurst & Horton LLP | NO | \$176,156 | 0.21 |
| Disclosure Counsel | Bracewell LLP | NO | \$36,557 | 0.04 |
| Financial Advisor | Hilltop Securities, Inc. | NO | \$249,969 | 0.30 |
| Miscellaneous | | NO | \$20,367 | 0.02 |
| Printing | Hilltop Securities, Inc. | NO | \$7,299 | 0.01 |
| Printing | ImageMaster, LLC | NO | \$1,705 | 0.00 |
| Trustee | Bank of New York Mellon Trust Co. | NO | \$51,407 | 0.06 |
| Total | | | \$552,960 | 0.66 |

| Fee Name | Rating Agency | Assigned Rating | Actual Fee | \$ Per 1000 |
|--------------|---------------|-----------------|------------------|-------------|
| Rating Fee | Fitch | AAA | \$82,725 | 0.10 |
| Rating Fee | S&P | AAA | \$137,518 | 0.16 |
| Total | | | \$220,243 | 0.26 |

| Fee Name | Actual Fee | \$ Per 1000 |
|-----------------|--------------------|-------------|
| Spread Expenses | \$172,029 | 0.21 |
| Takedown | \$2,501,243 | 2.99 |
| Total | \$2,673,272 | 3.20 |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 | UW Paid |
|---------------------|-----------------------------------|-----|------------|-------------|---------|
| Underwriter Counsel | Orrick Herrington & Sutcliffe LLP | NO | \$58,500 | 0.07 | Yes |

| Firm Name | HUB | % of Risk | Mgmt Fee % | Mgmt Fee \$ | Take Down % | Take Down \$ |
|-----------------------------------|-----------|-----------|------------|-------------|-------------|--------------|
| Bank of America Merrill Lynch | NO | 50.00% | | | 50.19% | \$1,255,375 |
| Morgan Stanley | NO | 5.00% | | | 5.03% | \$125,726 |
| Siebert Williams Shank & Co., LLC | BA | 5.00% | | | 5.00% | \$125,063 |
| RBC Capital Markets | NO | 5.00% | | | 5.00% | \$125,063 |
| Ramirez & Co., Inc. | HA | 5.00% | | | 5.00% | \$125,063 |
| Piper Sandler & Co. | NO | 5.00% | | | 5.00% | \$125,063 |
| Mesirow Financial, Inc. | NO | 5.00% | | | 5.00% | \$125,063 |
| FTN Financial Capital Markets | NO | 5.00% | | | 5.00% | \$125,063 |
| Wells Fargo Bank, NA | NO | 5.00% | | | 4.94% | \$123,524 |

| | | | | | | |
|----------------------|----|--------------|--|--|-------------|--------------------|
| JP Morgan Securities | NO | 5.00% | | | 4.93% | \$123,370 |
| Citigroup | NO | 5.00% | | | 4.91% | \$122,868 |
| | | Total | | | 100% | \$2,501,241 |

Issuer Texas Water Development Board

Issuance State Water Implementation Revenue Fund For Texas Revenue Bonds Taxable Series 2019B (Master Trust)

Purpose The proceeds from the sale of the Series 2019 Bonds will be used to provide funds to finance projects to implement the State Water Plan.

Actual Par \$22,985,000

Sale Type Negotiated

Sale Date 9/24/2019

Closing Date 10/10/2019

| Series Name | TIC | NIC | Is Variable |
|--|-------|-------|-------------|
| SWIRFT Rev Bonds Txbl Ser 2019B (Master Trust) | 2.98% | 3.01% | No |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 |
|--------------------|-----------------------------------|-----|-----------------|-------------|
| Attorney General | | NO | \$9,500 | 0.41 |
| Bond Counsel | McCall, Parkhurst & Horton LLP | NO | \$4,844 | 0.21 |
| Disclosure Counsel | Bracewell LLP | NO | \$1,005 | 0.04 |
| Financial Advisor | Hilltop Securities Inc | NO | \$6,874 | 0.30 |
| Miscellaneous | | NO | \$560 | 0.02 |
| Printing | Hilltop Securities Inc | NO | \$201 | 0.01 |
| Printing | ImageMaster, LLC | NO | \$47 | 0.00 |
| Trustee | Bank of New York Mellon Trust Co. | NO | \$7,012 | 0.31 |
| Total | | | \$30,043 | 1.31 |

| Fee Name | Rating Agency | Assigned Rating | Actual Fee | \$ Per 1000 |
|--------------|---------------|-----------------|----------------|-------------|
| Rating Fee | Fitch | AAA | \$2,275 | 0.10 |
| Rating Fee | S&P | AAA | \$3,782 | 0.16 |
| Total | | | \$6,057 | 0.26 |

| Fee Name | Actual Fee | \$ Per 1000 |
|-----------------|-----------------|-------------|
| Spread Expenses | \$4,717 | 0.21 |
| Takedown | \$65,764 | 2.86 |
| Total | \$70,481 | 3.07 |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 | UW Paid |
|---------------------|-----------------------------------|-----|------------|-------------|---------|
| Underwriter Counsel | Orrick Herrington & Sutcliffe LLP | NO | \$1,500 | 0.07 | Yes |

| Firm Name | HUB | % of Risk | Mgmt Fee % | Mgmt Fee \$ | Take Down % | Take Down \$ |
|-----------------------------------|-----------|-----------|------------|-------------|-------------|--------------|
| Bank of America Merrill Lynch | NO | 50.00% | | | 50.00% | \$32,882 |
| Wells Fargo Bank, NA | NO | 5.00% | | | 5.00% | \$3,288 |
| Siebert Williams Shank & Co., LLC | BA | 5.00% | | | 5.00% | \$3,288 |
| RBC Capital Markets | NO | 5.00% | | | 5.00% | \$3,288 |
| Ramirez & Co., Inc. | HA | 5.00% | | | 5.00% | \$3,288 |
| Piper Sandler & Co. | NO | 5.00% | | | 5.00% | \$3,288 |
| Morgan Stanley | NO | 5.00% | | | 5.00% | \$3,288 |
| Mesirow Financial, Inc. | NO | 5.00% | | | 5.00% | \$3,288 |
| JP Morgan Securities | NO | 5.00% | | | 5.00% | \$3,288 |

| | | | | | | |
|-------------------------------|----|-------|--|--|-------------|-----------------|
| FTN Financial Capital Markets | NO | 5.00% | | | 5.00% | \$3,288 |
| Citigroup | NO | 5.00% | | | 5.00% | \$3,288 |
| Total | | | | | 100% | \$65,762 |

Issuer University of Houston System

Issuance Consolidated Revenue and Refunding Bonds Series 2020A

Purpose Proceeds from the sale of the Bonds will be used to refund and defease certain outstanding notes and bonds of the System, finance the acquisition, purchase, construction, improvement, enlargement, and equipping of property, buildings, structures, activities, services, operations and other facilities, roads, or related infrastructure for or on behalf of the System, including individual campuses of the System.

Actual Par \$320,635,000

Sale Type Competitive

Sale Date 1/22/2020

Closing Date 2/19/2020

| Series Name | TIC | NIC | Is Variable |
|--|-------|-------|-------------|
| Consolidated Rev & Ref Bonds Ser 2020A | 2.44% | 2.58% | No |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 |
|------------------------|-----------------------------|-----|------------------|-------------|
| Attorney General | | NO | \$9,500 | 0.03 |
| Bond Counsel | Norton Rose Fulbright | NO | \$83,250 | 0.26 |
| Escrow Agent | Wells Fargo Bank | NO | \$2,000 | 0.01 |
| Escrow Verification | Public Finance Partners LLC | NO | \$4,313 | 0.01 |
| Financial Advisor | Masterson Advisors LLC | NO | \$168,849 | 0.53 |
| Miscellaneous | | NO | \$3,848 | 0.01 |
| Paying Agent/Registrar | Wells Fargo Bank | NO | \$2,000 | 0.01 |
| Printing | Ipreo | NO | \$2,654 | 0.01 |
| Total | | | \$276,414 | 0.86 |

| Fee Name | Rating Agency | Assigned Rating | Actual Fee | \$ Per 1000 |
|--------------|---------------|-----------------|------------------|-------------|
| Rating Fee | Moody's | Aa2 | \$85,258 | 0.27 |
| Rating Fee | S&P | AA | \$77,296 | 0.24 |
| Total | | | \$162,554 | 0.51 |

| Fee Name | Actual Fee | \$ Per 1000 |
|--------------|------------------|-------------|
| Takedown | \$519,429 | 1.62 |
| Total | \$519,429 | 1.62 |

| Firm Name | HUB | % of Risk | Mgmt Fee % | Mgmt Fee \$ | Take Down % | Take Down \$ |
|---------------------------------|-----|-----------|------------|-------------|-------------|--------------|
| Bank of America Securities, LLC | NO | 100.00% | | | | |
| Total | | | | | | |

Issuer University of Houston System

Issuance Consolidated Revenue and Refunding Bonds Series 2020B (Taxable)

Purpose Proceeds from the sale of the Bonds will be used to refund and defease certain outstanding notes and bonds of the System, finance the acquisition, purchase, construction, improvement, enlargement, and equipping of property, buildings, structures, activities, services, operations and other facilities, roads, or related infrastructure for or on behalf of the System, including individual campuses of the System.

Actual Par \$162,625,000

Sale Type Competitive

Sale Date 1/22/2020

Closing Date 2/19/2020

| Series Name | TIC | NIC | Is Variable |
|---|-------|-------|-------------|
| Consolidated Rev & Ref Bonds Ser 2020B (Txbl) | 2.75% | 2.78% | No |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 |
|------------------------|-----------------------------|-----|------------------|-------------|
| Attorney General | | NO | \$9,500 | 0.06 |
| Bond Counsel | Norton Rose Fulbright | NO | \$83,250 | 0.51 |
| Escrow Agent | Wells Fargo Bank | NO | \$2,000 | 0.01 |
| Escrow Verification | Public Finance Partners LLC | NO | \$2,187 | 0.01 |
| Financial Advisor | Masterson Advisors LLC | NO | \$90,292 | 0.56 |
| Miscellaneous | | NO | \$1,952 | 0.01 |
| Paying Agent/Registrar | Wells Fargo Bank | NO | \$2,000 | 0.01 |
| Printing | Ipreo | NO | \$1,346 | 0.01 |
| Total | | | \$192,527 | 1.18 |

| Fee Name | Rating Agency | Assigned Rating | Actual Fee | \$ Per 1000 |
|--------------|---------------|-----------------|-----------------|-------------|
| Rating Fee | Moody's | Aa2 | \$43,242 | 0.27 |
| Rating Fee | S&P | AA | \$39,204 | 0.24 |
| Total | | | \$82,446 | 0.51 |

| Fee Name | Actual Fee | \$ Per 1000 |
|-----------------|------------------|-------------|
| Management Fee | \$96,544 | 0.59 |
| Spread Expenses | \$62,525 | 0.38 |
| Takedown | \$636,196 | 3.91 |
| Total | \$795,265 | 4.89 |

| Firm Name | HUB | % of Risk | Mgmt Fee % | Mgmt Fee \$ | Take Down % | Take Down \$ |
|------------------------------|-----|-----------|------------|-------------|-------------|--------------|
| Raymond James & Assoc., Inc. | NO | 100.00% | | | | |
| Total | | | | | | |

Issuer University of North Texas System

Issuance Revenue Financing System Refunding Bonds Series 2020A

Purpose The proceeds from the sale of the Series 2020A Bonds will be used for the purposes of refunding a portion of the RFS Series 2010, 2015, and 2015C bonds to achieve debt service savings and pay cost of issuance of the bonds.

Actual Par \$59,475,000

Sale Type Negotiated

Sale Date 6/18/2020

Closing Date 7/2/2020

| Series Name | TIC | NIC | Is Variable |
|-------------------------|-------|-------|-------------|
| RFS Ref Bonds Ser 2020A | 1.26% | 1.44% | No |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 |
|------------------------|--------------------------------|-----|------------------|-------------|
| Attorney General | | NO | \$9,500 | 0.16 |
| Bond Counsel | McCall, Parkhurst & Horton LLP | NO | \$61,030 | 1.03 |
| Escrow Verification | Causey Demgen & Moore, PC | NO | \$1,555 | 0.03 |
| Financial Advisor | Hilltop Securities Inc. | NO | \$30,189 | 0.51 |
| Miscellaneous | BOKF, NA | NO | \$300 | 0.01 |
| Miscellaneous | Image Master | NO | \$1,944 | 0.03 |
| Paying Agent/Registrar | BOKF, NA | NO | \$400 | 0.01 |
| Printing | Image Master | NO | \$1,711 | 0.03 |
| Travel | | NO | \$880 | 0.01 |
| Total | | | \$107,509 | 1.81 |

| Fee Name | Rating Agency | Assigned Rating | Actual Fee | \$ Per 1000 |
|--------------|---------------|-----------------|-----------------|-------------|
| Rating Fee | Fitch | AA | \$38,884 | 0.65 |
| Rating Fee | Moody's | Aa2 | \$42,514 | 0.71 |
| Total | | | \$81,398 | 1.37 |

| Fee Name | Actual Fee | \$ Per 1000 |
|-----------------|------------------|-------------|
| Spread Expenses | \$45,853 | 0.77 |
| Takedown | \$142,906 | 2.40 |
| Total | \$188,759 | 3.17 |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 | UW Paid |
|-------------------------|------------------------------------|-----|------------|-------------|---------|
| Co-Underwriters Counsel | Kassahn & Ortiz, PC | WO | \$8,428 | 0.14 | Yes |
| Underwriter Counsel | Orrick, Herrington & Sutcliffe LLP | NO | \$25,283 | 0.43 | Yes |

| Firm Name | HUB | % of Risk | Mgmt Fee % | Mgmt Fee \$ | Take Down % | Take Down \$ |
|-----------------------------------|-----|-----------|------------|-------------|-------------|------------------|
| JP Morgan | NO | 60.00% | | | 62.78% | \$89,713 |
| Frost Bank | NO | 10.00% | | | 10.61% | \$15,158 |
| Raymond James | NO | 10.00% | | | 8.90% | \$12,718 |
| UBS Financial Services, Inc. | NO | 10.00% | | | 8.86% | \$12,658 |
| Siebert Williams Shank & Co., LLC | BA | 10.00% | | | 8.86% | \$12,658 |
| Total | | | | | 100% | \$142,906 |

Issuer University of North Texas System

Issuance Revenue Financing System Refunding Bonds Taxable Series 2020B

Purpose The proceeds from the sale of the Series 2020B bonds will be used for the purpose of refunding a portion of the RFS 2012A & 2012B bonds and pay cost of issuance of the bonds.

Actual Par \$55,240,000

Sale Type Negotiated

Sale Date 6/18/2020

Closing Date 7/2/2020

| Series Name | TIC | NIC | Is Variable |
|------------------------------|-------|-------|-------------|
| RFS Ref Bonds Txbl Ser 2020B | 2.24% | 2.28% | No |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 |
|------------------------|--------------------------------|-----|------------------|-------------|
| Attorney General | | NO | \$9,500 | 0.17 |
| Bond Counsel | McCall, Parkhurst & Horton LLP | NO | \$56,685 | 1.03 |
| Escrow Agent | BOKF, NA | NO | \$1,500 | 0.03 |
| Escrow Verification | Causey Demgen & Moore, PC | NO | \$1,445 | 0.03 |
| Financial Advisor | Hilltop Securities | NO | \$28,039 | 0.51 |
| Miscellaneous | BOKF, NA | NO | \$600 | 0.01 |
| Miscellaneous | Image Master | NO | \$1,806 | 0.03 |
| Paying Agent/Registrar | BOKF, NA | NO | \$400 | 0.01 |
| Printing | Image Master | NO | \$1,589 | 0.03 |
| Travel | | NO | (\$165) | 0.00 |
| Total | | | \$101,399 | 1.84 |

| Fee Name | Rating Agency | Assigned Rating | Actual Fee | \$ Per 1000 |
|--------------|---------------|-----------------|-----------------|-------------|
| Rating Fee | Fitch | AA | \$36,116 | 0.65 |
| Rating Fee | Moody's | Aa2 | \$39,486 | 0.71 |
| Total | | | \$75,602 | 1.37 |

| Fee Name | Actual Fee | \$ Per 1000 |
|-----------------|------------------|-------------|
| Spread Expenses | \$42,558 | 0.77 |
| Takedown | \$191,469 | 3.47 |
| Total | \$234,027 | 4.24 |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 | UW Paid |
|-------------------------|------------------------------------|-----|------------|-------------|---------|
| Co-Underwriters Counsel | Kassahn & Ortiz, PC | WO | \$7,596 | 0.14 | Yes |
| Underwriter Counsel | Orrick, Herrington & Sutcliffe LLP | NO | \$22,787 | 0.41 | Yes |

| Firm Name | HUB | % of Risk | Mgmt Fee % | Mgmt Fee \$ | Take Down % | Take Down \$ |
|-----------------------------------|-----|-----------|------------|-------------|-------------|------------------|
| JP Morgan | NO | 60.00% | | | 60.00% | \$114,881 |
| UBS Financial Services, Inc. | NO | 10.00% | | | 10.00% | \$19,147 |
| Siebert Williams Shank & Co., LLC | BA | 10.00% | | | 10.00% | \$19,147 |
| Raymond James | NO | 10.00% | | | 10.00% | \$19,147 |
| Frost Bank | NO | 10.00% | | | 10.00% | \$19,147 |
| Total | | | | | 100% | \$191,469 |

Issuer University of Texas System

Issuance Revenue Financing System Bonds Series 2020A

Purpose The bonds are being issued for the purpose of (i) refunding a portion of the Board's Revenue Financing System Commercial Paper Notes, Series A, in an aggregate principal amount of \$381,590,000, (ii) refunding certain long-term Parity Debt obligations in the aggregate principal amount of \$99,530,000 for savings, and (iii) paying the costs of issuance of the Bonds.

Actual Par \$347,580,000

Sale Type Negotiated

Sale Date 3/5/2020

Closing Date 4/14/2020

| Series Name | TIC | NIC | Is Variable |
|---------------------|-------|-------|-------------|
| RFS Bonds Ser 2020A | 1.89% | 2.34% | No |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 |
|------------------------|----------------------------|-----|------------------|-------------|
| Attorney General | | NO | \$9,500 | 0.03 |
| Bond Counsel | McCall, Parkhurst & Horton | NO | \$161,196 | 0.46 |
| Disclosure Counsel | McCall, Parkhurst & Horton | NO | \$35,000 | 0.10 |
| Escrow Agent | US Bank | NO | \$500 | 0.00 |
| Escrow Verification | Causey Demgen & Moore, PC | NO | \$2,000 | 0.01 |
| Paying Agent/Registrar | US Bank | NO | \$4,000 | 0.01 |
| Printing | McElwee & Quinn | WO | \$450 | 0.00 |
| Travel | | NO | \$1,031 | 0.00 |
| Total | | | \$213,677 | 0.61 |

| Fee Name | Rating Agency | Assigned Rating | Actual Fee | \$ Per 1000 |
|--------------|---------------|-----------------|------------------|-------------|
| Rating Fee | Fitch | AAA | \$20,000 | 0.06 |
| Rating Fee | Moody's | Aaa | \$65,000 | 0.19 |
| Rating Fee | S&P | AAA | \$69,500 | 0.20 |
| Total | | | \$154,500 | 0.44 |

| Fee Name | Actual Fee | \$ Per 1000 |
|-----------------|--------------------|-------------|
| Spread Expenses | \$77,427 | 0.22 |
| Takedown | \$1,093,950 | 3.15 |
| Total | \$1,171,377 | 3.37 |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 | UW Paid |
|-------------------------|-----------------------------------|-----|------------|-------------|---------|
| Co-Underwriters Counsel | Kassahn & Ortiz, PC | HA | \$5,000 | 0.01 | Yes |
| Underwriter Counsel | Orrick Herrington & Sutcliffe LLP | NO | \$35,000 | 0.10 | Yes |

| Firm Name | HUB | % of Risk | Mgmt Fee % | Mgmt Fee \$ | Take Down % | Take Down \$ |
|-----------------------------------|-----|-----------|------------|-------------|-------------|--------------|
| JP Morgan Securities | NO | 50.00% | | | 50.00% | \$546,975 |
| Jefferies, LLC | NO | 25.00% | | | 25.00% | \$273,487 |
| Siebert Williams Shank & Co., LLC | BA | 5.00% | | | 11.63% | \$127,252 |
| Loop Capital Markets, LLC | BA | 5.00% | | | 7.47% | \$81,759 |
| Academy Securities, Inc. | DV | 5.00% | | | 3.90% | \$42,632 |

| | | | | | | |
|------------------------------|----|--------------|--|--|-------------|--------------------|
| Frost Bank | NO | 5.00% | | | 1.03% | \$11,250 |
| Estrada Hinojosa & Co., Inc. | HA | 5.00% | | | 0.97% | \$10,594 |
| | | Total | | | 100% | \$1,093,950 |

Issuer University of Texas System

Issuance Revenue Financing System Bonds Series 2020C

Purpose Bond proceeds will be used for the purpose of refunding a portion of the Board's RFS Commercial Paper Notes, Series A (\$98,800,000), and the Board's RFS Bonds, Series 2017B.

Actual Par \$101,065,000

Sale Type Negotiated

Sale Date 5/21/2020

Closing Date 6/16/2020

| Series Name | TIC | NIC | Is Variable |
|---------------------|-------|-------|-------------|
| RFS Bonds Ser 2020C | 1.64% | 1.85% | No |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 |
|------------------------|----------------------------|-----|------------------|-------------|
| Attorney General | | NO | \$9,500 | 0.09 |
| Bond Counsel | McCall, Parkhurst & Horton | NO | \$72,035 | 0.71 |
| Disclosure Counsel | McCall, Parkhurst & Horton | NO | \$17,500 | 0.17 |
| Escrow Agent | US Bank | NO | \$500 | 0.00 |
| Escrow Verification | Causey Demgen & Moore, PC | NO | \$1,250 | 0.01 |
| Paying Agent/Registrar | US Bank | NO | \$1,500 | 0.01 |
| Printing | Image Master | NO | \$2,197 | 0.02 |
| Total | | | \$104,482 | 1.03 |

| Fee Name | Rating Agency | Assigned Rating | Actual Fee | \$ Per 1000 |
|--------------|---------------|-----------------|-----------------|-------------|
| Rating Fee | Fitch | AAA | \$0 | 0.00 |
| Rating Fee | Moody's | Aaa | \$8,500 | 0.08 |
| Rating Fee | S&P | AAA | \$21,214 | 0.21 |
| Total | | | \$29,714 | 0.29 |

| Fee Name | Actual Fee | \$ Per 1000 |
|-----------------|------------------|-------------|
| Spread Expenses | \$21,014 | 0.21 |
| Takedown | \$252,663 | 2.50 |
| Total | \$273,676 | 2.71 |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 | UW Paid |
|-------------------------|------------------------------------|-----|------------|-------------|---------|
| Co-Underwriters Counsel | Kassahn & Ortiz, PC | HA | \$1,257 | 0.01 | Yes |
| Underwriter Counsel | Orrick, Herrington & Sutcliffe LLP | NO | \$8,802 | 0.09 | Yes |

| Firm Name | HUB | % of Risk | Mgmt Fee % | Mgmt Fee \$ | Take Down % | Take Down \$ |
|-------------------------------|-----|-----------|------------|-------------|-------------|--------------|
| Goldman Sachs & Co. | NO | 45.00% | | | 49.95% | \$126,206 |
| RBC Capital Markets | NO | 25.00% | | | 24.98% | \$63,103 |
| Piper Sandler & Co. | NO | 5.00% | | | 8.92% | \$22,525 |
| Raymond James | NO | 5.00% | | | 5.24% | \$13,235 |
| Ramirez & Co., Inc. | HA | 5.00% | | | 4.58% | \$11,568 |
| FHN Financial Capital Markets | NO | 5.00% | | | 3.82% | \$9,639 |
| UBS Financial Services, Inc. | NO | 5.00% | | | 2.53% | \$6,386 |
| Estrada Hinojosa & Co., Inc. | HA | 5.00% | | | | |

| | | | | |
|--------------|--|--|-------------|------------------|
| Total | | | 100% | \$252,663 |
|--------------|--|--|-------------|------------------|

Issuer University of Texas System

Issuance Revenue Financing System Bonds Taxable Series 2020B

Purpose Bond proceeds will be used to refund a portion of the Board's RFS Commercial Paper Notes, Series A (\$159,500,000), and RFS Taxable Commercial Paper Notes Series B (\$139,412,000), and pay cost of issuance.

Actual Par \$300,805,000

Sale Type Negotiated

Sale Date 5/21/2020

Closing Date 5/29/2020

| Series Name | TIC | NIC | Is Variable |
|--------------------------|-------|-------|-------------|
| RFS Bonds Txbl Ser 2020B | 2.46% | 2.45% | No |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 |
|------------------------|----------------------------|-----|------------------|-------------|
| Attorney General | | NO | \$9,500 | 0.03 |
| Bond Counsel | McCall, Parkhurst & Horton | NO | \$115,201 | 0.38 |
| Disclosure Counsel | McCall, Parkhurst & Horton | NO | \$17,500 | 0.06 |
| Escrow Agent | US Bank | NO | \$500 | 0.00 |
| Escrow Verification | Causey Demgen & Moore, PC | NO | \$1,250 | 0.00 |
| Paying Agent/Registrar | US Bank | NO | \$4,000 | 0.01 |
| Printing | Image Master | NO | \$4,697 | 0.02 |
| Total | | | \$152,648 | 0.51 |

| Fee Name | Rating Agency | Assigned Rating | Actual Fee | \$ Per 1000 |
|--------------|---------------|-----------------|------------------|-------------|
| Rating Fee | Fitch | AAA | \$0 | 0.00 |
| Rating Fee | Moody's | Aaa | \$62,000 | 0.21 |
| Rating Fee | S&P | AAA | \$59,160 | 0.20 |
| Total | | | \$121,160 | 0.40 |

| Fee Name | Actual Fee | \$ Per 1000 |
|-----------------|--------------------|-------------|
| Spread Expenses | \$61,294 | 0.20 |
| Takedown | \$1,128,019 | 3.75 |
| Total | \$1,189,312 | 3.95 |

| Fee Name | Firm Name | HUB | Actual Fee | \$ Per 1000 | UW Paid |
|-------------------------|------------------------------------|-----|------------|-------------|---------|
| Co-Underwriters Counsel | Kassahn & Ortiz, PC | HA | \$3,743 | 0.01 | Yes |
| Underwriter Counsel | Orrick, Herrington & Sutcliffe LLP | NO | \$26,198 | 0.09 | Yes |

| Firm Name | HUB | % of Risk | Mgmt Fee % | Mgmt Fee \$ | Take Down % | Take Down \$ |
|-------------------------------|-----|-----------|------------|-------------|-------------|--------------|
| Goldman Sachs & Co. | NO | 45.00% | | | 45.00% | \$507,608 |
| RBC Capital Markets | NO | 25.00% | | | 25.00% | \$282,005 |
| UBS Financial Services, Inc. | NO | 5.00% | | | 5.00% | \$56,401 |
| Raymond James | NO | 5.00% | | | 5.00% | \$56,401 |
| Ramirez & Co., Inc. | HA | 5.00% | | | 5.00% | \$56,401 |
| Piper Sandler & Co. | NO | 5.00% | | | 5.00% | \$56,401 |
| FHN Financial Capital Markets | NO | 5.00% | | | 5.00% | \$56,401 |
| Estrada Hinojosa & Co., Inc. | HA | 5.00% | | | 5.00% | \$56,401 |

| | | | | |
|--------------|--|--|-------------|--------------------|
| Total | | | 100% | \$1,128,019 |
|--------------|--|--|-------------|--------------------|

Appendix B

State Commercial Paper and Variable-Rate Note Programs

Several state agencies and institutions of higher education have established commercial paper and/or variable-rate debt financing programs that provide financing for equipment or capital projects or provide loans to eligible entities.

As of August 31, 2020, a total of \$7.86 billion was authorized for state commercial paper or variable-rate note programs. Of this amount, \$2.05 billion was outstanding as of the end of fiscal year 2020 (*Table B1*), approximately \$222.5 million less than the amount outstanding at fiscal year-end 2019.

A summary of each commercial paper or variable-rate debt program is provided below.

Texas Department of Agriculture

In 1991, the Texas Agricultural Finance Authority (TAFA), a public authority within the Texas Department of Agriculture, was authorized to establish a taxable commercial paper note program. TAFA issues commercial paper to purchase and guarantee loans made to businesses involved in the production, processing, marketing, and exporting of Texas agricultural products. The commercial paper notes are a general obligation of the state; however, the program is designed to be self-supporting.

During fiscal year 1995, TAFA established a second general obligation taxable commercial paper note program to make funds available for the Farm and Ranch Finance Program. The program was established to provide loans and other financial assistance through local lending institutions to eligible borrowers for the purchase of farm or ranch land.

Texas Department of Housing and Community Affairs

The Texas Department of Housing and Community Affairs (TDHCA) established a single-family mortgage revenue commercial paper program in 1994. The program enables TDHCA to capture mortgage payments and prepayments and recycle them into mortgage

loans. By issuing commercial paper notes to satisfy the mandatory redemption provisions of outstanding single-family mortgage revenue bonds instead of using the payments and prepayments to redeem bonds, TDHCA is able to preserve the private activity volume cap and generate new mortgage loans.

While still legislatively authorized, the program was terminated in July 2009. TDHCA has no plans to use the authority, and reauthorization from the Bond Review Board (BRB) would be required to reestablish the program.

Texas Department of Transportation

In July 2005, the Texas Transportation Commission (the Commission), the governing body of the Texas Department of Transportation (TxDOT), authorized a commercial paper program to issue up to \$500.0 million in commercial paper to carry out transportation functions.

In June 2013, the Commission suspended the commercial paper program and created the State Highway Fund Revenue Flexible Rate Revolving Notes Program. The State Highway Fund Revenue Flexible Rate Revolving Notes, Series B, was terminated on October 1, 2018. The Series B Note was part of TxDOT's cash management program that was used to manage fluctuations in the balance of the State Highway Fund; however, it was no longer needed.

Texas Economic Development and Tourism Office

In 1992, the Department of Commerce, subsequently the Texas Economic Development and Tourism Office (the Office) was granted \$300.0 million of authority to issue commercial paper to fund loans to Texas businesses under three programs. Under the first program marketed as the Texas Leverage Fund, the Office approves loans to local industrial development corporations. Revenues from an optional local half-cent sales tax for economic development secure these loans. The second program provides

Table B1
TEXAS COMMERCIAL PAPER AND VARIABLE-RATE NOTE PROGRAMS
as of August 31, 2020

| ISSUER | TYPE OF PROGRAM | AMOUNT AUTHORIZED | AMOUNT ISSUED FISCAL YEAR 2020 | AMOUNT OUTSTANDING |
|--|--------------------------------|-------------------------|--------------------------------|-------------------------|
| Texas Department of Agriculture ⁽¹⁾ | | | | |
| TAFAs | Commercial Paper - Series A | \$ 50,000,000 | \$ - | \$ - |
| Farm and Ranch Loans | Commercial Paper - Series B | 25,000,000 | - | - |
| Texas Dept. of Housing & Community Affairs | Commercial Paper | - | - | - |
| Texas Department of Transportation | | | | |
| State Highway Fund | Flexible-Rate Notes - Series B | - | - | - |
| Texas Economic Dev & Tourism Office ⁽²⁾ | | | | |
| | Commercial Paper | 25,000,000 | - | - |
| Texas Public Finance Authority | | | | |
| Revenue | Commercial Paper - 2003* | 150,000,000 | 100,000 | - |
| Revenue | Commercial Paper - 2016A | - | - | - |
| | Commercial Paper - 2016B | 1,242,855,581 | 160,000,000 | 160,000,000 |
| Revenue | Commercial Paper - 2019A* | - | 34,490,000 | 26,900,000 |
| | Commercial Paper - 2019B | 300,000,000 | - | - |
| General Obligation ⁽³⁾ | Commercial Paper - 2002A | 881,000,000 | - | - |
| General Obligation | Commercial Paper - 2002B | 175,000,000 | - | - |
| General Obligation ⁽⁴⁾ | Commercial Paper - 2008 | 1,000,000,000 | 16,800,000 | 62,000,000 |
| General Obligation - Cancer Prevention and Research Institute of Texas | Commercial Paper - Series A | 450,000,000 | 116,300,000 | - |
| | Commercial Paper - Series B | - | - | - |
| Texas State University System | Commercial Paper | 240,000,000 | 16,360,000 | 94,840,000 |
| Texas Tech University System | | | | |
| Revenue Financing System | Commercial Paper | 150,000,000 | 44,524,000 | 28,978,000 |
| The Texas A&M University System | | | | |
| Permanent University Fund | Flexible-Rate Notes | - | - | - |
| Permanent University Fund | Commercial Paper | 125,000,000 | - | - |
| Revenue Financing System | Commercial Paper | 300,000,000 | 60,000,000 | 176,075,000 |
| The University of Texas System | | | | |
| Permanent University Fund ⁽⁵⁾ | Commercial Paper - Series A | - | 160,000,000 | 709,000,000 |
| Permanent University Fund ⁽⁵⁾ | Commercial Paper - Series B | 1,250,000,000 | 100,000,000 | 151,000,000 |
| Revenue Financing System ⁽⁵⁾ | Commercial Paper - Series A | - | 449,478,000 | 520,698,000 |
| Revenue Financing System ⁽⁵⁾ | Commercial Paper - Series B | 1,250,000,000 | 100,932,000 | 33,000,000 |
| University of Houston System | | | | |
| Revenue Financing System | Commercial Paper - Series A-1 | - | - | 679,000 |
| Revenue Financing System | Commercial Paper - Series A-2 | 125,000,000 | - | 43,002,000 |
| University of North Texas System | | | | |
| Revenue Financing System | Commercial Paper - Series A | 50,000,000 | 26,050,000 | 37,330,000 |
| Revenue Financing System | Commercial Paper - Series B | 75,000,000 | - | 7,735,000 |
| Total | | \$ 7,863,855,581 | \$ 1,285,034,000 | \$ 2,051,237,000 |

Source: Texas Bond Review Board - Bond Finance Office.

* Refunded outstanding 2003 Revenue CP notes with 2019A Revenue CP Program. No new money issued under the 2019A CP Program.

⁽¹⁾ Represents the maximum amount authorized by the Bond Review Board; however, the Texas Agricultural Finance Authority (Department of Agriculture) has approved a \$100 million program amount.

⁽²⁾ Represents the maximum amount authorized by the Bond Review Board; however, the program has a \$300 million program amount. Statutory changes are needed to continue the program.

⁽³⁾ Total program authorization as reported by TPFA is \$881,000,000. The Texas Constitution authorizes \$850,000,000 and requires legislative appropriation for amounts for specific projects. The legislature appropriated funds from FY 2002-2011.

⁽⁴⁾ The Texas Constitution authorizes \$1,000,000,000 and requires legislative appropriation for amounts for specific projects. The legislature appropriated funds from FY 2008-2015.

⁽⁵⁾ Represents cumulative total amount for Series A (tax-exempt) & B (taxable) with no limitation on the amount issued in each series, provided that the total outstanding amount will not exceed the maximum authorization.

for the purchase of small business loans which are fully guaranteed by the U.S. Small Business Administration. A third program may make loans directly to businesses from program reserves. The program is designed to be self-supporting, and the commercial paper is taxable. The maximum authority approved by the Bond Review Board is \$25.0 million for the Texas Leverage Fund. Statutory changes are needed to continue this program.

Texas Public Finance Authority

In 1992, the Texas Public Finance Authority (TPFA) established a Master Lease Purchase Program (MLPP) that is funded through commercial paper. The commercial paper issued to date has primarily been used to finance the purchase of equipment with shorter useful lives such as computers and telecommunications equipment. TPFA also has the authority to use the commercial paper to provide interim financing for capital projects undertaken on behalf of state agencies and institutions of higher education. The MLPP commercial paper is a special revenue obligation of the state, payable only from legislative appropriations to the participating state agencies and institutions of higher education for lease payments. The TPFA Board approved a resolution on November 8, 2019, to authorize issuance of the Series 2019A and Taxable Series 2019B commercial paper notes. The resolution amended the 2003 revenue commercial paper program to increase the program aggregate amount outstanding at any time from \$150,000,000 to \$300,000,000 and added a taxable series of notes, in conjunction with the tax-exempt notes currently authorized. The transition to the Series 2019A tax-exempt notes will be accomplished by issuing notes to pay off the outstanding Series 2003 tax-exempt notes as they mature. All future MLPP leases will be financed with the Series 2019A and Taxable Series 2019B notes.

During fiscal year 1993, TPFA established a variable-rate financing program that is secured by the state's general obligation pledge. The proceeds are used to provide interim financing

for capital projects that are authorized by the legislature and financed through general obligation bonds. In 2002, TPFA established a commercial paper program that is also secured by the state's general obligation pledge to provide financial assistance to border counties for roadways in colonias.

In 2008, TPFA established another commercial paper program that is also secured by the state's general obligation pledge to: (i) provide interim financing for maintenance, improvement, repair, construction, and equipment-acquisition projects for state agencies, (ii) refund and refinance the notes and (iii) pay the costs of issuance of the notes.

In the November 2007 general election, Texas voters authorized TPFA to issue \$3.00 billion of general obligation debt over ten years to finance cancer research. During fiscal year 2009, TPFA established a commercial paper program that is also secured by the state's general obligation pledge to provide financing of certain projects for the Cancer Prevention and Research Institute of Texas. The first issuance occurred in September 2009.

In the General Appropriations Act, the 84th Legislature authorized the issuance of \$767.7 million of revenue bonds and appropriated those bond proceeds to the Texas Facilities Commission for phase one of the North Austin and Capitol Complex projects. In May of 2016, TPFA established a commercial paper program to provide interim financing for this project. The 86th Legislature authorized the issuance of \$475.2 million of additional revenue bonds and appropriated those bond proceeds to the Texas Facilities Commission for phase two of the North Austin and Capitol Complex projects.

Texas State University System

On May 22, 2014, the Texas State University System adopted the Eighteenth Supplemental Resolution to the Master Resolution Establishing the Texas State University System Revenue Financing System (RFS) Commercial Paper

Program, Series A. The aggregate principal amount of commercial paper outstanding authorized by the resolution may not exceed \$240.0 million.

Texas Tech University System

In November 1997, the Board of Regents of Texas Tech University System (the TTU System) authorized a RFS commercial paper program to provide interim financing for capital projects, including construction, acquisition, renovation, and equipment for facilities of the TTU System. The commercial paper is secured by a pledge of all legally available revenues of the TTU System, including pledged tuition fees, general fees, and other revenue sources and has a maximum authorization amount limited to \$150,000,000.

The Texas A&M University System

The Texas A&M University System (the A&M System) has authorized three variable-rate financing programs: a flexible-rate note program and a commercial paper program, both secured by the Permanent University Fund (PUF), as well as a commercial paper program secured by the A&M System revenues. The A&M System's PUF flexible-rate note program and the PUF commercial paper program were established in 1988 and 2008, respectively, to provide interim financing and equipping of facilities for eligible construction projects. The A&M System's total outstanding PUF commercial paper notes and flexible-rate notes may not exceed \$125.0 million in principal amount at any time. The Board of Regents adopted a resolution to discontinue the authorization for the PUF flexible rate notes program on September 3, 2015.

The A&M System's RFS Commercial Paper Program was established in 1992 to provide interim financing for capital projects, including construction, acquisition, and renovation or equipping of facilities throughout the A&M System. Outstanding RFS commercial paper may not exceed \$300.0 million in principal amount at any time and is secured by a pledge of all legally available revenues to the A&M System, including pledged tuition revenue and fees, general fees,

and other revenue sources. The A&M System has a self-liquidity facility for this program.

The University of Texas System

The University of Texas System (the UT System) has two primary interim financing programs: a RFS commercial paper note program and a PUF commercial paper note program, both of which feature taxable and tax-exempt commercial paper options.

The UT System's RFS commercial paper note program was established in 1990 to provide interim financing for capital projects, including construction, acquisition, and renovation or equipping of facilities. RFS commercial paper notes are secured by a pledge of all legally available revenues of the UT System, including pledged tuition fees, general fees, and other revenue sources. The UT System's aggregate amount of outstanding RFS commercial paper notes may not exceed \$1.25 billion in principal amount at any time.

The UT System's PUF commercial paper note program was established in 2008 to replace a previously authorized \$400 million PUF flexible-rate note program. The UT System expects to utilize the PUF commercial paper note program as its primary short-term financing vehicle for PUF-related projects. PUF commercial paper notes provide interim financing for eligible capital projects, including construction, acquisition, and renovation or equipping of facilities. PUF commercial paper notes are secured by the UT System's share of distributions from the total return on all PUF investments. The UT System's outstanding PUF commercial paper notes may not exceed \$1.25 billion in principal amount at any time.

University of Houston System

In August 2006, the Board of Regents of the University of Houston System (the UH System) authorized a RFS commercial paper program. The program was established to provide interim financing for capital projects, including construction, acquisition, renovation, and

equipment for facilities of the UH System. The commercial paper is secured by a pledge of all legally available revenues of the UH System, including pledged tuition fees, general fees, and other revenue sources and has a maximum authorization amount limited to \$125,000,000.

University of North Texas System

In May 2004, the Board of Regents of the University of North Texas System (the UNT System) authorized a RFS commercial paper program in an initial amount not to exceed \$50.0 million. The program was established to provide interim financing for capital projects, including construction, acquisition, renovation, and equipment for facilities of the UNT System. The commercial paper is secured by a pledge of all legally available revenues of the UNT System, including pledged tuition fees, general fees, and other revenue sources. In fiscal year 2008, the commercial paper program was increased to an amount not to exceed \$100.0 million of which \$25.0 million may be issued as taxable notes. In fiscal year 2017, the UNT System again increased the commercial paper program to an amount not to exceed \$125.0 million with a maximum authorized amount limited to \$50.0 million and \$75.0 million for each of its Series A and Series B notes, respectively.

Other State Issuers of Variable-Rate Debt

Several other state issuers have the authority to issue debt in variable-rate form. State issuers may utilize variable-rate debt in order to diversify their debt portfolio and to take advantage of lower short-term interest rates as available.

The Veterans Land Board is one example of a state issuer that has issued variable-rate housing assistance bonds as part of its debt portfolio. Similarly, the Texas Water Development Board is authorized to issue subordinate-lien variable-rate demand revenue bonds as part of the State Revolving Fund program.

Comptroller of Public Accounts Liquidity Facility Provider Duties

The 73rd Legislature passed legislation that authorized the Comptroller of Public Accounts to enter into agreements to provide liquidity for obligations issued for governmental purposes by an agency of the state. Pursuant to Section 404.027 of the Texas Government Code, the Comptroller may enter into agreements to provide liquidity for agency obligations issued for governmental purposes if it does not conflict with the Treasury's liquidity needs. Eligible obligations include commercial paper, variable-rate demand obligations, and bonds. At fiscal year-end 2020, the Comptroller of Public Accounts provided daily liquidity commitments totaling \$624.9 million out of a total of \$1.11 billion in such commitments for state obligations.

Appendix C State Issuers' Use of Swaps

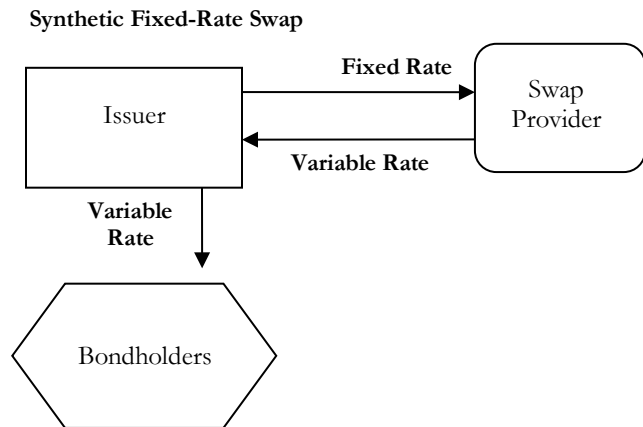
Interest rate swaps are part of a larger class of financial instruments called derivatives whose value is based on the performance of an underlying financial asset, index, or other investment. While a variety of derivative products are available, Texas issuers most often use interest rate swaps. Swaps are primarily used as tools for financial management to reduce interest expense and hedge against interest rate, tax, basis, and other risks described below. Swaps can also increase financial flexibility and are used to achieve objectives consistent with the issuer's overall program goals and financial policies.

Swaps Used by State Issuers

An interest rate swap is created when a debt issuer and a financial institution, each referred to as a counterparty, enter into a contract to exchange interest payments. The types of swaps most often utilized by Texas issuers are pay-fixed, receive-variable and pay-variable, receive-variable (basis) interest rate swaps. As of August 31, 2020, pay-fixed, receive-variable swaps comprised approximately 79.5 percent (\$4.58 billion) of the state's \$5.77 billion in total notional amount of swaps outstanding. The balance were basis swaps. See *Table C1* for the total number of swaps outstanding by issuer at August 31, 2020.

Pay-fixed, receive-variable swap (synthetic fixed-rate swap)

By accepting certain risks with pay-fixed, receive-variable swaps, issuers may be able to lower their borrowing costs compared to issuing traditional, fixed-rate bonds. Under this arrangement, which creates *synthetic fixed-rate debt*, the issuer agrees to make fixed-rate payments to the swap counterparty and the swap counterparty agrees to pay the issuer variable, index-based rate payments that are expected to be comparable to the rates payable on the variable-rate debt associated with the swap agreement. This swap program is illustrated below.



To structure such a transaction, issuers must analyze the impact of issuing either natural or synthetic fixed-rate debt. If the spread between the two is sufficient to compensate the issuer for accepting certain risks associated with synthetic fixed-rate debt, the issuer will execute the swap and issue the associated variable-rate debt. The issuer remains obligated to make debt-service payments to the variable-rate bond holders, even if the variable-rate payment received from the swap counterparty does not cover the variable-rate payment due on the associated bonds (see discussion on Basis Risk below).

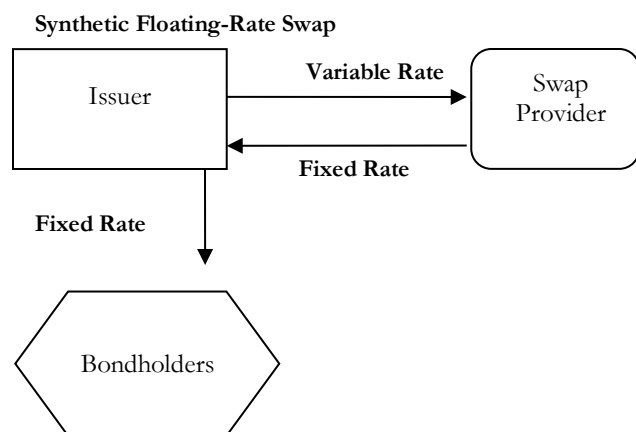
The variable rates received under most of the state's pay-fixed, receive-variable interest rate swaps are based on the London Interbank Offered Rates (LIBOR) taxable rate index. Certain other of the state's pay-fixed, receive-variable interest rate swaps are based on the tax-exempt Securities Industries and Financial Market Association (SIFMA) Swap Index, formerly known as the BMA Swap Index, produced by Municipal Market Data (MMD).

During fiscal year 2009, two pay-fixed, receive-variable swap contracts, associated with the Veterans Land Board (VLB) Veterans' Housing Assistance Program, Fund II Series 2004A and 2005B Bonds, were terminated as a result of the bankruptcy of Lehman Brothers and are now classified as variable-rate debt.

During fiscal year 2020, VLB added a pay-fixed, receive-variable swap to its Series 2020 bonds with an initial notional amount of \$250.0 million. During fiscal year 2020, the University of Texas System (UTS) added a pay-fixed, receive-variable swap to its PUF Series 2014A bonds with a total notional amount of \$240.3 million and effective date of June 30, 2023.

Pay-variable, receive-fixed swap (synthetic floating-rate swap)

Conversely, *synthetic floating-rate debt* is created when the issuer sells fixed-rate debt and enters into a fixed-to-floating rate swap. The issuer agrees to pay variable-rate payments to the counterparty and in exchange receives a fixed-rate payment from the swap counterparty. As with synthetic fixed-rate debt, the rate to be paid is tied to an underlying reference index such as the *taxable* LIBOR or the *tax-exempt* SIFMA Index. This swap program is illustrated below.



During fiscal year 2011, VLB exercised its option to terminate its only synthetic floating rate swap due to the contract's favorable fair market value. As of August 31, 2020, no synthetic floating-rate swaps were outstanding.

Pay-variable, receive-variable swap (basis swap)

The pay-variable, receive-variable swaps (called *basis swaps*) are LIBOR-to-SIFMA basis swaps that effectively convert the variable rate on the

associated taxable variable-rate bond issues from a *taxable* LIBOR-based rate to a *tax-exempt* SIFMA-based rate. On January 31, 2013, Texas Department of Transportation terminated its three basis swap agreements with JP Morgan, Goldman Sachs, and Morgan Stanley.

As of August 31, 2020, basis swaps comprised approximately 20.5 percent (\$1.18 billion) of the state's total notional amount of swaps outstanding. During fiscal year 2017, UTS added a municipal market data (MMD) basis swap to its Series 2016A bonds, which will provide a fixed spread on the notional amount outstanding of \$255.8 million. During fiscal year 2020, UTS added a basis swap to its PUF Series 2008A bonds with a total notional amount of \$169.5 million and effective date of January 1, 2022.

Risk Analysis

State issuers considering entering into an interest-rate swap agreement must assess the risks associated with the transaction. Some issuers include contractual limitations or options that assist in reducing those risks. For example, the VLB has the option to terminate its swap agreements at any time. Generally, the risks associated with interest rate swaps fall into the following categories:

Termination Risk – the risk that an interest rate swap could be terminated prior to its scheduled termination date as a result of any of several events relating to either the issuer or its counterparty. The issuer or the counterparty may terminate a swap if the other party fails to perform under the terms of the swap agreement. If a swap has a negative fair value, the issuer would owe the respective counterparty a termination payment equal to the swap's fair value at the time of termination (see discussion on Fair Value below).

Credit Risk – the risk that either the counterparty or the issuer will not fulfill its obligations specified by the terms of the swap

agreement. State issuers mitigate this risk by entering into transactions with highly rated counterparties. The issuers also mitigate concentrations of credit risk by diversifying their swap portfolios among different counterparties. Credit risk also includes the risk of the occurrence of an event that would modify the credit rating of an issuer or its counterparty.

Basis Risk – the risk of a shortfall between the interest payment received and the interest payment paid on the related debt issue. An issuer mitigates this risk by: 1) matching the swap's notional amount and amortization schedule to the associated bond issue's principal amount and amortization schedule and 2) selecting a variable-rate leg for the swap that is reasonably expected to match the interest rate on the associated variable-rate bonds over the life of the bond issue.

Rollover Risk – the risk associated with the counterparty's option to terminate the swap. If the swap is terminated by the counterparty, the associated variable-rate bonds would no longer have a synthetic fixed rate and would be subject to interest-rate risk to the extent the variable-rate bonds were not hedged with another swap or with variable-rate assets on the issuer's balance sheet.

Tax Risk – the risk associated with potential changes in the taxation of the issuer's tax-exempt, variable-rate bonds as a result of changes in marginal income tax rates and other changes in the federal and state tax systems.

Fair Value – the value of a swap estimated by using market-standard practice that includes a calculation of future net settlement payments required by the swap based on market expectations implied by the current yield curve for interest rate transactions. For a swap with embedded options, additional calculations are made to determine the value of the options.

When the fair value of a swap is positive, the counterparty is liable to the issuer for the fair value in the event of termination of the swap. In this instance, the issuer is exposed to counterparty credit risk; however, issuer swap agreements contain varying collateral agreements and insurance policies with counterparties to mitigate credit risk.

Due to the general reduction in interest rates over the last several years, the net fair value of the state's outstanding swaps was negative on August 31, 2020, indicating that Texas swap issuers would be liable for payments to the counterparty for the fair values of the swaps in the unlikely event of termination. However, it is important to note that issuers have achieved significant savings in interest costs by use of interest rate swaps. (See *Table C2* for the terms, counterparty credit ratings, and fair values for the state's swaps outstanding by issuer on August 31, 2020.)

Additional Derivative Products

In addition to interest rate swaps, additional derivative products used by Texas issuers include the following:

Options on Swaps – sale or purchase of options to commence or cancel interest rate swaps. Several of the VLB swaps contain embedded options called barrier options that provide for the VLB to be "knocked out" of the swaps by the respective counterparties for varying periods of time upon the breach of certain predetermined barriers. In each of these cases, the respective counterparties paid the VLB an up-front premium for the option.

Interest Rate Caps – financial contracts called caps, collars, or floors limit or bound exposure to interest rate volatility.

Rate Locks – rate locks are often based on interest rate swaps and may be used to hedge against a rise in interest rates for an upcoming fixed-rate bond issue.

Management Policy

State issuers with swap transactions outstanding or those issuers contemplating entering into swap agreements have adopted derivative or swap-management policies outlining the objectives, management, oversight, monitoring, selection, and restrictions for their derivative or swap agreements.

With the passage of Senate Bill 1332 during the 80th Legislature, the Bond Review Board's (BRB) statutes were modified to add a definition of interest rate management (derivative) agreements and to require the BRB to develop a related policy. In fiscal year 2009, the BRB engaged a swap advisor to assist with the development of a state interest rate management policy and analysis of interest rate management agreements. This policy can be

found on the agency's website.

In fiscal year 2010, the BRB amended its administrative rules to require issuers that enter into derivative agreements to submit additional information for staff review, including a copy of all schedules to the Master Agreement and/or the Credit Support Annex and transaction confirmations. Additionally, issuers must notify the BRB within 10 days of material adverse changes involving the parties to derivative agreements.

| Table C1 | | | | |
|---|-----------------------------|----------------------------|-----------------------|---------------------|
| NOTIONAL AMOUNTS - INTEREST RATE SWAPS | | | | |
| as of August 31, 2020 (Unaudited) | | | | |
| (amounts in thousands) | | | | |
| | Original Notional Amount | Current Notional Amount | Current Fair Value | Total # of Swaps |
| <u>Veterans Land Board</u> | | | | |
| Pay-Fixed, Receive-Variable Total | \$3,967,025 | \$2,686,385 | -\$275,886 | 55 |
| Pay-Variable, Receive-Variable Total | 40,000 | 24,595 | -97 | 1 |
| TOTAL VLB | \$3,967,065 | \$2,710,980 | -\$275,984 | 56 |
| <u>Texas Department of Housing and Community Affairs</u> | | | | |
| Pay-Fixed, Receive-Variable Total | \$331,005 | \$57,900 | -\$5,723 | 4 |
| TOTAL TDHCA | \$331,005 | \$57,900 | -\$5,723 | 4 |
| <u>The University of Texas System</u> | | | | |
| Pay-Fixed, Receive-Variable Total | \$2,172,191 | \$1,839,480 | -\$412,661 | 10 |
| Pay-Variable, Receive-Variable Total | 1,207,013 | 1,157,005 | -51,544 | 9 |
| TOTAL UTS | \$3,379,204 | \$2,996,485 | -\$464,205 | 19 |
| <u>Totals</u> | | | | |
| Pay-Fixed, Receive-Variable | \$6,470,221 | \$4,583,765 | -\$418,660 | 69 |
| Pay-Variable, Receive-Variable (basis swaps) | 1,207,053 | 1,181,600 | -51,544 | 10 |
| TOTAL INTEREST RATE SWAPS | \$7,677,274 | \$5,765,365 | -\$470,204 | 79 |
| Source: Texas Bond Review Board - Bond Finance Office. | | | | |

Table C2
VETERANS LAND BOARD - INTEREST RATE SWAPS
as of August 31, 2020 (Unaudited)
(amounts in thousands)

| PAY-FIXED, RECEIVE-VARIABLE | | | | | | | | |
|--|---------------------------------|--------------------------------|-----------------------|------------------------------|---------------------------|-------------------------------|------------------------------------|---------------------------|
| (Synthetic Fixed Rate) | | | | | | | | |
| Bond Issue | Original Notional Amount | Current Notional Amount | Effective Date | Swap Termination Date | Fixed-Rate Paid | Variable-Rate Received | Counterparty Credit Ratings | Current Fair Value |
| Vet Hsg Fund II Bds Ser 2001A-2 | 20,000 | 19,610 | 03/22/2001 | 12/01/2029 | 4.30% | 68% of 1M LIBOR | BBB+/A3 | -4,152 |
| Vet Hsg Fund II Bds Ser 2001C-2 | 25,000 | 23,030 | 12/18/2001 | 12/01/2033 | 4.37% | 68% of 1M LIBOR | AA-/Aa2 | -7,678 |
| Vet Land Bds Ser 2002 | 20,000 | 11,915 | 02/21/2002 | 12/01/2032 | 4.14% | 68% of 1M LIBOR | BBB+/A3 | -2,933 |
| Vet Hsg Fund II Bds Ser 2002A-2 | 38,300 | 22,845 | 07/10/2002 | 06/01/2033 | 3.87% | 68% of 1M LIBOR | A+/Aa2 | -6,441 |
| Vet Hsg Fund II Bds Ser 2003A | 50,000 | 18,040 | 03/04/2003 | 06/01/2034 | 3.30% | 68% of 1M LIBOR | A+/Aa2 | -3,277 |
| Vet Hsg Fund II Bds Ser 2003B | 50,000 | 19,185 | 10/22/2003 | 06/01/2034 | 3.40% | 64.5% of 1M LIBOR | AA-/Aa2 | -3,572 |
| Vet Hsg Fund II Bds Ser 2004B | 50,000 | 21,465 | 09/15/2004 | 12/01/2034 | 3.68% | 68% of 1M LIBOR | A+/Aa2 | -4,604 |
| Vet Hsg Fund II Bds Ser 2005A | 50,000 | 21,130 | 02/24/2005 | 06/01/2035 | 3.28% | 68% of 1M LIBOR | AA-/Aa2 | -4,041 |
| Vet Hsg Fund II Bds Ser 2006A | 50,000 | 24,005 | 06/01/2006 | 12/01/2036 | 3.52% | 68% of 1M LIBOR | AA/Aa3 | -5,498 |
| Vet Hsg Fund II Bds Ser 2006D | 50,000 | 25,135 | 09/20/2006 | 12/01/2036 | 3.69% | 68% of 1M LIBOR | A+/Aa3 | -6,104 |
| Vet Hsg Fund II Bds Ser 2007A | 54,160 | 25,585 | 02/22/2007 | 06/01/2037 | 3.65% | 68% of 1M LIBOR | AA-/Aa2 | -6,381 |
| Vet Hsg Fund II Bds Ser 2007B | 50,000 | 26,560 | 06/26/2007 | 06/01/2038 | 3.71% | 68% of 1M LIBOR | A+/Aa2 | -6,624 |
| Vet Hsg Fund II Bds Ser 2008A | 50,000 | 26,960 | 03/26/2008 | 12/01/2038 | 3.19% | 68% of 1M LIBOR | AA/Aa3 | -5,945 |
| Vet Hsg Fund II Bds Ser 2008B | 50,000 | 28,050 | 09/11/2008 | 12/01/2038 | 3.23% | 68% of 1M LIBOR | AA-/Aa2 | -6,422 |
| Vet Hsg Ser 2010C | 74,995 | 49,175 | 08/20/2010 | 12/01/2040 | 2.31% | 68% of 3M LIBOR | BBB+/A3 | -7,193 |
| Vet Hsg Ser 2011A | 74,995 | 48,695 | 03/09/2011 | 06/01/2041 | 2.68% | 68% of 3M LIBOR | BBB+/A3 | -8,656 |
| Vet Hsg Ser 2011B | 74,995 | 49,680 | 08/25/2011 | 12/01/2041 | 2.37% | 68% of 3M LIBOR | BBB+/A3 | -7,654 |
| Vet Hsg Ser 2011C | 74,995 | 50,595 | 12/15/2011 | 06/01/2042 | 1.92% | 68% of 3M LIBOR | AA-/Aa2 | -5,869 |
| Vet Hsg Ser 2012A | 74,995 | 50,245 | 05/23/2012 | 12/01/2042 | 1.69% | 68% of 3M LIBOR | AA-/Aa2 | -4,771 |
| Vet Hsg Ser 2012B | 100,000 | 65,830 | 11/01/2012 | 12/01/2042 | 1.45% | 68% of 3M LIBOR | AA-/Aa2 | -4,832 |
| Vet Hsg Ser 2013A | 99,995 | 71,530 | 03/20/2013 | 06/01/2043 | 1.70% | 68% of 3M LIBOR | AA-/Aa2 | -7,155 |
| Vet Hsg Ser 2013B | 149,995 | 108,320 | 08/22/2013 | 12/01/2043 | 2.15% | 68% of 1M LIBOR | AA-/Aa2 | -15,589 |
| Vet Hsg Tax RefBds Ser 2013C | 39,560 | 24,875 | 12/01/2006 | 12/01/2026 | 5.46% | 100% of 1M LIBOR | A+/Aa2 | -4,671 |
| Vet Hsg Tax RefBds Ser 2013C | 50,000 | 24,360 | 12/01/2007 | 06/01/2029 | 4.66% | 100% of 1M LIBOR | A+/Aa2 | -6,975 |
| Vet Hsg Tax RefBds Ser 2013C | 16,950 | 2,990 | 12/01/2009 | 12/01/2021 | 6.22% | 100% of 6M LIBOR | A+/Aa2 | -165 |
| Vet Hsg Tax RefBds Ser 2013C | 65,845 | 45,530 | 12/01/2009 | 06/01/2031 | 5.45% | 100% of 6M LIBOR | A+/Aa2 | -13,367 |
| Vet Hsg Ser 2014A | 150,000 | 112,270 | 03/03/2014 | 06/01/2044 | 2.18% | 68% of 1M LIBOR | A+/Aa2 | -16,698 |
| Vet Hsg Fund I Tax Ref Bds Ser 2014B-1 | 47,865 | 4,250 | 12/01/2006 | 12/01/2021 | 5.19% | 100% of 6M LIBOR | AA-/Aa2 | -111 |
| Vet Hsg Fund I Tax Ref Bds Ser 2014B-1 | 50,000 | 9,595 | 06/01/2004 | 12/01/2024 | 5.45% | 100% of 6M LIBOR | A+/Aa2 | -1,254 |
| Vet Hsg Fund II Tax Ref Bds Ser 2014B-1 & B-2 | 43,870 | 0 | 12/01/2004 | 06/01/2020 | 5.35% | 100% of 1M LIBOR | A+/Aa2 | 0 |
| Vet Hsg Fund I Tax Ref Bds Ser 2014B-1 | 19,860 | 6,000 | 12/01/2005 | 12/01/2023 | 4.93% | 100% of 1M LIBOR | A+/Aa2 | -585 |
| Vet Hsg Fd I / II Tax Ref Bds Ser 2014B-1 & C-2D | 24,885 | 13,350 | 12/01/2005 | 06/01/2026 | 5.15% | 100% of 1M LIBOR | A+/Aa2 | -2,016 |
| Vet Land Tax Ref Bds Ser 2014B-3 | 39,960 | 5,350 | 12/01/2000 | 12/01/2020 | 6.11% | 100% of 6M LIBOR | AA-/Aa2 | -149 |
| Vet Land Tax Ref Bds Ser 2014B-3 | 22,795 | 11,935 | 12/01/2005 | 12/01/2026 | 6.52% | 100% of 6M LIBOR | A+/Aa2 | -2,386 |
| Vet Hsg Fund I Tax Ref Bds Ser 2014C-1 | 22,605 | 7,050 | 12/01/2002 | 06/01/2023 | 4.91% | 100% of 6M LIBOR | AA-/Aa2 | -569 |
| Vet Hsg Fund I Tax Ref Bds Ser 2014C-1 | 21,795 | 17,315 | 08/01/2012 | 12/01/2033 | 3.76% | 68% of 1M LIBOR | AA/Aa3 | -4,619 |
| Vet Hsg Fund II Tax Ref Bds Ser 2014C-2 | 38,570 | 23,960 | 06/01/2006 | 12/01/2026 | 5.83% | 100% of 1M LIBOR | A+/Aa2 | -4,664 |
| Vet Hsg Fund II Tax Ref Bds Ser 2014C-2 | 22,325 | 11,790 | 06/01/2006 | 12/01/2027 | 5.79% | 100% of 6M LIBOR | A+/Aa2 | -2,482 |
| Vet Hsg Fund II Tax Ref Bds Ser 2014C-2 | 66,720 | 48,595 | 06/01/2010 | 12/01/2031 | 5.40% | 100% of 1M LIBOR | A+/Aa2 | -15,460 |
| Vet Hsg Fund II Tax Ref Bds Ser 2014C-2 | 49,995 | 19,600 | 12/01/2010 | 06/01/2032 | 2.79% | 100% of 1M LIBOR | AA-/Aa2 | -2,638 |
| Vet Land Tax Ref Bds Ser 2014C-3 | 50,000 | 16,110 | 06/01/2006 | 12/01/2027 | 6.54% | 100% of 6M LIBOR | A+/Aa2 | -4,051 |
| Vet Land Tax Ref Bds Ser 2014C-3 | 16,480 | 11,290 | 12/01/2010 | 12/01/2030 | 5.21% | 100% of 1M LIBOR | A+/Aa2 | -3,094 |
| Vet Land Tax Ref Bds Ser 2014C-4 | 27,685 | 11,310 | 12/01/2002 | 12/01/2021 | 4.94% | 100% of 6M LIBOR | BBB+/A3 | -645 |
| Vet Land Tax Ref Bds Ser 2014C-4 | 50,000 | 8,180 | 12/01/2003 | 12/01/2023 | 5.12% | 100% of 1M LIBOR | A+/Aa2 | -763 |
| Vet Land Tax Ref Bds Ser 2014C-4 | 24,755 | 10,460 | 12/01/2004 | 12/01/2024 | 5.46% | 100% of 6M LIBOR | BBB+/A3 | -1,359 |
| Vet Land Tax Ref Bds Ser 2014C-4 | 31,030 | 12,440 | 06/01/2006 | 12/01/2026 | 4.61% | 100% of 6M LIBOR | AA-/Aa2 | -1,854 |
| Vet Land Tax Ref Bds Ser 2014C-4 | 41,050 | 21,375 | 12/01/2006 | 12/01/2027 | 6.51% | 100% of 1M LIBOR | A+/Aa2 | -5,368 |
| Vet Hsg Ser 2014D | 100,000 | 76,355 | 09/10/2014 | 06/01/2045 | 1.94% | 68% of 1M LIBOR | AA-/Aa2 | -9,740 |
| Vet Hsg Ser 2015A | 125,000 | 96,520 | 02/11/2015 | 06/01/2045 | 1.51% | 68% of 1M LIBOR | BBB+/A3 | -8,722 |
| Vet Hsg Ser 2015B | 125,000 | 101,770 | 07/22/2015 | 06/01/2046 | 1.77% | 68% of 1M LIBOR | A+/Aa2 | -11,794 |
| Vet Hsg Ser 2016 | 250,000 | 186,240 | 12/01/2016 | 12/01/2046 | 1.56% | 68% of 1M LIBOR | A+/Aa2 | -14,486 |
| Vet Hsg Ser 2017 | 250,000 | 205,720 | 08/01/2017 | 12/01/2047 | 1.18% | 68% of 1M LIBOR + 0.085% | A+/Aa3 | -9,122 |
| Vet Hsg Ser 2018 | 250,000 | 236,175 | 04/01/2019 | 12/01/2049 | 2.07% | 72% of 1M LIBOR | AA-/Aa2 | -27,850 |
| Vet Hsg Ser 2019 | 250,000 | 246,190 | 12/01/2019 | 06/01/2050 | 1.85% | 65% of USD Fed Funds + 0.24% | A+/Aa3 | -23,779 |
| Vet Hsg Ser 2020 | 250,000 | 249,850 | 09/01/2020 | 12/01/2050 | 1.08% | 65% of USD Fed Funds + 0.24% | A+/Aa3 | -8,864 |
| Pay-Fixed, Receive-Variable Total | \$3,967,025 | \$2,686,385 | | | | | | -\$345,691 |
| PAY-VARIABLE, RECEIVE-VARIABLE | | | | | | | | |
| (Basis Swap) | | | | | | | | |
| Bond Issue | Original Notional Amount | Current Notional Amount | Effective Date | Swap Termination Date | Variable-Rate Paid | Variable-Rate Received | Counterparty Credit Ratings | Current Fair Value |
| Vet Land Tax Ref Bds Ser 2014C-3 | \$40,000 | \$24,595 | 08/05/2002 | 12/01/2032 | 131.25% of SIFMA | 100.00% of 1M LIBOR | BBB+/A3 | -216 |
| Pay-Variable, Receive-Variable Total | \$40,000 | \$24,595 | | | | | | -\$216 |
| TOTAL VLB INTEREST RATE SWAPS | \$3,967,065 | \$2,710,980 | | | | | | -\$345,907 |

Source: Texas Bond Review Board - Bond Finance Office.

Table C2 (continued)
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS - INTEREST RATE SWAPS
as of August 31, 2020 (Unaudited)
(amounts in thousands)

| PAY-FIXED, RECEIVE-VARIABLE (Synthetic Fixed Rate) | Original | Current | Swap | | Fixed-Rate Paid | Variable-Rate Received | Counterparty Credit Ratings | Current Fair Value |
|---|--------------------|--------------------|-------------------|---------------------|--------------------|---------------------------|-----------------------------------|--------------------------|
| | Notional Amount | Notional Amount | Effective Date | Termination Date | | | | |
| Bond Issue | | | | | | | | |
| TDHCA SF Variable Rate Ref MRB Ser 2004B | \$53,000 | \$14,895 | 09/01/2004 | 09/01/2034 | 3.67% | 65.5% of LIBOR + .20% | AA-/Aa2/AA | -745 |
| TDHCA SF Variable Rate MRB Ser 2004D | 35,000 | 10,885 | 01/01/2005 | 03/01/2035 | 3.08% | * | A+/A1/A+ | -461 |
| TDHCA SF Variable Rate Ref MRB Ser 2005A | 100,000 | 16,285 | 08/01/2005 | 09/01/2036 | 4.01% | * | A+/Aa2/AA | -2,532 |
| TDHCA SF Variable Rate Ref MRB Ser 2007A | 143,005 | 15,835 | 06/05/2007 | 09/01/2038 | 4.01% | * | A+/Aa2/AA | -1,984 |
| TOTAL TDHCA INTEREST RATE SWAPS | \$331,005 | \$57,900 | | | | | | -\$5,723 |

* Lesser of (a) or (b) where (a) equals the greater of (i) 65% of LIBOR or (ii) 56% of LIBOR + .45% and b) equals 1M LIBOR.
Note: TDHCA is not a party to the Multifamily swap agreements and therefore is not required to report market value on financial statements.
Source: Texas Bond Review Board - Bond Finance Office.

Table C2 (continued)
THE UNIVERSITY OF TEXAS SYSTEM - INTEREST RATE SWAPS
as of August 31, 2020 (Unaudited)
(amounts in thousands)

| PAY-FIXED, RECEIVE-VARIABLE (Synthetic Fixed Rate) | Original | Current | Swap | | Fixed-Rate Paid | Variable-Rate Received | Counterparty Credit Ratings | Current Fair Value |
|---|--------------------|--------------------|-------------------|---------------------|-----------------------|---------------------------|-----------------------------------|--------------------------|
| | Notional Amount | Notional Amount | Effective Date | Termination Date | | | | |
| Bond Issue | | | | | | | | |
| UT RFS Refunding Bonds, Series 2007B-1 | \$172,730 | \$161,745 | 12/20/2007 | 08/01/2034 | 3.81% | SIFMA | Aa2/A+ | -40,756 |
| UT RFS Refunding Bonds, Series 2007B-2 | 172,730 | 161,745 | 12/20/2007 | 08/01/2034 | 3.81% | SIFMA | Aa2/A+ | -40,756 |
| UT RFS Bonds, Series 2008B-1 | 155,000 | 107,375 | 03/18/2008 | 08/01/2036 | 3.90% | SIFMA | Aa2/A+ | -32,844 |
| UT RFS Bonds, Series 2008B-2 | 375,485 | 215,210 | 03/18/2008 | 08/01/2039 | 3.61% | SIFMA | Aa2/A+ | -55,793 |
| UT RFS Bonds, Series 2008B-3 | 155,000 | 107,375 | 03/18/2008 | 08/01/2036 | 3.90% | SIFMA | A3/BBB+ | -32,844 |
| UT PUF Bonds, Series 2008A-1 | 200,453 | 172,845 | 11/03/2008 | 07/01/2038 | 3.70% | SIFMA | Aa2/A+ | -61,832 |
| UT PUF Bonds, Series 2008A-2 | 200,453 | 172,845 | 11/03/2008 | 07/01/2038 | 3.66% | SIFMA | Aa3/A+ | -61,031 |
| UT RFS Bonds, Series 2016G | 250,000 | 250,000 | 12/01/2016 | 08/01/2045 | 2.00% | 100% of 1M LIBOR | Aa3/A+ | -52,563 |
| UT RFS Bonds, Series 2020D | 250,000 | 250,000 | 11/01/2020 | 08/01/2049 | 1.58% | 100% of 1M LIBOR | Aa3/A+ | -34,657 |
| UT PUF Bonds, Series 2014A-1 | 240,340 | 240,340 | 06/30/2023 | 07/01/2041 | 0.72% | 80% of FF | Aa3/A+ | 414 |
| Pay-Fixed, Receive-Variable Total | \$2,172,191 | \$1,839,480 | | | | | | -\$412,661 |
| PAY-VARIABLE, RECEIVE-VARIABLE (Basis Swap) | Original | Current | Swap | | Variable-Rate Paid | Variable-Rate Received | Counterparty Credit Ratings | Current Fair Value |
| | Notional Amount | Notional Amount | Effective Date | Termination Date | | | | |
| Bond Issue | | | | | | | | |
| UT PUF Bonds, Series 2008A-3 | \$198,113 | \$172,845 | 11/1/2011 | 07/01/2038 | SIFMA | 93.40% of 3M LIBOR | Aa2/A+ | 1,132 |
| UT RFS Bonds, Series 2008B-4 | 90,270 | 90,270 | 08/01/2009 | 08/01/2039 | SIFMA | 102.5% of 3M LIBOR | Aa2/AA- | 1,870 |
| UT RFS Bonds, Series 2008B-5 | 92,045 | 92,045 | 08/01/2009 | 08/01/2030 | SIFMA | 96% of 3M LIBOR | Aa2/AA- | 670 |
| UT RFS Bonds, Series 2008B-6 | 117,190 | 117,190 | 08/01/2009 | 08/01/2035 | SIFMA | 103% of 3M LIBOR | Aa2/AA- | 2,064 |
| UT PUF Bonds, Series 2006B | 284,065 | 259,325 | 01/01/2009 | 07/01/2035 | SIFMA | 82.04% of 1M LIBOR | Aa2/A+ | -1,678 |
| UT RFS Bonds, Series 2016A-1* | 255,825 | 255,825 | 04/15/2017 | 08/15/2046 | 2.43% | 2.90% | A3/BBB+ | -21,714 |
| UT RFS Bonds, Series 2016A-2* | 0 | 0 | 06/15/2017 | 08/15/2046 | 2.62% | 3.17% | A3/BBB+ | -18,683 |
| UT RFS Bonds, Series 2016A-3* | 0 | 0 | 12/15/2017 | 08/15/2046 | 2.31% | 3.01% | A3/BBB+ | -17,443 |
| UTS PUF Bonds, Series 2008A-5 | 169,505 | 169,505 | 01/01/2022 | 07/01/2038 | SIFMA | 100% of FF + 0.20% | Aa2/A+ | 2,238 |
| Pay-Variable, Receive-Variable Total | \$1,207,013 | \$1,157,005 | | | | | | -\$51,544 |
| TOTAL UTS INTEREST RATE SWAPS | \$3,379,204 | \$2,996,485 | | | | | | -\$464,205 |

* MMD Basis Swap - For the 2016A-1, 2016A-2, and 2016A-3 swaps, UTS receives fixed spread on \$255.825 million of fixed-rate bonds outstanding.
Source: Texas Bond Review Board - Bond Finance Office.

Table C3

**ESTIMATED DEBT-SERVICE REQUIREMENTS OF DEBT OUTSTANDING WITH SWAPS
AND NET INTEREST RATE SWAP PAYMENTS
[EXCLUDES PAY-VARIABLE, RECEIVE-VARIABLE (BASIS) SWAPS]
as of August 31, 2020 (Unaudited)
(amounts in thousands)**

| Texas Department of Housing and Community Affairs | | | | |
|--|-----------------------------|--------------------------------|----------------------------------|--------------------|
| Fiscal Year | Variable-Rate Bonds* | | Interest Rate | |
| Ending 8/31/20 | Principal | Interest | Swaps, Net | Total |
| 2021 | \$0 | \$251 | \$1,925 | \$2,176 |
| 2022 | 0 | 64 | 1,925 | 1,989 |
| 2023 | 0 | 64 | 1,925 | 1,989 |
| 2024 | 0 | 64 | 1,925 | 1,989 |
| 2025 | 0 | 64 | 1,925 | 1,989 |
| 2026-2030 | 1,855 | 320 | 9,625 | 11,800 |
| 2031-2035 | 34,480 | 237 | 7,214 | 41,931 |
| 2036-2040 | 24,085 | 40 | 1,524 | 25,649 |
| Total Debt Service and Net Interest Rate Swap Payments | \$60,420 | \$1,104 | \$27,988 | \$89,512 |
| *Does not include multifamily bonds outstanding. Source: Texas Department of Housing and Community Affairs. | | | | |
| The University of Texas System | | | | |
| Fiscal Year | Variable-Rate Bonds | | Interest Rate | |
| Ending 8/31/20 | Principal | Interest ⁽¹⁾ | Swaps, Net ⁽²⁾ | Total |
| 2021 | \$28,055 | \$976 | \$44,792 | \$73,822 |
| 2022 | 46,425 | 959 | 43,773 | 91,157 |
| 2023 | 48,185 | 930 | 42,073 | 91,188 |
| 2024 | 49,785 | 900 | 40,308 | 90,993 |
| 2025 | 57,325 | 869 | 38,484 | 96,678 |
| 2026-2030 | 290,565 | 3,818 | 161,269 | 455,652 |
| 2031-2035 | 273,055 | 2,874 | 105,629 | 381,559 |
| 2036-2040 | 305,745 | 1,882 | 45,911 | 353,538 |
| 2041-2045 | 250,000 | 1,500 | 23,045 | 274,545 |
| Total Debt Service and Net Interest Rate Swap Payments | \$1,349,140 | \$14,708 | \$545,284 | \$1,909,132 |
| (1) As required by GASB Statement No. 38, annual debt-service requirements are computed using the System's interest rates in effect on August 31, 2020, on its Series 2008A Bonds, Series 2007B Bonds, Series 2008B Bonds, and Series 2016G Bonds. | | | | |
| (2) Reflects net payments on pay-fixed, receive-variable interest rate swaps based on interest rates in effect at August 31, 2020, applied on the respective notional amounts of the swaps through their respective termination dates. | | | | |
| Source: The University of Texas System. | | | | |
| Veterans Land Board | | | | |
| Fiscal Year | Variable-Rate Bonds | | Interest Rate | |
| Ending 8/31/20 | Principal | Interest | Swaps, Net | Total |
| 2021 | 196,780 | 5,232 | 60,699 | 262,711 |
| 2022 | 205,925 | 4,812 | 55,582 | 266,319 |
| 2023 | 198,945 | 4,326 | 50,454 | 253,725 |
| 2024 | 189,570 | 3,863 | 45,467 | 238,900 |
| 2025 | 186,605 | 3,396 | 40,505 | 230,506 |
| 2026-2030 | 713,980 | 10,280 | 133,950 | 858,210 |
| 2031-2035 | 508,635 | 5,379 | 70,029 | 584,043 |
| 2036-2040 | 300,845 | 1,955 | 26,910 | 329,710 |
| 2041-2045 | 155,225 | 471 | 7,116 | 162,812 |
| 2046-2050 | 29,525 | 19 | 560 | 30,104 |
| 2051-2055 | 350 | 0 | 3 | 353 |
| Total Debt Service and Net Interest Rate Swap Payments | \$2,686,385 | \$39,733 | \$491,275 | \$3,217,393 |
| Source: Veterans Land Board. | | | | |

Table C4

**ESTIMATED DEBT-SERVICE REQUIREMENTS OF DEBT OUTSTANDING WITH SWAPS
AND NET INTEREST RATE SWAP PAYMENTS
[PAY-VARIABLE, RECEIVE-VARIABLE (BASIS) SWAPS ONLY]
as of August 31, 2020 (Unaudited)
(amounts in thousands)**

| The University of Texas System | | | | |
|---|---|-------------------------|---------------------------|------------------|
| Fiscal Year Ending 8/31/20 | <u>Variable Rate Bonds</u> ⁽¹⁾ | | <u>Interest Rate</u> | Total |
| | Principal | Interest ⁽²⁾ | Swaps, Net ⁽³⁾ | |
| 2021 | \$3,340 | \$283 | -\$760 | \$2,864 |
| 2022 | 3,463 | 281 | -755 | 2,989 |
| 2023 | 3,590 | 279 | -750 | 3,120 |
| 2024 | 3,720 | 277 | -744 | 3,253 |
| 2025 | 3,853 | 275 | -739 | 3,389 |
| 2026-2030 | 113,523 | 1,251 | -3,376 | 111,397 |
| 2031-2035 | 142,855 | 857 | -2,321 | 141,391 |
| 2036-2040 | 198,008 | 251 | -671 | 197,588 |
| Total Debt Service and Net Interest Rate Swap Payments | \$472,352 | \$3,754 | -\$10,116 | \$465,991 |

(1) Includes principal and interest due on certain related bonds, which are also included in *Table C3*.

(2) As required by GASB Statement No. 38, annual debt-service requirements are computed using the System's interest rates in effect on August 31, 2020, on its Series 2008A Bonds and Series 2008B Bonds.

(3) Reflects net payments on pay-variable, receive-variable interest rate swaps based on interest rates in effect at August 31, 2020, applied on the respective notional amounts of the swaps through their respective termination dates.

Source: The University of Texas System.

| The University of Texas System | | | | |
|---|--|-------------------------|---------------------------|------------------|
| PUF Bonds, Series 2006B | | | | |
| Fiscal Year Ending 8/31/20 | <u>Fixed Rate Bonds</u> ⁽¹⁾ | | <u>Interest Rate</u> | Total |
| | Principal | Interest ⁽²⁾ | Swaps, Net ⁽²⁾ | |
| 2021 | \$25,980 | \$13,615 | -\$99 | \$39,495 |
| 2022 | 27,335 | 12,251 | -89 | 39,496 |
| 2023 | 25,660 | 10,816 | -79 | 36,397 |
| 2024 | - | 9,468 | -69 | 9,399 |
| 2025 | - | 9,468 | -69 | 9,399 |
| 2026-2030 | 133,790 | 35,819 | -261 | 169,348 |
| 2031-2035 | 46,560 | 11,031 | -80 | 57,511 |
| Total Debt Service and Net Interest Rate Swap Payments | \$259,325 | \$102,468 | -\$746 | \$361,045 |

(1) Reflects scheduled principal and interest of Permanent University Fund Bonds, Series 2006B.

(2) Reflects net payments on pay-variable, receive-variable interest rate swaps based on interest rates in effect at August 31, 2020, applied on the respective notional amounts of the swaps through their respective termination dates.

Source: The University of Texas System.

Table C4 (continued)

**ESTIMATED DEBT-SERVICE REQUIREMENTS OF DEBT OUTSTANDING WITH SWAPS
AND NET INTEREST RATE SWAP PAYMENTS
[PAY-VARIABLE, RECEIVE-VARIABLE (BASIS) SWAPS ONLY]
as of August 31, 2020 (Unaudited)
(amounts in thousands)**

| The University of Texas System | | | | |
|--|-----------------------------------|------------------|-----------------------------|------------------|
| RFS 2016A MMD Basis Swap | | | | |
| Fiscal Year | <u>Fixed Rate Bonds</u> | | <u>Interest Rate</u> | |
| Ending 8/31/20 | Principal | Interest | Swaps, Net | Total |
| 2021 | - | \$9,854 | -\$4,413 | \$5,441 |
| 2022 | - | 9,854 | -4,413 | 5,441 |
| 2023 | - | 9,854 | -4,413 | 5,441 |
| 2024 | - | 9,854 | -4,413 | 5,441 |
| 2025 | - | 9,854 | -4,413 | 5,441 |
| 2026-2030 | - | 49,272 | -22,065 | 27,207 |
| 2031-2035 | - | 49,272 | -22,065 | 27,207 |
| 2036-2040 | - | 49,272 | -22,065 | 27,207 |
| 2041-2045 | - | 49,272 | -22,065 | 27,207 |
| 2046-2050 | 255,825 | 39,418 | -17,652 | 277,591 |
| Total Debt Service | | | | |
| and Net Interest Rate Swap Payments | \$255,825 | \$285,776 | -\$127,977 | \$413,624 |
| Source: The University of Texas System. | | | | |
| Veterans Land Board | | | | |
| Fiscal Year | <u>Variable-Rate Bonds</u> | | <u>Interest Rate</u> | |
| Ending 8/31/20 | Principal | Interest | Swaps, Net | Total |
| 2021 | 1,445 | 157 | -8 | 1,594 |
| 2022 | 1,535 | 147 | -8 | 1,674 |
| 2023 | 1,635 | 136 | -7 | 1,764 |
| 2024 | 1,735 | 125 | -7 | 1,853 |
| 2025 | 1,845 | 114 | -6 | 1,953 |
| 2026-2030 | 11,085 | 365 | -20 | 11,430 |
| 2031-2035 | 5,315 | 44 | -3 | 5,356 |
| Total Debt Service | | | | |
| and Net Interest Rate Swap Payments | \$24,595 | \$1,088 | -\$59 | \$25,624 |
| Source: Veterans Land Board. | | | | |

Appendix D Debt Issuance Costs

Issuance costs are composed of the professional fees and expenses paid to service providers and underwriters to market bonds to investors. Professional services commonly used in the marketing of all types of municipal securities are listed below:¹

- **Underwriter** – The underwriter or underwriting syndicate acts as a dealer that purchases a new issue of municipal securities from the issuer for resale to investors. The underwriter may acquire the securities either by negotiation with the issuer or by award on the basis of competitive bidding.

The largest portion of the costs associated with the issuance of bonds is the fee paid to the underwriter (or underwriting syndicate), known as the “underwriting spread.” The spread is the underwriter’s compensation for purchasing the bonds from the issuer and reselling them in the bond market. It consists of four components:

- Takedown – Represents the discount that the members of the syndicate receive when they purchase the bonds from the issuer.
 - Management fee – Compensation to the underwriters for creating and implementing the financing package.
 - Underwriting fee – A risk premium to compensate the underwriters for market risk of the underwriting.
 - Expenses – Costs associated with the marketing of the bonds such as CUSIP, travel, printing, and underwriter’s legal fees.
-
- **Bond Counsel** – Bond counsel is retained by the issuer to provide legal advice and a legal opinion that: 1) the issuer is authorized to issue the proposed securities; 2) the issuer has met all legal requirements necessary for issuance; and 3) if appropriate, the interest on the proposed securities is exempt from federal income taxation and, where applicable, from state and local taxation. Bond counsel prepares and/or reviews documentation

and advises the issuer regarding: 1) authorizing resolutions or ordinances; 2) trust indentures; 3) official statements; 4) validation proceedings; 5) disclosure requirements; and 6) litigation.

- **Financial Advisor** – The financial advisor advises the issuer on matters pertinent to a proposed issue such as structure, timing, marketing, pricing, terms, and bond ratings. A financial advisor may also be employed to provide advice on subjects unrelated to a new issue of securities such as advising on cash flow and investment matters as well as the issuer’s overall debt management policies.

- **Disclosure Counsel** – An attorney or law firm retained by the issuer to provide advice on issuer disclosure obligations and to prepare the official statement and/or continuing disclosure agreement.

- **Credit Rating Agencies** – Credit rating agencies provide public or private ratings on the credit quality of securities issues to help investors assess the probability of timely repayment of principal and interest on municipal securities. Ratings are initially released before issuance and are reviewed periodically after issuance and may be amended to reflect changes in the issuer’s creditworthiness.

- **Paying Agent/Registrar** – The paying agent is responsible for transmitting payments of principal and interest from the issuer to the security holders and maintaining records of the owners of registered bonds on behalf of the issuer.

- **Printer** – The printer produces the official statement, notice of sale, and any bonds required to be transferred between the issuer and purchasers of the bonds.

Choosing the Method of Sale: Negotiated vs. Competitive

Selecting the method of sale is one of the most important decisions an issuer of securities must make. Both negotiated and competitive sales have distinct advantages and disadvantages described below.

¹ Definitions adapted from the Municipal Securities Rulemaking Board’s *Glossary of Municipal Securities Terms*.

In a negotiated sale, an underwriter is chosen in advance of the sale and agrees to buy the bonds at a mutually agreed future date for resale. As part of the preparation for the underwriting at that future date, the underwriter actively markets the bonds to potential buyers to ensure a successful resale at the time of the underwriting. In more complicated financings, pre-sale marketing can be crucial to obtaining the lowest possible interest cost. In addition, the negotiated method of sale offers issuers greater timing and structural flexibility than competitive sales, as well as more influence in directing bond distribution to selected underwriting firms and investors.

Disadvantages of negotiated sales are a lack of competition in pricing and the possible appearance of favoritism. These factors can result in wider fluctuations in underwriting spreads for negotiated transactions than for comparable competitive transactions.

Conditions that suggest a negotiated sale are market volatility and securities for which market demand is difficult to ascertain. Often called “story bonds,” these include securities issued by an infrequent issuer or an issuer with weak or declining credit rating(s) or securities that contain innovative structuring, derivatives, or other complexities.

In a competitive sale, sealed or electronic bids from several underwriters are opened on a predetermined sale date and time. The bonds are then awarded to the underwriter submitting the lowest bid that meets the terms and conditions of the sale. Generally, underwriters that bid competitively perform less pre-sale marketing because they will not know if they have been awarded the underwriting contract until the day the bids are opened.

Advantages of the competitive bid include: 1) bids are developed in a competitive environment where market forces determine the price; 2) spreads are typically lower; and 3) the winning bid is developed in an open process among underwriters. Disadvantages of the competitive sale include: 1) limited flexibility in timing the sale and structuring

the transaction; 2) limited pre-sale marketing; 3) minimum control over the distribution of bonds; and 4) the likelihood that underwriters’ bids will include a risk premium to compensate for uncertainty regarding market demand.

Conditions that suggest a competitive sale are a stable, predictable market in which market demand for the securities can be relatively easily determined. Stable market conditions lessen the underwriters’ risk of holding unsold balances.

Market demand is generally easier to assess for securities that: 1) are issued by well-known, highly rated issuers that regularly access the debt market; 2) are conventionally structured, such as serial and term coupon bonds; and 3) have a strong source of repayment and thus a high credit rating. These conditions will generally lead to aggressive bidding, resulting in lower costs of issuance since the underwriters will be able to more easily assess market demand without extensive pre-marketing activities.

In determining the method of sale, factors such as size, complexity, market conditions, and time frame most influence the issuer’s decision. Issuers should focus primarily on how their bonds are being priced in the market and focus secondarily on the underwriting spread. For example, reducing the takedown (selling) component of the underwriters’ spread to reduce costs may result in reducing the sales effort needed to successfully place the issue, which in turn could result in a lower price (higher yield) for the issue in aftermarket trading.

Appendix E Texas State Debt Programs

COLLEGE STUDENT LOAN BONDS

Statutory/Constitutional Authority: Article III, Sections 50b, 50b-1, 50b-2, 50b-3, 50b-4, 50b-5, 50b-6, and 50b-7 of the Texas Constitution, adopted in 1965, 1969, 1989, 1991, 1995, 1999, 2007, and 2011, respectively, authorize the issuance of general obligation bonds by the Texas Higher Education Coordinating Board (THECB). Sections 50b, 50b-1, 50b-2, 50b-3, were subsequently repealed in 1999. Section 50b-7 authorizes the THECB to issue College Student Loan Bonds in an aggregate principal amount of outstanding bonds that at all times may not exceed \$1.86 billion.

Chapter 52 of the Texas Education Code (the Act) authorizes the administration of various student loan programs and the related issuance of private activity bonds. Pursuant to the Act, the THECB administers the State of Texas College Student Loan Bonds Interest and Sinking Fund, which was established by the Act as a fund in the State Treasury. Money received by the Board in each fiscal year as repayment of student loans granted under the Act and interest thereon must first be deposited in the Interest and Sinking Fund in an amount sufficient to pay the interest on and principal of previously issued bonds, and any additional bonds coming due during the ensuing fiscal year.

The THECB is required to obtain the approval of the Attorney General's Office and the Bond Review Board prior to issuance and to register its bonds with the Comptroller of Public Accounts.

Purpose: Proceeds from the sale of bonds are used to make College Access Loans (CAL) to eligible students attending public or private colleges and universities in Texas. The CAL loan is an alternative educational loan that may be used to cover the amount of the student's cost of attendance that is not covered by other resources.

CAL loans are extended under this program by authority of the Act and the administrative rules of the THECB, found at Title 19 Texas Administrative Code, Chapter 22, Subchapter C.

Security: The first monies coming into the Comptroller of Public Accounts - Treasury Operations, not otherwise dedicated by the Texas Constitution, are pledged to pay debt service on the general obligation bonds.

Dedicated/Project Revenue: Principal and interest repayments on the loans are pledged to pay debt service on the bonds issued by the Coordinating Board and related administrative costs. No draw on general revenue is anticipated.

Contact:

Ken Martin
Assistant Commissioner
Financial Services
Texas Higher Education Coordinating Board
512-427-6173
ken.martin@theccb.state.tx.us

COLLEGE AND UNIVERSITY REVENUE BONDS

Statutory Authority: Section 55.13 of the Texas Education Code authorizes the governing boards of institutions of higher education to issue revenue bonds to provide funds to acquire, construct, improve, enlarge, and equip property, buildings, structures, or facilities.

The Texas Public Finance Authority (TPFA) acts as the exclusive issuer of revenue debt for Midwestern State University and Texas Southern University. Stephen F. Austin State University, Texas State Technical College System and general academic teaching institutions as defined by Section 61.003 of the Texas Education Code have the option to use TPFA as the issuer.

The governing boards are required to obtain the approval of the Bond Review Board unless exempted under Sec. 1231.041 of the Texas Government Code. Approval by the Attorney General's Office prior to issuance is required on all transactions, and college and university revenue bond issuers are required to register their bonds with the Comptroller of Public Accounts.

Purpose: Proceeds are used to acquire, purchase, construct, improve, enlarge, and/or equip property, buildings, structures, activities, services, operations, or other facilities.

Security: The revenue bonds issued by the institutions' governing boards are secured by the income of the institutions and are not an obligation of the state of Texas. Neither the state's full faith and credit nor its taxing power is pledged toward payment of the bonds.

Dedicated/Project Revenue: Debt service is payable from the institution's pledged revenues. Pledged revenues include the pledged tuition and any or all of the revenues, funds, and balances lawfully available to the governing boards and derived from or attributable to any member of the Revenue Financing System.

Contact:
Individual colleges and universities.

FARM AND RANCH LOAN BONDS

Statutory/Constitutional Authority: Article III, Section 49-f, of the Texas Constitution, adopted in 1985, authorizes the issuance of general obligation bonds by the Veterans Land Board. The program was transferred in 1993 from the Veterans Land Board to the Texas Agricultural Finance Authority with the passage of HB 1684 by the 73rd Legislature. In 1995, a constitutional amendment was approved that expanded the use of existing bond authority and allows no more than \$200 million of the authority to be used for the purposes defined in Article III, Section 49-i, of

the Texas Constitution and for other rural economic development programs. In 1997, HB 2499, 75th Legislature, increased the maximum loan amount available through the program to \$250,000. In 2001, SB 716, 77th Legislature, authorized the Authority to provide a guarantee to a local lender for an eligible applicant.

Purpose: Proceeds from the sale of the general obligation bonds may be used to make loans of up to \$250,000 to each eligible Texan for the purchase of farms and ranches.

Security: The bonds are general obligations of the state of Texas. The first monies coming into the Comptroller of Public Accounts - Treasury Operations, not otherwise dedicated by the Texas Constitution, are pledged to pay debt service on the bonds.

Dedicated/Project Revenue: Principal and interest payments on the farm and ranch loans are pledged to pay debt service on the bonds issued by the Texas Agricultural Finance Authority. The program is designed to be self-supporting; therefore, no draw on general revenue is anticipated.

Contact:
Karen Reichek
Administrator Trade and Business Development
Texas Department of Agriculture
(512) 936-2450
Karen.reichek@texasagriculture.gov

HIGHER EDUCATION CONSTITUTIONAL BONDS

Statutory/Constitutional Authority: Article VII, Section 17, of the Texas Constitution, adopted in 1985, authorizes the issuance of constitutional appropriation bonds, (generally referred to as Higher Education Fund or HEF bonds), by institutions of higher education not eligible to issue bonds payable from and secured by the income of the Permanent University Fund (PUF). Legislative approval of bond issues is not required; however, approval

of the Bond Review Board and the Attorney General is required and the bonds must be registered with the Comptroller of Public Accounts.

Purpose: Proceeds from the sale of bonds are used by qualified institutions for library materials, land acquisition, new construction, major repairs, and renovations or equipment.

Security: The first \$175 million coming into the Comptroller of Public Accounts - Treasury Operations, not otherwise dedicated by the Texas Constitution, goes to qualified institutions of higher education to fund certain land acquisition, construction and repair projects. In 2005, the 79th Legislature increased the total allocation to qualified institutions to \$262.5 million beginning in fiscal year 2008. In 2015, the 84th Legislature increased the total allocation to \$393.8 million beginning in fiscal year 2017. Fifty percent of this amount may be pledged to pay debt service on any bonds or notes issued. While not explicitly a general obligation or full-faith and credit bond, the stated pledge has the same effect.

Dedicated/Project Revenue: Debt service is payable solely from state General Revenue Fund appropriations to institutions of higher education.

Contact:
Individual colleges and universities.

PERMANENT UNIVERSITY FUND BONDS

Statutory/Constitutional Authority: Article VII, Section 18, of the Texas Constitution, initially adopted in 1947, as amended in November 1984, authorizes the Boards of Regents of The University of Texas and The Texas A&M University Systems to issue revenue bonds payable from and secured by the income of the Permanent University Fund (PUF). The constitutional amendment approved by voters on November 2, 1999, allows for distributions from the PUF to be

based on the "total return" on all PUF investment assets, including current income as well as capital gains. Neither legislative approval nor Bond Review Board approval is required. Approval of the Attorney General is required and the bonds must be registered with the Comptroller of Public Accounts.

Purpose: Proceeds are used for acquiring land either with or without permanent improvements; constructing and equipping buildings or other permanent improvements; major repair and rehabilitation of buildings and other permanent improvements; acquiring capital equipment, library books and library materials; and refunding PUF bonds or PUF notes.

Security: Bonds are equally and ratably secured by and payable from a first lien on and pledge of the interest of the UT System or the A&M System in the Available University Fund. The total amount of PUF bonds is subject to the constitutional limitation in that the aggregate amount of bonds payable from the Available University Fund cannot, at the time of issuance, exceed 30 percent of the cost value of investments and other assets of the PUF, exclusive of real estate.

The PUF bonds do not constitute general obligations of the UT Board or A&M Board, the Systems, the state of Texas or any political subdivision of the state of Texas. Neither the UT Board nor the A&M Board have taxing power, and neither the credit nor the taxing power of the state of Texas or any political subdivision thereof is pledged as security for the bonds.

Dedicated/Project Revenue: Bonds are repaid from the Available University Fund, which consists of distributions from the "total return" on all investment assets of the PUF, including the net income attributable to the surface of PUF land, in amounts determined by the UT Board.

Contacts:

Terry Hull
Associate Vice Chancellor for Finance
The University of Texas System
(512) 499-4494
thull@utsystem.edu

Maria Robinson
Chief Investment Officer and Treasurer
The Texas A&M University System
(979) 458-6330
mrobinson@tamus.edu

**TEXAS AGRICULTURAL FINANCE
AUTHORITY BONDS****Statutory/Constitutional Authority:**

The Texas Public Finance Authority (the Authority) is authorized to issue general obligation and revenue bonds on behalf of the Texas Agricultural Finance Authority (TAFAs) pursuant to Agriculture Code, Section 58.041. This authority was transferred from TAFAs to the Authority effective September 1, 2009. The issuance of general obligation debt for TAFAs programs is authorized by the Texas Constitution, Article III, Sections 49-f and 49-i.

Purpose: Chapter 58 of the Texas Agriculture Code created TAFAs under the Texas Agricultural Finance Act and authorizes TAFAs to establish programs to support agricultural business in Texas. Under the Agricultural Finance Act, TAFAs is authorized to use bond proceeds for loans and other financing assistance for the purchase of farm and ranch land. In addition, proceeds may be used to establish a Texas Agricultural Fund for rural economic development programs and to establish a Rural Microenterprise Development Fund to fund programs that foster and stimulate the creation and expansion of small businesses in rural areas. TAFAs may use the proceeds to provide loan guarantees, insurance, coinsurance, loans, and indirect loans or purchases or acceptances of assignments of loans or other obligations.

Security: In addition to general obligation bonds, TAFAs may issue up to \$500 million in revenue bonds for the purpose of providing money to carry out its programs. Before authorizing the issuance of any general obligation bonds for programs funded by the Texas Agricultural Development Fund or the Rural Microenterprise Development Fund, the TAFAs board must determine that the issuance of revenue bonds is not an economically advisable alternative. TAFAs's revenue bonds are secured by pledged revenues and liens on TAFAs's property, revenues, income, or other resources of the authority, including mortgages or other interests in property financed with bond proceeds.

Dedicated/Project Revenue: Debt service on revenue debt issued by TAFAs is not an obligation of the state and is payable solely from any loan repayments and other pledged revenue and assets of TAFAs. Debt service on general obligation debt is payable from pledged repayments on loans made under a financial assistance program funded by bond proceeds, or state general revenue if income is insufficient to make debt-service payments.

Contacts:

Jason Fearneyhough
Deputy Commissioner
Texas Department of Agriculture
(512) 936-2450
grants@texasagriculture.gov

Lee Deviney
Executive Director
Texas Public Finance Authority
(512) 463-5544
lee.deviney@tpfa.texas.gov

**TEXAS COMMISSION ON
ENVIRONMENTAL QUALITY**

Statutory Authority: The Texas Low-Level Radioactive Waste Disposal Authority (the Disposal Authority) was created in 1981 (Texas Health and Safety Code, Chapter 402), and authorized to issue revenue bonds in 1987 to

finance certain costs related to the creation of a radioactive waste disposal site. The Disposal Authority was required to obtain the approval of the Attorney General's Office and the Bond Review Board prior to issuance and to register its bonds with the Comptroller of Public Accounts. In 1997, HB 1077, 75th Legislature authorized the Texas Public Finance Authority (TPFA) to issue the bonds on behalf of the Disposal Authority.

The 76th Legislature abolished the Disposal Authority effective September 1, 1999, and transferred all of its duties, responsibilities, and resources to the Texas Natural Resource Conservation Commission (the Commission), that has since been renamed the Texas Commission on Environmental Quality (TCEQ).

TCEQ has not requested TPFA to issue debt.

Contact:

Lee Deviney
Executive Director
Texas Public Finance Authority
(512) 463-5544
lee.deviney@tpfa.texas.gov

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS BONDS

Statutory Authority: The Texas Department of Housing and Community Affairs (the Department) was created pursuant to Chapter 762, 1991 Tex. Sess. Law Serv. 2672, the Act, codified as Chapter 2306, Texas Government Code. The Department is the successor agency to the Texas Housing Agency (THA) and the Texas Department of Community Affairs, both of which were abolished by the Act with their functions and obligations transferred to the Department.

Pursuant to the Act, the Department may issue bonds, notes, or other obligations to finance or refinance residential housing and to refund bonds previously issued by the THA, the Department or certain other quasi-

governmental issuers. The Act specifically provides that the revenue bonds of the THA become revenue bonds of the Department. Legislative approval of bond issues is not required; however, the Department is required to obtain the approval of the Bond Review Board and the Attorney General's Office prior to issuance and to register its bonds with the Comptroller of Public Accounts.

Purpose: Proceeds from the sale of bonds are used to provide assistance to individuals and families of low, very low, and moderate income and persons with special needs to obtain decent, safe, and sanitary housing.

Security: Any bonds issued are obligations of the Department and are payable solely from the revenues and funds pledged for the payment thereof. The Department's bonds are not an obligation of the state of Texas, and neither the state's full faith and credit nor its taxing power is pledged toward payment of the Department's bonds.

Dedicated/Project Revenue: Revenue received by the Department from the repayment of loans and investment of bond proceeds is pledged to the payment of principal and interest on bonds issued.

Contacts:

Monica Galuski
Director of Bond Finance and Chief
Investment Officer
Texas Department of Housing and
Community Affairs
(512) 935-9268
monica.galuski@tdhca.state.tx.us

Marni Holloway
Director of Multifamily Finance
Texas Department of Housing and
Community Affairs
(512) 475-3726
marni.holloway@tdhca.state.tx.us

TEXAS DEPARTMENT OF TRANSPORTATION BONDS

Statutory/Constitutional Authority: The Texas Transportation Commission (Commission), the governing body of the Texas Department of Transportation (TxDOT), is authorized to issue both revenue and general obligation bonds.

In 1997, the Texas Turnpike Authority (TTA) was established by SB 370, 75th Legislature (Texas Transportation Code, Chapter 361). Effective November 6, 2001, SB 342, 77th Legislature, abolished the TTA board and assigned all duties, including authority to issue bonds for toll projects, to the Commission, which provides for all the management of the TTA's affairs as a division of TxDOT. The Commission's authority to issue toll revenue bonds is provided by Subchapter C of Chapter 228, Texas Transportation Code.

In 2001, voters approved Article III, Section 49-k of the Texas Constitution, and Subchapter M of Chapter 201, Texas Transportation Code, which established the Texas Mobility Fund within the state treasury and authorized the Commission to issue general obligation bonds payable from the revenues of the fund.

In 2003, voters approved Proposition 14, which added Article III, Section 49-n of the Texas Constitution. This article along with the enabling legislation, Section 222.003, Texas Transportation Code, authorized the issuance of \$3 billion in securities payable from the revenues of the State Highway Fund. In 2005, the program capacity was increased to \$6 billion with a maximum annual issuance of \$1.5 billion.

In 2007, voters approved Proposition 12, which added Article III, Section 49-p to the Texas Constitution. In 2009, HB 1, 81st Legislature, 1st Called Session, ratified Section 222.004 to the Texas Transportation Code, which authorized the issuance of \$5 billion in

highway improvement general obligation bonds.

Purpose: Proceeds from the sale of toll revenue bonds may be used to pay for all or part of the cost of a toll project provided that they are only used to pay costs of the project for which they are issued. In 2002, the Commission issued the Central Texas Turnpike System Revenue Obligations to finance a portion of the planning, design, engineering, and construction of the initial phase of the Central Texas Turnpike System (SH 130 Segments 1 through 4, SH 45 North, and Loop 1).

Revenues and obligations secured by the Texas Mobility Fund may be used for acquisition, construction, maintenance, reconstruction, and expansion of state highways and the participation by the state in the costs of constructing publicly owned toll roads and other public transportation projects.

State Highway Fund revenue bonds (Proposition 14 Bonds) may be used to finance state highway improvement projects that are eligible for funding with constitutionally dedicated revenues. Of the \$6 billion currently authorized, \$1.2 billion must be used to fund projects that improve highway safety.

Highway improvement general obligation bonds (Proposition 12 Bonds) may be used to pay all or part of the costs of highway improvement projects.

Security: Project revenue bonds issued pursuant to Chapter 228, Texas Transportation Code (including Central Texas Turnpike System bonds) are not an obligation of the Commission, TxDOT, nor the state and are payable solely from the revenues of the project for which the securities are issued or other eligible sources.

Obligations of the Texas Mobility Fund (the Fund) are secured by and payable from a

pledge of revenues dedicated to and on deposit in the Fund. Pledged revenues of the Fund primarily consist of driver's license fees, driver record information fees, motor vehicle inspection fees, and certificate of title fees. Bonds secured by the Fund may also carry the state's full faith and credit, pledging the state's taxing power toward payment of the bonds if the dedicated revenues in the Fund are insufficient for repayment of the bonds.

State Highway Fund revenue bonds are payable from a lien on pledged revenues consisting primarily of certain fees and reimbursements deposited to the credit of the State Highway Fund. Major sources of revenue for the State Highway Fund consist of state motor fuels tax receipts, state motor vehicle registration fees, and federal reimbursements.

Highway improvement general obligation bonds carry the state's full faith and credit, pledging the state's taxing power toward payment of the bonds.

Dedicated/Project Revenue: Project revenue bonds are repaid from revenue of the project for which the bonds were issued. Debt service on Texas Mobility Fund bonds and State Highway Fund revenue bonds is payable from the revenues dedicated to each fund except that Texas Mobility Fund bonds also carry the state's general obligation pledge. Highway improvement general obligation bonds issued pursuant to Section 222.004, Texas Transportation Code, are payable from the state's general revenues, including Proposition 7 deposits to the State Highway Fund. In 2015, voters approved Proposition 7, which added Article VIII, Section 7-c, to the Texas Constitution and directs the Comptroller of Public Accounts to deposit in the State Highway Fund \$2.5 billion of the net revenue from the state sales and use tax that exceeds the first \$28 billion of that revenue coming into the state treasury in that fiscal year, beginning in FY 2018.

Contact:

Benjamin Asher
Director, Project Finance, Debt and Strategic
Contracts Division
Texas Department of Transportation
(512) 463-8611
benjamin.asher@txdot.gov

TEXAS LEVERAGE FUND

Statutory/Constitutional Authority: Section 52-a of Article III of the Constitution of the State of Texas and Chapters 481 and 489 of the Texas Government Code authorize the Office of the Governor to issue revenue bonds or notes for the purpose of providing money to fund the economic development loan programs. In 1992, the Texas Bond Review Board and the Office of the Attorney General approved a commercial paper issuance of \$25 million of the authorized \$300 million. Statutory changes are needed to continue the program. Currently the program is not active and there is no Commercial Paper outstanding in relation to this program.

Contact:

Terry Zrubek
Director, Economic Development Finance
Office of the Governor
(512) 475-3590
terry.zrubek@gov.texas.gov

**TEXAS PRIVATE ACTIVITY BOND
SURFACE TRANSPORTATION
CORPORATION BONDS**

Statutory Authority: The Texas Transportation Commission (Commission) is authorized pursuant to the authority in the Texas Transportation Code, Chapter 431, Subchapters A through C, to create transportation corporations to assist and act on behalf of the Commission to promote and develop new and expanded public transportation facilities and systems. Such transportation corporations are authorized to issue bonds for the same purpose for which they were created, including issuance of private

activity bonds for public transportation facilities and systems to be developed pursuant to comprehensive development agreements entered into by the Texas Department of Transportation (TxDOT) as authorized by Subchapter E of Chapter 223, Texas Transportation Code. Pursuant to Chapter 431, the Commission created the Texas Private Activity Bond Surface Transportation Corporation (Corporation) as a conduit issuer of private activity bonds in 2008.

Purpose: Proceeds from the sale of the Corporation's revenue bonds may be used to carry out the purposes for which the Corporation was created, including the development and expansion of public transportation projects, provided that obligations are only used to pay costs of the project for which they are issued.

Security: Bonds issued are payable solely from the revenues, funds, and other sources pledged for the payment thereof. The Corporation's bonds are not obligations of the state, and neither the state's full faith and credit nor its taxing power is pledged toward the payment of the Corporation's bonds.

Dedicated/Project Revenue: Revenue received by the Corporation from the repayment of loans and investment of bond proceeds is pledged to the payment of principal and interest on the bonds issued.

Contact:

Benjamin Asher
Director, Project Finance, Debt and Strategic
Contracts Division
Texas Department of Transportation
(512) 463-8611
benjamin.asher@txdot.gov

**GRAND PARKWAY
TRANSPORTATION CORPORATION
BONDS**

Statutory Authority: The Texas Transportation Commission (Commission) is

authorized pursuant to the authority in the Texas Transportation Code, Chapter 431, Subchapters A through C, to create transportation corporations to assist and act on behalf of the Commission to promote and develop new and expanded public transportation facilities and systems. Such transportation corporations are authorized to issue bonds for the same purpose for which they were created, including issuance of bonds for public transportation facilities and systems to be developed pursuant to comprehensive development agreements entered into by the Texas Department of Transportation (TxDOT) as authorized by Subchapter E of Chapter 223, Texas Transportation Code. Pursuant to Chapter 431, the Commission created the Grand Parkway Transportation Corporation (Corporation) in 2012 to develop, finance, refinance, design, construct, reconstruct, expand, operate, or maintain some or all of the segments of the State Highway 99 (Grand Parkway) toll project that are to be developed by TxDOT.

Purpose: Proceeds from the sale of the Corporation's toll revenue bonds may be used to carry out the purposes for which the Corporation was created, in particular developing, financing, refinancing, designing, constructing, reconstructing, expanding, operating, or maintaining some or all of the segments of the Grand Parkway toll project to be developed by TxDOT.

Security: Bonds issued are secured by the Trust Estate created and pledged pursuant to the Master Trust Agreement, as supplemented, which includes the toll revenues, funds, and other sources pledged as part of the Trust Estate. The Corporation and TxDOT have entered into a Toll Equity Loan Agreement (TELA), as amended, that makes support available for eligible costs of the Grand Parkway through advances by TxDOT if toll revenues and certain fund balances are insufficient to pay certain expenses, including debt service on TELA supported bonds. The

Corporation's bonds are not obligations of the state, and neither the state's full faith and credit nor its taxing power is pledged toward the payment of the Corporation's bonds.

Dedicated/Project Revenue: Corporation bonds are supported by the Trust Estate pursuant to the Master Trust Agreement, as supplemented, including tolls and other revenues of the Grand Parkway System (currently comprised of Segment D in Harris County and Segments E, F-1, F-2, and G in Harris and Montgomery Counties) and certain other funds held by the trustee under the Master Trust Agreement. The Corporation has also issued additional obligations for paying the costs of extending, expanding and improving the Grand Parkway System, including the H and I Project.

Contact:

Benjamin Asher
Director, Project Finance, Debt and Strategic
Contracts Division
Texas Department of Transportation
(512) 463-8611
benjamin.asher@txdot.gov

**TEXAS ECONOMIC DEVELOPMENT
AND TOURISM BONDS**

Statutory/Constitutional Authority: In 1989, specific authority was provided by Section 71, Article XVI of the Texas Constitution to fund the Product Development and Small Business Incubator (PDSBI) program. As the successor office to the Texas Department of Economic Development, the Texas Economic Development and Tourism Office (the Office) within the Office of the Governor was created by SB 275, 78th Legislature, which authorizes the Office to issue general obligation bonds. This legislation also provided the statutory authority for the Texas Economic Development Bank to issue bonds to fund the PDSBI Program.

Purpose: Proceeds from the sale of bonds are used to fund the PDSBI program. The money from these funds provides financial assistance to promote domestic business development through loans to finance the commercialization of new and improved products and processes and foster the development of small businesses in the state.

Security:

The full faith and credit of the state is pledged for the payment of the bonds.

Dedicated/Project Revenue: Revenue of the Office, primarily from the repayment of loans and the disposition of debt instruments, is pledged to the payment of principal and interest on bonds issued.

Contact:

Terry Zrubek,
Director, Economic Development Finance
Office of the Governor
(512) 475-3590
terry.zrubek@gov.texas.gov

**TEXAS MILITARY FACILITIES
COMMISSION BONDS**

Statutory Authority: The Texas Military Facilities Commission (the Commission) was created in 1997 by SB 352, 75th Legislature, as the successor agency to the National Guard Armory Board, which was created as a state agency in 1935 (Texas Government Code, Chapter 435) and authorized to issue long-term debt. Legislative approval of bond issues is not required; however, the Commission is required to obtain the approval of the Bond Review Board and the Attorney General's Office prior to issuance and to register its bonds with the Comptroller of Public Accounts.

In 1991, SB 3, 72nd Legislature, authorized the Texas Public Finance Authority (the Authority) to issue bonds on behalf of the Texas Military Facilities Commission (Texas Government Code, Section 435.041).

SB 1724, Acts of the 80th Legislature (2007) abolished the Commission and transferred all its duties, responsibilities, property, and assets to the Adjutant General's Department. To preserve the pledged revenue stream and meet the state's obligations under the bonds, the Commission's title to facilities, the rental, and other income of which is pledged to the bonds, was transferred to the Texas Public Finance Authority effective September 1, 2007. The Authority will continue leasing the facilities to the Adjutant General's Department, which is obligated to continue making rental payments until the bonds are retired after which the Authority will transfer title to the facilities to the Adjutant General.

The name changed from the Adjutant General's Department to the Texas Military Department and was re-codified under Texas Government Code, Section 437 by SB 1536, 83rd Leg., R.S.

Purpose: Proceeds from the sale of bonds are used to acquire land, to construct, remodel, repair, or equip buildings for the Texas National Guard.

Security: Any bonds issued are obligations of the Authority and are payable from rents, issues, and profits of the facilities leased to the Texas Military Department. The bonds are not general obligations of the state of Texas and neither the state's full faith and credit nor its taxing power is pledged toward payment of the bonds.

Dedicated/Project Revenue: The rent payments used to retire the bonds are paid by the Texas Military Department primarily with general revenue funds appropriated by the legislature. Independent project revenue, in the form of other income from properties owned by the Texas Military Department, is also used to pay a small portion of debt service.

Contacts:
Robert MacFarland

Chief Fiscal Officer
Texas Military Department
(512) 782-5409
robert.macfarland@military.texas.gov

Lee Deviney
Executive Director
Texas Public Finance Authority
(512) 463-5544
lee.deviney@tpfa.texas.gov

TEXAS PARKS AND WILDLIFE DEPARTMENT BONDS

Statutory/Constitutional Authority: Article III, Section 49-e, of the Texas Constitution, adopted in 1967, authorized the Texas Parks and Wildlife Department (the Department) to issue general obligation bonds to acquire and develop state parks. In 1991, SB 3, 72nd Legislature, authorized the Texas Public Finance Authority (the Authority) to issue bonds on behalf of the Department. In 1997, HB 3189, 75th Legislature, codified in the Texas Parks and Wildlife Code, Section 13.0045, authorized the Authority to issue revenue bonds or other revenue obligations not to exceed \$60.0 million in the aggregate on behalf of the Department for construction and renovation projects for parks and wildlife facilities.

Purpose: Proceeds from the sale of general obligation bonds are used to purchase and develop state park lands. Proceeds from the sale of revenue bonds are used to finance the repair, renovation, improvement, and equipping of parks and wildlife facilities.

Security: General obligation debt issued on behalf of the Department is payable from revenues and income of the Department. In the event that such income is insufficient to repay the debt, the first monies coming into the Comptroller of Public Accounts - Treasury Operations, not otherwise dedicated by the Texas Constitution, are pledged to pay debt service on the bonds.

Revenue obligations issued on behalf of the Department are to be repaid from rent payments made by the Department to the Authority. The Department may receive legislative appropriations of general revenue for its required rental payments.

Dedicated/Project Revenue: Debt service on general obligation park development bonds is payable from entrance fees to state parks. Additionally, sporting goods sales tax revenue may also be used to pay debt service on general obligation park development bonds.

The Department's lease obligations to the Authority for revenue bonds are repaid from the Department's general revenue appropriation for lease payments.

Contacts:

Jessica Davisson
Infrastructure Division Director
Texas Parks and Wildlife Department
(512) 389-4741
jessica.davisson@tpwd.texas.gov

Lee Deviney
Executive Director
Texas Public Finance Authority
(512) 463-5544
lee.deviney@tpfa.texas.gov

**TEXAS PUBLIC FINANCE
AUTHORITY BONDS**

Statutory/Constitutional Authority: The Texas Public Finance Authority (the Authority) is authorized to issue both revenue and general obligation bonds.

The Authority was initially created by the legislature in 1983, by Texas Revised Civil Statutes Ann., Article 601d (now Chapter 1232, Texas Government Code) and was authorized to issue revenue bonds to finance state office buildings.

Article III, Section 49-h, of the Texas Constitution, adopted in 1987, authorized the

Authority to issue general obligation bonds for correctional and mental health facilities.

In 1989, the Authority was authorized to establish a Master Lease Purchase Program. This program was created to finance the purchase of equipment on behalf of various state agencies at tax-exempt interest rates.

In 1991, the Authority was given the responsibility of issuing revenue bonds for the Texas Workers' Compensation Fund under Subchapter G, Chapter 5, of the Texas Insurance Code.

The 73rd Legislature authorized the Authority, effective January 1, 1992, to issue bonds on behalf of the Texas Military Facilities Commission, Texas National Research Laboratory Commission, Texas Parks and Wildlife Department, and the Texas State Technical College. In 1993, the Authority was authorized to issue bonds or other obligations to finance alternative fuels equipment and infrastructure projects for state agencies, institutions of higher education, and political subdivisions.

The 74th Legislature authorized the Authority to issue building revenue bonds on behalf of the Texas Department of State Health Services (formerly the Texas Department of Health) for financing a Public Health Laboratory in Travis County and to issue general obligation bonds on behalf of the Texas Juvenile Probation Commission (now the Texas Juvenile Justice Department).

The 75th Legislature authorized the Authority to issue bonds on behalf of the Texas Low-Level Radioactive Waste Disposal Authority (see Texas Commission on Environmental Quality, *supra*), Midwestern State University, Texas Southern University, and Stephen F. Austin State University. Other legislation passed by the 75th Legislature authorized the Authority to issue revenue bonds on behalf of the Texas Health and Human Services

Commission and the Texas Parks and Wildlife Department. The legislature also authorized the Authority to issue bonds to finance the Texas State History Museum on behalf of the State Preservation Board.

The 76th Legislature authorized the Authority to issue revenue obligations to finance automated information systems for the Texas Department of Human Services' electronic benefits transfer (EBT) and integrated eligibility (TIERS) programs.

In 2001, constitutional amendments were adopted authorizing the issuance of: 1) up to \$850 million of general obligation bonds to finance construction, renovation, and equipment acquisitions for thirteen state agencies (Texas Constitution, Article III, Section 50-f); and 2) up to \$175 million of general obligation bonds to finance assistance to border counties for roadways in colonias (Texas Constitution, Article III, Section 49-l). Additionally, the 77th Legislature authorized the Authority to issue bonds to finance nursing home liability insurance and to establish a corporation to issue bonds for charter schools. Bonds issued for charter schools do not constitute state debt.

In 2003, the 78th Legislature authorized the Authority to issue revenue bonds on behalf of the Texas Workforce Commission to fund the unemployment compensation program. (See the Texas Labor Code, Chapter 203, Subchapter F.) The 78th Legislature also authorized: 1) the Authority's issuance of general obligation bonds to finance assistance to local governments for economic development projects to enhance the military value of military facilities. Texas voters approved SJR 55 on September 13, 2003, and amended the Texas Constitution, Article III, Section 49-n, and Texas Government Code, Chapter 436; and 2) the Authority's issuance of up to \$75 million of revenue bonds to fund the FAIR Plan, which provides residential property insurance of last resort. The 86th Legislature

authorized the use of loan proceeds to pay other debt incurred for the purpose of financing the project.

The 79th Legislature authorized the Authority to issue revenue bonds to finance building improvements for the Texas Department of Transportation (HB 2702) and to refinance certain of the Texas Building and Procurement Commission's lease-purchase agreements (now the Texas Facilities Commission).

The 80th Legislature authorized the Authority to issue \$3 billion of general obligation debt to finance cancer research (Texas Constitution, Article III, Section 67) and \$1 billion to finance capital projects for certain state agencies (Texas Constitution, Article III Section 50-g).

In 2011, the Sunset Advisory Commission conducted a review of the Authority pursuant to the Texas Government Code Chapter 325. HB 2251, 82nd Legislature, Regular Session (2011), became effective June 17, 2011, authorizing the continuation of the Authority for another twelve years. The legislation also authorized Stephen F. Austin State University to issue debt on its own (under prior law, the Authority was the exclusive issuer of debt for that university) and authorized Texas State Technical College System and other general academic teaching institutions to contract with the Authority to issue or refund debt on their behalf.

The 84th Legislature authorized the Authority to issue \$767 million in building revenue bonds on behalf of the Texas Facilities Commission for financing Phase I of its construction of state office buildings and parking garages in the Capitol Complex and North Austin Campus.

The 86th Legislature authorized the Authority to issue an additional \$475 million in building revenue bonds on behalf of the Texas Facilities Commission for financing Phase II of its construction of state office buildings and parking garages in the Capitol Complex and

North Austin Campus. Additionally, the Authority was authorized to issue \$326 million in building revenue bonds on behalf of the Texas Department of Transportation for its Campus Consolidation Project. The Authority was also authorized to issue \$208 million in revenue bonds for the Health and Human Services Commission for deferred facilities maintenance. The legislature passed House Joint Resolution 12, and on November 5, 2019, voters approved an amendment to the Texas Constitution which increased the general obligation bond authorization for CPRIT to \$6.0 billion from \$3.0 billion.

The Authority is required to obtain the approval of the Bond Review Board and the Attorney General's Office prior to issuance and to register its bonds with the Comptroller of Public Accounts. The issuance of not self-supporting debt for Texas Constitution, Article III Section 50-f and 50-g authorizations also require Legislative Budget Board approval.

Purpose: Proceeds from the sale of general obligation bonds issued under Article III, Section 49-h are used to finance the cost of constructing, acquiring, and/or renovating prison facilities, youth correction facilities, and mental health/mental retardation facilities. Proceeds of obligations issued under Article III, Section 50-f are used for state agency renovation, construction, and equipment acquisition projects. Proceeds of obligations issued under Article III, Section 49-l are used to provide assistance to border counties for colonia roadway projects. Proceeds from the sale of general obligation bonds issued under Article III, Section 67 are used to finance grants for cancer research and the operation of the Cancer Prevention and Research Institute of Texas. Proceeds from the sale of building revenue bonds are used to purchase, construct, renovate, and maintain state buildings. Proceeds of bonds issued under Article III, Section 49-n are used to fund the Texas Military Value Revolving Loan Fund to make loans to certain defense communities for

improved military value or economic development projects. Proceeds from the sale of bonds for the Workers' Compensation Fund were used to fund the Workers' Compensation Insurance Fund. Proceeds from the issuance of commercial paper under the Master Lease Purchase Program are used to finance equipment purchases of state agencies. (For a description of the use of funds for bonds issued on behalf of the Texas Military Facilities Commission [now the Texas Military Department], the Texas Parks and Wildlife Department, and the Texas state colleges and universities that are clients of the Authority, see the applicable sections in this Appendix.) Proceeds of bonds issued on behalf of the Texas National Research Laboratory Commission were used to finance costs of the Superconducting Super Collider; however, the project was canceled in 1995. The revenue bonds issued for the project were defeased in 1995, and the general obligation bonds were economically defeased in November 1999.

Security: Building revenue bonds are obligations of the Authority and are payable from rents, issues, and profits resulting from leasing projects to state agencies. These sources of revenue come primarily from legislative appropriations. The general obligation bonds pledge the first monies not otherwise appropriated by the Texas Constitution that come into the state treasury each fiscal year to pay debt service on the bonds. Revenue debt issued for the Unemployment Compensation Insurance Fund was secured by a special obligation assessment imposed on Texas employers by the Texas Workforce Commission. Revenue bonds issued for the Master Lease Purchase Program are secured by lease payments from state agencies, which come from state appropriations.

Dedicated/Project Revenue: Debt service on general obligation bonds has generally been payable from the state's General Revenue Fund. Loan repayments paid by participating

defense communities to the Texas Military Preparedness Commission are used to pay debt on the outstanding bonds.

Debt service on the revenue bonds is payable from lease payments, which are primarily general revenue funds appropriated to the respective agencies and institutions by the legislature. The legislature, however, may appropriate lease payments to be used for debt service on the bonds from any source of funds that is lawfully available. University revenue bonds are repaid from pledged revenue such as tuition and fees. The university bonds are self-supporting, and the state's credit is not pledged for their repayment.

Contact:

Lee Deviney
Executive Director
Texas Public Finance Authority
(512) 463-5544
lee.deviney@tpfa.texas.gov

**TEXAS PUBLIC FINANCE
AUTHORITY/TEXAS WINDSTORM
INSURANCE ASSOCIATION BONDS**

Statutory/Constitutional Authority: In the event of a catastrophe, the Texas Public Finance Authority (the Authority) is authorized to issue revenue obligations for the Texas Windstorm Insurance Association (the Association) pursuant to Subchapters B-1 and M, Chapter 2210, of the Texas Insurance Code (the Act).

The Authority and the Association are required to obtain the approval of the State Insurance Commissioner, the Bond Review Board, and the Attorney General's Office prior to issuance and to register its bonds with the Comptroller of Public Accounts.

Purpose: Proceeds from the sale of revenue bonds issued may be used to pay incurred claims and operating expenses of the Association; to pay for the purchase of reinsurance for the Association; to provide a

reserve fund; and to pay capitalized interest and principal on the public securities for the period determined necessary by the Association.

Security: The bonds are special obligations of the Authority and the Association equally and ratably secured solely by and payable solely from a pledge of and lien on the Pledged Revenues. Pledged Revenues consist of premium revenues received by the Association or from the assessment of the surcharges pursuant to the Authorizing Law, amounts on deposit in the Obligation Revenue Fund and accounts created therein, and in the Program Fund and accounts created therein, including all derived investment income.

Dedicated/Project Revenue: Debt service on bonds issued by the Association is payable from any one or a combination of the following: premiums and other revenue of the Association, as well as premium surcharges on property insurance policies in the catastrophe area.

Contact:

Lee Deviney
Executive Director
Texas Public Finance Authority
(512) 463-5544
lee.deviney@tpfa.texas.gov

**TEXAS PUBLIC FINANCE
AUTHORITY CHARTER SCHOOL
FINANCE CORPORATION**

Statutory/Constitutional Authority: The Texas Public Finance Authority Charter School Finance Corporation (the Corporation or Issuer) is a public, non-profit corporation created by the Texas Public Finance Authority (the Authority or Sponsoring Entity) and exists as an instrumentality of the state pursuant to Texas Education Code, Section 53.351, as amended (the Act). The Corporation is required to obtain the approval of the Bond Review Board and the Attorney General's Office prior to issuance and to register its

bonds with the Comptroller of Public Accounts.

Purpose: Pursuant to the Act, the Issuer is authorized to issue revenue bonds and to lend the proceeds thereof to authorized charter schools for the purpose of aiding such schools in financing or refinancing “educational facilities” (as such term is defined in the Act) and facilities that are incidental, subordinate, or related thereto or appropriate in connection therewith.

Security: The bonds are special and limited obligations of the Issuer, payable solely from revenues to be derived under the loan agreement, the Issuer Master Notes, and in certain circumstances, out of amounts secured through the exercise of remedies provided in the Indenture, the loan agreement, the deed of trust, and the Issuer Master Notes. The bonds are not obligations of the state of Texas or any entity other than the Issuer. The Issuer has no taxing power.

Dedicated/Project Revenue: The Issuer issues the bonds and loans the proceeds to the Borrower (an eligible open-enrollment charter school) to finance education facilities of the Borrower. The Borrower’s obligations under the Loan Agreement are expected to be paid primarily from the state general revenue allocation the Borrower receives as a charter school, pursuant to Chapter 12 of the Texas Education Code.

Contact:

Lee Deviney
Executive Director
Texas Public Finance Authority
(512) 463-5544
lee.deviney@tpfa.texas.gov

**TEXAS SMALL BUSINESS
INDUSTRIAL DEVELOPMENT
CORPORATION BONDS**

Statutory Authority: The Texas Small Business Industrial Development Corporation (TSBIDC) was created as a private non-profit

corporation in 1983 (Title 83, Article 5190.6, Sections 4-37, Tex. Rev. Civ. Stat. Ann. as codified in the Local Government Code, Chapter 503) pursuant to the Development Corporation Act of 1979, and was authorized to issue revenue bonds. The authority of TSBIDC to issue bonds was repealed by the legislature, effective September 1, 1987. HB 2667, as an act of the 84th Legislature, repealed Chapter 503 of the Texas Local Government Code and Subchapter N, Chapter 481, Texas Government Code, which terminated the program.

Purpose: Proceeds from the sale of the TSBIDC bonds were used to provide financing to state and local governments and to businesses and non-profit corporations for the purchase of land, facilities, and equipment for economic development.

Security: The bonds were obligations of the Corporation. The Corporation’s bonds were not an obligation of the state of Texas or any political subdivision of the state. All Texas Small Business Industrial Development Corporation Bonds have been defeased as of January 2014.

Dedicated/Project Revenue: Debt service on bonds issued by the TSBIDC were payable from the repayment of loans made from bond proceeds and investment earnings on bond proceeds.

Contact:

Terry Zrubek
Director, Economic Development Finance
Office of the Governor
(512) 475-3590
terry.zrubek@gov.texas.gov

**TEXAS STATE AFFORDABLE
HOUSING CORPORATION**

Statutory Authority: Chapter 2306, Subchapter Y of the Texas Government Code, authorizes the Texas State Affordable Housing Corporation (the Corporation) to issue bonds.

In accordance with the Texas Government Code, as amended, the Corporation is authorized to issue statewide 501(c)(3) bonds, qualified residential rental project bonds, and qualified mortgage revenue bonds under Sections 2306.553 and 2306.555. The 77th Legislature established the Professional Educators Home Loan Program under Section 2306.562. The 78th Legislature authorized the Fire Fighter, Law Enforcement or Security Officer, and Emergency Medical Services Personnel Home Loan Program under Section 2306.5621. The 83rd Legislature reauthorized both of the Corporation's profession-specific single family programs by adding all eligible occupations under the Professional Educators Home Loan Program to the Homes for Texas Heroes (formerly known as the Fire Fighter, Law Enforcement or Security Officer, and Emergency Medical Services Personnel) Home Loan Program, creating a single program under Section 2306.5621.

The Corporation is required to obtain the approval of the Bond Review Board and the Attorney General's Office prior to issuance and to register its bonds with the Comptroller of Public Accounts.

Purpose: The Corporation's primary public purpose is to facilitate the provision of housing and the making of affordable loans to individuals and families of low, very low, and extremely low income for eligible participants under its programs. The Corporation is required to perform such activities and services that will promote and facilitate the public health, safety, and welfare through the provision of adequate, safe, and sanitary housing for individuals and families of low, very low, and extremely low income.

Security: Any bonds issued are payable solely from the revenues and funds pledged for the payment thereof. The Corporation's bonds are not obligations of the state of Texas, and neither the state's full faith and credit nor its

taxing power is pledged toward the payment of the Corporation's bonds.

Dedicated/Project Revenue: Revenue received by the Corporation from the repayment of loans and investment of bond proceeds is pledged to the payment of principal and interest on the bonds issued.

Contact:

David Long
President
Texas State Affordable Housing Corporation
(512) 477-3555
dlong@tsahc.org

TEXAS WATER DEVELOPMENT BONDS

Statutory/Constitutional Authority: The Texas Water Development Board (the Board) is authorized to issue both revenue and general obligation bonds.

General Obligation: The Board issues self-supporting general obligation bonds for the Development Fund, State Participation (SP), and Rural Water Assistance Fund financial assistance programs. The Board may issue not self-supporting general obligation bonds for the SP, Water Infrastructure Fund (WIF), Economically Distressed Areas Program (EDAP), and the Agricultural Water Conservation Loan Program.

General Obligation Authority: Article III, Sections 49-c, 49-d, 49-d-1, 49-d-2, 49-d-4, 49-d-6, 49-d-7, 49-d-8, 49-d-9, 49-d-10, 49-d-11, 49-d-14 and 50-d, of the Texas Constitution, initially adopted in 1957, contain the authorization for the issuance of general obligation bonds by the Board.

The 71st Legislature (1989) passed comprehensive legislation that established the EDAP. Article III, Section 49-d-7(b), provides for subsidized loans and grants from the proceeds of bonds authorized by this section. The 80th Legislature authorized an additional

\$250 million in general obligation bonds in Article III, Section 49-d-10 and the 86th Legislature authorized \$200 million in evergreen bonding authority in Section 49-d-14, to provide funds for the EDAP.

General Obligation Approval: Legislative appropriation and voter approval are required for the issuance of general obligation debt. Legislative appropriation is required for not self-supporting debt, while no further legislative action is required for self-supporting debt. The issuance of not self-supporting debt also requires Legislative Budget Board review. The Board is required to obtain the approval of the Bond Review Board and the Attorney General's Office prior to issuance and to register its bonds with the Comptroller of Public Accounts.

General Obligation Purpose: Proceeds from the sale of the general obligation bonds are used to make loans (and grants under the EDAP) to political subdivisions of Texas through the purchase of bonds or execution of Loan Agreements or Master Agreements for the performance of various projects related to water conservation, transportation, storage, and treatment.

General Obligation Security: The general obligation bonds are secured by the first monies coming into the Comptroller of Public Accounts - Treasury Operations not otherwise dedicated by the Texas Constitution but are paid with program revenues to the extent available. The Development Fund Program is designed to be self-supporting. No general revenue draw has been made on this program since 1980. All outstanding series of the SP Program are considered self-supporting. No general revenue draw has been made on this program since 2010.

The EDAP is anticipated to have general revenue draws. The WIF Program includes certain series that are self-supporting and others that are not self-supporting. The not

self-supporting series are anticipated to have general revenue draws.

Revenue Debt Authority: The Texas Water Resources Fund administered by the Board was created in 1987 by the 70th Legislature (Texas Water Code, Section 17.853), to issue revenue bonds that facilitate the conservation of water resources.

The State Water Implementation Revenue Fund for Texas (SWIRFT), administered by the Board, was created in 2013 by the 83rd Legislature (Texas Water Code, Chapter 15, Subchapter H), to issue revenue bonds to provide financing or refinancing for projects included in the state water plan. Constitutional related provisions applicable to the SWIRFT are detailed in Article III, Section 49-d-13 of the Texas Constitution.

Revenue Debt Approval: Further legislative approval of specific bond issues is not required; however, the Board is required to obtain the approval of the Bond Review Board and the Attorney General's Office prior to issuance and to register its bonds with the Comptroller of Public Accounts. For the SWIRFT, the Texas Constitution requires that the Board provide written notice to the Legislative Budget Board for approval before issuing a revenue bond.

Revenue Debt Purpose: Proceeds from the sale of revenue bonds authorized under Texas Water Code, Section 17.853, are used to provide funds to the State Water Pollution Control Revolving Fund (also known as the Clean Water State Revolving Loan Fund) or any other state revolving fund that is created under Subchapter J, Chapter 15 of the Texas Water Code, including the Drinking Water State Revolving Fund, and to provide financial assistance to local government jurisdictions through the acquisition of their obligations.

SWIRFT bond proceeds will be used to provide financial assistance to local

government jurisdictions through acquisition of their obligations for the purpose of financing state water plan projects.

Revenue Debt Security: Any revenue bonds issued are obligations of the Board and are payable solely from the income of the program, including the repayment of bonds and other obligations owed to the Board by political subdivisions. Principal and interest payments due on such obligations are pledged to pay debt service on the revenue debt issued by the Board.

Contact:

Rebecca Trevino, CPA
Chief Financial Officer
Texas Water Development Board
(512) 936-0809
Rebecca.Trevino@twdb.texas.gov

**TEXAS WATER RESOURCES
FINANCE AUTHORITY BONDS**

Statutory Authority: The Texas Water Resources Finance Authority (the Authority) was created in 1987 (Texas Water Code, Chapter 20) and given the authority to issue revenue bonds. The Authority is required to obtain the approval of the Bond Review Board and the Attorney General's Office prior to issuance and to register its bonds with the Comptroller of Public Accounts. No such bonds are currently outstanding.

Purpose: Proceeds from the sale of bonds are used to finance the acquisition of the bonds of local government jurisdictions, including local jurisdiction bonds that are owned by the Texas Water Development Board.

Security: Issued bonds are obligations of the Authority and are payable from funds of the Authority. The Authority's bonds are not an obligation of the state of Texas. Neither the state's full faith and credit nor its taxing power is pledged toward payment of Authority bonds.

Dedicated/Project Revenue: Revenue from

the payment of principal and interest on local jurisdiction bonds acquired is pledged to the payment of principal and interest on bonds issued.

Contact:

Rebecca Trevino, CPA
Chief Financial Officer
Texas Water Development Board
(512) 936-0809
Rebecca.Trevino@twdb.texas.gov

**VETERANS' LAND AND HOUSING
ASSISTANCE BONDS**

Statutory/Constitutional Authority: Article III, Section 49-b, of the Texas Constitution, initially adopted in 1946, authorized the issuance of general obligation bonds to finance the Veterans Land Program. Article III, Section 49-b-1, of the Texas Constitution, adopted in 1983, authorized additional land bonds and created the Veterans' Housing Assistance Program and established the Veterans' Housing Assistance Fund within the program. Article III, Section 49-b-2, of the Texas Constitution, adopted in 1993, authorized additional land bonds and the issuance of general obligation bonds to finance the Veterans' Housing Assistance Program, Fund II. Article III, Section 49-b, amended in 2001 and 2003, also authorizes the Veterans Land Board to use assets from the Veterans' Land Fund, the Veterans' Housing Assistance Fund, or the Veterans' Housing Assistance Fund II in connection with veterans' cemeteries and veterans' long-term care facilities. Chapter 164 of the Texas Natural Resources Code authorized the Veterans Land Board to issue revenue bonds for its programs including the financing of veterans' long-term care facilities.

Purpose: Proceeds from the sale of the general obligation bonds are loaned to eligible Texas veterans for the purchase of land, housing, and home improvements. Proceeds from the sale of revenue bonds are used to make land loans to veterans, to make home mortgage loans to

veterans, or to provide for veterans' skilled nursing-care homes. Additionally, funds are used to provide cemeteries for veterans.

Security: In addition to program revenues, the general obligation bonds pledge the first monies coming into the Comptroller of Public Accounts - Treasury Operations not otherwise dedicated by the Texas Constitution. The revenue bonds issued under Chapter 164 are special obligations of the Board and are payable only from and secured by the revenue and assets pledged to secure payment of the bonds under the Texas Constitution and Chapter 164. The revenue bonds do not create or constitute a pledge, gift, or loan of the full faith, credit, or taxing authority of the state.

Dedicated/Project Revenue: Debt service on the general obligation bonds is payable from principal and interest payments on the underlying loans to veterans. Debt service for the revenue bonds is paid from all available revenue from the projects financed, which is pledged as security for the bonds. The programs are designed to be self-supporting and have never had to rely on the General Revenue Fund.

Contact:

Rusty Martin
Deputy Commissioner of Funds Management
Texas Veterans Land Board
(512) 463-5120
rusty.martin@glo.texas.gov

Appendix F The Private Activity Bond Program

Since the passage of the Tax Reform Act of 1986 (the "Tax Act"), federal law has limited the use of tax-exempt financing for private activities. Tax-exempt private activity bonds may be used to finance certain privately owned projects that serve a public purpose and meet the following tests: 1) Private Business Use Test — more than 10 percent of the proceeds are to be used for any private business use; 2) Private Security or Payment Test — payment on principal or interest of more than 10 percent of the proceeds is to be directly or indirectly secured by, or payments are to be derived from a private business use; and 3) Private Loan Financing Test — proceeds are to be used to make or finance loans to persons other than governmental units.

Section 146(e) of the Internal Revenue Code provides for each state to devise an allocation formula or a process for allocating the state's volume cap. This provision gives each state the ability to allocate this limited resource in a manner consistent with its own specific needs.

The Tax Act imposes a volume ceiling (or cap) on the aggregate principal amount of tax-exempt private activity bonds that may be issued within each state during any calendar year. For calendar year 2020, the volume cap was the greater of \$105 per capita or \$321.8 million. Based on the per capita amount, the state's volume cap for calendar year 2020 was \$3.04 billion.

Chapter 1372 of the Texas Government Code authorizes the issuance of five types (subceilings) of private activity bond issues: 1) single-family housing projects permitted to issue qualified mortgage revenue bonds (MRB) or mortgage credit certificates (MCC); 2) certain state-voted bond issues; 3) qualified small-issue industrial development bonds (IDBs) or enterprise zone bonds (EZBs); 4) multifamily residential rental projects; 5) all other issues that include a variety of exempt facilities such as sewage facilities and solid and hazardous waste disposal facilities. The 86th Legislature (2019) passed Senate Bill (SB)

1474 which, among other changes, eliminated the HEA student loan bond subceiling and combined those issuers to the all other issues subceiling. In recent years, a widening variety of projects have been permitted to utilize tax-exempt private activity bonds, including transportation facilities, environmental enhancements to hydroelectric generating facilities, and qualified public educational facilities.

Chapter 1372 of the Texas Government Code mandates the allocation process for the state of Texas. The Private Activity Bond Allocation Program (PAB or Program) regulates the volume cap and monitors the amount of demand and use of private activity bonds each year. The BRB has administered the Program since January 1, 1992.

The federal government determines the state's private activity ceiling, but historically, the demand for financing for qualified private activities outstrips the supply of available volume cap. To address the excess demand over supply for most types of PAB financing, the legislature devised a lottery system that ensures an allocation opportunity for each eligible project type.

Reservations of state ceilings are initially allocated by lottery for applications received from October 5th through October 20th of the preceding program year, and thereafter on a first-come, first-served basis. Single-family housing has a separate priority system based on prior applications received and prior bond issues. Reservations are made under each subceiling, as applicable, from January through August 14th of each year. On August 15th (the collapse date), all unreserved allocation from all the subceilings are combined and redistributed by lottery number or on a first-come, first-served basis if all applicants from the lottery have received a reservation.

Contact:

Robert B. Latsha II
Executive Director
Texas Bond Review Board
(512) 463-1741
rob.latsha@brb.texas.gov

Appendix G

Glossary

Advance Refunding – A refunding in which the refunded obligation remains outstanding for a period of more than 90 days after the issuance of the refunding issue. The Tax Cuts and Jobs Act of 2017 eliminated the option of issuing a tax-exempt advanced refunding of a tax-exempt municipal debt after December 31, 2017.

Allocation – The amount of private activity bond authority obtained from the state ceiling and assigned to a bond issuer using the issuance proceeds for a private activity that qualifies for exemption from federal income tax under the IRS Code.

Allotment – Amount of securities distributed to each member of the underwriting syndicate to fill orders.

Authorized but Unissued – Debt that has been authorized for a specific purpose by the voters and/or the legislature but has not yet been issued. Authorized but unissued debt can be issued without the need for further legislative action.

Bond – A debt instrument in which an investor loans money to the issuer that specifies: when the loan is due (“term” or “maturity” such as 20 years), the interest rate the borrower will pay (such as 5 percent), when the debt-service payments will be made (such as monthly, semi-annually, or annually), and the revenue source pledged to make the payments.

Bond Counsel – Attorney retained by the issuer to give a legal opinion that the issuer is authorized to issue the proposed securities, the legal requirements necessary for issuance have been met, and the proposed securities will be exempt from federal income taxation and state and local taxation where applicable.

Bond Insurance – A legal commitment by an insurance company to make timely payments of principal and interest in the event that the issuer of the debt is unable to make the payments.

Bond Proceeds – The money paid to the issuer by the purchaser or underwriter of a new issue of municipal securities. These funds are used to finance the project or other purpose for which the securities were issued and to pay certain costs of issuance as may be provided in the bond contract or bond purchase agreement.

Build America Bonds (BABs) – A debt instrument created by the American Recovery and Reinvestment Act of 2009 (ARRA) that could be issued as Tax Credit BABs or Direct-Payment BABs. Tax Credit BABs provide a tax credit to investors equal to 35 percent of the interest payable by the issuer. Direct-Payment BABs provide a direct federal subsidy payment to state and local governmental issuers equal to 35 percent of the interest payable. With the implementation of the Budget Control Act of 2011, the BAB subsidies have been reduced. Authority to issue BABs expired in December 2010.

| Federal Fiscal Year (October 1st thru September 30th) | Sequestration Rate Reduction |
|--|------------------------------|
| 2021 | 5.7% |
| 2020 | 5.9% |
| 2019 | 6.2% |
| 2018 | 6.6% |
| 2017 | 6.9% |
| 2016 | 6.8% |
| 2015 | 7.3% |
| 2014 | 7.2% |
| 2013 | 8.7% |

Capital Appreciation Bonds (CABs) – A municipal security on which the investment return (interest) on an initial principal amount is reinvested at a stated compounded rate until maturity. At maturity, the investor receives a single payment (the “maturity value”) representing both the initial principal amount and the total investment return.

CAB Maturity Amount – The single payment for a capital appreciation bond an investor receives at maturity representing both the initial principal amount and interest. For capital appreciation bonds, compound accreted values are calculated as interest in the year of maturity.

CAB Par Amount – The face amount assigned to a capital appreciation bond at issuance and paid to the investor at maturity.

CAB Premium – The amount by which the price paid for a (CAB) security exceeds par value.

Carryforward – A private activity bond term for the three types of state ceiling that can be carried over for use by an issuer in the subsequent three years. The three types are:

- 1) Traditional Carryforward - The amount of the state ceiling not reserved before November 15 and any amount previously reserved that becomes available on or after that date because of a reservation cancellation.
- 2) Non-Traditional Carryforward - The amount of state ceiling reserved by an issuer for a specific purpose and for which the closing date extends beyond the year in which the reservation was granted.
- 3) Unencumbered Carryforward - The amount of state ceiling at the end of the year that is not reserved, nor designated as carryforward, and for which no application for carryforward is pending.

Certificate of Obligation (CO) – A bond issued by a city, county, or certain hospital districts without the approval of voters to finance public projects. Although voter approval is not required, the sale can be stopped if 5 percent of the total voters in the taxing area sign a petition and submit it prior to approval of the ordinance to sell such certificates.

Certificate of Participation (COP) – A tax-exempt, lease-financing agreement used by a municipality or local government in which an investor buys a share or participation in the

revenue generated from the lease-purchase of the property or equipment to which the COP is tied. COPs do not require voter approval.

Charter School – Charter schools were created by the Texas Legislature in 1995 as part of the public-school system. Under Texas Education Code, Chapter 12, the purpose of charter schools is to improve student learning, increase the choice of learning opportunities within the public-school system, create professional opportunities that will attract new teachers to the public-school system, establish a new form of accountability for public schools, and encourage different and innovative learning methods.

Commercial Paper – Short-term, unsecured promissory notes that mature within 270 days and are backed by a liquidity provider (usually a bank) that stands by to provide liquidity in the event the notes are not remarketed or redeemed at maturity.

Competitive Sale – A sale in which the issuer solicits bids from underwriting firms and sells the securities to the underwriter or syndicate offering the most favorable bid that meets the specifications of the notice of sale.

Component Unit (CU) – A legally separate entity for which the elected officials of the primary government (PG) are financially accountable. The nature and significance of the CUs relationship with the PG is such that exclusion from the PG’s financial reports would be misleading or create incomplete financial statements.

Conduit Issuer – An issuer, usually a government agency, that issues municipal securities to finance revenue-generating projects in which the funds generated are used by a third party (known as the conduit borrower or obligor) for debt-service payments.

Costs of Issuance – The expenses associated with the sale of a new issue of municipal securities, including underwriting costs, legal fees, rating agency fees, and other fees associated with the transaction.

Coupon – The interest rate paid on a security.

Counterparty Risk – The risk to each party in a swap contract that the counterparty will not fulfill its contractual obligations.

Current Interest Bond (CIB) – A bond in which interest payments are made on a periodic basis throughout the life of the bond as opposed to a bond (such as a capital appreciation bond) that pays interest only at maturity. This term is most often used in the context of a combination issuance of bonds that includes both capital appreciation bonds and current interest bonds.

Current Refunding – A refunding transaction in which the municipal securities being refunded will mature or be redeemed within 90 days or less from the date of issuance of the refunding issue.

CUSIP – A unique nine-character identification for each class of security approved for trading in the United States. CUSIPs are used to facilitate clearing and settlement for market trades.

Dealer Fee – Cost of underwriting, trading, or selling securities.

Debt Outstanding – The amount of unpaid principal on a debt that will continue to generate interest until paid off.

Debt per Capita – A measurement of the value of a government's debt expressed in terms of the amount attributable to each citizen under the government's jurisdiction. The formula is the debt outstanding as of August 31 divided by the estimated residential population of the issuer.

Debt Service – The amount that is required to cover the repayment of principal and interest on a debt for a particular period.

Defeasance – A provision that voids a debt when the borrower sets aside cash, securities, or investments sufficient to service the borrower's debt.

Derivative – A financial instrument whose value is based on one or more underlying assets. An example is a swap contract between two counterparties that specifies conditions (especially the dates, underlying variables, and notional amounts) under which payments are to be made between the parties.

Disclosure – The act of releasing accurately and completely all material information to investors and the securities markets for outstanding or to be issued securities.

Disclosure Counsel – An attorney or law firm retained by the issuer to provide advice on issuer disclosure obligations and to prepare the official statement and/or continuing disclosure agreement.

Discount – The amount by which the price paid for a security is less than its par value.

Escrow – Fund established to hold monies or securities pledged to pay debt service.

Escrow Agent – Commercial bank or trust company retained to hold the investments purchased with the proceeds of an advance refunding and to use the invested funds to pay debt service on the refunded debt.

Financial Advisor – A securities firm that assists an issuer on matters pertaining to a proposed issue such as structuring, timing, marketing, fairness of pricing, terms, and debt ratings.

Fiscal Year – Information is sorted on the fiscal year of the state, September 1 through August 31. Debt-service adjustments have been made for local governments with different fiscal years. Information is provided on cash, not accrual basis.

Fixed Rate – An interest rate that does not change during the entire term of the obligation.

Forward or Forward Contract – A contract (variously known as a forward contract, forward delivery agreement or forward purchase contract) wherein the buyer and seller agree to settle

their respective obligations at some specified future date based upon the current market price at the time the contract is executed. A forward may be used for any number of purposes. For example, a forward may provide for the delivery of specific types of securities on specified future dates at fixed yields for the purpose of optimizing the investment of a debt service reserve fund. A forward may provide for an issuer to issue and an underwriter to purchase an issue of bonds on a specified date in the future for the purpose of effecting a refunding of an outstanding issue that cannot be advance refunded.

General Obligation (GO) Debt – Debt legally secured by a constitutional pledge of the first monies coming into the State Treasury not otherwise constitutionally dedicated for another purpose. General obligation debt must be approved by a two-thirds vote of both houses of the Texas Legislature and by a majority of the voters.

General Revenue (GR) – The amount of total state tax collections and federal monies distributed to the state for its operations.

Higher Education Fund (HEF) – Appropriations that became available beginning in 1985 through Constitutional Amendment to fund permanent capital improvements for certain public higher education institutions. This term may refer either to Higher Education Assistance Fund (HEAF) Treasury Funds (funds reimbursed from the State HEAF appropriation for university expenditures) or HEAF Bond Funds (monies received through the issuance of bonds and secured by HEAF Treasury Funds).

Indenture – Deed or contract, which may be in the form of a resolution, that sets forth the legal obligations between the issuer and the securities holders. The indenture also names the trustee that represents the interests of the securities holders.

Issuer – A legal entity that sells securities for the purpose of financing its operations. Issuers are legally responsible for the obligations of the issue and for reporting financial conditions, material developments, and any other operational activities.

Lease Purchase – Financing the purchase of an asset over time through lease payments that include principal and interest. Lease purchases can be financed through a private vendor or through one of the state's pool programs such as the Texas Public Finance Authority's Master Lease Purchase Program.

Lease-Revenue Bonds – Bonds issued by a non-profit corporation or government issuer, which are secured by lease payments made by the government or third-party borrower for use of specified property.

Letter of Credit – A credit enhancement used by an issuer to secure a higher rating for its securities. A Letter of Credit is usually a contractual agreement between a major financial institution and the issuer consisting of an unconditional pledge of the institution's credit to make debt-service payments in the event of a default.

Liquidity – The relative ability of a security to be readily traded or converted into cash without substantial transaction costs or loss in value.

Liquidity Provider – A financial institution that facilitates the trading of a security by insuring that it will be purchased if tendered to the issuer or its agent because it cannot be immediately remarketed to new investors.

Management Fee – A component of the underwriting spread that compensates the underwriters for assistance in creating and implementing the financing.

Maturity Date – The date principal is due and payable to the security holder.

Mortgage Credit Certificate – A certificate issued by certain state or local governments that allows a taxpayer to claim a tax credit for some portion of the mortgage interest paid during a given tax year.

Municipal Bond – A debt security issued to finance projects for a state or local government issuer. Municipal securities are exempt from federal taxes and from most state and local taxes.

Negotiated Sale – A sale in which an issuer selects an underwriting firm or syndicate to assist with the issuance process. At the time of sale, the issuer negotiates a purchase price for its securities with that underwriting firm or syndicate.

Not Self-Supporting Debt – Either general obligation or revenue debt intended to be repaid with state general revenues.

Notice of Sale – Publication by an issuer describing the terms of sale of an anticipated new offering of municipal securities.

Official Statement – The document published by the issuer that provides complete and accurate material information to investors on a new issue of municipal securities, including the purposes of the issue, repayment provisions, and the financial, economic, and social characteristics of the issuing government.

Par – The face value of a security that is due at maturity. A “par bond” is a bond selling at its face value.

Paying Agent – The entity responsible for processing debt-service payments from the issuer to the security holders.

Permanent School Fund (PSF) – The PSF was created in 1854 by the 5th Legislature expressly for the benefit of public schools. In addition, the Texas Constitution of 1876 stipulated that certain lands and proceeds from the sale of those lands would also be dedicated to the PSF. The Texas Constitution requires that distributions from the returns on the PSF be made to the Available School Fund to be used for the benefit of public and charter schools, and allows the PSF to be used to guarantee bonds issued by public and charter schools.

Permanent School Fund Bond Guarantee Program (BGP) – The BGP was created in 1983 as an alternative for school districts to avoid the cost of private bond insurance by obtaining a PSF guarantee for voter-approved public-school bond issuances. To qualify for the BGP guarantee, school districts and charter schools must be accredited by the state, have

investment-grade bond ratings (but below AAA), and have their applications approved by the Commissioner of Education. Bonds guaranteed by the BGP are rated AAA.

Permanent University Fund (PUF) – The PUF is a state endowment contributing to the support of twenty-one institutions and certain agencies of The University of Texas System and The Texas A&M University System. The PUF was established by the Texas Constitution in 1876 with land grants ultimately totaling 2.1 million acres primarily in West Texas (PUF Lands).

Premium – The amount by which the price paid for a security exceeds par value.

Premium Capital Appreciation Bond (PCAB) – A type of CAB that has a stated yield or accretion rate that is higher than its actual current yield to investors. This difference results in a lower initial stated par amount, which preserves debt capacity.

Principal – The face value of a bond, exclusive of interest.

Printer – A business that produces the official statement, notice of sale, and any bonds required to be transferred between the issuer and purchasers of the bonds. The costs associated with a printer are typically rolled into the Costs of Issuance.

Private Activity Bond (PAB) – A tax-exempt bond issued by or on behalf of local or state government for the purpose of financing the project of a private user, and generally, the government does not pledge its credit.

Private Placement – A securities sale in which an issuer sells its securities directly to investors through a placement agent without a public offering.

Put Bond – A bond that allows the holder to force the issuer to repurchase the security at specified dates before maturity. The repurchase price is set at the time of issue and is usually par value.

Qualified Energy Conservation Bonds (QECCB) – a bond that enables qualified state, tribal, and local government issuers to borrow money at attractive rates to fund energy conservation projects. While not a grant, a QECCB is among the lowest cost public financing tools available because the U.S. Department of the Treasury subsidizes the issuer's borrowing costs.

Rating Agency – An entity that provides publicly available ratings of the credit quality of securities issuers, measuring the probability of the timely repayment of principal and interest on municipal securities.

Refunding Bond – Bonds issued to retire or defease all or a portion of outstanding bonds.

Registrar – An entity responsible for maintaining ownership records on behalf of the issuer.

Remarketing Fee – Compensation to an agent for remarketing a secondary offering of short-term securities, usually for a mandatory or optional redemption or put (return of the security to the issuer).

Reservation – The notice given by the BRB to a private activity bond issuer reserving a specific amount of the state ceiling for a specific issue of bonds for 120 to 180 days, depending on the type of bond issuance.

Revenue Debt – Debt that is legally secured by a specified revenue source(s). Revenue debt does not require voter approval and usually has a maturity based on the life of the project to be financed.

Self-Supporting Debt – Debt that is designed to be repaid with revenues other than state general revenues. Self-supporting debt can be either general obligation debt or revenue debt.

Selling Group – Group of municipal securities brokers and dealers who assist in the distribution of a new issue of securities.

Serial Bond – A bond issue in which a portion of the outstanding bonds matures at regular intervals until all of the bonds have matured.

Spread Expenses – A component of the underwriting spread representing the costs of operating the syndicate such as financial advisors, legal counsel, travel, printing, day loans, wire fees, and other associated fees.

State Ceiling – The amount of private activity bond authority granted to a state under the IRS Code to issue tax-exempt private activity bonds during a calendar year.

Structuring Fee – A component of the underwriting spread that compensates the underwriters for assistance with developing a marketable securities offering within the issuer's legal and financial constraints.

Swap – A derivative in which counterparties exchange cash flows of one party's financial instrument for those of the other party's financial instrument.

Syndicate – A group of underwriters formed to purchase a new issue of securities from the issuer and offer it for resale to investors.

Takedown – A component of the underwriting spread representing the discount that the members of the syndicate receive when they purchase the securities from the issuer. Takedown is also known as the selling concession.

Tax and Revenue Anticipation Notes (TRAN) – Short-term loans that the state uses to address cash flow needs created when expenditures must be incurred before tax revenues are received.

Term Bond – A bond issue in which all or a large part of the issue comes due in a single maturity. Term bond issuers make periodic payments into a sinking fund for mandatory redemption of term bonds before maturity or for payment at maturity.

Trustee – A bank or trust company designated by the issuer or borrower under the indenture or resolution as the custodian of funds. The trustee represents the interests of the security holders, including making debt-service payments.

Tuition Revenue Bonds (TRB) – Revenue bonds issued by the revenue finance systems of institutions of higher education or the Texas Public Finance Authority (on behalf of certain institutions) for new building construction or renovation. The legislature has to authorize the projects in statute, and the TRBs cannot be used for auxiliary space, such as dormitories. All college and university revenue bonds are equally secured by and payable from a pledge of all or a portion of certain “revenue funds” as defined in the Texas Education Code, Chapter 55. Though legally secured through an institution’s tuition and fee revenue, historically, the state has used general revenue to reimburse the universities for debt service for these bonds.

Unrestricted General Revenue (UGR) – The net amount of general revenue remaining after deducting all constitutional allocations and other restricted revenue from total general revenue.

Underwriter – An investment banking firm that purchases securities directly from the issuer and resells them to investors.

Underwriting Spread – The amount representing the difference between the price at which securities are bought from the issuer by the underwriter and the price at which they are re-offered to the investor. The underwriting spread generally includes the takedown, management fee, expenses, and underwriting risk fee.

Underwriting Risk Fee – A portion of the underwriting spread designed to compensate the underwriter for the risk associated with market shifts and interest rate fluctuations.

Underwriter’s Counsel – Attorney who prepares or reviews the issuer’s offering documents on behalf of the underwriter and prepares documentation for the underwriting agreement and the agreement among underwriters.

Underwriter’s Risk – The risk of loss that could arise due to overestimated demand for an issuance or due to sudden changes in market conditions borne by the underwriters until resale.

Variable Rate – An interest rate that fluctuates based on market conditions or a predetermined index or formula. (Fixed rates do not change during the life of the obligation.)

Years to Maturity – The period of time for which a financial instrument remains outstanding. Maturity refers to a finite time period at the end of which the financial instrument will cease to exist and the principal is repaid with interest.

Yield – The investor’s rate of return.

Zero Coupon Bond – A bond that is issued at a deep discount to its face value but pays no interest.

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TEXAS BOND REVIEW BOARD

300 West 15th Street – Suite 409

P.O. Box 13292

Austin, TX 78711-3292

512-463-1741

<http://www.brb.texas.gov>