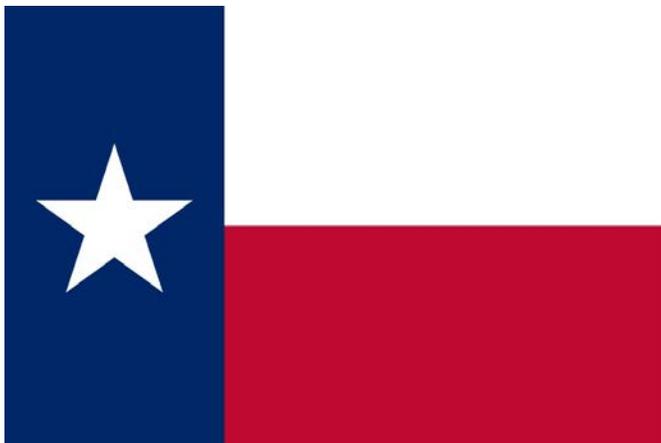


# 2023 ANNUAL REPORT



---

## ★ Texas Bond **Review Board** ★



Fiscal Year Ended

---

August 31, 2023





# **Texas Bond Review Board Annual Report 2023**

## **Fiscal Year Ended August 31, 2023**

Greg Abbott, Governor  
Chairman

Dan Patrick, Lieutenant Governor

Dade Phelan, Speaker of the House of Representatives

Glenn Hegar, Comptroller of Public Accounts

Robert B. Latsha II  
Executive Director

**December 2023**



## Overview

### *Background*

The Texas Bond Review Board (BRB or The Board) 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 16, 2023, S&P reaffirmed its AA+ long-term debt rating for the United States and maintained its long-term outlook as stable. On March 23, 2023, the Kroll Bond Rating Agency reaffirmed a long-term rating of AAA for the United States with a stable outlook. On August 1, 2023, Fitch downgraded its AAA rating for the United States to AA+ with a stable outlook. On November 10, 2023, Moody's changed its outlook to negative from stable and reaffirmed the U.S. government's Aaa rating. Historically, Texas' GO borrowing costs have not been impacted by changes in U.S. credit ratings.

Texas ended fiscal year 2023 with a total consolidated general revenue fund cash balance of \$48.39 billion, a 43.4 percent increase from the fiscal year 2022 year-end closing balance of \$33.74 billion.

According to data provided in a Moody's Investors Service Report (specifically titled "States - US Ability to service long-term liabilities and fixed costs improves"), released September 26, 2023, Texas ranked 32nd among all states in fiscal 2022 state net tax-supported debt (NTSD) as a percent of own-source revenue (most recent data available). In its report, Moody's defines own-source revenue as the total governmental revenue, less funds received from federal sources, as reported in states' audited financial statements. Based on the data provided in the Moody's report, Texas ranked 35th among all states in net tax-supported debt per capita. Texas had \$680 in net tax-supported debt per capita compared to the national mean and median of \$1,808 and \$1,178, respectively.

Total not self-supporting debt, including revenue not self-supporting debt, increased from \$4.83 billion at the end of fiscal year 2014 to \$6.95 billion at the end of fiscal year 2023, an increase of 43.9 percent, and an increase of 0.4 percent from the \$6.92 billion outstanding in fiscal year 2022.

The most recent U.S. Census Bureau data for total state and local debt outstanding show that for census year 2021 (the most recent data available), Texas was the nation's second most populous state and ranked third among the 10 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 83.8 percent of the state's total debt burden at the local level.

### *Constitutional Debt Limit*

As of August 31, 2023, Texas' constitutional debt limit (CDL) remained below the maximum of 5 percent with 0.99 percent calculated for debt outstanding and 0.96 percent calculated for authorized but unissued debt for a total of 1.95 percent. Included in the CDL is \$143.0 million in revenue bonds authorized by the 88th Legislature for the Department of Motor Vehicles Camp Hubbard Renewal Project, and \$767.7 million and \$475.2 million in revenue bonds authorized by the 84th Legislature and 86th Legislature, respectively, for the Texas Facilities Commission. Also included is an 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 in the November 2019 general election, as well as \$200 million for TWDB state participation (SP) account projects (expiring September 1, 2024). Also included are \$208.8 million and \$23.7 million for Health and Human Services Commission (HHSC) deferred maintenance projects authorized by the 86th Legislature and 87th Legislature, respectively, and \$20 million authorized by the 87th Legislature for the Texas Bullion Depository. The CDL decreased 13.3 percent from the 2.25 percent calculated for outstanding and authorized but unissued debt for fiscal year 2022. This decrease is a result of a higher three-year average of annual unrestricted General Revenue Fund revenues calculated as of fiscal year-end 2023.

### **State Financings in Fiscal Year 2023**

In fiscal year 2023, the state's total debt outstanding (including conduit debt) increased 10.1 percent to \$70.94 billion compared to \$64.40 billion in fiscal year 2022 and \$63.21 billion in fiscal year 2021.

Texas had a total of \$6.95 billion in GO and non-GO not self-supporting debt outstanding to be repaid from the state's general revenue compared to \$6.92 billion outstanding at fiscal year-end 2022.

Excluding conduit and component debt, \$40.11 billion (56.5 percent) of the state's \$70.94 billion in total debt outstanding as of fiscal year-end 2023 was backed by non-GO revenue pledges, an increase of \$2.36 billion (6.3 percent) from the \$37.75 billion backed by non-GO revenue pledges at the end of fiscal year 2022. Colleges and universities are the largest issuer of revenue debt with \$17.15 billion outstanding, excluding Permanent University Fund (PUF) debt.

Bonds issued by Texas state agencies, colleges, and universities during fiscal year 2023 increased by 137.9 percent to an aggregate total of \$10.58 billion compared to \$4.41 billion issued in fiscal year 2022. Fiscal year 2023 issues included \$7.94 billion in new-money bonds and \$2.64 billion in refunding bonds. Other debt issued included \$1.73 billion of commercial paper (CP).

As of August 31, 2023, a total of \$6.08 billion was authorized for state CP or variable-rate note (VRN) programs. Of this amount, \$2.97 billion was outstanding at fiscal year-end 2023, approximately \$81.7 million less than the amount outstanding at fiscal year-end 2022.

Texas state issuers expect to issue approximately \$7.86 billion in bonds, CP, and VRN during fiscal year 2024, a projected decrease of \$3.13 billion (28.5 percent) over the amount projected for fiscal year 2023.

### **Local Financings in Fiscal Year 2023**

As of fiscal year-end 2023, Texas local governments (excluding conduit debt) had \$309.77 billion in outstanding debt, an increase of \$69.11 billion (28.7 percent) since fiscal year 2019. Of the 2023

total, 68.3 percent (\$211.42 billion) is GO debt to be repaid from local ad valorem tax collections while the remaining 31.7 percent (\$98.35 billion) will be repaid from revenues generated by various projects such as water, sewer, and electric utility fees. Since fiscal year 2019, tax-supported debt outstanding increased 34.2 percent (\$53.89 billion) and revenue debt outstanding increased 18.3 percent (\$15.23 billion).

School districts accounted for 38.8 percent (\$120.16 billion) of all local debt outstanding and cities accounted for 31.1 percent (\$96.49 billion). Water districts held the third highest percentage and accounted for 14.9 percent (\$46.03 billion) of all local debt outstanding. The remaining 15.2 percent (\$47.10 billion) was held by other special districts, counties, community college districts, and health and hospital districts.

Texas issuance of local debt (excluding conduit debt and commercial paper) has fluctuated over the past decade from a low of \$23.54 billion in fiscal year 2014 to a high of \$47.02 billion in fiscal year 2023.

Over the past five fiscal years, new-money debt issuance totaled \$135.22 billion and refunding debt totaled \$71.53 billion. During that time, the top two issuers were school districts and cities that together comprised 72.0 percent (\$97.29 billion) of the total new-money volume and 68.6 percent (\$49.07 billion) of the total refunding transaction volume.

### **Issuance Costs**

During fiscal year 2023, the weighted average of issuance costs for state bond issuers was \$5.69 per \$1,000, excluding issuances of conduit and private placement debt. In comparison, the same weighted average was \$5.53 per \$1,000 for fiscal year 2022. The issuances ranged in size from \$20.8 million to \$961.9 million.

### **Private Activity Bond Allocation Program and Other Bonding Authority**

Texas again experienced an increase in volume cap for the Program Year 2023 Private Activity Bond (PAB) Allocation Program. The 2023 volume cap was set at \$3.60 billion, an increase of \$355.5 million (10.9 percent) over the calendar year 2022 cap. The total size of the PAB program, including the 2023 volume cap and carryforward was \$6.30 billion, a 6.2 percent increase from the 2022 total. As of November 15, 2023, \$2.95 billion had been allocated and application requests totaled \$7.84 billion, a decrease of 5.6 percent of the total application requests from Program Year 2022.

### **88th Legislature – Regular Session**

The 88th Legislature passed Senate Bill (SB) 28, which creates the New Water Supply for Texas Fund, effective September 1, 2023. SB 28 also creates the statewide water public awareness account, effective September 1, 2023, to educate residents of the state about water, including through supporting local and regional water education programs. Additionally, the bill creates the Texas Water Fund to work with existing Texas Water Development Board (TWDB) financing programs. Provisions of SB 28 relating to the Texas Water Fund were approved by the voters of a constitutional amendment in November 2023, under Senate Joint Resolution 75. These provisions are effective January 1, 2024.

The 88th Legislature appropriated \$143.0 million to the Department of Motor Vehicles for the Camp Hubbard Renewal Project to be financed by the Texas Public Finance Authority (House Bill (HB) 1, 88th Legislature, RS (2023) Art VII-16, Rider 11).

On June 12, 2023, the Governor signed HB 1515 relating to the continuation and functions of the Texas Economic Development and Tourism Office and the winding up and liquidation of the Project Development and Small Business Incubator Program. Any money in the product development fund and small business fund may be used for debt service, bond redemption, or any costs associated with debt service or bond redemption. The bonds, previously issued to support product development and small businesses, were called on July 12, 2023.

On May 10, 2023, the Governor signed SB 1055 authorizing the creation of Stephen F. Austin State University, a member of The University of Texas System. Stephen F. Austin State University was abolished on September 1, 2023, and was re-created as Stephen F. Austin State University, a member of The University of Texas System. The board of regents of The University of Texas System is substituted for the board of regents of Stephen F. Austin State University on any contracts and obligations, including bonds, and acts in the place of the board of regents of Stephen F. Austin State University or the Texas Public Finance Authority, as applicable, to the extent permitted by law. Effective July 28, 2023, The University of Texas System's Board of Regents assumed management and operational control of Stephen F. Austin State University.

### **Additional Details**

This report concludes with seven appendices. *Appendix A* provides a detailed description of each state bond transaction closed in fiscal year 2023. *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 \$5.50 billion at fiscal year-end 2023. *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*.

**Contents**

Chapter 1: Texas Debt in Perspective ..... 1

Chapter 2: State Debt Issued in Fiscal Year 2023 and Debt Outstanding .....23

Chapter 3: State Bond Issuance Costs.....39

Chapter 4: Texas Private Activity Bond Allocation Program and Other Bonding Authority...46

Appendix A: Summary of State Bonds Issued During Fiscal Year 2023 .....52

Appendix B: State Commercial Paper and Variable-Rate Note Programs .....107

Appendix C: State Issuers’ Use of Swaps .....112

Appendix D: Debt Issuance Costs .....120

Appendix E: Texas State Debt Programs .....122

Appendix F: The Private Activity Bond Program.....143

Appendix G: Glossary .....145



## Figures

Figure 1.1:	Ending Cash Balance in Texas' Consolidated General Revenue Fund.....	1
Figure 1.2:	State and Local Debt as a Percent of Gross State Product.....	12
Figure 1.3:	Annual Not Self-Supporting Scheduled Debt Service as a Percentage of Unrestricted General Revenue .....	12
Figure 1.4:	Unrestricted General Revenue .....	13
Figure 1.5:	Nationwide Government Debt Issuance.....	15
Figure 1.6:	Texas Local Government Debt Issuance .....	15
Figure 1.7:	Texas Local Government Total Tax-Supported Debt Per Capita.....	16
Figure 1.8:	Texas Local Government Debt Outstanding by Fiscal Year .....	17
Figure 2.1:	Texas New-Money and Refunding Bond Issues 2009–2023.....	23
Figure 2.2:	State of Texas Debt Outstanding .....	26
Figure 2.3:	Texas State Debt Outstanding Backed by General Revenue (Not Self- Supporting).....	29
Figure 2.4:	Annual Debt Service Scheduled to be Paid from General Revenue .....	32
Figure 3.1:	Gross Underwriting Spreads: 2014 – 2023 – Texas State Bond Issues vs. All U.S. Municipal Bond Issues .....	40
Figure 3.2:	Gross Underwriting Spreads: 2019 – 2023 – Negotiated vs. Competitive Municipal Issues .....	41
Figure 3.3:	Costs of Issuance: Fiscal Years 2019 – 2023.....	41
Figure 3.4:	Range of Bond Counsel Fees for Fiscal Year 2023.....	42
Figure 3.5:	Range of Financial Advisor Fees for Fiscal Year 2023.....	43
Figure 3.6:	Range of Total Underwriter's Spread for Fiscal Year 2023 .....	44
Figure 3.7:	Range of Total Ratings Fees for Fiscal Year 2023 .....	44
Figure 4.1:	State of Texas Private Activity Bond Allocation Program Current Year vs. Carryforward Allocated.....	48



## Tables

Table 1.1:	Statement of Cash Condition – Consolidated General Revenue Fund .....	2
Table 1.2:	State Bond Ratings as of September 2023.....	7
Table 1.3:	Changes in State Bond Ratings – September 2022 to September 2023.....	8
Table 1.4:	Fiscal 2022 State Net Tax-Supported Debt (NTSD) Metrics Ranking Based on Fiscal 2022 NTSD as % of Own-Source Revenue .....	9
Table 1.5:	Fiscal 2022 State Adjusted Net Pension Liability (ANPL) Metrics Ranking Based on ANPL as a % of Own-Source Revenue .....	10
Table 1.6:	Total State and Local Debt Outstanding: 10 Most Populous States .....	11
Table 1.7:	Texas Local Government – Capital Appreciation Bond Par Amount Issued by Fiscal Year.....	18
Table 1.8:	Texas Local Government – Debt Outstanding as of August 31, 2023 .....	21
Table 1.9:	Texas Local Government – Debt Outstanding by Fiscal Year.....	22
Table 2.1:	Texas Bonds Issued During Fiscal Year 2023 – Summarized by Issuer.....	24
Table 2.2:	Texas State Debt Issues Expected During Fiscal Year 2024.....	25
Table 2.3:	State of Texas Debt Outstanding .....	28
Table 2.3A:	State of Texas Variable-Rate Debt Outstanding .....	30
Table 2.4:	Debt-Service Requirements of Texas State Debt by Fiscal Year.....	31
Table 2.5:	Texas College and University Revenue Debt Outstanding.....	33
Table 2.6:	Debt-Service Requirements of Texas College and University Revenue Debt by Fiscal Year.....	34
Table 2.7:	Texas Debt Authorized but Unissued .....	35
Table 2.8:	Texas College and University Tuition Revenue Bonds/Capital Construction Assistance Projects Authorized by SB 52 87th Legislature, Third Called Special Session.....	36
Table 3.1:	Weighted Average Issuance Costs for Texas Bond Issues .....	39

Table 4.1:	State of Texas Private Activity Bond Allocation Program – 2023 Available Volume Cap vs. Allocation Amounts .....	46
Table 4.2:	State of Texas Private Activity Bond Allocation Program – 2023 Requested Volume Cap .....	47
Table 4.3:	State of Texas Private Activity Bond Allocation Program – 2018 to 2023 Issued Allocation.....	48
Table A1:	State Bonds Issued.....	53
Table B1:	Texas Commercial Paper and Variable-Rate Note Programs .....	108
Table C1:	Notional Amounts – Interest Rate Swaps as of August 31, 2023 (Unaudited) .....	115
Table C2:	Texas Interest Rate Swaps as of August 31, 2023 (Unaudited) .....	116
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, 2023 (Unaudited).....	118
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, 2023 (Unaudited).....	119

## Cautionary Statements

Chapter 1231 of the Texas Government Code directs issuers of state securities to report their securities transactions to the Bond Review Board (BRB). Chapter 1231 also requires the BRB to report the data to the governor, lieutenant governor, the speaker of the house, and each member of the legislature in an annual report within 90 days of the end of each state fiscal year. This report is intended to satisfy these Chapter 1231 duties.

The data in this report and on the BRB's website is compiled from information reported to the BRB from various sources and has not been independently verified. The reported debt and defeasance data of state agencies may vary from actual debt outstanding, and the variance for a specific issuer could be substantial.

State debt data compiled does not include all installment purchase obligations, but certain lease-purchase obligations are included. In addition, the State Energy Conservation Office (SECO) LoanSTAR Revolving Loan Program and certain other revolving loan program debt and privately placed loans are not included. Outstanding debt excludes debt for which sufficient funds have been escrowed to retire the debt either from proceeds of refunding debt or from other sources.

Future debt issuance is based on estimates supplied by each issuing agency. Future debt service on variable-rate, commercial paper, and other short-term and demand debt is estimated on the basis of interest rate and refinancing assumptions described in the report. Actual future data could be affected by changes in legislative and oversight direction, agency financing decisions, prevailing interest rates, market conditions, and other factors that cannot be predicted. Consequently, actual future data could differ from the estimates, and the difference could be substantial. The BRB assumes no obligation to update any such estimate of future data.

Historical data and trends presented are not intended to predict future events or continuing trends, and no representation is made that past experience will continue in the future.

This report refers to credit ratings. An explanation of the significance of the ratings may be obtained from the rating agencies furnishing the ratings. Ratings reflect only the respective views of each rating agency. In reporting ratings herein, the BRB does not intend to endorse the ratings or make any recommendation to buy, sell or hold securities.

This report is intended to meet Chapter 1231 requirements and inform the state leadership and the legislature. This report is not intended to inform investors in making a decision to buy, hold, or sell any securities, nor may it be relied upon as such. Data is provided as of the date indicated and may not reflect debt, debt service, population or other data as of any subsequent date. This data may have changed from the date as of which it is provided. For more detailed or more current information, see the issuers' websites or their filings at Electronic Municipal Market Access (EMMA®). The BRB does not control or make any representation regarding the accuracy, completeness, or currency of any such site, and no referenced site is incorporated herein by that reference or otherwise.

**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 16, 2023, S&P reaffirmed its AA+ long-term debt rating for the United States and maintained its long-term outlook as stable. On March 23, 2023, the Kroll Bond Rating Agency reaffirmed a long-term rating of AAA for the United States with a stable outlook. On August 1, 2023, Fitch downgraded its AAA rating for the United States to AA+ with a stable outlook. On November 10, 2023, Moody's changed its outlook to negative from stable and reaffirmed the U.S. government's Aaa rating. Historically, Texas' GO borrowing costs have not been impacted by changes in U.S. credit ratings.*

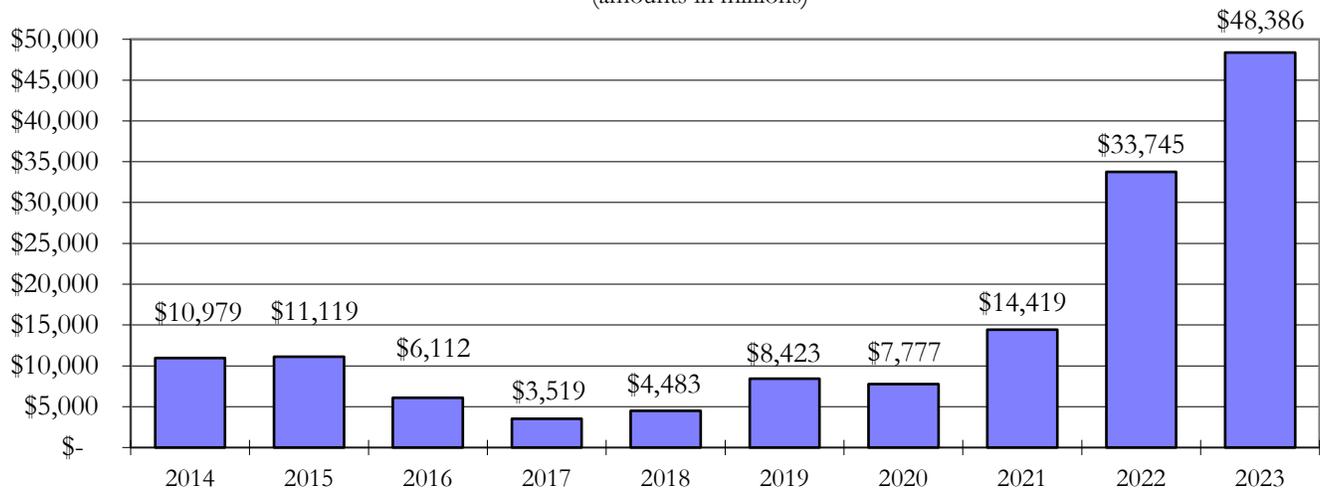
According to data provided in a Moody's Investors Service Report (specifically titled "States - US Ability to service long-term liabilities and fixed costs improves"), released September 26, 2023, Texas ranked 32nd among all states in fiscal 2022 state net tax-supported debt (NTSD) as a percent of own-source revenue (most recent data available). In its report, Moody's defines own-source revenue as the total governmental revenue, less funds received from federal sources, as reported in states' audited financial statements. Based on the data provided in the Moody's report, Texas ranked 35th among all states in net tax-supported debt per capita. Texas had \$680 in net tax-supported debt per capita compared to the national mean and median of \$1,808 and \$1,178, respectively.

**STATE DEBT**

**Texas' Financial Position**

Texas ended fiscal year 2023 with a total consolidated general revenue fund cash balance of \$48.39 billion (Figure 1.1), a 43.4

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 2022	Fiscal Year 2023	% Change
<b>Revenues and Beginning Balance</b>			
Beginning Balance, September 1st	\$ 14,419,329	\$ 33,744,785	134.0%
<b>Tax Collections</b>			
<b>General Revenue Fund</b>			
Sales Tax	41,584,104	44,931,272	8.0%
Motor Vehicle Sales/Rental Taxes	6,416,132	6,786,722	5.8%
Motor Fuel Taxes	3,783,904	3,832,081	1.3%
Franchise Tax	3,971,036	4,774,146	20.2%
Insurance Taxes	3,121,923	4,064,627	30.2%
Natural Gas Production Tax	4,469,945	3,350,373	-25.0%
Cigarette and Tobacco Taxes	531,082	527,451	-0.7%
Alcoholic Beverages Taxes	1,643,972	1,771,635	7.8%
Oil Production Taxes	6,361,687	5,931,042	-6.8%
Utility Taxes	556,662	625,196	12.3%
Hotel Occupancy Tax	699,939	777,851	11.1%
Other Taxes	268,095	351,413	31.1%
<b>Total Tax Collections</b>	<b>\$ 73,408,481</b>	<b>\$ 77,723,810</b>	<b>5.9%</b>
Federal Income	52,621,930	51,121,511	-2.9%
Licenses, Fees, Permits, Fines & Penalties	4,056,200	4,117,910	1.5%
State Health Service Fees and Rebates	10,284,816	10,919,541	6.2%
Interest and Investment Income	120,365	1,549,732	1187.5%
Net Lottery Proceeds	3,058,251	3,349,724	9.5%
Escheated Estates	1,011,742	1,090,933	7.8%
Sales of Goods and Services	219,629	213,096	-3.0%
Settlements of Claims	625,024	597,422	-4.4%
Land Income	18,714	16,596	-11.3%
Other Revenue Sources	4,188,734	5,359,732	28.0%
Interfund Transfers/Investment Transactions	46,701,246	50,075,831	7.2%
<b>Total Net Revenue and Other Sources</b>	<b>\$ 196,315,132</b>	<b>\$ 206,135,839</b>	<b>5.0%</b>
<b>Expenditures and Ending Balance</b>			
General Government	3,968,474	4,283,000	7.9%
Education	38,712,617	38,377,514	-0.9%
Employee Benefits	4,550,624	6,026,152	32.4%
Health and Human Services	66,987,772	68,589,569	2.4%
Public Safety and Corrections	4,480,187	6,621,093	47.8%
Lottery Winnings Paid	751,830	952,585	26.7%
Other Expenditures*	4,139,078	4,538,072	9.6%
Interfund Transfers / Investment Transactions**	53,399,409	62,106,067	16.3%
<b>Total Expenditures and Other Uses</b>	<b>\$ 176,989,991</b>	<b>\$ 191,494,052</b>	<b>8.2%</b>
<b>Net Increase to Petty Cash Accounts</b>	<b>315</b>	<b>-421</b>	
<b>Ending Balance, August 31st</b>	<b>\$ 33,744,785</b>	<b>\$ 48,386,150</b>	<b>43.4%</b>

Totals may not sum due to rounding.

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

\*\* Includes Teacher and Employee Retirement Payments, Other Uses, Operating Fund Transfers, Department Transfers, and Payment of Principal, Purchase of Investments, and Trust and Suspense Payments.

Source: Texas Comptroller of Public Accounts, 2023 Cash Report, Tables 1 & 3 GR Consolidated Funds.

percent increase from the fiscal year 2022 year-end closing balance of \$33.74 billion.

Total tax collections increased 5.9 percent to \$77.72 billion. Total net revenues and other sources increased 5.0 percent to \$206.14 billion, and total expenditures and other uses increased 8.2 percent to \$191.49 billion (*Table 1.1*).

The sales tax remained the state's primary source of revenue and accounted for 57.8 percent of total tax collections during fiscal year 2023. Sales tax revenue increased 8.0 percent (\$3.35 billion) from the prior fiscal year to \$44.93 billion. The oil production and regulation tax revenue decreased 6.8 percent (\$430.6 million). The natural gas production tax revenue decreased 25.0 percent (\$1.12 billion), the franchise tax revenue increased 20.2 percent (\$803.1 million), the insurance tax revenue increased 30.2 percent (\$942.7 million), the alcoholic beverages tax revenue increased 7.8 percent (\$127.7 million), the hotel occupancy tax revenue increased 11.1 percent (\$77.9 million), and the state's motor vehicle sales/rental tax revenue and motor fuel tax revenue increased 5.8 percent (\$370.6 million) and 1.3 percent (\$48.2 million), respectively.

### **88th Legislature – Regular Session**

The 88th Legislature passed Senate Bill (SB) 28, which creates the New Water Supply for Texas Fund, effective September 1, 2023. SB 28 also creates the statewide water public awareness account, effective September 1, 2023, to educate residents of the state about water, including through supporting local and regional water education programs. The bill additionally creates the Texas Water Fund to work with existing TWDB financing programs. Provisions of SB 28 relating to the Texas Water Fund were approved by the voters of a constitutional amendment in November 2023, under Senate Joint Resolution 75. These provisions are effective January 1, 2024.

The 88th Legislature appropriated \$143.0 million to the Department of Motor Vehicles for the Camp Hubbard Renewal Project to be financed by the Texas Public Finance Authority (House Bill (HB) 1, 88th Legislature, RS (2023) Art VII-16, Rider 11).

On June 12, 2023, the Governor signed HB 1515 relating to the continuation and functions of the Texas Economic Development and Tourism Office and the winding up and liquidation of the Project Development and Small Business Incubator Program. Any money in the product development fund and small business fund may be used for debt service, bond redemption, or any costs associated with debt service or bond redemption. The bonds, previously issued to support product development and small businesses, were called on July 12, 2023.

On May 10, 2023, the Governor signed SB 1055 authorizing the creation of Stephen F. Austin State University, a member of The University of Texas System. Stephen F. Austin State University was abolished on September 1, 2023, and was re-created as Stephen F. Austin State University, a member of The University of Texas System. The board of regents of The University of Texas System is substituted for the board of regents of Stephen F. Austin State University on any contracts and obligations, including bonds, and acts in the place of the board of regents of Stephen F. Austin State University or the Texas Public Finance Authority, as applicable, to the extent permitted by law. Effective July 28, 2023, The University of Texas System's Board of Regents assumed management and operational control of Stephen F. Austin State University.

### **87th Legislature – Regular Session and Third Called Special Session**

The 87th Legislature passed HB 2219, authorizing the Texas Transportation Commission (TTC) to issue new Texas Mobility Fund (TMF) obligations, before January 1, 2027, in an amount equal to 60

percent of the outstanding principal amount of TMF obligations existing on May 1, 2021. The amount authorized to be issued is estimated at \$3.57 billion. The bill repeals statutory authority to issue TMF obligations to provide funding for publicly owned toll roads.

The 87th Legislature passed SB 1465, authorizing the continued operation of the Texas Leverage Fund Program under the new name of the Texas Small and Rural Community Success Fund Program. SB 1465 also authorizes the issuance of revenue bonds to provide funding for economic development purposes. Additionally, HB 1522 was passed, authorizing the transfer of Midwestern State University to the Texas Tech University System.

During the 87th Legislature, a rider was approved authorizing the Texas Agricultural Finance Authority (TAFA) to service debt, pay administrative costs, and cover any loan defaults through appropriations out of the Texas Agricultural Fund.

The 87th Legislature also passed HB 1904, allowing the Texas Water Development Board Water Infrastructure Fund to be used to make transfers to the Financial Assistance Account for the purposes described in the Texas Constitution, Article III Section 49-d-8, other than for the purposes described in the Texas Water Code, Sections 17.957 (State Participation Account) and 17.958 (Economically Distressed Areas Program Account).

Additionally, the 87th Legislature passed SB 2230 authorizing the issuance of debt for the Comptroller of Public Accounts to purchase a building currently housing and to be operated by the Texas Bullion Depository. The 87th Legislature appropriated \$23,689,160 to the Health and Human Services Commission for deferred maintenance at state hospitals and state supported living centers. This amount is to be financed through the Texas Public

Finance Authority (House Bill 2, 87th Legislature, RS (2021)).

During the 87th Legislature, Third Called Special Session, SB 52 authorized approximately \$3.35 billion in tuition revenue bonds for institutions of higher education to finance construction and improvement of infrastructure and related facilities.

### **Recent Credit Rating Agency Reports on Texas' General Obligation Debt**

On August 7, 2023, Kroll affirmed its long-term rating of AAA with a stable outlook in its State of Texas – G.O. Public Finance Surveillance Report of the same date. Kroll states, as part of its Key Credit Considerations, that: “The State’s broad and diverse economy is among the fastest growing in the Nation; Conservative budget procedures and financial management practices support consistently strong reserve levels and operating flexibility; The debt burden is low in terms of direct debt per capita and debt expense as a percentage of expenditures.

Credit challenges include increasing fiscal pressure to fund the necessary infrastructure to keep up with economic and population growth, specifically in the areas of transportation and education.

The stable outlook reflects the strength of the State’s broad and dynamic economy as well as its consistent maintenance of large reserves which position it well to weather the business and commodity price cycles.”

S&P’s latest action on Texas’ GO rating was to affirm its AAA rating and stable outlook on October 16, 2023. In its report of that date, titled “Texas Public Finance Authority; Appropriations; General Obligation; General Obligation Equivalent Security,” S&P stated that: “The AAA rating reflect our view of the state’s diverse and resilient economy, which continues to outpace that of the nation in terms of GSP and employment growth, and is

projected to outperform U.S. growth rates in 2024 and 2025; Strong revenue forecasting and cash management practices, including comprehensive monthly revenue and expenditure cash monitoring, maintenance of very strong reserves balances in its ESF to manage evolving risks, and the build-up of strong liquidity to meet constitutionally defined priorities; Low overall net debt, albeit with elevated unfunded pension and long-term liabilities, which we believe will require continued active management to ensure that benefit costs remain affordable; and Potential for long-term budgetary pressures related to increasing public education expenses and legislative modifications to the school funding formula that could shift a greater burden of the cost to the state.”

For a downside scenario S&P states: “Although this is not expected over the near term given Texas’ substantial statutory flexibility to enact and implement postemployment benefit reforms--as was evidenced by recent steps to curb growing ERS pressures--we could lower the rating if Texas experiences challenges in containing long-term liability growth related to pensions and retiree health care costs. In addition, we could lower the rating if officials fail to adopt timely corrective actions in response to potential future budget gaps, resulting in substantial draws on the ESF without a plan to replenish reserve levels, or if the state’s economic growth reverses from recently favorable trends and metrics substantially decline compared with those of the U.S., leading to materially weaker revenue performance on a sustained basis.”

For the rating outlook S&P states: “The outlook for the State of Texas is stable. The state’s economic fundamentals and reserve position are strong, but balancing the budget competes with the demand for education, transportation, and pension funding in the fast-growing state.”

On June 9, 2023, Moody’s affirmed its Aaa rating and stable outlook of Texas’ GO debt. In its report of that date, titled “Rating Action: Moody’s assigns Aaa/VMIG 1 to Texas GO Veterans Bonds, Taxable Series 2023A; outlook stable,” Moody’s states “The long-term Aaa general obligation rating, the same as Texas’ Aaa issuer rating, reflects multiple strengths including a strong economy that in the long run will outpace the nation, robust population growth, strong reserves that provide a very healthy buffer to economic and revenue downturns, strong fiscal management and governance, and low bonded debt, offset by high long-term liabilities that are driven by a history of pension underfunding.”

On October 16, 2023, Fitch affirmed its AAA rating and stable outlook of Texas’ GO debt. In its report of that date, titled “Fitch Rates Texas’ \$300 million GO Bonds ‘AAA’; Outlook Stable,” Fitch states: “Texas’ ‘AAA’ 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 reserves, including, in its budgetary reserve, the economic stabilization fund (ESF).”

### **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, infrastructure needs, 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.

In addition, rating agencies consider environmental, social, and governance (ESG) factors when assessing the credit quality of a debt issuer and assigning a public finance credit rating. Some examples of ESG factors a credit rating agency may consider include, but are not limited to, climate change adaptation, air pollution, energy efficiency, land use planning, clean water, education, public health, public safety, labor practices, transparency and accountability, housing, poverty, employment, long-term planning, and cybersecurity.

The sometimes-overlapping conclusions reached by the 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) unwillingness to address potential spending challenges, such as rising education funding, pension contributions, and capital demands, in a sustainable and timely manner; 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 11 states that is rated Triple-A by Moody's, S&P, and Fitch.

### **Changes in State Bond Ratings**

During the past year, six states received a rating upgrade. Connecticut and Massachusetts were upgraded by S&P; Illinois was upgraded by Moody's and S&P; Kentucky was upgraded by S&P and Fitch; New Jersey was upgraded by Moody's, S&P, and Fitch; and Ohio was upgraded by Fitch only. No states received rating downgrades (*Table 1.3*).

### **Texas' Debt Ratios Compared to Other States**

According to data provided in a Moody's Investors Service Report (specifically titled "States - US Ability to service long-term liabilities and fixed costs improves"), released September 26, 2023, "states' ability to service long-term liabilities further improved in fiscal 2022 as the sector saw strong revenue growth and pension obligations, the largest liability for most states, declined due to record investment gains in fiscal 2021. Total net tax-supported debt (NTSD), the second-largest liability for most states, rose slightly in fiscal 2022 (most recent data available). Other post-employment benefit (OPEB) liabilities generally remained small compared with pension liabilities, though a number of states with high pension liabilities also have above-average OPEB liabilities."

According to Moody's report, Texas ranked 32nd among all states in fiscal year 2022 state net tax-supported debt (NTSD) as a percent of own-source revenue (the most recent data available). In its report, Moody's defines own-source revenue as the total governmental revenue, less funds received from federal sources, as reported in states' audited financial statements (*Table 1.4*).

Based on the data provided in the Moody's report, Texas ranked 35th among all states in fiscal year 2022 net tax-supported debt per capita (the most recent data available). Texas had \$680 in net tax-supported debt per capita compared to the national mean and median of \$1,808 and \$1,178, respectively.

When compared to the 10 other states also rated AAA by all three major credit rating agencies, Texas' 2022 personal income per capita (the most recent data available) of \$62,586 was equal to the median among the states rated AAA, slightly below the mean of \$62,632, but above that of five other AAA states: Georgia, Missouri, North Carolina, Tennessee, and Utah.

Table 1.2				
STATE BOND RATINGS as of September 2023				
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>&amp;</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
-	Minnesota	Aaa	AAA	AAA
-	Missouri	Aaa	AAA	AAA
-	North Carolina	Aaa	AAA	AAA
-	Tennessee	Aaa	AAA	AAA
-	<b>TEXAS</b>	<b>Aaa</b>	<b>AAA</b>	<b>AAA</b>
-	Utah	Aaa	AAA	AAA
-	Virginia	Aaa	AAA	AAA
1	South Carolina	Aaa	AA+	AAA
2	Ohio	Aa1	AA+	AAA
2	Washington	Aaa	AA+	AA+
3	Arkansas	Aa1	AA	**
3	Massachusetts	Aa1	AA+	AA+
3	New York	Aa1	AA+	AA+
3	Nevada	Aa1	AA+	AA+
3	Oregon	Aa1	AA+	AA+
3	Vermont	Aa1	AA+	AA+
3	Wisconsin	Aa1	AA+	AA+
4	Alabama	Aa1	AA	AA+
4	Michigan	Aa1	AA	AA+
4	Montana	Aa1	AA	AA+
4	New Hampshire	Aa1	AA	AA+
4	New Mexico	Aa2	AA	**
5	Hawaii	Aa2	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
8	Louisiana	Aa2	AA-	AA-
9	Connecticut	Aa3	AA-	AA-
10	Alaska	Aa3	AA-	A+
10	Pennsylvania	Aa3	A+	AA-
13	New Jersey	A1	A	A+
19	Illinois	A3	A-	BBB+
States With Only an Issuer Credit Rating				
*	Arizona	Aa1	AA	**
*	Colorado	Aa1	AA	**
*	Idaho	Aaa	AA+	AAA
*	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.				
<b>Sources:</b> Moody's Investors Service, Standard & Poor's (most recent release date Oct. 10, 2023), and Fitch Ratings.				

Table 1.3  
**CHANGES IN STATE BOND RATINGS**  
 September 2022 to September 2023

State	Moody's	Standard & Poor's	Fitch
<b>Upgrades</b>			
Connecticut	Baa1 to A3	A+ to AA-	AA- to AA
Illinois		BBB+ to A-	
Kentucky*	A2 to A1	A to A+	A to A+
Massachusetts		AA to AA+	
New Jersey		A- to A	
Ohio			AA+ to AAA
<b>Downgrades</b>			
None	N/A	N/A	N/A

\* Issuer Credit Rating  
 Sources: Moody's Investors Service, Standard & Poor's, and Fitch Ratings.

According to the same Moody's report released September 26, 2023, Texas ranked 14th among all states in fiscal year 2022 state adjusted net pension liability (ANPL) as a percent of own-source revenue at 134.0 percent (most recent data available). Texas' ANPL per capital was \$4,713, compared to the national mean of \$5,339 and median of \$3,111. Texas' ANPL as a percent of personal income was 7.6 percent, compared to the national mean of 8.2 percent and median of 5.2 percent (Table 1.5).

Total ANPL across states' governmental activities decreased by 11.4 percent to \$1.75 trillion, representing 106.6 percent of aggregate states' own-source revenue. Extraordinary investment returns in 2021, the measurement date driving most states' fiscal 2022 pension reporting, contributed to the decline in ANPLs. The median ratio of ANPL to states' own-source revenue was 79.8 percent. ANPLs will decline further in fiscal 2023 reporting because of higher interest rates.

The most recent U.S. Census Bureau data for total state and local debt outstanding show that for census year 2021 (the most recent data available), Texas was the nation's second most populous state and ranked third among the 10 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 83.8 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, Villages; Water Districts and Authorities; Other Special Districts and Authorities; 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. According to the U.S. Census Bureau, population growth in the state increased 4.9 percent (1.4 million) from 2018 to 2022 (the 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.

**Increase in General Obligation Debt 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 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 is 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

Table 1.4  
**FISCAL 2022 STATE NET TAX-SUPPORTED DEBT (NTSD) METRICS**  
**RANKING BASED ON FISCAL 2022 NTSD AS % OF OWN-SOURCE REVENUE**

Rank	State	FY 2021 NTSD (\$ thousands)	FY 2022 NTSD (\$ thousands)	FY 2022 NTSD	FY 2022	FY 2022 NTSD	FY 2022 NTSD
				as % of own-source revenue	NTSD per capita	as % of personal income	as % of state GDP
1	Connecticut	\$28,182,286	\$28,967,901	103.8%	\$7,988	9.4%	9.0%
2	Hawaii	\$8,632,337	\$9,904,366	95.8%	\$6,877	11.2%	10.1%
3	Massachusetts	\$46,172,568	\$48,688,111	90.2%	\$6,973	8.2%	7.1%
4	New Jersey	\$46,335,039	\$46,581,821	76.7%	\$5,030	6.4%	6.2%
5	Washington	\$24,111,262	\$25,494,565	69.1%	\$3,275	4.3%	3.5%
6	Maryland	\$16,865,373	\$19,400,505	55.5%	\$3,147	4.4%	4.1%
7	Rhode Island	\$3,509,009	\$3,394,343	55.0%	\$3,103	4.7%	4.8%
8	Illinois	\$36,007,973	\$36,531,110	52.3%	\$2,903	4.2%	3.5%
9	Mississippi	\$5,769,251	\$5,866,806	52.2%	\$1,995	4.3%	4.2%
10	Delaware	\$3,745,971	\$4,344,115	52.1%	\$4,266	6.9%	5.0%
11	West Virginia	\$4,710,992	\$4,709,400	51.6%	\$2,653	5.4%	4.9%
12	Oregon	\$10,529,198	\$11,956,711	51.4%	\$2,820	4.5%	4.0%
13	Ohio	\$20,057,898	\$19,300,823	48.4%	\$1,642	2.8%	2.3%
14	Louisiana	\$8,434,905	\$8,305,730	46.6%	\$1,809	3.3%	3.0%
15	New York	\$71,184,815	\$69,641,000	46.4%	\$3,539	4.5%	3.4%
16	Virginia	\$14,003,100	\$17,774,641	43.7%	\$2,047	3.0%	2.7%
17	Wisconsin	\$11,244,335	\$11,231,419	42.8%	\$1,906	3.1%	2.8%
18	Pennsylvania	\$19,312,691	\$20,302,123	34.9%	\$1,565	2.4%	2.2%
19	Georgia	\$11,018,772	\$12,482,932	34.6%	\$1,144	2.0%	1.7%
20	Colorado	\$4,253,928	\$6,120,137	34.3%	\$1,048	1.4%	1.3%
21	Kentucky	\$7,960,576	\$6,615,245	33.9%	\$1,466	2.8%	2.5%
22	Alabama	\$4,763,855	\$6,005,964	33.3%	\$1,184	2.3%	2.2%
23	California*	\$96,436,768	\$96,000,000	32.0%	\$2,460	3.2%	2.7%
24	Kansas	\$4,469,440	\$4,368,456	30.2%	\$1,487	2.5%	2.1%
25	Minnesota	\$8,363,998	\$9,367,023	26.2%	\$1,638	2.4%	2.1%
26	New Hampshire	\$1,234,029	\$1,054,889	22.8%	\$756	1.0%	1.0%
27	Maine	\$1,447,497	\$1,597,295	22.8%	\$1,153	1.9%	1.9%
28	New Mexico	\$2,420,408	\$3,334,490	22.0%	\$1,578	3.1%	2.7%
29	Florida	\$17,316,854	\$14,698,465	21.8%	\$661	1.0%	1.1%
30	Nevada	\$2,119,926	\$2,063,386	20.0%	\$649	1.1%	1.0%
31	Michigan	\$7,382,000	\$8,684,100	19.5%	\$865	1.5%	1.4%
32	Texas	<b>\$20,392,232</b>	<b>\$20,425,440</b>	<b>19.3%</b>	<b>\$680</b>	<b>1.1%</b>	<b>0.9%</b>
33	Utah	\$3,385,598	\$2,795,056	18.4%	\$827	1.4%	1.1%
34	North Carolina	\$6,733,036	\$7,484,377	18.1%	\$700	1.2%	1.0%
35	Vermont	\$725,718	\$758,936	15.9%	\$1,173	1.9%	1.9%
36	Idaho	\$888,954	\$1,145,336	14.9%	\$591	1.1%	1.0%
37	Alaska	\$1,245,699	\$1,424,266	13.4%	\$1,942	2.8%	2.2%
38	Missouri	\$2,789,828	\$2,333,603	13.2%	\$378	0.7%	0.6%
39	Oklahoma	\$1,420,828	\$1,962,284	12.8%	\$488	0.9%	0.8%
40	South Carolina	\$2,472,378	\$2,347,078	11.4%	\$444	0.8%	0.8%
41	North Dakota	\$35,018	\$549,291	10.8%	\$705	1.1%	0.7%
42	Arizona	\$4,111,696	\$2,506,760	10.0%	\$341	0.6%	0.5%
43	Iowa	\$1,409,258	\$1,254,406	9.5%	\$392	0.7%	0.5%
44	Indiana	\$1,716,813	\$2,498,277	9.4%	\$366	0.6%	0.5%
45	South Dakota	\$524,117	\$506,431	9.1%	\$557	0.8%	0.7%
46	Arkansas	\$1,385,311	\$1,080,622	8.8%	\$355	0.7%	0.7%
47	Tennessee	\$2,085,493	\$2,076,326	7.6%	\$294	0.5%	0.4%
48	Wyoming	\$13,982	\$119,565	6.9%	\$206	0.3%	0.3%
49	Montana	\$148,023	\$322,421	6.5%	\$287	0.5%	0.5%
50	Nebraska	\$31,430	\$77,989	1.0%	\$40	0.1%	0.0%
	TOTAL	\$620,292,267	\$616,456,336	37.50%	\$1,853	2.80%	2.50%
	MEAN	\$12,405,845	\$12,329,127	32.80%	\$1,808	2.70%	2.40%
	MEDIAN	\$4,954,380	\$5,288,103	24.50%	\$1,178	2.20%	2.00%

\*Fiscal 2022 debt and revenue figures are estimated by Moody's based on available unaudited disclosure because the state's fiscal 2022 financial statements were not available as of the publication of this report.  
**Sources:** State audited financial statements and Moody's Investors Service Report, States - US, Ability to service long-term liabilities and fixed costs improves (released September 26, 2023)

FY 2022 rank	State	ANPL as a % of own-source revenue	ANPL per capita	ANPL as a % of personal income	ANPL as a % of state GDP
1	Illinois	418.0%	\$23,199	33.7%	28.2%
2	Connecticut	296.7%	\$22,840	26.9%	25.7%
3	Kentucky	280.3%	\$12,106	23.2%	21.0%
4	New Jersey	232.4%	\$15,236	19.4%	18.9%
5	Massachusetts	182.2%	\$14,089	16.6%	14.3%
6	Hawaii	177.2%	\$12,726	20.8%	18.7%
7	South Carolina	169.0%	\$6,570	12.3%	11.7%
8	Maryland	162.2%	\$9,198	13.0%	12.1%
9	Montana	156.7%	\$6,967	12.1%	12.0%
10	Vermont	154.5%	\$11,407	18.0%	18.2%
11	Pennsylvania	153.3%	\$6,880	10.6%	9.7%
12	Maine	141.1%	\$7,135	12.0%	11.7%
13	Kansas	137.7%	\$6,776	11.3%	9.4%
<b>14</b>	<b>Texas</b>	<b>134.0%</b>	<b>\$4,713</b>	<b>7.6%</b>	<b>6.0%</b>
15	West Virginia	112.5%	\$5,783	11.8%	10.7%
16	Colorado	112.3%	\$3,432	4.6%	4.1%
17	Rhode Island	98.5%	\$5,561	8.5%	8.5%
18	Michigan	96.7%	\$4,292	7.6%	6.9%
19	Nevada	95.8%	\$3,107	5.1%	4.6%
20	California*	95.3%	\$7,322	9.5%	7.9%
21	Missouri	92.5%	\$2,655	4.7%	4.2%
22	Wyoming	92.1%	\$2,752	3.9%	3.4%
23	Alaska	92.0%	\$13,346	19.4%	15.4%
24	Mississippi	81.4%	\$3,115	6.7%	6.6%
25	Louisiana	81.3%	\$3,155	5.8%	5.1%
26	New Mexico	78.3%	\$5,611	10.9%	9.7%
27	Iowa	74.9%	\$3,095	5.3%	4.3%
28	Delaware	67.7%	\$5,548	9.0%	6.5%
29	Indiana	67.0%	\$2,596	4.5%	3.9%
30	Oregon	65.3%	\$3,580	5.7%	5.1%
31	Arkansas	63.6%	\$2,567	5.0%	4.7%
32	Washington	54.8%	\$2,596	3.4%	2.8%
33	New Hampshire	52.6%	\$1,745	2.3%	2.3%
34	Alabama	50.7%	\$1,800	3.6%	3.3%
35	Arizona	46.3%	\$1,578	2.8%	2.5%
36	Ohio	41.6%	\$1,411	2.4%	2.0%
37	Nebraska	41.3%	\$1,610	2.5%	2.0%
38	Georgia	34.8%	\$1,151	2.0%	1.7%
39	Minnesota	34.6%	\$2,165	3.2%	2.8%
40	Florida	34.5%	\$1,047	1.6%	1.7%
41	Virginia	32.5%	\$1,521	2.2%	2.0%
42	North Dakota	32.3%	\$2,101	3.2%	2.2%
43	North Carolina	32.0%	\$1,241	2.2%	1.8%
44	Utah	31.6%	\$1,422	2.5%	1.9%
45	South Dakota	30.1%	\$1,839	2.8%	2.5%
46	Wisconsin	28.6%	\$1,272	2.1%	1.9%
47	Idaho	28.3%	\$1,125	2.1%	2.0%
48	Oklahoma	26.9%	\$1,021	1.9%	1.7%
49	Tennessee	26.7%	\$1,039	1.8%	1.5%
50	New York	24.8%	\$1,894	2.4%	1.8%
TOTAL		106.6%	\$5,272	8.1%	7.0%
MEAN		98.9%	\$5,339	8.2%	7.4%
MEDIAN		79.8%	\$3,111	5.2%	4.7%

\*Fiscal 2022 figures are estimated by Moody's based on available unaudited disclosure because the state's fiscal 2022 financial statements were not available as of the publication of this report.  
**Sources:** State audited financial statements and Moody's Investors Service Report, States - US, Ability to service long-term liabilities and fixed costs improves (released September 26, 2023)

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.

Total not self-supporting debt, including revenue not self-supporting debt, increased from \$4.83 billion at the end of fiscal year 2014 to \$6.95 billion at the end of fiscal year 2023, an increase of 43.9 percent, and an increase of 0.4 percent from the \$6.92 billion outstanding in fiscal year 2022. Estimated scheduled annual debt service as a percentage of unrestricted general revenue decreased slightly in fiscal year 2023 to 0.92 percent (*Figure 1.3*).

Unrestricted general revenue increased 59.1 percent in fiscal year 2023 to \$76.30 billion from \$47.95 billion in fiscal year 2014 (*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 Decreases

Authorized but unissued debt (debt that has been authorized by the legislature and may be issued at any time without further legislative

action) decreased minimally by 0.7 percent from approximately \$21.08 billion at the end of fiscal year 2022 to approximately \$20.93 billion at the end of fiscal year 2023. Total GO bond authorization decreased by 4.4 percent (\$711.0 million) from last fiscal year. The Permanent University Fund (PUF) revenue bond authorization increased \$547.8 million and other revenue authorizations increased \$15.9 million, resulting in an overall net decrease of \$147.3 million among total GO and revenue authorized but unissued amounts.

Of the \$20.93 billion of authorized but unissued debt remaining as of fiscal year-end 2023, approximately \$15.33 billion is GO debt and \$5.60 billion is non-GO debt. Approximately \$4.72 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

Table 1.6

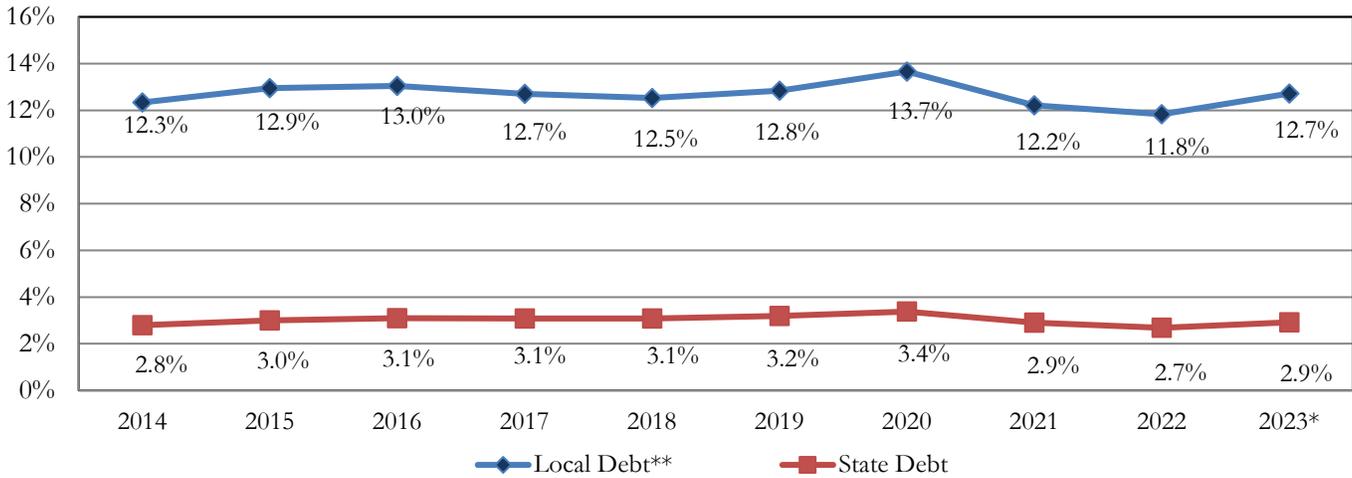
#### TOTAL STATE AND LOCAL DEBT OUTSTANDING: 10 MOST POPULOUS STATES

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	19,677	383,553	\$19,492	1	170,355	44.4%	\$8,658	1	213,198	55.6%	\$10,835	1
California	39,029	541,241	13,868	2	144,314	26.7%	3,698	4	396,927	73.3%	10,170	2
Illinois	12,582	165,465	13,151	3	64,743	39.1%	5,146	2	100,722	60.9%	8,005	4
<b>Texas</b>	<b>30,030</b>	<b>324,962</b>	<b>10,821</b>	<b>4</b>	<b>52,664</b>	<b>16.2%</b>	<b>1,754</b>	<b>7</b>	<b>272,298</b>	<b>83.8%</b>	<b>9,068</b>	<b>3</b>
Pennsylvania	12,972	128,545	9,909	5	53,217	41.4%	4,102	3	75,329	58.6%	5,807	5
Ohio	11,756	94,303	8,022	6	34,850	37.0%	2,964	6	59,453	63.0%	5,057	7
Michigan	10,034	80,465	8,019	7	33,622	41.8%	3,351	5	46,844	58.2%	4,668	8
Florida	22,245	135,832	6,106	8	21,437	15.8%	964	10	114,395	84.2%	5,143	6
Georgia	10,913	62,181	5,698	9	14,628	23.5%	1,340	9	47,553	76.5%	4,358	9
North Carolina	10,699	47,113	4,404	10	15,074	32.0%	1,409	8	32,039	68.0%	2,995	10
<b>MEAN</b>		<b>\$196,366</b>	<b>\$9,949</b>		<b>\$60,490</b>	<b>31.8%</b>	<b>\$3,339</b>		<b>\$135,876</b>	<b>68.2%</b>	<b>\$6,610</b>	

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: 2021 (the most recent data available); July 2022 U.S. Census Bureau, Population Division (released in December 2022).

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



\* Uses gross state product as reported for quarter one of 2023 (the most recent data available).

\*\* Excludes conduit debt of local governments.

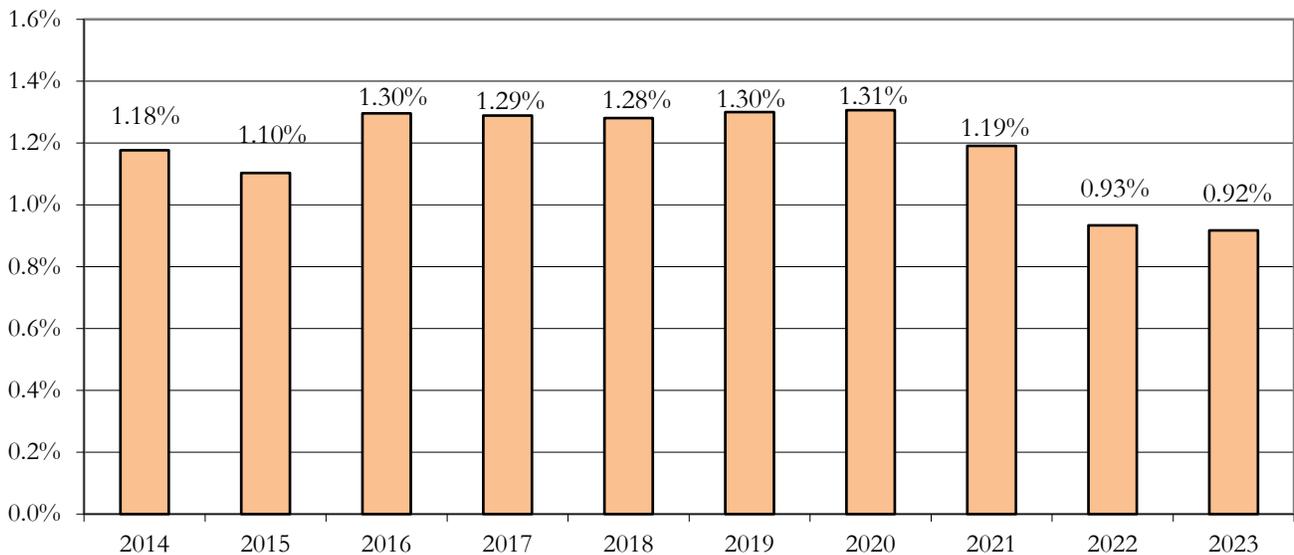
Sources: Texas Bond Review Board - Bond Finance Office; U.S Department of Commerce Bureau of Economic Analysis.

annual unrestricted General Revenue Fund revenues for the previous three fiscal years.

As of August 31, 2023, Texas’ constitutional debt limit (CDL) remained below the maximum of 5 percent with 0.99 percent calculated for debt outstanding and 0.96 percent calculated for authorized but unissued

debt for a total of 1.95 percent. Included in the CDL is \$143.0 million in revenue bonds authorized by the 88th Legislature for the Department of Motor Vehicles Camp Hubbard Renewal Project, and \$767.7 million and \$475.2 million in revenue bonds authorized by the 84th Legislature and 86th Legislature, respectively, for the Texas

Figure 1.3  
**ANNUAL NOT SELF-SUPPORTING SCHEDULED DEBT SERVICE AS A PERCENTAGE OF UNRESTRICTED GENERAL REVENUE**



Sources: Texas Bond Review Board - Bond Finance Office; the Texas Comptroller of Public Accounts.

Facilities Commission. Also included is an 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 in the November 2019 general election, as well as \$200 million for TWDB state participation (SP) account projects (expiring September 1, 2024). Also included are \$208.8 million and \$23.7 million for Health and Human Services Commission (HHSC) deferred maintenance projects authorized by the 86th Legislature and 87th Legislature, respectively, and \$20 million authorized by the 87th Legislature for the Texas Bullion Depository. The CDL decreased 13.3 percent from the 2.25 percent calculated for outstanding and authorized but unissued debt for fiscal year 2022. This decrease is a result of a higher three-year average of annual unrestricted General Revenue Fund revenues calculated as of fiscal year-end 2023.

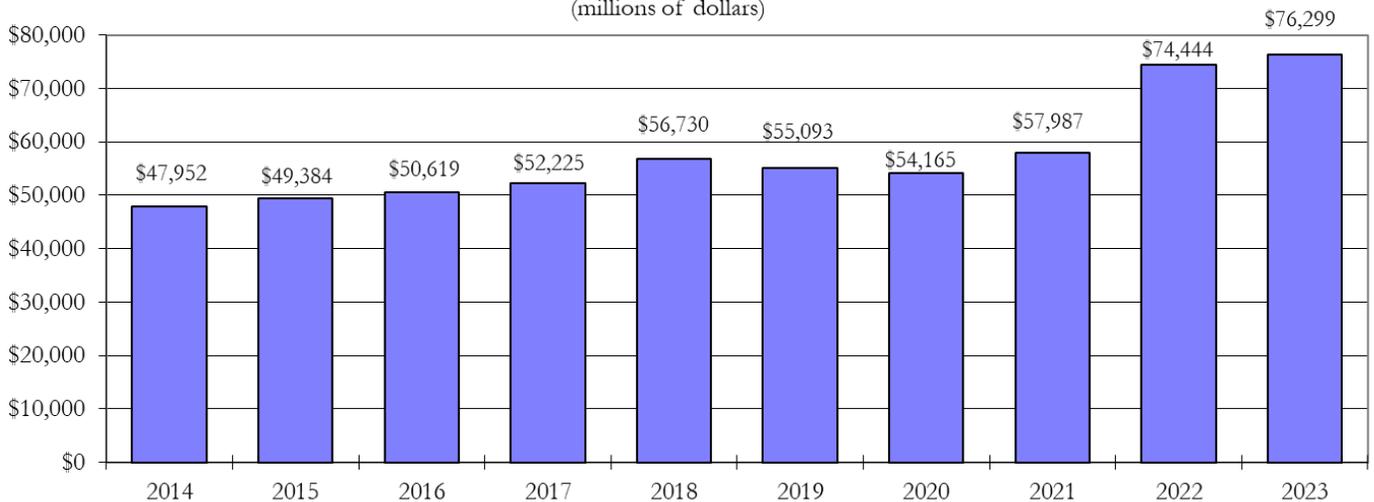
HB 2190, passed in the 77th Legislature, directed the Bond Review Board (BRB) to adopt formal debt policies and issuer guidelines to provide guidance to issuers of state securities and to ensure that state debt is prudently managed. These policies and

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 directs the BRB to produce the state’s Capital Expenditure Plan (CEP) biennially. 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

Figure 1.4  
**UNRESTRICTED GENERAL REVENUE**  
(millions of dollars)



Source: Texas Comptroller of Public Accounts.

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 2024–25 CEP was released September 1, 2022, on the BRB website, pursuant to Senate Bill 1, Article IX, Section 11.03 of the 87th Legislature and covers the out years 2026–27. 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.

### **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 February 2007. With the passage of SB 1332 in the 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 2024 DAS will be released February 2024.

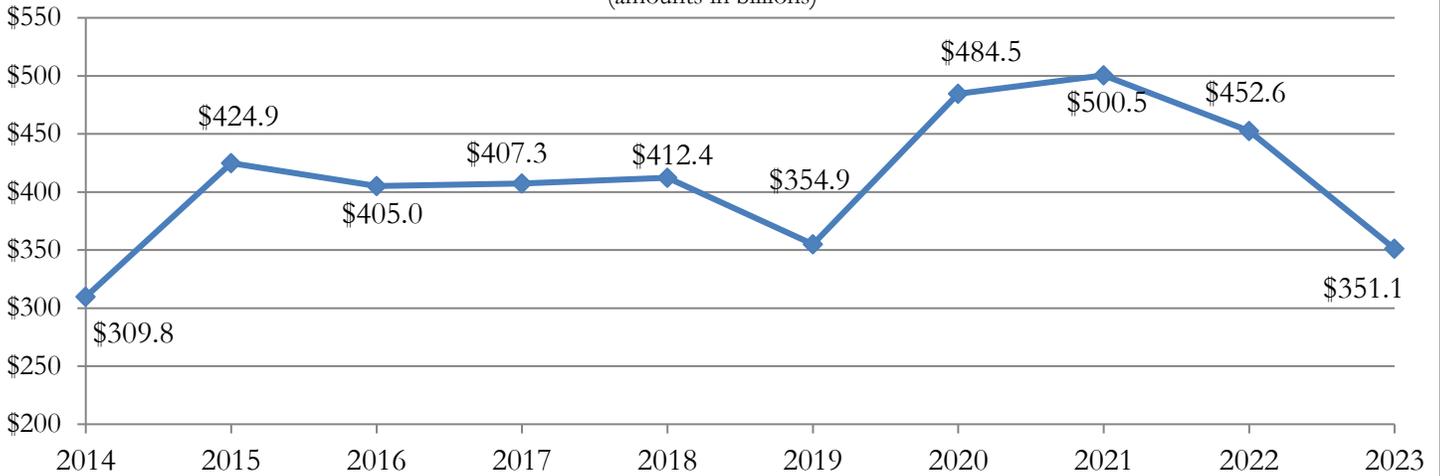
## **LOCAL DEBT**

### **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, and 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: ad valorem tax (GO) and revenue. GO 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

Figure 1.5  
**NATIONWIDE GOVERNMENT DEBT ISSUANCE**  
 (amounts in billions)



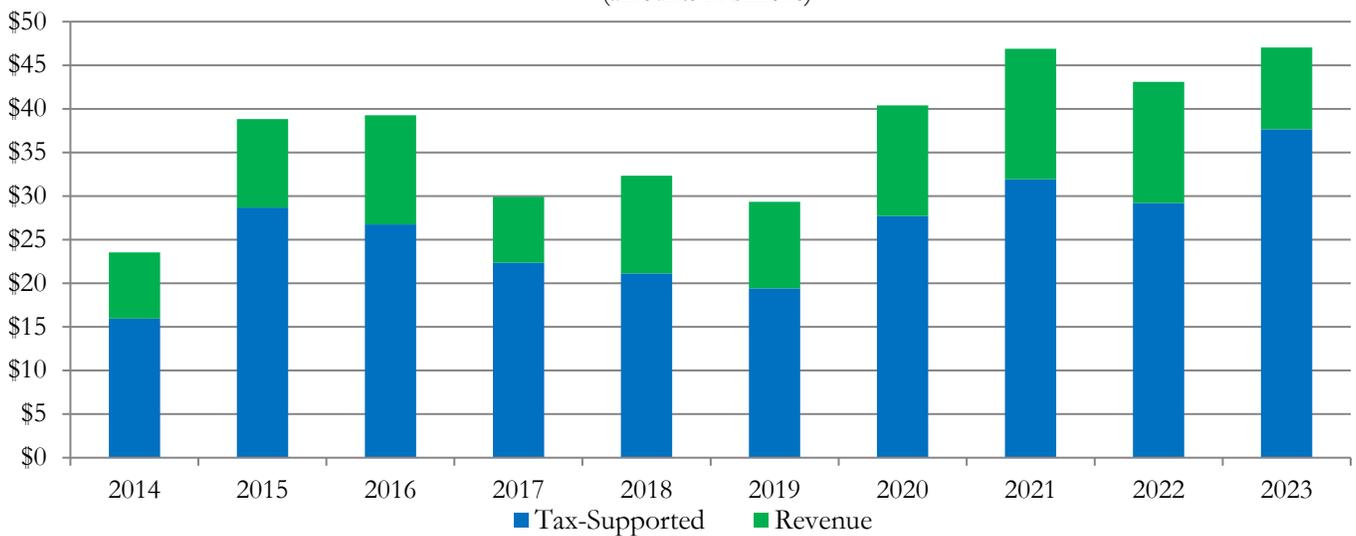
**Sources:** The Bond Buyer; Refinitiv Financial Solutions (based on data available on September 30, 2023).

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 sources are categorized as tax-supported GO 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

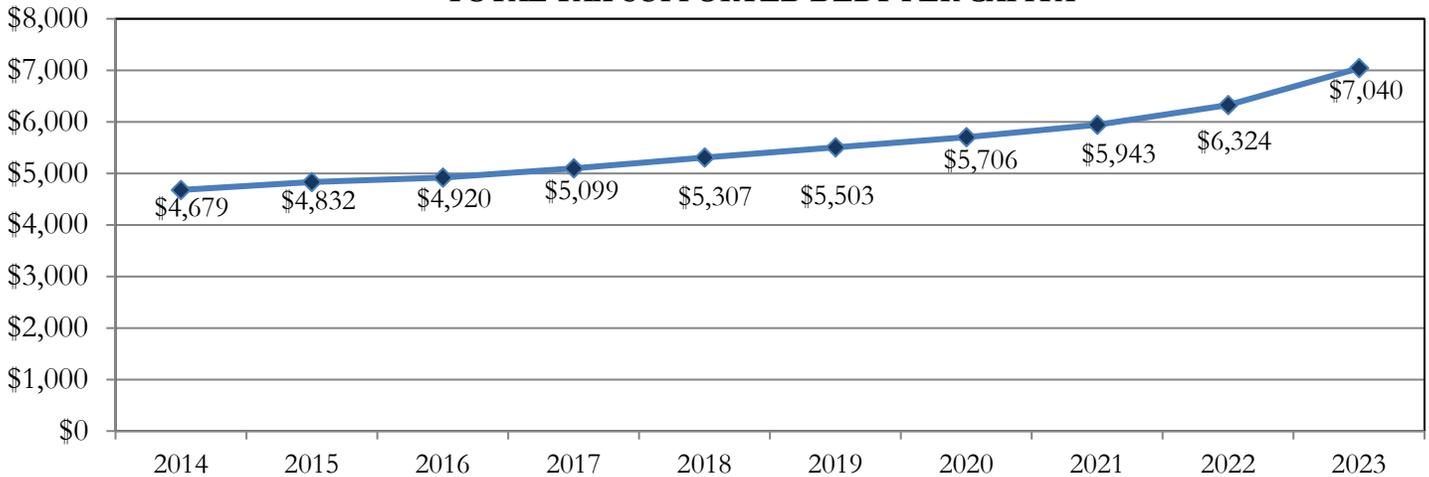
Figure 1.6  
**TEXAS LOCAL GOVERNMENT DEBT ISSUANCE**  
 (amounts in billions)



**Note:** 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, 2022, 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 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.

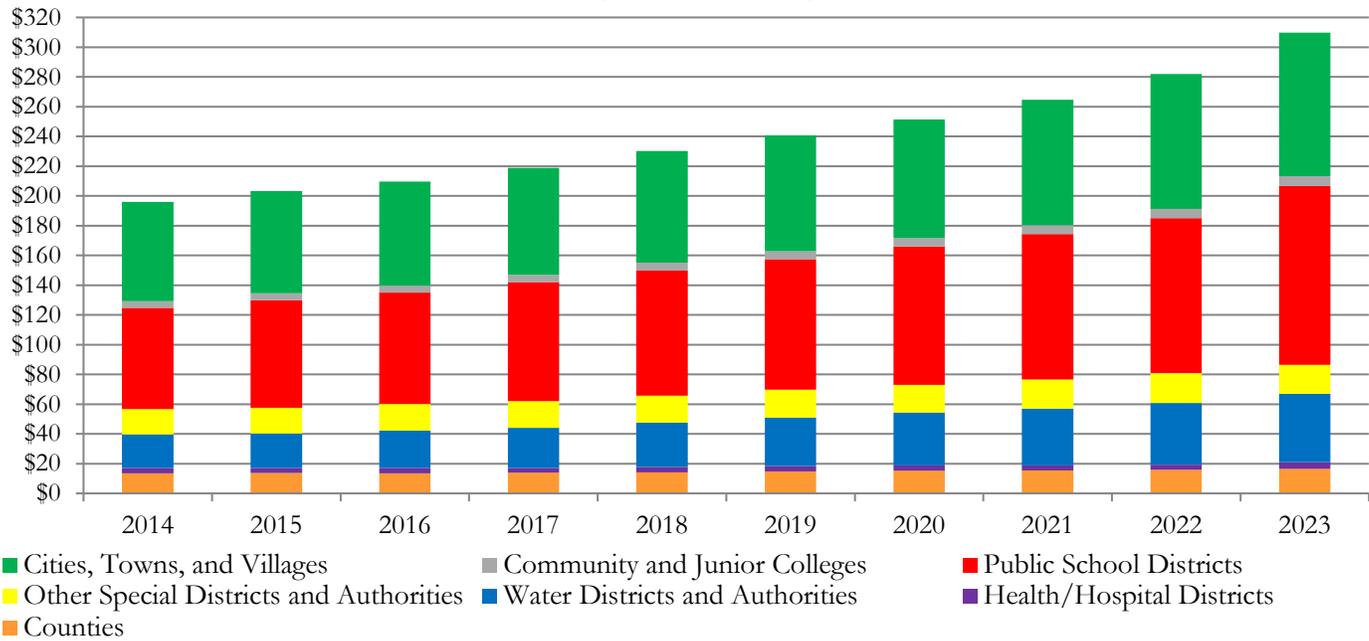
All reporting on local debt is presented on the agency’s website, the Texas Open Data Portal, and the BRB Data Center website. Visitors to the BRB website can search databases and access the Data Portal to download spreadsheets that contain debt outstanding, debt ratios and population data by government 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, 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 2023, a monthly average of approximately 4,392 unique 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).

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

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



**Note:** Excludes conduit debt.

**Source:** Texas Bond Review Board - Bond Finance Office.

### Nationwide Debt Issuance Over the Past Decade

Over the past decade, nationwide issuance of government debt has fluctuated from issuances totaling \$309.78 billion in fiscal year 2014 to a total of \$351.11 billion issued in fiscal year 2023 (Figure 1.5). Texas issuance of local debt (excluding conduit debt and commercial paper) has fluctuated over the past decade from a low of \$23.54 billion in fiscal year 2014 to a high of \$47.02 billion in fiscal year 2023 (Figure 1.6).

### Majority of Local Debt Issuance Supports Educational Facilities and Equipment

During the five-year reporting period, 46.7 percent or \$63.21 billion 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 at 23.6 percent or \$31.96 billion, and the third highest use at 14.1 percent or \$19.07 billion was for general-

purpose debt, which includes multiple purposes such as public improvements. The fourth highest use at 5.6 percent or \$7.53 billion 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 9.9 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 72.0 Percent of New-Money Transactions and 68.6 Percent of Refunding Transactions

Over the past five fiscal years, new-money debt

Table 1.7  
**TEXAS LOCAL GOVERNMENT**  
**CAPITAL APPRECIATION BONDS PAR AMOUNT ISSUED BY FISCAL YEAR**  
(amounts in millions)

	2019	2020	2021	2022	2023
Public School Districts	\$1.5	\$91.7	\$118.7	\$49.9	\$3.4
Cities, Towns, and Villages	-	0.4	-	-	-
Water Districts and Authorities	0.3	1.2	3.7	0.7	-
Other Special Districts and Authorities	-	-	-	108.1	-
Counties	-	1.2	0.7	-	-
Community and Junior Colleges	-	0.3	1.7	3.1	-
Health/Hospital Districts and Authorities	-	-	-	-	-
<b>Total CAB Par Amount Issued</b>	<b>\$1.9</b>	<b>\$94.8</b>	<b>\$124.9</b>	<b>\$161.8</b>	<b>\$3.4</b>
<b>Total Par Amount Issued**</b>	<b>\$29,328.6</b>	<b>\$40,391.8</b>	<b>\$46,902.7</b>	<b>\$43,096.6</b>	<b>\$47,022.9</b>
<b>CAB Par Amount % of Total</b>	<b>0.01%</b>	<b>0.23%</b>	<b>0.27%</b>	<b>0.38%</b>	<b>0.01%</b>

\*\* 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.

issuance totaled \$135.22 billion and refunding debt totaled \$71.53 billion. During that time, the top two issuers were school districts and cities that together comprised 72.0 percent (\$97.29 billion) of the total new-money volume and 68.6 percent (\$49.07 billion) of the total refunding transaction volume.

Refunding debt issued in fiscal year 2023 totaled \$6.05 billion, a decrease of 56.7 percent from the \$13.96 billion issued during fiscal year 2022. Over the past five fiscal years, 92.2 percent of local governmental refundings achieved both a cash and net present value savings, 0.7 percent provided only a net present value savings with a cash loss, 0.2 percent provided a cash savings but a net present value loss, and 1.7 percent resulted in a loss in both. In the latter cases, the primary objective was to restructure debt-service requirements to match budget flows more evenly and thus avoid raising taxes during times of economic weakness. The remaining 5.2 percent includes refundings of commercial paper and variable-rate debt for which savings information was

not provided.

Since fiscal year 2019, refundings for Texas local issuers achieved cash savings of \$11.12 billion with a net present value savings of \$8.70 billion, including \$587.4 million in cash savings and \$379.9 million in net present value savings realized in fiscal year 2023.

### Capital Appreciation Bonds

During fiscal year 2023, local governments issued \$3.4 million of capital appreciation bonds (CABs), a decrease of 97.9 percent from the fiscal year 2022 issued amount of \$161.8 million. Additionally, CABs only account for approximately 0.2 percent of the total par amount issued by Texas local governments during the last five fiscal years. School Districts issued 100.0 percent of the total CABs issued by local governments during fiscal year 2023 (*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 CAB 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 the 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, which 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: \$309.77 Billion of Outstanding Debt**

As of fiscal year-end 2023, Texas local governments had \$309.77 billion in outstanding debt (excluding conduit debt) (*Table 1.8*), an increase of \$69.11 billion (28.7 percent) since fiscal year 2019. Of the 2023 total, 68.3 percent (\$211.42 billion) is GO debt to be repaid from local ad valorem tax collections while the remaining 31.7 percent

(\$98.35 billion) will be repaid from revenues generated by various projects such as water, sewer, and electric utility fees. Since fiscal year 2019, tax-supported debt outstanding increased 34.2 percent (\$53.89 billion) and revenue debt outstanding increased 18.3 percent (\$15.23 billion).

School Districts accounted for 38.8 percent (\$120.16 billion) of all local debt outstanding and Cities accounted for 31.1 percent (\$96.49 billion). WDs held the third highest percentage and accounted for 14.9 percent (\$46.03 billion) of all local debt outstanding. The remaining 15.2 percent (\$47.10 billion) was held by OSDs, Counties, CCDs, and HHDs (*Table 1.8*).

The most recent U.S. Census Bureau data, for census year 2021 (the most recent data available), shows that Texas continued to be ranked second in population, third among the 10 most populous states in terms of local debt per capita, fourth in total state and local debt per capita, and seventh in state debt per capita.

Total tax-supported debt per capita increased by 11.3 percent from \$6,324 in fiscal year 2022 to \$7,040 in fiscal year 2023. Over the past 10 years, debt per capita has increased by 50.5 percent (\$2,362) while the state's population has increased by 13.4 percent (3.5 million) (*Figure 1.7*).

Over the past decade, total local debt outstanding (excluding conduit debt) increased by 58.0 percent from \$196.05 billion to \$309.77 billion. Notable debt increases during this period include: WDs (water, sewer, and roads), which increased 104.4 percent from \$22.51 billion to \$46.03 billion; School Districts, which increased 76.8 percent from \$67.98 billion to \$120.16 billion; CCDs, which increased 47.6 percent from \$4.47 billion to 6.59 billion; and Cities, which increased 44.2 percent from \$66.91 billion to \$96.49 billion (*Figure 1.8*).

### **Tax-Supported Debt Rises 34.2 Percent in Five Years**

Total tax-supported debt has increased 34.2 percent from \$157.53 billion in fiscal year 2019 to \$211.42 billion in fiscal year 2023 (*Table 1.9*).

Tax-supported debt for Texas School Districts increased over the past five years from \$87.65 billion in fiscal year 2019 to \$120.00 billion in fiscal year 2023 (36.9 percent). Tax-supported school district debt accounted for 56.8 percent of all tax-supported debt and is primarily used to finance instructional facilities. 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 \$34.76 billion to \$43.70 billion (25.7 percent) and accounted for 20.7 percent of all tax-supported debt.

During the past five fiscal years, tax-supported debt for WDs, including navigation and port districts, river authorities, municipal utility districts (MUDs), and municipal water authorities, increased from \$16.15 billion to \$24.71 billion (53.0 percent) and accounted for 11.7 percent of all tax-supported debt.

During the same period, Counties tax-supported debt increased from \$12.31 billion to \$13.87 billion (12.7 percent).

Tax-supported debt outstanding for CCDs increased from \$4.07 billion to \$5.61 billion (38.0 percent) during the same time period.

During the five-year period, tax-supported debt for HHDs increased from \$2.43 billion to \$3.36 billion (38.6 percent), and tax-supported debt for OSDs increased from \$159.3 million to \$161.6 million (1.4 percent). Most OSDs issuances are issued as revenue debt.

### **Revenue Debt – 18.3 Percent Increase in Five Years**

Since fiscal year 2019, revenue debt has increased by 18.3 percent (\$15.23 billion) from \$83.13 billion to \$98.35 billion (*Table 1.9*).

Cities revenue debt increased by 22.5 percent from \$43.08 billion to \$52.79 billion in the five-year period; WDs revenue debt increased 29.8 percent from \$16.42 billion to \$21.31 billion; revenue debt for OSDs increased 4.6 percent from \$18.57 billion to \$19.42 billion; and revenue debt for Counties increased 3.1 percent from \$2.49 billion to \$2.56 billion. As the state's population increased by 4.9 percent (1.4 million) from 2018 to 2022 (the most recent data available), 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.

HHDs revenue debt decreased 0.4 percent from \$1.13 billion to \$1.12 billion, and CCDs revenue debt decreased by 16.9 percent from \$1.18 billion to \$981.2 million.

During the five-year period, revenue debt for School Districts decreased 37.0 percent, from \$258.8 million to \$162.9 million.

Table 1.8  
**TEXAS LOCAL GOVERNMENT**  
**DEBT OUTSTANDING AS OF AUGUST 31, 2023**  
(amounts in millions)

Type of Issuer		Tax-Supported*	Revenue**	Total Debt
<b>Public School Districts</b>	Voter-approved tax	118,851.8		118,851.8
	Maintenance tax (ed. equipment)	1,144.3		1,144.3
	Lease-purchase contracts		162.1	162.1
	Revenue (athletic facilities)		0.8	0.8
	<b>Subtotal</b>	<b>\$ 119,996.1</b>	<b>\$ 162.9</b>	<b>\$ 120,159.0</b>
<b>Cities, Towns, Villages</b>	Tax	43,702.7		43,702.7
	Revenue		52,669.3	52,669.3
	Sales Tax		119.4	119.4
	<b>Subtotal</b>	<b>\$ 43,702.7</b>	<b>\$ 52,788.7</b>	<b>\$ 96,491.4</b>
<b>Water Districts and Authorities</b>	Tax	24,711.5		24,711.5
	Revenue		21,292.2	21,292.2
	Sales Tax		22.0	22.0
	<b>Subtotal</b>	<b>\$ 24,711.5</b>	<b>\$ 21,314.2</b>	<b>\$ 46,025.7</b>
<b>Other Special Districts and Authorities</b>	Tax	161.6		161.6
	Revenue		13,930.1	13,930.1
	Sales Tax		5,465.5	5,465.5
	Lease-purchase contracts		25.4	25.4
	<b>Subtotal</b>	<b>\$ 161.6</b>	<b>\$ 19,420.9</b>	<b>\$ 19,582.5</b>
<b>Counties</b>	Tax	13,874.0		13,874.0
	Revenue		2,538.5	2,538.5
	Lease-purchase contracts		25.2	25.2
	<b>Subtotal</b>	<b>\$ 13,874.0</b>	<b>\$ 2,563.7</b>	<b>\$ 16,437.7</b>
<b>Community and Junior Colleges</b>	Tax	5,611.7		5,611.7
	Revenue		981.2	981.2
	<b>Subtotal</b>	<b>\$ 5,611.7</b>	<b>\$ 981.2</b>	<b>\$ 6,592.9</b>
<b>Health/Hospital Districts and Authorities</b>	Tax	3,364.5		3,364.5
	Revenue		1,071.4	1,071.4
	Sales Tax		49.4	49.4
	<b>Subtotal</b>	<b>\$ 3,364.5</b>	<b>\$ 1,120.9</b>	<b>\$ 4,485.4</b>
<b>Total Local Debt Outstanding</b>		<b>\$ 211,422.1</b>	<b>\$ 98,352.6</b>	<b>\$ 309,774.7</b>

\*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)

	8/31/2019	8/31/2020	8/31/2021	8/31/2022	8/31/2023
<b>Public School Districts</b>					
Tax-Supported*	\$87,653.7	\$92,889.4	\$97,571.8	\$104,027.0	\$119,996.1
Revenue**	258.8	219.4	196.3	177.6	162.9
<b>Total</b>	<b>\$87,912.5</b>	<b>\$93,108.8</b>	<b>\$97,768.1</b>	<b>\$104,204.5</b>	<b>\$120,159.0</b>
<b>Cities, Towns, Villages</b>					
Tax-Supported*	\$34,759.8	\$34,915.4	\$37,354.6	\$40,118.4	\$43,702.7
Revenue**	43,084.1	44,685.9	46,876.4	50,578.3	52,788.7
<b>Total</b>	<b>\$77,843.9</b>	<b>\$79,601.3</b>	<b>\$84,230.9</b>	<b>\$90,696.7</b>	<b>\$96,491.4</b>
<b>Water Districts and Authorities</b>					
Tax-Supported*	\$16,153.4	\$17,562.3	\$19,259.2	\$21,569.7	\$24,711.5
Revenue**	16,423.1	17,811.3	18,661.4	19,945.6	21,314.2
<b>Total</b>	<b>\$32,576.5</b>	<b>\$35,373.6</b>	<b>\$37,920.6</b>	<b>\$41,515.3</b>	<b>\$46,025.7</b>
<b>Other Special Districts and Authorities</b>					
Tax-Supported*	\$159.3	\$152.5	\$157.5	\$156.6	\$161.6
Revenue**	18,568.8	18,571.7	19,583.9	19,871.1	19,420.9
<b>Total</b>	<b>\$18,728.1</b>	<b>\$18,724.3</b>	<b>\$19,741.4</b>	<b>\$20,027.7</b>	<b>\$19,582.5</b>
<b>Counties</b>					
Tax-Supported*	\$12,311.7	\$12,798.3	\$12,813.9	\$13,248.0	\$13,874.0
Revenue**	2,486.3	2,485.3	2,577.2	2,512.9	2,563.7
<b>Total</b>	<b>\$14,798.1</b>	<b>\$15,283.6</b>	<b>\$15,391.2</b>	<b>\$15,760.9</b>	<b>\$16,437.7</b>
<b>Community and Junior Colleges</b>					
Tax-Supported*	\$4,067.2	\$4,606.8	\$4,939.6	\$5,147.2	\$5,611.7
Revenue**	1,181.2	1,080.3	1,078.6	1,056.6	981.2
<b>Total</b>	<b>\$5,248.4</b>	<b>\$5,687.0</b>	<b>\$6,018.2</b>	<b>\$6,203.8</b>	<b>\$6,592.9</b>
<b>Health/Hospital Districts and Authorities</b>					
Tax-Supported*	\$2,427.8	\$2,462.4	\$2,408.6	\$2,454.1	\$3,364.5
Revenue**	1,125.1	1,177.1	1,098.6	1,076.1	1,120.9
<b>Total</b>	<b>\$3,552.9</b>	<b>\$3,639.5</b>	<b>\$3,507.2</b>	<b>\$3,530.1</b>	<b>\$4,485.4</b>
<b>Total Tax-Supported*</b>	<b>\$157,532.8</b>	<b>\$165,387.1</b>	<b>\$174,505.2</b>	<b>\$186,720.9</b>	<b>\$211,422.1</b>
<b>Total Revenue**</b>	<b>\$83,127.4</b>	<b>\$86,031.0</b>	<b>\$90,072.3</b>	<b>\$95,218.1</b>	<b>\$98,352.6</b>
<b>Total Debt Outstanding</b>	<b>\$240,660.3</b>	<b>\$251,418.1</b>	<b>\$264,577.5</b>	<b>\$281,938.9</b>	<b>\$309,774.7</b>
*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 2023 and Debt Outstanding

*In fiscal year 2023, the state's total debt outstanding (including conduit debt) increased 10.1 percent to \$70.94 billion compared to \$64.40 billion in fiscal year 2022 and \$63.21 billion in fiscal year 2021 (Table 2.3).*

*Bonds issued by Texas state agencies, colleges, and universities during fiscal year 2023 increased by 137.9 percent to an aggregate total of \$10.58 billion compared to \$4.41 billion issued in fiscal year 2022. Fiscal year 2023 issues included \$7.94 billion in new-money bonds and \$2.64 billion in refunding bonds (Table 2.1). Other debt issued included \$1.73 billion of commercial paper.*

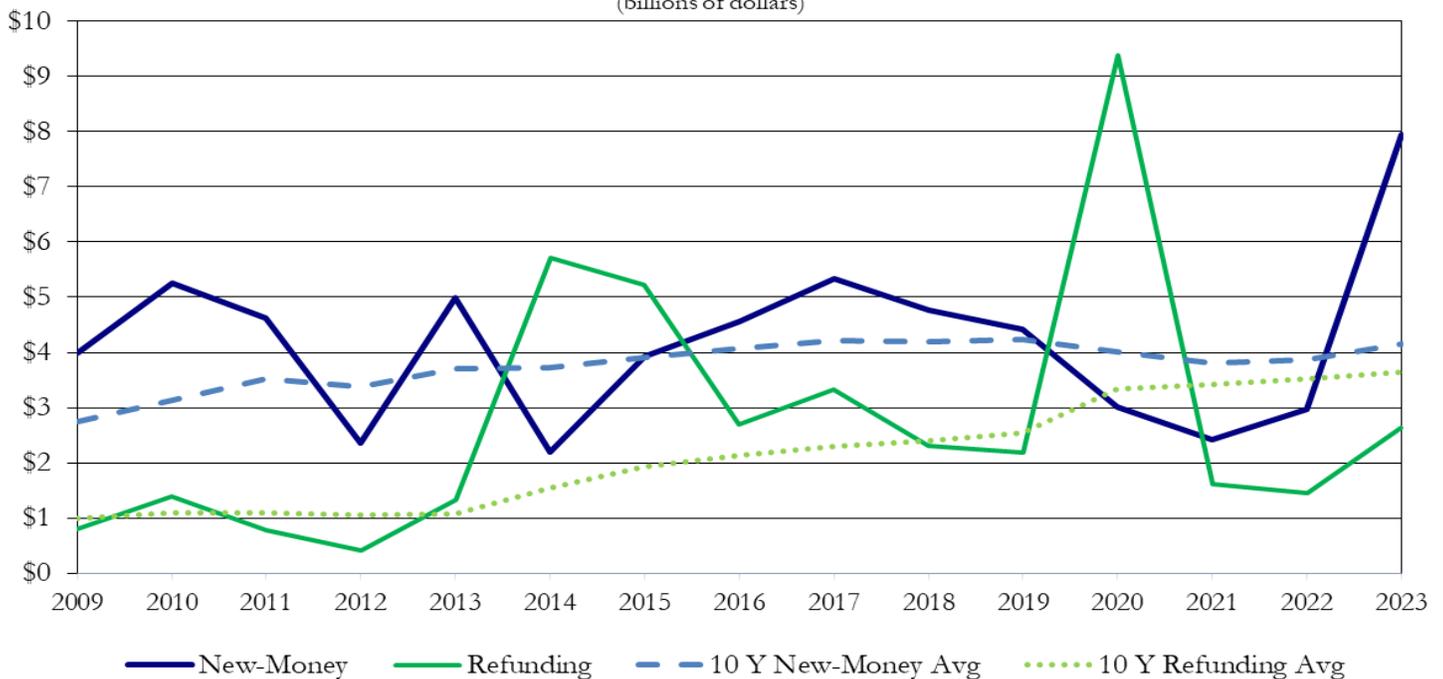
*Details on bond transactions can be found in Appendix A, and details on commercial paper and variable-rate notes can be found in Appendix B.*

## New-Money and Refunding Issuances During Fiscal Year 2023

A total of \$10.58 billion in bonds was issued in fiscal year 2023. Of that amount, \$7.94 billion (75.0 percent) was issued as new-money bonds, an increase of \$4.98 billion (167.9 percent) from \$2.96 billion issued during fiscal 2022. The remaining \$2.64 billion (25.0 percent) was issued as refunding bonds, an increase of \$1.19 billion (82.5 percent) from \$1.45 billion issued during fiscal year 2022 (Figure 2.1). Overall, net present value savings from fiscal year 2023 refundings totaled \$33.2 million.

Of the \$7.94 billion in new-money bonds issued in fiscal year 2023, approximately \$3.52 billion (44.4 percent) was issued by the Texas Natural Gas Securitization Finance Corporation (TINGSFC), \$1.27 billion (16.0 percent) was issued by the Texas Water Development Board (TWDB), \$1.06 billion was issued by Texas Department of Housing and Community Affairs (TDHCA) (13.4 percent), \$500.0 million (6.3 percent) was

Figure 2.1  
TEXAS NEW-MONEY AND REFUNDING BOND ISSUES 2009-2023  
(billions of dollars)



Source: Texas Bond Review Board - Bond Finance Office.

Table 2.1  
**TEXAS BONDS ISSUED DURING FISCAL YEAR 2023**  
**SUMMARIZED BY ISSUER**

ISSUER	REFUNDING BONDS	NEW-MONEY BONDS	TOTAL BONDS ISSUED	New-Money Use of Proceeds
Texas A&M University System	\$ 292,784,000	\$ 161,331,000	\$ 454,115,000	Acquire, construct, and equip various facilities
Texas Dept. of Housing and Comm. Affairs	-	1,063,240,000	1,063,240,000	Single family mortgage bonds and multifamily housing
Texas Higher Education Coordinating Board	-	133,515,000	133,515,000	College student loan bonds
Texas Natural Gas Securitization Finance Corporation	-	3,521,750,000	3,521,750,000	Winter Strom Uri customer rate relief bonds
Texas Public Finance Authority	350,000,000	95,280,000	445,280,000	TSU bonds and Cancer prevention grants
Texas State Affordable Housing Corporation	-	164,952,000	164,952,000	Single family mortgage bonds and multifamily housing
Texas State Technical College	-	298,750,000	298,750,000	Acquire, construct, and equip various facilities
Texas Tech University System	8,110,000	241,915,000	250,025,000	Acquire, construct, and equip various facilities
Grand Parkway Transportation Corporation	868,555,000	-	868,555,000	N/A
PAB Surface Transportation Corporation	-	397,315,000	397,315,000	NTE Mobility Partners LLC North Tarrant Express
Texas Veterans Land Board	-	500,000,000	500,000,000	Veteran's Home Loan Program
Texas Water Development Board	35,750,000	1,268,630,000	1,304,380,000	WFA, EDAP, SRF, and SWIRFT bonds
Texas Woman's University	-	93,200,000	93,200,000	Acquire, construct, and equip various facilities
University of Texas System	1,086,100,000	-	1,086,100,000	Acquire, construct, and equip various facilities
<b>Total Texas Bonds Issued</b>	<b>\$ 2,641,299,000</b>	<b>\$ 7,939,878,000</b>	<b>\$ 10,581,177,000</b>	

**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.

issued by the Veterans Land Board (VLB), and \$397.3 million was issued by the PAB Surface Transportation Corporation (PABSTC) (5.0 percent).

Of the \$2.64 billion in refunding bonds issued in fiscal year 2023, The University of Texas Systems (UTS) issued \$1.09 billion (41.1 percent), the Grand Parkway Transportation Corporation (GPTC) issued \$868.6 million (32.9 percent), Texas Public Finance Authority (TPFA) issued \$350.0 million (13.3 percent), and Texas A&M University Systems (TAMUS) issued \$292.8 million (11.1 percent) (Table 2.1).

### Build America Bonds Outstanding for Fiscal Year 2023

In fiscal year 2009, the American Recovery and Reinvestment Act of 2009 (ARRA) created Build America Bonds (BABs), which could be issued as Tax Credit BABs or Direct-Payment BABs. Authority to issue BABs expired on December 31, 2010. As of August 31, 2023, Texas Transportation Commission (TTC) and UTS had \$3.30 billion and \$1.13 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. For fiscal years 2021 through 2030, the subsidy payments are reduced by 5.7 percent.

### Interim Financing in Fiscal Year 2023

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, 2023, a total of \$6.08 billion was authorized for state commercial paper (CP) or variable-rate note (VRN) programs. Of this amount, \$2.97 billion was outstanding at fiscal year-end 2023 (Table B1 in Appendix B), approximately \$81.7 million less than the amount outstanding at fiscal year-end 2022.

Table 2.2

## TEXAS STATE DEBT ISSUES EXPECTED DURING FISCAL YEAR 2024

ISSUER	APPROXIMATE AMOUNT	PURPOSE	APPROXIMATE ISSUE DATE
<b>General Obligation Debt</b>			
<b>Self-Supporting</b>			
Texas Higher Education Coordinating Board	\$150,000,000	College Student Loan Bonds	Jul-24
Texas Higher Education Coordinating Board	96,885,000	Refunding of certain outstanding college student loan bonds	Jul-24
Texas Veterans Land Board	500,000,000	Veterans' Housing Assistance Program	TBD
Texas Public Finance Authority	6,000,000	Texas Agricultural Finance Authority	TBD
Texas Public Finance Authority	TBD	Texas Military Preparedness Commission Bonds	TBD
<b>Total Self-Supporting</b>	<b>\$752,885,000</b>		
<b>Not Self-Supporting</b>			
Texas Public Finance Authority	\$300,000,000	Cancer Prevention and Research Institute of Texas	Oct-23
Texas Water Development Board	50,000,000	Economically Distressed Areas Program (EDAP) projects	May-24
<b>Total Not Self-Supporting</b>	<b>\$350,000,000</b>		
<b>Total General Obligation Debt</b>	<b>\$1,102,885,000</b>		
<b>Non-General Obligation Debt</b>			
<b>Self-Supporting</b>			
Texas Dept. of Housing and Community Affairs	\$250,000,000	Single Family First-Time Home Buyer Program	Sep-23
Texas Dept. of Housing and Community Affairs	240,000,000	Single Family First-Time Home Buyer Program	Dec-23
Texas Dept. of Housing and Community Affairs	200,000,000	Single Family First-Time Home Buyer Program	Mar-24
Texas Dept. of Housing and Community Affairs	125,000,000	Single Family First-Time Home Buyer Program	Jun-24
Texas Dept. of Housing and Community Affairs	100,000,000	Single Family First-Time Home Buyer Program	Aug-24
Texas Water Development Board	1,046,520,000	State Water Implementation Revenue Fund for Texas (SWIRFT)	Oct-23
Office of the Governor	50,000,000	Small and Rural Community Success Fund	TBD
The Texas A&M University System - RFS	700,000,000	RFS Bonds/Commercial Paper for financing educational facilities	TBD
The Texas A&M University System - PUF	550,000,000	PUF Bonds/Commercial Paper for financing educational facilities	TBD
The University of Texas System - RFS	975,000,000	RFS Bonds/Commercial Paper for financing educational facilities	TBD
The University of Texas System - PUF	975,000,000	PUF Bonds/Commercial Paper for financing educational facilities	TBD
Texas Tech University System	250,000,000	Various projects	TBD
University of North Texas	315,000,000	Various projects	Jan-24
Texas State University System	430,535,057	Various projects	Jun-24
University of Houston System	150,000,000	Various projects	Jul-24
<b>Total Self-Supporting</b>	<b>\$6,107,055,057</b>		
<b>Not Self-Supporting</b>			
Texas Public Finance Authority	TBD	DMV Commercial Paper Fix-Out	TBD
Texas Public Finance Authority	TBD	HHSC 86th Leg and 87th Leg Commercial Paper Fix-Out	TBD
Texas Public Finance Authority	TBD	TFC Capitol Complex Commercial Paper Fix-Out	TBD
Texas Public Finance Authority	TBD	MLPP Commercial Paper Program	TBD
<b>Total Not Self-Supporting</b>	<b>\$0</b>		
<b>Total Non-General Obligation Debt</b>	<b>\$6,107,055,057</b>		
<b>Conduit Debt</b>			
Texas State Affordable Housing Corporation	\$16,000,000	Eden Court Apartments	Sep-23
Texas State Affordable Housing Corporation	38,000,000	Norman Commons Apartments	Oct-23
Texas State Affordable Housing Corporation	95,000,000	Multifamily Bond Projects	TBD
Texas State Affordable Housing Corporation	TBD	Single Family Bonds	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
Grand Parkway Transportation Corp	TBD	Refunding	TBD
Private Activity Bond Surface Transportation Corporation	275,000,000	NTE Segment 3 Refunding	Oct-23
Texas Dept. of Housing and Comm Affairs	37,850,000	Palladium Old FM 471 W Apartments	Jan-24
Texas Dept. of Housing and Comm Affairs	190,000,000	Multifamily Bond Projects	TBD
<b>Total Conduit</b>	<b>\$651,850,000</b>		
<b>Total All Debt</b>	<b>\$7,861,790,057</b>		
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 2024

Texas state issuers expect to issue approximately \$7.86 billion in bonds, CP, and VRN during fiscal year 2024 (*Table 2.2*), a projected decrease of \$3.13 billion (28.5 percent) over the amount projected for fiscal year 2023.

### General Obligation Debt Outstanding Increases in Fiscal Year 2023

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.

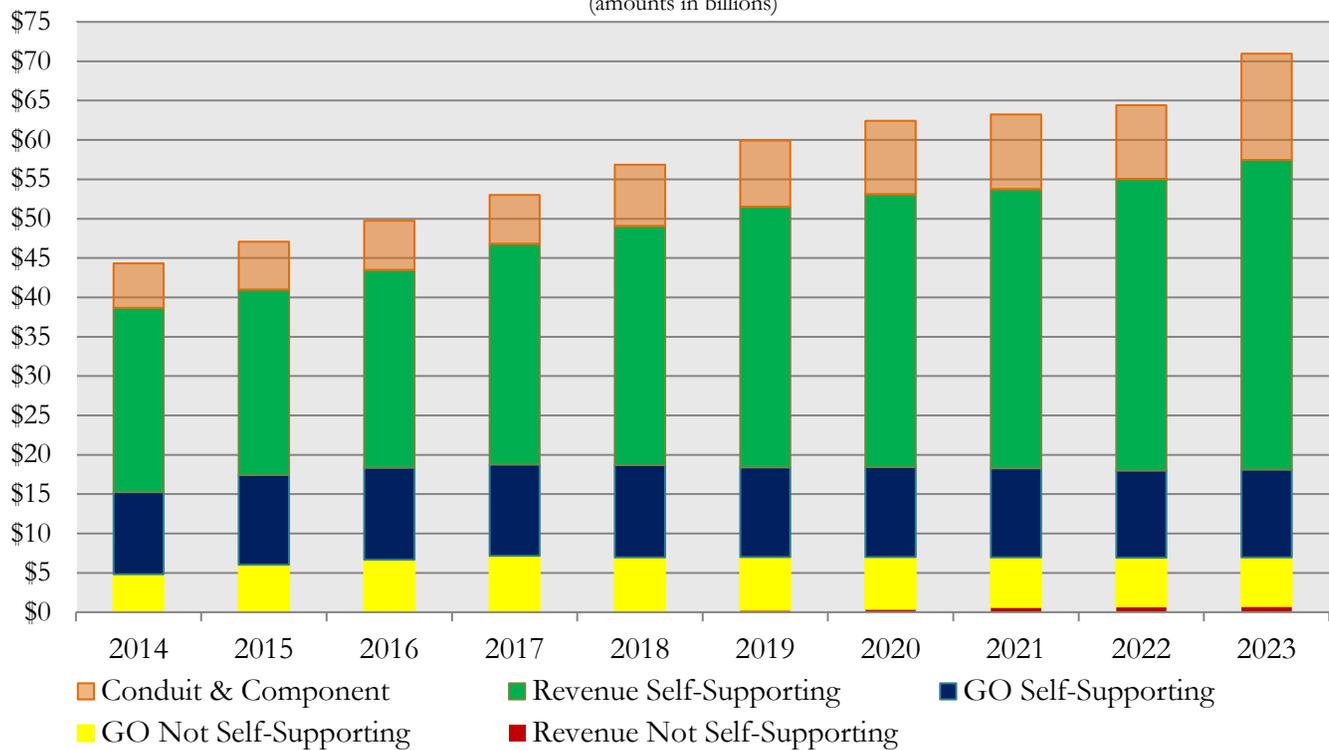
As of fiscal year-end 2023, \$17.34 billion (24.4 percent) of the state's \$70.94 billion in total

debt outstanding was backed by the state's GO pledge, an increase of \$49.5 million (0.3 percent) from the \$17.29 billion backed by the GO pledge at the end of fiscal year 2022 (*Figure 2.2* and *Table 2.3*). During the fiscal year, the Texas Higher Education Coordinating Board (THECB) issued \$133.5 million of GO student loan bonds, the VLB issued \$500.0 million of GO housing bonds, and TPFA issued \$364.6 million of GO bonds for cancer prevention grants.

### Governmental Revenue Debt Outstanding Increases in Fiscal Year 2023

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.

Figure 2.2  
STATE OF TEXAS DEBT OUTSTANDING  
(amounts in billions)



Source: Texas Bond Review Board - Bond Finance Office.

Excluding conduit and component debt, \$40.11 billion (56.5 percent) of the state's \$70.94 billion in total debt outstanding as of fiscal year-end 2023 was backed by non-GO revenue pledges, an increase of \$2.36 billion (6.3 percent) from the \$37.75 billion backed by non-GO revenue pledges at the end of fiscal year 2022 (*Figure 2.2* and *Table 2.3*).

Colleges and universities are the largest issuer of revenue debt with \$17.15 billion outstanding, excluding Permanent University Fund (PUF) debt. See *Table 2.5* and *Table 2.6* for more details 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, 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, TPFA is not liable for debt service for issuances of the Texas Public Finance Authority Charter School Finance Corporation.

Of the state's \$70.94 billion in debt outstanding as of fiscal year-end 2023, \$13.49 billion (19.0 percent) was state conduit and component

debt, which includes \$4.47 billion of debt outstanding by GPTC (*Table 2.3*). As conduit debt, GPTC debt service is payable solely from payments received from transportation projects it finances. The \$13.49 billion of conduit and component debt outstanding represents a increase of \$4.13 billion (44.1 percent) from the \$9.36 billion outstanding at the end of fiscal year 2022. This increase is mainly due to the TNGSFC issuing \$3.52 billion of customer rate relief bonds, authorized by the 87th Legislature, because of Winter Storm Uri.

### **General Revenue Supported Debt Increases in Fiscal Year 2023**

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, 2023, Texas had a total of \$6.95 billion in GO and non-GO not self-supporting debt outstanding to be repaid from the state's general revenue compared to \$6.92 billion outstanding at fiscal year-end 2022. During fiscal year 2023, non-GO not self-supporting debt increased by \$32.7 million but GO not self-supporting debt decreased by \$5.4 million for a net increase in not self-supporting debt of approximately \$27.2 million (0.4 percent) (*Figure 2.3*).

Table 2.3

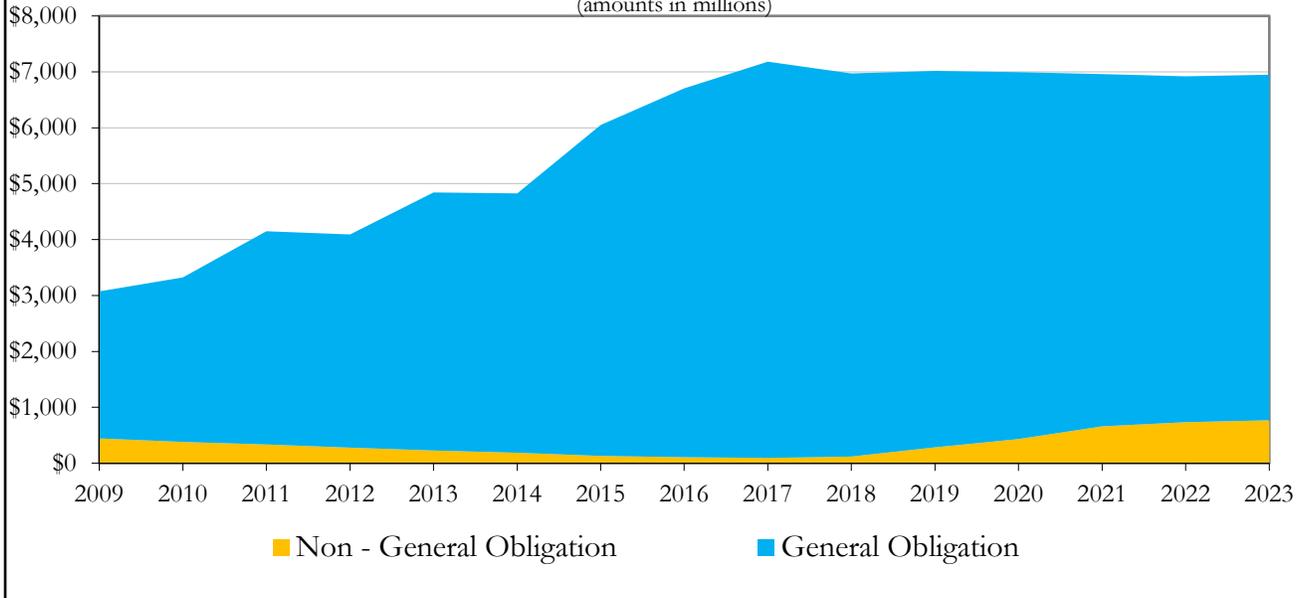
## STATE OF TEXAS DEBT OUTSTANDING

(amounts in thousands)

	8/31/2019	8/31/2020	8/31/2021	8/31/2022	8/31/2023
<b>General Obligation Debt</b>					
<b>Self-Supporting</b>					
Veterans' Land and Housing Bonds	\$2,950,180	\$2,945,465	\$2,978,775	\$2,993,445	\$3,227,350
Water Development Bonds	966,300	915,315	841,165	814,985	801,325
Water Development Bonds - State Participation	89,265	72,240	69,835	44,920	30,390
Water Development Bonds - WIF	207,315	187,455	139,510	109,600	92,220
Economic Development Bank Bonds	45,000	45,000	45,000	45,000	0
College Student Loan Bonds	1,187,945	1,207,750	1,272,665	1,274,285	1,343,070
Texas Mobility Fund Bonds	5,943,130	6,048,930	5,943,200	5,801,490	5,645,770
Texas Public Finance Authority - TMVRLF	22,885	21,545	20,150	18,700	17,195
<b>Total, Self-Supporting</b>	<b>\$11,412,020</b>	<b>\$11,443,700</b>	<b>\$11,310,300</b>	<b>\$11,102,425</b>	<b>\$11,157,320</b>
<b>Not Self-Supporting<sup>1</sup></b>					
Higher Education Constitutional Bonds <sup>2</sup>	\$17,855	\$15,560	\$13,275	\$10,875	\$8,355
Texas Public Finance Authority Bonds	1,049,025	961,090	855,085	751,665	642,935
Cancer Prevention and Research Institute of Texas	1,444,695	1,584,765	1,748,700	1,929,510	2,105,230
Park Development Bonds	725	0	0	0	0
Water Development Bonds - EDAP <sup>3</sup>	217,772	196,653	176,619	153,135	222,950
Water Development Bonds - WIF	249,570	190,070	24,240	0	0
TTC GO Transportation Bonds	3,747,065	3,613,990	3,478,555	3,340,800	3,201,100
<b>Total, Not Self-Supporting</b>	<b>\$6,726,707</b>	<b>\$6,562,128</b>	<b>\$6,296,474</b>	<b>\$6,185,985</b>	<b>\$6,180,570</b>
<b>Total General Obligation Debt</b>	<b>\$18,138,727</b>	<b>\$18,005,828</b>	<b>\$17,606,774</b>	<b>\$17,288,410</b>	<b>\$17,337,890</b>
<b>Non-General Obligation Debt</b>					
<b>Self-Supporting</b>					
Permanent University Fund Bonds					
The Texas A&M University System	\$1,258,580	\$1,439,735	\$1,389,210	\$1,462,180	\$1,523,285
The University of Texas System	3,106,760	3,223,190	3,402,025	3,498,090	3,620,770
College and University Revenue Bonds <sup>4</sup>	15,526,283	15,863,247	15,984,579	16,370,694	17,145,571
TxDOT Toll Revenue Bonds <sup>6</sup>	2,955,531	2,941,885	2,928,821	2,912,238	2,891,642
Texas Dept. of Housing & Community Affairs - SF	874,549	984,507	991,993	1,371,797	2,087,062
State Highway Fund	3,976,805	3,723,025	3,474,410	3,213,930	2,942,775
TPFA Revenue Bonds (TxDOT Austin Campus Project)	0	0	325,700	312,285	298,595
Water Development Bonds - State Revolving Fund	502,085	834,410	801,020	1,376,800	1,512,980
Water Development Bonds - SWIRFT	4,889,925	5,663,725	6,182,125	6,500,125	7,323,635
<b>Total, Self-Supporting</b>	<b>\$33,090,518</b>	<b>\$34,673,724</b>	<b>\$35,479,883</b>	<b>\$37,018,139</b>	<b>\$39,346,315</b>
<b>Not Self-Supporting<sup>1</sup></b>					
Texas Public Finance Authority Bonds	\$256,865	\$403,670	\$632,280	\$690,800	\$687,205
TPFA Master Lease Purchase Program	24,390	26,900	26,390	41,700	78,795
Texas Military Facilities Commission Bonds	4,740	3,670	2,555	1,740	890
Parks and Wildlife Improvement Bonds	705	0	0	0	0
<b>Total, Not Self-Supporting</b>	<b>\$286,700</b>	<b>\$434,240</b>	<b>\$661,225</b>	<b>\$734,240</b>	<b>\$766,890</b>
<b>Conduit, Component and Related Organizations<sup>5</sup></b>					
Texas Windstorm Insurance Association	\$318,600	\$227,200	\$177,000	\$0	\$0
Texas Natural Gas Securitization Finance Corporation	0	0	0	0	3,521,750
Texas Dept. of Housing and Community Affairs - MF	937,790	1,043,686	1,275,235	1,379,353	1,493,553
Texas State Affordable Housing Corporation	277,708	333,722	387,503	387,818	541,546
Texas Grand Parkway Transportation Corporation <sup>6</sup>	4,491,734	4,561,330	4,546,895	4,528,410	4,474,825
Texas PAB Surface Transportation Corporation	2,215,530	3,018,405	2,947,940	2,947,940	3,345,255
TPFA Charter School Finance Corporation	146,562	141,506	131,705	118,995	111,500
<b>Total Conduit, Component and Related Organizations</b>	<b>\$8,387,924</b>	<b>\$9,325,849</b>	<b>\$9,466,277</b>	<b>\$9,362,516</b>	<b>\$13,488,429</b>
<b>Total Non-General Obligation Debt</b>	<b>\$41,765,141</b>	<b>\$44,433,813</b>	<b>\$45,607,385</b>	<b>\$47,114,895</b>	<b>\$53,601,633</b>
<b>Total Debt Outstanding</b>	<b>\$59,903,869</b>	<b>\$62,439,641</b>	<b>\$63,214,159</b>	<b>\$64,403,305</b>	<b>\$70,939,523</b>

<sup>1</sup> Not self-supporting debt (general obligation and non-general obligation) depends solely on the state's general revenue fund for debt service.<sup>2</sup> While not explicitly a general obligation or full faith and credit bond, the revenue pledge in Constitutional Bonds has the same effect.<sup>3</sup> Economically Distressed Areas Program (EDAP) bonds do not depend totally on the state's general revenue fund for debt service.<sup>4</sup> Capital Construction Assistance Projects/Tuition Revenue Bonds are included in these totals. See Table 2.5.<sup>5</sup> This section contains debt that is not a legal liability of the state but rather is backed by third-party entities.<sup>6</sup> 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)



**Variable-Rate Debt Outstanding Increases in Fiscal Year 2023**

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 \$9.20 billion in fiscal year 2023. Of this amount, approximately \$2.97 billion (32.3 percent) was short-term CP or VRN, and the remaining \$6.23 billion (67.7 percent) was long-term variable-rate debt. See *Table B1 in Appendix B* for more information regarding CP and VRN programs.

Variable-rate debt increased by approximately \$262.3 million (2.9 percent) in fiscal year 2023 to \$9.20 billion compared with \$8.94 billion outstanding in fiscal year 2022. Variable-rate GO debt accounted for \$3.63 billion (39.4 percent), and revenue debt accounted for \$5.57 billion (60.6 percent) of the total amount of

variable-rate debt outstanding at the end of fiscal year 2023. Variable-rate GO debt increased by \$122.6 million (3.5 percent) and variable-rate revenue debt increased by \$139.7 million (2.6 percent) from amounts outstanding at fiscal year-end 2022 (*Table 2.3A*). The largest issuers of variable-rate debt are: UTS with \$3.57 billion outstanding, VLB with \$3.23 billion outstanding, Texas Department of Transportation (TxDOT) with \$925 million outstanding, and TDHCA with \$447.4 million outstanding.

**Scheduled Debt-Service Payments from General Revenue**

During fiscal years 2021, 2022, and 2023, scheduled debt service from general revenue was \$690.4 million, \$695.4 million, and \$699.7 million, respectively. Scheduled debt-service payments from general revenue are expected to decrease slightly to \$699.5 million in fiscal year 2024 (*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 2023, published by the Texas

Table 2.3A

<b>STATE OF TEXAS VARIABLE-RATE DEBT OUTSTANDING</b>					
(amounts in thousands)					
	8/31/2019	8/31/2020	8/31/2021	8/31/2022	8/31/2023
<b>General Obligation Debt</b>					
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	0
Texas Public Finance Authority	176,925	62,000	319,675	66,300	0
Texas Water Development Board	105,450	71,040	6,375	0	0
Veterans Land Board	2,899,270	2,945,465	2,978,775	2,993,445	3,227,350
<b>Total General Obligation Variable-Rate Debt</b>	<b>\$3,626,645</b>	<b>\$3,523,505</b>	<b>\$3,749,825</b>	<b>\$3,504,745</b>	<b>\$3,627,350</b>
<b>Revenue Debt</b>					
Texas A&M University System	\$261,985	\$176,075	\$195,742	\$421,778	\$123,014
Texas Department of Housing and Community Affairs	323,410	360,925	391,086	360,472	447,401
Texas Department of Transportation	614,370	614,370	614,370	525,000	525,000
Texas Economic Development Bank	0	0	0	0	0
Texas Grand Parkway Transportation Corporation	166,525	166,525	166,525	166,525	263,225
Texas Public Finance Authority	116,250	273,773	26,390	134,800	201,895
Texas State Affordable Housing Corporation	30,000	70,000	95,401	123,401	143,100
Texas State Technical College	2,201	1,860	509	0	0
Texas State University System	124,980	94,840	26,318	90,289	159,358
Texas Tech University System	50,795	28,978	48,844	75,912	55,355
TPFA Charter School Finance Corporation	0	0	0	0	0
University of Houston System	162,050	43,681	35,810	34,738	28,415
University of North Texas System	49,180	45,065	76,135	20,547	60,000
University of Texas System	2,866,727	2,762,838	3,212,138	3,481,110	3,567,536
<b>Total Revenue Variable-Rate Debt</b>	<b>\$4,768,473</b>	<b>\$4,638,929</b>	<b>\$4,889,268</b>	<b>\$5,434,572</b>	<b>\$5,574,299</b>
<b>Total Variable-Rate Debt</b>	<b>\$8,395,118</b>	<b>\$8,162,434</b>	<b>\$8,639,093</b>	<b>\$8,939,317</b>	<b>\$9,201,649</b>
<b>Note:</b> Includes commercial paper, variable-rate demand obligations, and variable-rate notes.					
<b>Source:</b> Texas Bond Review Board - Bond Finance Office.					

Comptroller of Public Accounts, for actual debt-service paid by the state from General Revenue.

Debt service for tuition revenue bond and capital construction assistance project, TRB and CCAP, respectively, 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 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 2023**

Authorized but unissued debt is defined as debt that may be issued without further legislative or voter action. As of August 31, 2023, Texas had \$20.93 billion in authorized but unissued debt compared to \$21.08 billion in fiscal year 2022 (*Table 2.7*).

Of the \$20.93 billion authorized, \$15.33 billion (73.2 percent) was GO debt. Of the GO debt, \$11.67 billion (76.1 percent) was self-supporting and \$3.67 billion (23.9 percent) was not self-supporting. Not self-supporting GO debt decreased \$392.7 million to \$3.67 billion at fiscal year-end 2023 compared to the total of \$4.06 billion in not self-supporting authorized but unissued GO debt at fiscal year-end 2022.

Table 2.4

**DEBT-SERVICE REQUIREMENTS OF TEXAS STATE DEBT BY FISCAL YEAR**

(amounts in thousands)						
	2024	2025	2026	2027	2028	2029 & beyond
<b>General Obligation Debt</b>						
<b>Self-Supporting</b>						
Veterans' Land and Housing Bonds	\$327,421	\$342,904	\$330,316	\$309,647	\$283,809	\$2,259,128
Water Development Bonds	68,853	68,351	66,183	64,585	60,137	889,601
Water Development Bonds - State Participation	4,414	4,304	4,190	4,074	3,962	16,508
Water Development Bonds - WIF	23,261	23,664	24,069	23,435	10,889	0
Economic Development Bank Bonds	0	0	0	0	0	0
College Student Loan Bonds	128,412	135,862	132,064	117,477	117,561	1,263,412
Texas Mobility Fund Bonds	399,929	407,842	415,873	345,584	439,394	6,262,626
Texas Public Finance Authority - TMVRLF	2,136	2,132	2,129	2,128	2,128	9,520
<b>Total Self-Supporting</b>	<b>\$954,426</b>	<b>\$985,057</b>	<b>\$974,825</b>	<b>\$866,931</b>	<b>\$917,879</b>	<b>\$10,700,794</b>
<b>Not Self-Supporting<sup>1</sup></b>						
Higher Education Constitutional Bonds <sup>2</sup>	\$2,977	\$2,971	\$2,973	\$0	\$0	\$0
Texas Public Finance Authority Bonds	128,823	99,571	90,501	83,139	76,838	276,380
Cancer Prevention and Research Institute of Texas	187,213	209,215	203,746	198,107	192,645	1,722,027
Water Development Bonds - EDAP <sup>3</sup>	33,180	28,940	25,707	22,966	22,304	164,469
TTC GO Transportation Bonds	277,431	272,858	268,255	262,433	257,723	3,287,088
<b>Total Not Self-Supporting</b>	<b>\$629,623</b>	<b>\$613,555</b>	<b>\$591,182</b>	<b>\$566,644</b>	<b>\$549,509</b>	<b>\$5,449,963</b>
<b>Total General Obligation Debt Service</b>	<b>\$1,584,049</b>	<b>\$1,598,612</b>	<b>\$1,566,007</b>	<b>\$1,433,575</b>	<b>\$1,467,388</b>	<b>\$16,150,758</b>
<b>Non-General Obligation Debt</b>						
<b>Self-Supporting</b>						
Permanent University Fund Bonds						
The Texas A&M University System	\$119,935	\$119,946	\$119,973	\$120,097	\$119,636	\$1,658,136
The University of Texas System	278,892	278,891	278,890	278,894	278,895	4,227,383
College and University Revenue Bonds	1,645,852	1,618,884	1,582,811	1,455,334	1,390,445	17,597,615
TxDOT Toll Revenue Bonds <sup>4</sup>	178,678	187,498	201,272	212,979	221,303	4,501,976
Texas Dept of Housing & Community Affairs - SF	113,845	131,816	131,824	141,925	130,217	3,221,959
State Highway Fund	420,449	420,095	420,556	422,252	418,565	1,547,855
TPFA Revenue Bonds (TXDOT Austin Campus Project)	20,643	20,641	20,642	20,643	20,639	268,338
Water Development Bonds - State Revolving Fund	136,082	136,104	136,112	136,105	136,085	1,504,086
Water Development Bonds - SWIRFF	468,599	469,394	474,889	445,657	429,292	10,242,903
<b>Total Self-Supporting</b>	<b>\$3,382,974</b>	<b>\$3,383,266</b>	<b>\$3,366,969</b>	<b>\$3,233,885</b>	<b>\$3,145,078</b>	<b>\$44,770,252</b>
<b>Not Self-Supporting<sup>1</sup></b>						
Texas Public Finance Authority Bonds	\$61,075	\$60,528	\$59,353	\$57,730	\$56,493	\$596,990
TPFA Master Lease Purchase Program	7,902	7,475	7,441	7,132	6,950	95,895
Texas Military Facilities Commission Bonds	926	0	0	0	0	0
<b>Total Not Self-Supporting</b>	<b>\$69,902</b>	<b>\$68,004</b>	<b>\$66,794</b>	<b>\$64,861</b>	<b>\$63,444</b>	<b>\$692,885</b>
<b>Conduit, Component and Related Organizations</b>						
Texas Dept. of Housing & Community Affairs - MF	\$113,867	\$125,564	\$119,094	\$77,595	\$72,116	\$1,951,864
Texas Natural Gas Securitization Finance Corporation	239,203	334,582	334,582	334,582	334,582	3,680,405
Texas State Affordable Housing Corporation	26,521	37,235	52,913	38,986	28,140	766,420
Texas Grand Parkway Transportation Corporation <sup>4</sup>	173,049	175,382	175,380	188,430	188,459	7,866,696
Texas PAB Surface Transportation Corporation	155,787	158,215	161,730	161,580	158,022	6,083,945
TPFA Charter School Finance Corporation	8,350	8,507	8,502	47,929	5,249	74,899
<b>Total Conduit, Component, and Related Organizations</b>	<b>\$716,776</b>	<b>\$839,484</b>	<b>\$852,200</b>	<b>\$849,102</b>	<b>\$786,568</b>	<b>\$20,424,229</b>
<b>Total Non-General Obligation Debt Service</b>	<b>\$4,169,652</b>	<b>\$4,290,753</b>	<b>\$4,285,963</b>	<b>\$4,147,849</b>	<b>\$3,995,089</b>	<b>\$65,887,366</b>
<b>Total Debt Service</b>	<b>\$5,753,702</b>	<b>\$5,889,365</b>	<b>\$5,851,970</b>	<b>\$5,581,423</b>	<b>\$5,462,477</b>	<b>\$82,038,124</b>

<sup>1</sup> Bonds that are not self-supporting (general obligation and non-general obligation) depend solely on the state's general revenue for debt service.

<sup>2</sup> 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 Texas Constitution.

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

<sup>4</sup> Includes TIFIA loan debt outstanding. Amortization schedule provided by TxDOT.

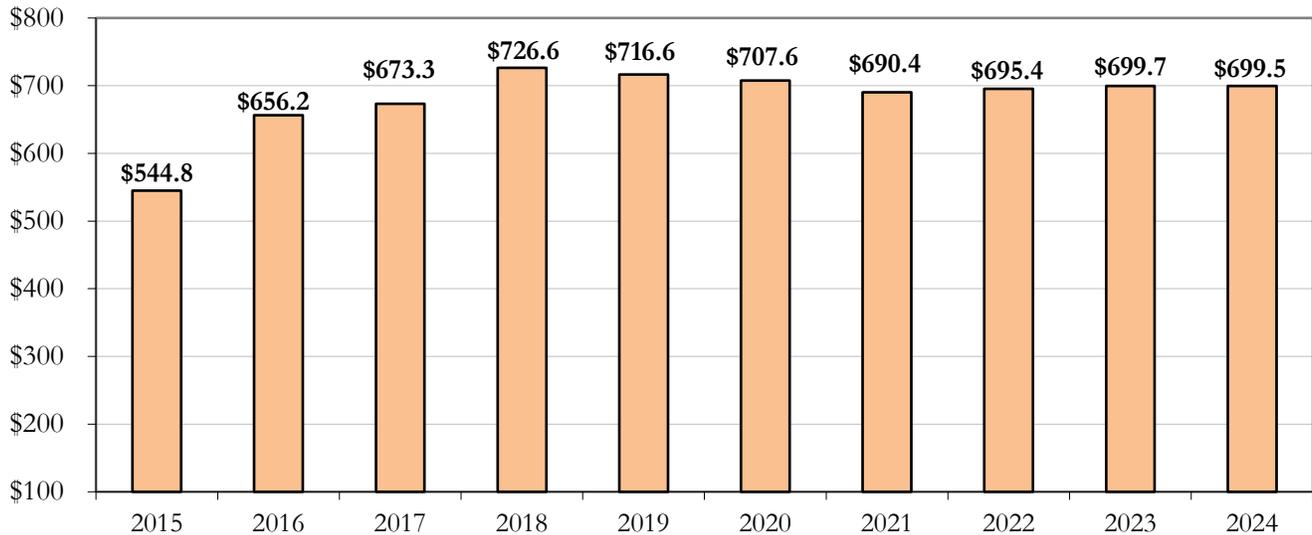
**Note:** The debt-service figures do not include the early redemption of bonds under the state's various loan programs or cash defeasances after August 31, 2023, or the Build America Bond subsidy payments. Certain lease purchase, right-to-use-lease arrangements, SECO LoanSTAR, and other revolving loan 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 tax-exempt and taxable commercial paper are calculated at 5 percent and 6 percent, respectively, for a 20-year period.

Detail may not add to total due to rounding.

**Source:** Texas Bond Review Board - Bond Finance Office.

Figure 2.4  
**ANNUAL DEBT SERVICE SCHEDULED TO BE PAID FROM GENERAL REVENUE**  
 (amounts in millions)



Source: Texas Bond Review Board - Bond Finance Office.

Authorized but unissued not self-supporting revenue debt totaled \$1.06 billion at the end of fiscal 2023 compared to \$1.04 billion at fiscal year-end 2022. The remaining authorized but unissued revenue debt was self-supporting and increased from \$3.99 billion to \$4.54 billion (13.7 percent). The increase in self-supporting revenue authorization is due to an increase in PUF revenue bond authorization.

Not included in these totals is the \$3.35 billion of TRB/CCAP authorization passed in Senate Bill (SB) 52 during the 87th Legislature, Third Called Special Session. SB 52 authorized certain institutions of higher education to finance construction and improvement of infrastructure and related facilities.

See *Table 2.8* for the total authorized by college and university system pursuant to SB 52. Of the \$3.35 billion authorized, \$1.73 billion remains unissued.

**88th Legislature – Regular Session**

The 88th Legislature passed SB 28, which creates the New Water Supply for Texas Fund, effective September 1, 2023. SB 28 also creates

the statewide water public awareness account, effective September 1, 2023, to educate residents of the state about water, including through supporting local and regional water education programs. The bill additionally creates the Texas Water Fund to work with existing TWDB financing programs. Provisions of SB 28 relating to the Texas Water Fund were approved by the voters of a constitutional amendment in November 2023, under Senate Joint Resolution 75. These provisions are effective January 1, 2024.

The 88th Legislature appropriated \$143.0 million to the Department of Motor Vehicles for the Camp Hubbard Renewal Project to be financed by the TPFA (House Bill (HB) 1, 88th Legislature, RS (2023) Art VII-16, Rider 11).

On June 12, 2023, the Governor signed HB 1515 relating to the continuation and functions of the Texas Economic Development and Tourism Office and the winding up and liquidation of the Project Development and Small Business Incubator Program.

Table 2.5

## TEXAS COLLEGE AND UNIVERSITY REVENUE DEBT OUTSTANDING

(amounts in thousands)

College and University Revenue Debt	FY 2021			FY 2022			FY 2023		
	RFS	TRB/CCAP	Total	RFS	TRB/CCAP	Total	RFS	TRB/CCAP	Total
Midwestern State University	\$83,386	\$46,205	\$129,591	\$79,071	\$43,695	\$122,766	\$73,647	\$41,055	\$114,702
Stephen F. Austin State University	163,946	48,160	212,106	153,909	44,995	198,904	143,809	41,685	185,494
Texas Southern University	2,480	67,010	69,490	1,690	58,000	59,690	860	133,000	133,860
Texas State Technical College System	91,496	31,845	123,341	80,489	29,425	109,914	193,149	204,010	397,159
Texas State University System	854,918	207,425	1,062,343	868,849	183,405	1,052,254	888,913	164,830	1,053,743
Texas Tech University System	598,281	229,809	828,090	598,930	198,380	797,311	554,887	417,008	971,895
Texas Woman's University	108,580	36,695	145,275	145,290	31,935	177,225	137,195	115,045	252,240
The Texas A&M University System	2,853,290	759,060	3,612,350	3,028,038	679,275	3,707,313	2,973,954	606,375	3,580,329
The University of Texas System	6,667,560	830,578	7,498,138	6,831,563	669,427	7,500,990	6,984,950	909,346	7,894,296
University of Houston System	1,153,406	340,129	1,493,535	1,218,553	611,845	1,830,398	1,162,595	584,270	1,746,865
University of North Texas System	577,914	232,406	810,320	604,779	209,152	813,931	626,460	188,529	814,989
<b>Total Revenue Debt Outstanding</b>	<b>\$13,155,258</b>	<b>\$2,829,321</b>	<b>\$15,984,579</b>	<b>\$13,611,160</b>	<b>\$2,759,534</b>	<b>\$16,370,694</b>	<b>\$13,740,419</b>	<b>\$3,405,152</b>	<b>\$17,145,571</b>

**Legend:** TRB = Tuition Revenue Bonds; CCAP=Capital Construction Assistance Projects**Note:** No capital appreciation bonds outstanding as of fiscal years 2021, 2022, or 2023.

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 or Capital Construction Assistance Projects"). Includes commercial paper notes outstanding, lease purchases, and SECO loans. Excludes HEAF and PUF debt.

**Source:** Texas Bond Review Board - Bond Finance Office.

Any money in the product development fund and small business fund may be used for debt service, bond redemption, or any costs associated with debt service or bond redemption. The bonds, previously issued to support product development and small businesses, were called on July 12, 2023.

On May 10, 2023, the Governor signed SB 1055 authorizing the creation of Stephen F. Austin State University, a member of The University of Texas System. Stephen F. Austin State University was abolished on September 1, 2023, and was re-created as Stephen F. Austin State University, a member of The University of Texas System. The board of regents of The University of Texas System is substituted for the board of regents of Stephen F. Austin State University on any contracts and obligations, including bonds, and acts in the place of the board of regents of Stephen F. Austin State University or the Texas Public Finance Authority, as applicable, to the extent permitted by law. Effective July 28, 2023, the University of Texas System's Board of Regents assumed management and operational control of Stephen F. Austin State University.

### 87th Legislature – Regular Session and Third Called Special Session

The 87th Legislature passed HB 2219, authorizing the TTC to issue new Texas Mobility Fund (TMF) obligations, before January 1, 2027, in an amount equal to 60 percent of the outstanding principal amount of TMF obligations existing on May 1, 2021. The amount authorized to be issued is estimated at \$3.57 billion. The bill repeals statutory authority to issue TMF obligations to provide funding for publicly owned toll roads.

The 87th Legislature passed SB 1465 authorizing the continued operation of the Texas Leverage Fund Program under the new name of the Texas Small and Rural Community Success Fund Program. SB 1465 also authorizes the issuance of revenue bonds to provide funding for economic development purposes. HB 1522 was passed authorizing the transfer of Midwestern State University to the Texas Tech University System.

During the 87th Legislature, a rider was approved, authorizing the Texas Agricultural Finance Authority (TAFA) to service debt, pay administrative costs and cover any loan

College and University Revenue Debt	2024	2025	2026	2027	2028	2029 & Beyond
The University of Texas System - RFS	\$488,939	\$484,981	\$528,725	\$493,000	\$491,700	\$8,694,771
The University of Texas System - TRB/CCAP	215,137	199,620	162,191	99,975	56,572	514,828
The University of Texas System - TOTAL*	<u>\$704,076</u>	<u>\$684,601</u>	<u>\$690,916</u>	<u>\$592,976</u>	<u>\$548,272</u>	<u>\$9,209,599</u>
The Texas A&M University System - RFS	\$272,431	\$268,996	\$248,695	\$240,872	\$231,840	\$2,862,487
The Texas A&M University System - TRB/CCAP	95,737	95,741	89,601	89,599	88,483	240,426
The Texas A&M University System - TOTAL	<u>\$368,169</u>	<u>\$364,737</u>	<u>\$338,296</u>	<u>\$330,471</u>	<u>\$320,323</u>	<u>\$3,102,913</u>
Texas Tech University System - RFS	\$47,196	\$46,859	\$42,614	\$41,888	\$40,720	\$521,822
Texas Tech University System - TRB/CCAP	55,534	55,564	52,366	45,263	45,267	283,128
Texas Tech University System - TOTAL	<u>\$102,730</u>	<u>\$102,422</u>	<u>\$94,980</u>	<u>\$87,151</u>	<u>\$85,987</u>	<u>\$804,950</u>
Texas State University System - RFS	\$91,704	\$91,428	\$91,429	\$87,318	\$87,307	\$765,424
Texas State University System - TRB/CCAP	26,610	26,606	26,611	26,618	21,199	77,332
Texas State University System - TOTAL	<u>\$118,314</u>	<u>\$118,033</u>	<u>\$118,041</u>	<u>\$113,936</u>	<u>\$108,507</u>	<u>\$842,756</u>
University of Houston System - RFS	\$96,353	\$96,385	\$95,245	\$95,044	\$94,725	\$1,195,082
University of Houston System - TRB/CCAP	57,380	57,379	57,359	55,068	55,047	549,440
University of Houston System - TOTAL	<u>\$153,733</u>	<u>\$153,764</u>	<u>\$152,605</u>	<u>\$150,112</u>	<u>\$149,771</u>	<u>\$1,744,522</u>
The University of North Texas System - RFS	\$60,946	\$56,705	\$52,979	\$51,881	\$50,733	\$701,800
The University of North Texas System - TRB/CCAP	29,289	29,050	27,837	26,860	24,972	90,948
The University of North Texas System - TOTAL	<u>\$90,235</u>	<u>\$85,755</u>	<u>\$80,816</u>	<u>\$78,741</u>	<u>\$75,705</u>	<u>\$792,748</u>
Texas Woman's University - RFS	\$14,545	\$14,525	\$14,493	\$14,472	\$14,463	\$116,457
Texas Woman's University - TRB/CCAP	13,593	13,231	13,238	13,236	13,236	90,075
Texas Woman's University - TOTAL	<u>\$28,138</u>	<u>\$27,756</u>	<u>\$27,731</u>	<u>\$27,708</u>	<u>\$27,700</u>	<u>\$206,533</u>
Texas State Technical College System - RFS	\$14,846	\$17,041	\$17,041	\$17,059	\$17,075	\$261,151
Texas State Technical College System - TRB/CCAP	17,697	17,699	17,698	17,697	17,697	231,438
Texas State Technical College System - TOTAL	<u>\$32,543</u>	<u>\$34,740</u>	<u>\$34,739</u>	<u>\$34,757</u>	<u>\$34,772</u>	<u>\$492,589</u>
Stephen F. Austin State University - RFS	\$17,276	\$17,300	\$15,525	\$10,268	\$10,294	\$145,569
Stephen F. Austin State University - TRB/CCAP	5,383	5,389	5,387	5,394	5,401	26,968
Stephen F. Austin State University - TOTAL	<u>\$22,659</u>	<u>\$22,689</u>	<u>\$20,911</u>	<u>\$15,662</u>	<u>\$15,694</u>	<u>\$172,537</u>
Midwestern State University - RFS	\$7,164	\$7,174	\$6,575	\$6,602	\$6,506	\$68,540
Midwestern State University - TRB/CCAP	4,501	4,494	4,500	4,508	4,497	30,016
Midwestern State University - TOTAL	<u>\$11,665</u>	<u>\$11,669</u>	<u>\$11,075</u>	<u>\$11,109</u>	<u>\$11,003</u>	<u>\$98,556</u>
Texas Southern University - RFS	\$877	\$0	\$0	\$0	\$0	\$0
Texas Southern University - TRB/CCAP	12,713	12,717	12,702	12,710	12,711	129,912
Texas Southern University - TOTAL	<u>\$13,591</u>	<u>\$12,717</u>	<u>\$12,702</u>	<u>\$12,710</u>	<u>\$12,711</u>	<u>\$129,912</u>
<b>Total College and University Revenue Debt</b>	<b>\$1,645,852</b>	<b>\$1,618,884</b>	<b>\$1,582,811</b>	<b>\$1,455,334</b>	<b>\$1,390,445</b>	<b>\$17,597,615</b>
*Excludes Build America Bond subsidy payments.						
<b>Legend:</b> TRB = Tuition Revenue Bonds; CCAP = Capital Construction Assistance Projects						
<b>Note:</b> 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 or Capital Construction Assistance Projects"). The table includes commercial paper, lease purchases, and SECO loans, and excludes HEAF and PUF debt.						
<b>Source:</b> Texas Bond Review Board - Bond Finance Office.						

Table 2.7 TEXAS DEBT AUTHORIZED BUT UNISSUED (amounts in thousands)					
	8/31/2019	8/31/2020	8/31/2021	8/31/2022	8/31/2023
<b>General Obligation Debt</b>					
<b>Self-Supporting</b>					
Veterans' Land and Housing Bonds	\$1,046,456	\$1,054,535	\$1,021,225	\$1,006,555	\$772,650
Water Development Bonds	5,945,878	5,951,486	5,957,281	5,819,999	5,804,405
Farm and Ranch Loan Bonds <sup>1</sup>	300,000	300,000	300,000	300,000	300,000
College Student Loan Bonds	947,545	927,740	862,825	861,205	792,420
Texas Agricultural Finance Authority Bonds	230,000	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	*	*	3,565,920	3,565,920	3,565,920
Texas Rail Relocation and Improvement Fund	*	*	*	*	*
<b>Total Self-Supporting</b>	<b>\$8,670,284</b>	<b>\$8,664,166</b>	<b>\$12,137,656</b>	<b>\$11,984,084</b>	<b>\$11,665,800</b>
<b>Not Self-Supporting <sup>2</sup></b>					
Agricultural Water Conservation Bonds	\$164,840	\$164,840	\$164,840	\$164,840	\$164,840
Higher Education Constitutional Bonds	***	***	***	***	***
Texas Public Finance Authority <sup>3</sup>	1,315,937	4,067,837	3,798,137	3,493,127	3,194,827
Water Development Bonds - EDAP <sup>4</sup>	0	200,000	200,000	200,000	105,579
Water Development Bonds - State Participation	0	200,000	200,000	200,000	200,000
<b>Total Not Self-Supporting</b>	<b>\$1,480,777</b>	<b>\$4,632,677</b>	<b>\$4,362,977</b>	<b>\$4,057,967</b>	<b>\$3,665,246</b>
<b>Total General Obligation Debt</b>	<b>\$10,151,061</b>	<b>\$13,296,843</b>	<b>\$16,500,633</b>	<b>\$16,042,051</b>	<b>\$15,331,046</b>
<b>Non-General Obligation Debt</b>					
<b>Self-Supporting</b>					
Permanent University Fund Bonds <sup>5</sup>					
The Texas A&M University System	\$703,618	\$634,354	\$1,030,618	\$1,215,276	\$1,398,022
The University of Texas System	817,635	924,988	1,437,631	1,856,822	2,221,844
College and University Revenue 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 Rev Bonds (TxDOT Austin Campus Project) <sup>6</sup>	0	326,000	0	0	0
Veterans' Financial Assistance Bonds	771,440	771,440	771,440	771,440	771,440
<b>Total Self-Supporting</b>	<b>\$2,442,693</b>	<b>\$2,806,782</b>	<b>\$3,389,689</b>	<b>\$3,993,538</b>	<b>\$4,541,306</b>
<b>Not Self-Supporting <sup>2</sup></b>					
Texas Public Finance Authority Bonds	\$631,551	\$1,113,553	\$907,242	\$784,557	\$837,557
TPFA Master Lease Purchase Program	125,610	273,100	273,610	258,300	221,205
<b>Total Not Self-Supporting</b>	<b>\$757,161</b>	<b>\$1,386,653</b>	<b>\$1,180,852</b>	<b>\$1,042,857</b>	<b>\$1,058,762</b>
<b>Conduit</b>					
Texas Windstorm Insurance Association	***	***	***	***	***
Texas Department of Housing & Community Affairs	**	**	**	**	**
Texas State Affordable Housing Corporation	**	**	**	**	**
<b>Total, Conduit</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Non-General Obligation Debt</b>	<b>\$3,199,854</b>	<b>\$4,193,435</b>	<b>\$4,570,541</b>	<b>\$5,036,395</b>	<b>\$5,600,068</b>
<b>Total Debt</b>	<b>\$13,350,915</b>	<b>\$17,490,278</b>	<b>\$21,071,174</b>	<b>\$21,078,446</b>	<b>\$20,931,114</b>
<p>* H.B. 2219 (87th Leg) amended Transportation Code, section 201.943, to authorize the Commission to issue new TMF obligations. This bill is effective from 5/31/2021 – 1/1/2027. Debt service on all bonds issued and proposed to be issued pursuant to the Article III, Sections 49-k and 49-o of the Texas Constitution cannot 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.</p> <p>** 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.</p> <p>*** 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.</p> <p><sup>1</sup> 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 \$6 million for the Rural Economic Development Finance Program of TAFA.</p> <p><sup>2</sup> Bonds that are not self-supporting depend solely on the state's general revenue for debt service.</p> <p><sup>3</sup> 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 \$3.19 billion remains unissued.</p> <p><sup>4</sup> Economically Distressed Areas Program (EDAP) bonds do not depend totally on the state's general revenue fund for debt service.</p> <p><sup>5</sup> Issuance of PUF bonds by A&amp;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, 2023.</p> <p><sup>6</sup> The Texas Public Finance Authority is authorized to issue revenue bonds or other obligations on behalf of the Department of Transportation. Future debt-service payments are expected to be paid out of the State Highway Fund towards the project.</p> <p><b>Source:</b> Texas Bond Review Board - Bond Finance Office.</p>					

Table 2.8 <b>TEXAS COLLEGE AND UNIVERSITY TUITION REVENUE BONDS/CAPITAL CONSTRUCTION ASSISTANCE PROJECTS AUTHORIZED BY SB 52 87TH LEGISLATURE, THIRD CALLED SPECIAL SESSION (AS OF AUGUST 31, 2023)</b> (amount in thousands)			
	<b>Total Authorized</b>	<b>Total Issued</b>	<b>Authorized but Unissued</b>
Texas A&M University System	\$727,422	\$143,862	\$583,560
The University of Texas System	834,201	404,921	429,280
Texas Tech University System	299,435	299,435	0
Texas Southern University	95,200	95,200	0
Stephen F. Austin State University*	44,923	0	44,923
The University of Houston System	339,486	339,486	0
University of North Texas	273,297	26,553	246,744
Texas Woman's University	100,000	93,200	6,800
Texas State University System	422,638	0	422,638
Texas State Technical College System	208,500	208,500	0
<b>Totals</b>	<b>\$3,345,101</b>	<b>\$1,611,156</b>	<b>\$1,733,945</b>
*Stephen F. Austin State University part of The University of Texas System effective September 1, 2023.			
<b>Source:</b> Texas Bond Review Board - Bond Finance Office.			

defaults through appropriations out of the Texas Agricultural Fund.

The 87th Legislature passed HB 1904, allowing the Texas Water Development Board Water Infrastructure Fund to be used to make transfers to the Financial Assistance Account for the purposes described in the Texas Constitution Article III Section 49-d-8, other than for the purposes described in the Texas Water Code, Sections 17.957 (State Participation Account) and 17.958 (Economically Distressed Areas Program Account).

Additionally, the 87th Legislature passed SB 2230, authorizing the issuance of debt for the Comptroller of Public Accounts to purchase a building housing and to be operated by the Texas Bullion Depository. The 87th Legislature appropriated \$23,689,160 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 (House Bill 2, 87th Legislature, RS (2021)).

During the 87th Legislature, Third Called Special Session, SB 52 authorized approximately \$3.35 billion in tuition revenue bonds for institutions of higher education to finance construction and improvement of infrastructure and related facilities.

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 2020-2021 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 \$326.0 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).

### **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 TPFA's Master Lease Purchase Program and are included in the state's total debt outstanding.

### **Texas Swaps Outstanding**

At the end of fiscal year 2023, 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, 2023, the aggregate notional amount of swaps outstanding at the state level was \$5.50 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 2023, VLB was a party to 53 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 \$3.06 billion at fiscal year-end 2023. UTS had seven Revenue Financing System (RFS) swap agreements and two PUF swap agreements totaling \$1.48 billion in notional amount. TDHCA had two such swaps on single family bonds totaling \$12.7 million in notional amount.

Additionally, at the end of fiscal year 2023, VLB had one outstanding basis rate (pay-variable, receive-variable) swap with \$20.0 million in notional amount. UTS had three RFS and three PUF basis rate agreements totaling \$804.8 million in notional amount.

The Net Fair Values for the swap agreements in place at the end of fiscal year 2023 for the three state issuers were as follows: VLB, positive \$140.5 million; UTS, positive \$132.7 million; and TDHCA, negative \$214,000. 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 on August 31, 2023.) VLB, UTS, and TDHCA have the unilateral option to terminate their swap agreements.

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 2023, estimated variable-rate debt-service requirements and net swap payments for

VLB's pay-fixed, receive-variable swaps (synthetic fixed-rate swaps) totaled \$3.74 billion, and UTS totaled \$2.20 billion. For TDHCA, the estimated variable-rate debt-service requirements and net swap payments totaled \$22.5 million. UTS had six basis swaps outstanding, the estimated variable-rate and fixed rate debt-service requirements and net swap payments totaled \$1.04 billion. VLB had one basis swap outstanding for which the estimated variable-rate debt-service requirements and net swap payments totaled \$22.3 million.

### Chapter 3 State Bond Issuance Costs

During fiscal year 2023, the weighted average of issuance costs for state bond issuers was \$5.69 per \$1,000, excluding issuances of conduit and private placement debt. In comparison, the same weighted average was \$5.53 per \$1,000 for fiscal year 2022. The issuances ranged in size from \$20.8 million to \$961.9 million. Appendix A of this report details the issuance costs associated with each of these issues as well as the conduit and private placement issues. See last page of this chapter for an explanation of Box Plot Statistical Analysis charts used for Figures 3.4-3.7.

#### Issuance Costs for Texas Bond Issuers

In fiscal year 2023, the average issue size for Texas' state issuers increased to \$224.4 million from \$195.1 million in fiscal year 2022 (Table 3.1). Excluding conduit and private placement issues, 17 (70.8 percent) of the 24 transactions completed in fiscal year 2023 were \$100 million or greater in size compared to 13 (61.9 percent) of the 21 transactions completed in fiscal year 2022.

In fiscal year 2023, the weighted average underwriting spread accounted for 64.0 percent of all issuance costs. The weighted average underwriting spread dollar amount increased 22.3 percent from fiscal year 2022, including takedown costs, spread expenses, and management fees. However, the weighted average underwriting spread per \$1,000 of bonds issued increased slightly to \$3.64 in fiscal year 2023 from \$3.41 in fiscal year 2022 (Figure 3.1). (See *Comparison of Issuance Costs by Transaction Size* below.)

During fiscal year 2023, fees per bond (cost per \$1,000) generally remain the same compared to fiscal year 2022. Other Issuance Costs (bond counsel, financial advisor, rating agency, printing, and other costs) per \$1,000 decreased to an average of \$2.05 compared to \$2.12 in fiscal year 2022.

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

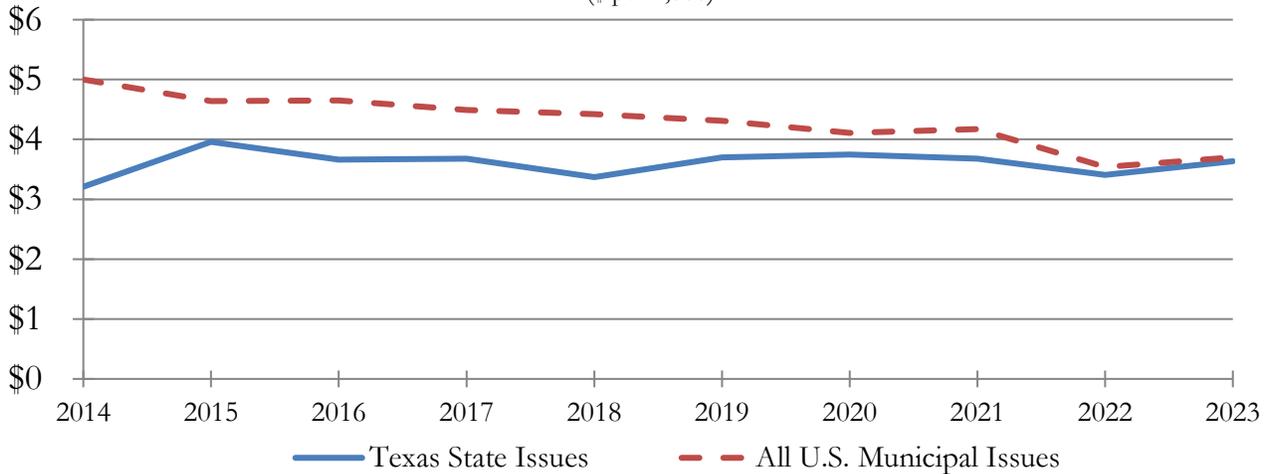
	Fiscal 2022			Fiscal 2023		
	Count	Average Cost Per Bond Issue	Average Cost Per \$1,000 of Bonds Issued	Count	Average Cost Per Bond Issue	Average Cost Per \$1,000 of Bonds Issued
Average Issue Size (In Millions)	21	\$195.1		24	\$224.4	
Costs of Issuance:						
Underwriter's Spread:						
Takedown	20	\$609,873	\$3.17	22	\$761,201	\$3.43
Spread Expenses	20	60,891	0.30	23	73,598	0.32
Underwriter's Counsel	20	36,160	0.18	21	43,941	0.19
Other Underwriter's Spread Costs*	4	143,295	0.97	7	164,487	0.79
Underwriter's Spread Subtotal	21	\$666,118	\$3.41	24	\$816,274	\$3.64
Other Issuance Costs:						
Bond Counsel	21	\$97,167	\$0.50	24	\$99,478	\$0.44
Financial Advisor	20	142,083	0.74	21	158,857	0.78
Printing	21	4,169	0.02	23	3,669	0.02
Other	21	76,068	0.39	24	91,404	0.41
Other Issuance Costs Subtotal	21	\$312,721	\$1.60	24	\$322,239	\$1.44
Major Rating Agencies:						
Moody's	17	\$45,650	\$0.35	16	\$83,094	\$0.37
Standard & Poor's	18	48,438	0.24	18	67,938	0.27
Fitch	12	39,817	0.19	15	49,909	0.22
Rating Agency Costs Subtotal	21	\$101,225	\$0.52	24	\$137,542	\$0.61
<b>Total</b>	21	\$1,080,064	\$5.53	24	\$1,276,055	\$5.69

**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: 2014 - 2023**  
**TEXAS STATE BOND ISSUES vs. ALL U.S. MUNICIPAL BOND ISSUES**  
 (\$ per 1,000)



**Note:** 2023 municipal figures are through August 21, 2023. 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 - 2023 in Statistics Midyear Review (08/21/23), Refinitiv Financial Solutions; the Texas Bond Review Board - Bond Finance Office.

### Underwriting Costs for Texas Bond Issuers Compared to National Costs

Excluding conduit and private placement issuances, Texas' state bond issuers paid lower average underwriting fees, in the aggregate, 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 \$3.70 per \$1,000 compared to Texas' average of \$3.64 per \$1,000 during fiscal year 2023.

During fiscal year 2023, Texas issuers saw lower weighted average underwriting costs with negotiated transactions but higher weighted average underwriting costs with the two competitive transactions when compared to the national averages as reported by Refinitiv Financial Solutions (*Figure 3.2*). Texas' average of \$3.64 per \$1,000 for negotiated sales and \$3.63 per \$1,000 for competitively bid sales

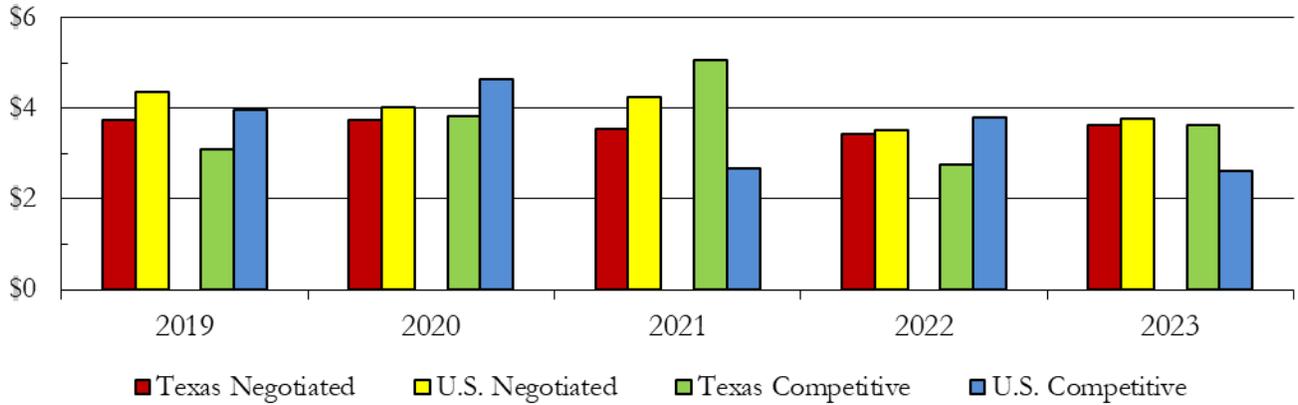
were 3.7 percent lower and 39.1 percent higher than the national averages, respectively.

### 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 2023. Average cost per \$1,000 generally remained the same when compared to fiscal year 2022. *Figure 3.3* shows fiscal year 2023 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 2019–22 (*Figure 3.3*). *Appendix A* details the issuance costs for each transaction in fiscal year 2023.

Figure 3.2  
**GROSS UNDERWRITING SPREADS: 2019 - 2023**  
**NEGOTIATED vs. COMPETITIVE MUNICIPAL ISSUES**  
 (Excludes Private Placements, Conduits, and Remarketings; weighted averages)  
 (\$ per 1,000)



**Note:** 2023 US figures are through August 21, 2023. 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 - 2023 in Statistics Midyear Review (08/21/23), Refinitiv Financial Solutions; the Texas Bond Review Board - Bond Finance Office.

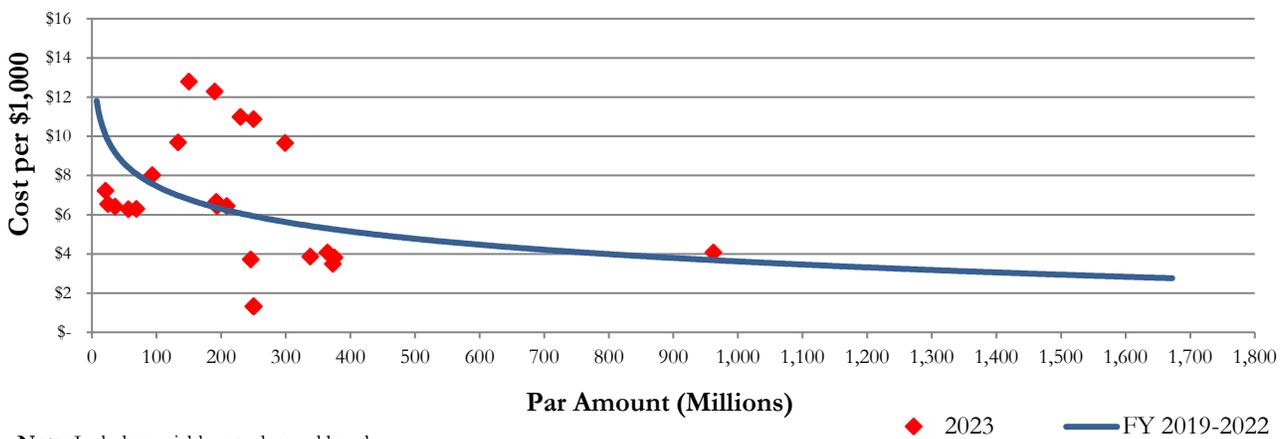
### Trends in State Bond Issuance Costs in Fiscal Year 2023

The characteristics of 24 non-conduit non-private placement bond transactions were reviewed to determine trends in issuance costs during fiscal year 2023. Of those, 22 were negotiated sales and two competitive sales. Of the 22 negotiated sales, seven were less than \$100 million in size, ten were from \$100-\$300

million, four were from \$300-\$500 million, and one was greater than \$500 million. The two competitive transactions were \$245.6 million and \$133.5 million. There were no non-conduit private placements issued during 2023.

In most cases, the total cost per \$1,000 in fiscal year 2023 was lower and in some cases higher than the FY 2019-2022 trendline (*Figure 3.3*).

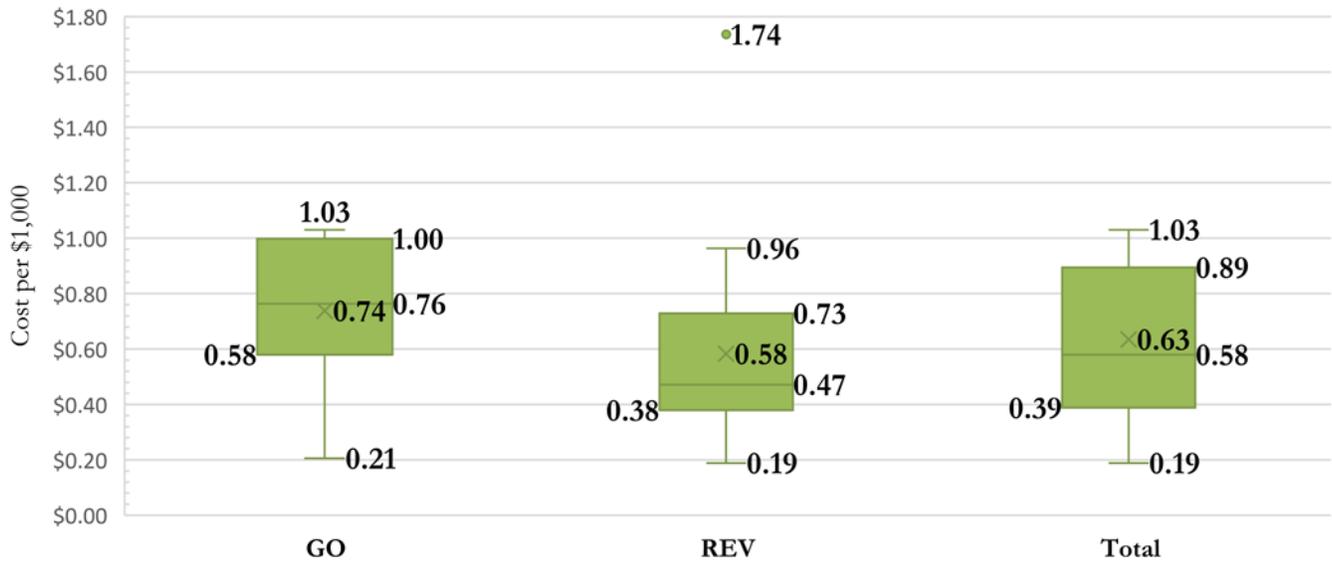
Figure 3.3  
**COSTS OF ISSUANCE: Fiscal Years 2019-2023**  
 (Excludes Private Placements, Conduits, and Remarketings)



**Note:** Includes variable-rate demand bonds.

**Source:** Texas Bond Review Board - Bond Finance Office.

Figure 3.4  
**Range of Bond Counsel Fees for Fiscal Year 2023**  
 (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

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 2023 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 (GO vs. revenue) and by total bonds issued.

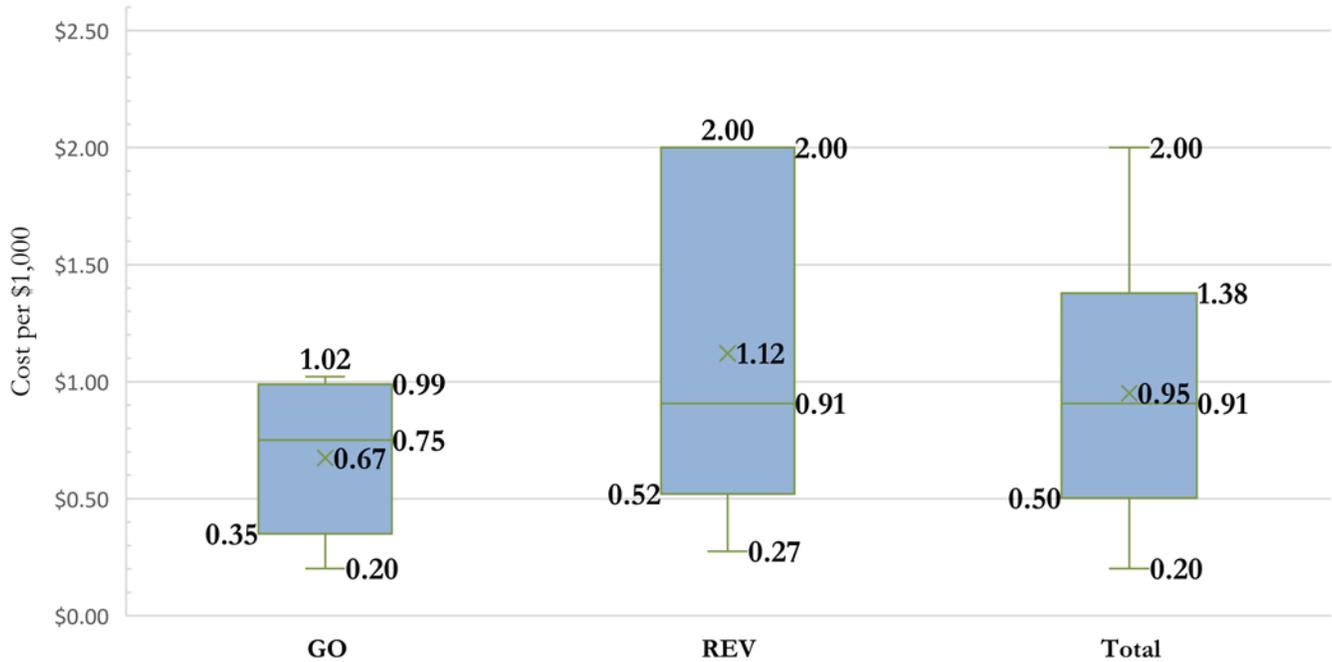
Cost of issuance data was obtained from eight GO transactions and 16 revenue transactions representing five state agencies and five institutions of higher education.

*Figure 3.4* shows the bond counsel cost per \$1,000 for the 24 bonds issued during 2023. The total weighted average cost for bond counsel fees was \$0.63 per \$1,000, remaining the same compared to the \$0.63 per \$1,000 for fiscal year 2022. During 2023, GO bonds had

higher costs per \$1,000 than revenue bonds with a weighted average cost of \$0.74 per \$1,000 compared to \$0.58 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 \$0.21 to \$1.03 per \$1,000 while the fees for revenue bonds ranged from \$0.19 to \$1.74 per \$1,000.

*Figure 3.5* shows the cost per \$1,000 for the 21 transactions with a financial advisor fee. The total weighted average cost for financial advisor fees was \$0.95 per \$1,000, a decrease of \$0.02 per \$1,000 compared to \$0.97 per \$1,000 for fiscal year 2022. GO bonds had a weighted average cost of \$0.67 per \$1,000 compared to \$1.12 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 \$0.20 and a maximum fee of \$1.02 per \$1,000, and revenue bonds had a minimum fee

Figure 3.5  
**Range of Financial Advisor Fees for Fiscal Year 2023**  
 (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.

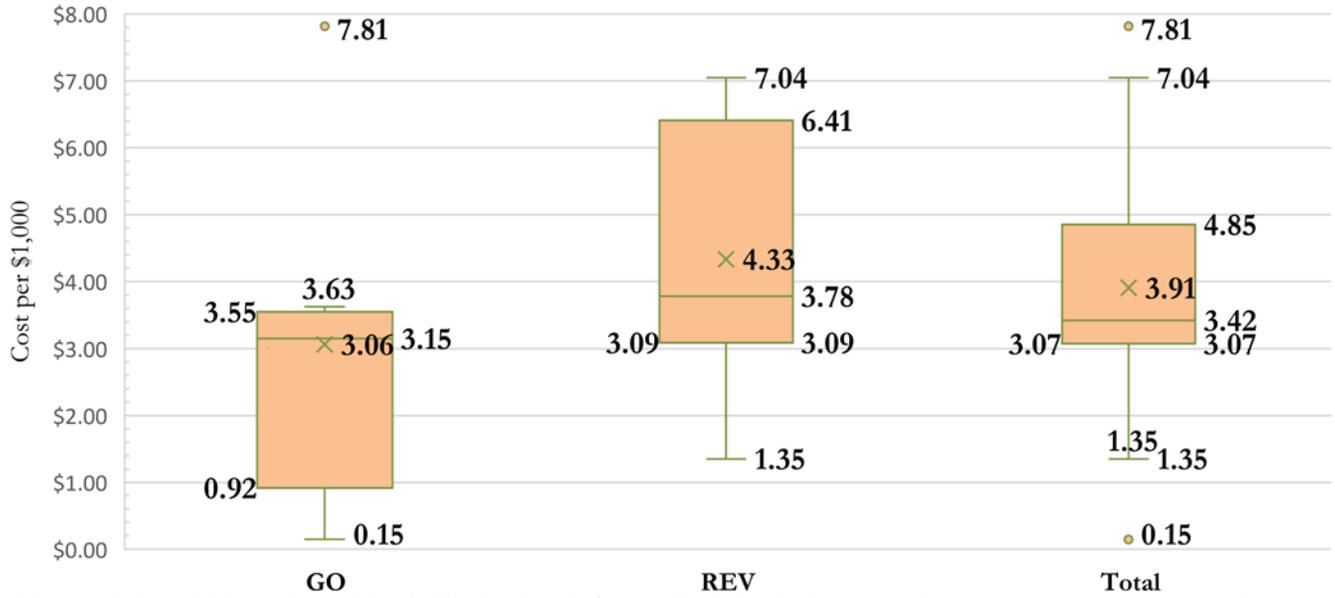
of \$0.27 and a maximum fee of \$2.00 per \$1,000.

Figure 3.6 shows the total underwriters' spread for all transactions and includes the following: takedown, management, structuring fees, spread expenses, underwriting risk, and underwriter's counsel, as applicable. The total weighted average cost was \$3.91 per \$1,000, an increase of \$0.27 per \$1,000 compared to \$3.64 per \$1,000 for fiscal year 2022. GO bonds had an average weighted cost of \$3.06, and revenue bonds had an average weighted cost of \$4.33 per \$1,000. The fees for GO bonds ranged from a minimum fee of \$0.15 to a maximum fee of \$7.81 per \$1,000. Revenue bonds ranged from \$1.35 to \$7.04 per \$1,000.

Figure 3.7 shows the cost per \$1,000 for rating agency fees. The total weighted average cost was \$0.71 per \$1,000, an increase of \$0.07 per

\$1,000 compared to \$0.64 per \$1,000 for fiscal year 2022. The average weighted cost for GO bonds was lower at \$0.35 per \$1,000 compared to \$0.43 per \$1,000 for fiscal year 2022, and the average weighted cost for revenue bonds was also higher at \$0.89 per \$1,000 compared to \$0.53 per \$1,000 for fiscal year 2022.

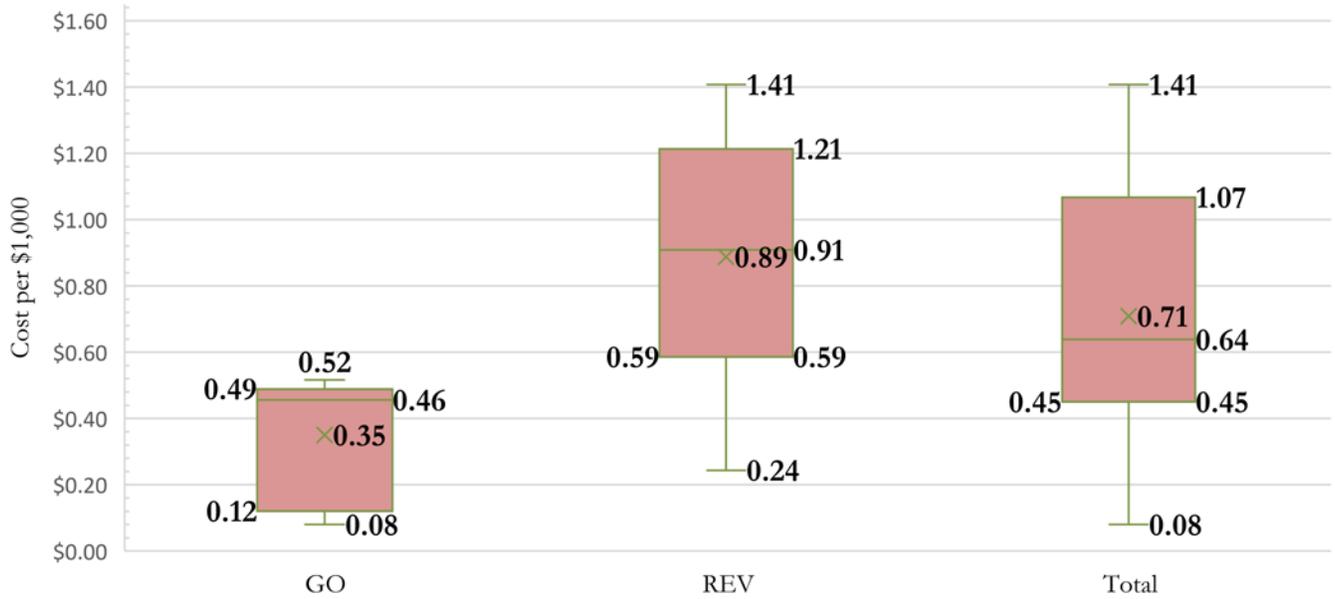
Figure 3.6  
**Range of Total Underwriter Spread for Fiscal Year 2023**  
 (Excludes Private Placements, Conduits, and Remarketings)



**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.

Figure 3.7  
**Range of Total Rating Fees for Fiscal Year 2023**  
 (Excludes Private Placements, Conduits, and Remarketings)

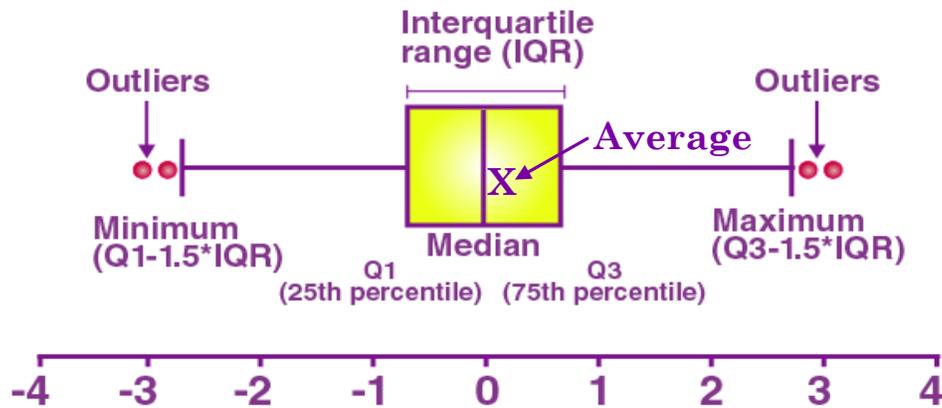


**Note:** Includes variable-rate demand bonds. Total ratings fee may include ratings fees from Moody's, S&P, and Fitch.

**Source:** Texas Bond Review Board - Bond Finance Office.

## Why Do We Use Box and Whisker Plot?

Box and Whisker diagrams allow us to read the data very effectively and easily. It summarizes the data from multiple sources and displays it in a single graph. It helps us to make an effective decision as it compares the data from different categories.



## Elements of a Box and Whisker Plot

The elements required to construct a box and whisker plot outliers are given below.

Minimum value ( $Q_0$  or 0th percentile)

First quartile ( $Q_1$  or 25th percentile)

Median ( $Q_2$  or 50th percentile)

Third quartile ( $Q_3$  or 75th percentile)

Maximum value ( $Q_4$  or 100th percentile)

Interquartile range

Average or Mean

Outliers or outlying values

The meaning of each of these elements is listed below.

- The minimum value in the dataset, which is displayed at the far left end of the diagram.
- The first quartile ( $Q_1$ ) at the left side, which is in between the minimum value and median.
- The median value, represented by the line in the center of the box.
- The third quartile ( $Q_3$ ) at the right side, which is in between the median and the maximum value.
- The maximum value in the dataset, which is displayed at the far right end of the diagram.
- Interquartile range (IQR) is the difference between upper and lower quartiles, i.e.  $Q_3$  and  $Q_1$ .
- The average or mean value in the dataset is computed by dividing the sum of a set of values by the number of values in the set, which is indicated with an X

Outlying values (or “outliers”) are any value in the dataset which are either below the  $Q_1 - 1.5 \cdot IQR$  threshold or above the  $Q_3 + 1.5 \cdot IQR$  threshold.

**Source:** <https://byjus.com/maths/box-and-whisker-plot/>

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

*Texas again experienced an increase in volume cap for the Program Year 2023 Private Activity Bond (PAB) Allocation Program. The 2023 volume cap was set at \$3.60 billion, an increase of \$355.5 million (10.9 percent) over the calendar year 2022 cap. The total size of the PAB program, including the 2023 volume cap and carryforward was \$6.30 billion, a 6.2 percent increase from the 2022 total. As of November 15, 2023, \$2.95 billion had been allocated and application requests totaled \$7.84 billion, a decrease of 5.6 percent of the total application requests from Program Year 2022.*

**Volume Cap**

Texas is second only to California in population and resulting volume cap. Texas experienced an increase in volume cap for the 2023 PAB Allocation Program. Based on its population, the 2023 volume cap was set at \$3.60 billion, an increase of \$355.5 million (10.9 percent) over the calendar year 2022 cap of \$3.25 billion.

The majority of the volume cap increase can be attributed to an increase in the per-capita multiplier, from \$110 in calendar year 2022 to \$120 in calendar year 2023, and a smaller portion of the volume cap increase can be

attributed to the growth of the state's population. 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, 2018, 2021, and 2023 to the current level of \$120 per capita. The small state minimum was increased for the 2023 Program Year to \$358.9 million from \$335.1 million set in 2022.

Including 2023 volume cap and carryforward, for Program Year 2023, the state had a total of \$6.30 billion of volume cap available among the five subceilings, of which \$2.95 billion (46.9 percent) had been allocated as of November 15, 2023 (*Table 4.1*).

Total bonding authority demand decreased by \$464.9 million (5.6 percent) during the 2023 Program Year compared to the 2022 Program Year. As of November 15, 2023, 124.4 percent had been requested in 2023 compared to 140.0 percent in 2022 (*Table 4.2*).

Table 4.1  
**STATE OF TEXAS**  
**PRIVATE ACTIVITY BOND ALLOCATION PROGRAM**  
**2023 AVAILABLE VOLUME CAP vs. ALLOCATION AMOUNTS**  
 (as of November 15, 2023)

SUBCEILING	AVAILABLE* VOLUME CAP	PERCENT OF TOTAL	ISSUED 2023 ALLOCATION	ISSUED CARRYFORWARD ALLOCATION	ISSUED PERCENT OF TOTAL
Single Family Housing	\$ 2,545,277,869	40.4%	\$ 24,000,000	\$ 1,023,536,980	16.6%
State-Voted Issues	360,354,864	5.7%	141,477,005	-	2.2%
Small Issue IDBs	72,070,973	1.1%	-	-	0.0%
Multifamily Housing	2,041,272,052	32.4%	850,414,246	721,061,542	24.9%
All Other Issues	1,285,487,692	20.4%	100,000,000	93,375,000	3.1%
<b>TOTAL</b>	<b>\$ 6,304,463,451</b>	<b>100.0%</b>	<b>\$ 1,115,891,251</b>	<b>\$ 1,837,973,522</b>	<b>46.9%</b>

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

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

Table 4.2  
**STATE OF TEXAS**  
**PRIVATE ACTIVITY BOND ALLOCATION PROGRAM**  
**2023 REQUESTED VOLUME CAP**  
(as of November 15, 2023)

SUBCEILINGS	AVAILABLE VOLUME CAP*	REQUESTED ALLOCATION	REQUESTS AS A % OF AVAILABILITY
Mortgage Revenue Bonds	\$ 2,545,277,869	\$ 1,907,844,436	75.0%
State-Voted Issue Bonds	360,354,864	200,000,000	55.5%
Industrial Development Bonds	72,070,973	10,000,000	13.9%
Multifamily Rental Project Bonds	2,041,272,052	4,884,673,867	239.3%
All Other Bonds Requiring Allocation	1,285,487,692	841,041,306	65.4%
<b>TOTALS</b>	<b>\$ 6,304,463,451</b>	<b>\$ 7,843,559,609</b>	<b>124.4%</b>

\*Includes carryforward amounts. Carryforward is reserved volume cap from the prior three years.  
**Source:** Texas Bond Review Board - Private Activity Bond Program.

Additionally, after the August 15, 2022, collapse, the Bond Review Board (BRB) received \$1.16 billion in requests; after the August 15, 2023, collapse, the BRB received \$810 million in requests. Applications received for Program Year 2023, including carryforward requests, totaled \$7.84 billion or 124.4 percent of the total available allocation of \$6.30 billion (*Table 4.2*), an increase of 6.2 percent from the \$5.93 billion of the available allocation in 2022.

**Current Allocation Trends**

Excluding carryforward, as of November 15, 2023, \$1.12 billion (31.0 percent) of Program Year 2023 volume cap had been allocated. As of the same date in Program Years 2020, 2021, and 2022, \$933.0 million (30.6 percent), \$1.21 billion (37.4 percent), and \$1.14 billion (35.0 percent), respectively, of total volume cap (excluding carryforward) had been allocated.

While most of the 2023 applications were for residential rental transactions and the amounts requested are limited by statute and scope, the number of applications decreased for 2023 and the amount of volume cap requested decreased as well (*Table 4.3*).

As of November 15, 2023, no mortgage revenue bonds (MRBs) had closed utilizing

Program Year 2023 volume cap.

Between the Texas Department of Housing and Community Affairs and the Texas State Affordable Housing Corporation \$723.5 million of carryforward was used to close MRBs and 300.0 million of carryforward was used to close MCCs. Multifamily issuers closed 61 projects as of November 15, 2023, using \$850.4 million of volume cap and \$721.1 million of carryforward compared to 56 projects closing in 2022.

At the beginning of Program Year 2023, the carryforward amount of \$2.70 billion was 75.0 percent of the 2023 Program Year volume cap of \$3.60 billion. Many issuers that applied for a reservation were forced to use carryforward volume cap (as required by IRS Code) before using 2023 volume cap.

To date, more carryforward (\$1.84 billion) was allocated than actual 2023 volume cap (\$1.12 billion) during the Program Year (*Figure 4.1*). Project requests, after the August 15th collapse date, are not subject to subceiling limits. Because closing dates generally extend into the next Program Year, issuers can convert their reservations into carryforward. Issuers with carryforward will have to submit a new application for reservation during the Program Year, and those reservations must

Table 4.3  
**STATE OF TEXAS**  
**PRIVATE ACTIVITY BOND ALLOCATION PROGRAM**  
**2018 TO 2023 ISSUED ALLOCATION**  
 (as of November 15 of each corresponding year)

YEAR	AVAILABLE ALLOCATION*	REQUESTED ALLOCATION	ISSUED VOLUME CAP ALLOCATION	ISSUED CARRYFORWARD ALLOCATION	NUMBER OF APPLICATIONS RECEIVED	ISSUED AS A % OF AVAILABILITY
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	105	40.7%
2020	6,420,558,410	8,485,257,563	932,957,817	2,085,541,107	180	47.0%
2021	6,207,742,920	7,846,811,008	1,207,303,822	1,811,260,730	194	48.6%
2022	5,934,395,837	8,308,429,361	1,137,576,849	1,099,346,860	246	37.7%
2023	6,304,463,451	7,843,559,609	1,115,891,251	1,837,973,522	221	46.9%

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

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

close on their carryforward volume cap before using current-year volume cap.

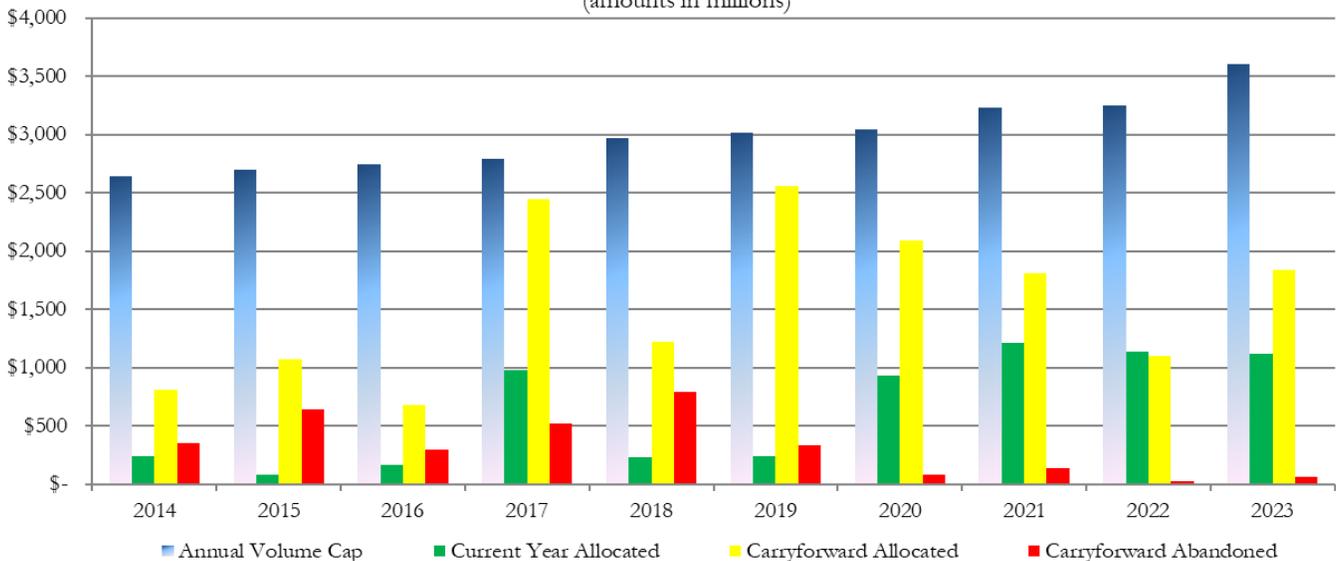
As of November 15, 2023, none of the state's 2023 PAB volume cap remained unencumbered. Any amounts returned will be converted to carryforward.

### 88th Legislature Changes

House Bill (HB) 1766 made the following changes both to the program and to the responsibilities of the BRB:

- Added a new priority for granting reservations to issuers of multifamily residential rental projects to those

Figure 4.1  
**STATE OF TEXAS**  
**PRIVATE ACTIVITY BOND ALLOCATION PROGRAM**  
**Current Year vs. Carryforward Allocated**  
 (as of November 15, 2023)  
 (amounts in millions)



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

projects that need a supplemental issuance of bonds to maintain compliance with the IRS 50 percent test.

- Introduced a restriction on the total amount of allocation designated to a multifamily residential rental project if the program is oversubscribed for a program year. If the program is oversubscribed, the amount of bonds issued to each residential rental project may not exceed 55 percent of the reasonably expected aggregate basis of the project.

### **86<sup>th</sup> 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 32.3 percent, 10.0 percent, and 26.3 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 1<sup>st</sup> to March 1<sup>st</sup>.
- The utilization percentage calculation will no longer be used for mortgage revenue bonds and mortgage credit certificate applications received after July 14<sup>th</sup>.
- 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, Texas Government Code, 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 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.

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 34 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.

The 81st Legislature passed legislation authorizing the BRB to administer the qualified Hurricane Ike disaster area bond program under the direction of the Governor. 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 these programs have expired except for the QECCB program, which has no expiration date.

As a result of Section 13404 of the Tax Cuts and Jobs Act of 2017, all new CREBs, including QECCBs, were eliminated.

## **Appendix A – Summary of State Bonds Issued During Fiscal Year 2023**

This appendix details the issuance costs associated with each state bond transaction issued during fiscal year 2023 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 Series 2023	\$245,595,000	3/9/2023
Texas A&M University System Revenue Financing System Bonds Series 2022	\$208,520,000	10/18/2022
Texas Department of Housing and Community Affairs Multifamily Gov Note (Aspen Park) Series 2023	\$23,709,000	8/30/2023
Texas Department of Housing and Community Affairs Multifamily Gov Note (The Crossing at Clear Creek) Series 2023	\$45,000,000	7/27/2023
Texas Department of Housing and Community Affairs Multifamily Governmental Note (The Terrace at Highland Hills) Series 2023	\$50,000,000	7/27/2023
Texas Department of Housing and Community Affairs Multifamily Housing Governmental Note (Worthington Point Apartments) Series 2023	\$30,860,000	7/13/2023
Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Palladium McKinney) Series 2023	\$23,140,000	6/29/2023
Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Palladium Oak Grove) Series 2022	\$25,600,000	12/21/2022
Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (The Rhett) Series 2023	\$30,750,000	6/30/2023
Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds Series 2023 (Corona Del Valle)	\$995,000	3/14/2023
Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds Series 2023 (Socorro Village)	\$940,000	3/14/2023
Texas Department of Housing and Community Affairs Multifamily Revenue Bonds (North Grand Villas) Series 2023	\$12,246,000	7/19/2023
Texas Department of Housing and Community Affairs Single Family Mortgage Revenue Bonds Series 2022B (Non-AMT)	\$190,000,000	12/21/2022
Texas Department of Housing and Community Affairs Single Family Mortgage Revenue Bonds Series 2023A (Non-AMT) and Series 2023B (Txbl)	\$250,000,000	7/12/2023
Texas Department of Housing and Community Affairs Single Family Residential Mortgage Revenue Bonds Series 2022B (Non-AMT) (Social Bonds)	\$150,000,000	10/19/2022
Texas Department of Housing and Community Affairs Single Family Residential Mortgage Revenue Bonds Series 2023A (Non-AMT)	\$230,000,000	3/29/2023
Texas Higher Education Coordinating Board College Student Loan Bonds Series 2023A	\$133,515,000	7/13/2023
Texas Natural Gas Securitization Finance Corporation Customer Rate Relief Bonds (Winter Storm Uri) Taxable Series 2023	\$3,521,750,000	3/23/2023
Texas Public Finance Authority General Obligation and Refunding Bonds Taxable Series 2023	\$364,600,000	8/29/2023
Texas Public Finance Authority TSU Revenue Financing System Bonds Series 2023	\$80,680,000	7/25/2023
Texas State Affordable Housing Corporation Multifamily Housing Revenue Bonds (Bluff View Apartments) Series 2023AB	\$35,000,000	1/24/2023
Texas State Affordable Housing Corporation Multifamily Housing Revenue Bonds (La Vista De Lopez Apartments) Series 2023	\$10,722,000	7/7/2023
Texas State Affordable Housing Corporation Multifamily Revenue Bonds (Juniper Creek Apartments Proj) Series 2023	\$23,500,000	7/27/2023
Texas State Affordable Housing Corporation Multifamily Social Mortgage-Backed Bonds (M-TEMS) (Marketplace at Liberty Crossing) Series 2022 (FN)	\$35,730,000	9/14/2022
Texas State Affordable Housing Corporation Single Family Mortgage Revenue Bonds Series 2023A	\$60,000,000	2/28/2023
Texas State Technical College Revenue Financing System Improvement Bonds Series 2022A	\$298,750,000	11/15/2022
Texas Tech University System Revenue Financing System Improvement Bonds Taxable Series 2023B	\$56,400,000	8/8/2023
Texas Tech University System Revenue Financing System Refunding and Improvement Bonds Series 2023A	\$193,625,000	8/8/2023

<b>Issuance Name</b>	<b>Par Amount</b>	<b>Closing Date</b>
Texas Transportation Commission Grand Parkway Transportation Corporation 2021 First Tier TIFIA Loan Agreement	\$605,330,000	2/1/2023
Texas Transportation Commission Grand Parkway Transportation Corporation Subordinate Tier Toll Revenue Refunding Put Bonds Series 2023	\$263,225,000	8/16/2023
Texas Transportation Commission Private Activity Bond Surface Transportation Corporation Senior Lien Revenue Bonds (NTE Mobility Partners LLC North Tarrant Express Project) Series 2023	\$397,315,000	8/11/2023
Texas Veterans Land Board Veterans Bonds Series 2023	\$250,000,000	4/20/2023
Texas Veterans Land Board Veterans Bonds Taxable Series 2023A	\$250,000,000	7/20/2023
Texas Water Development Board State Revolving Fund Revenue Bonds New Series 2023	\$192,325,000	5/25/2023
Texas Water Development Board State Water Implementation Revenue Fund For Texas Revenue Bonds Series 2022 (Master Trust)	\$961,850,000	10/13/2022
Texas Water Development Board Water Financial Assistance Bonds Series 2023A	\$20,760,000	7/6/2023
Texas Water Development Board Water Financial Assistance Bonds Series 2023C (EDAP)	\$68,820,000	7/6/2023
Texas Water Development Board Water Financial Assistance Bonds Series 2023D (Txbl) (EDAP)	\$24,875,000	7/6/2023
Texas Water Development Board Water Financial Assistance Refunding Bonds Series 2023B	\$35,750,000	7/6/2023
Texas Woman's University Revenue Financing System Bonds Series 2022A	\$93,200,000	10/27/2022
University of Texas System Permanent University Fund Bonds Series 2022A	\$372,915,000	10/13/2022
University of Texas System Permanent University Fund Bonds Series 2023A	\$375,270,000	4/4/2023
University of Texas System Revenue Financing System Series 2023A	\$337,915,000	6/21/2023
<b>Total</b>	<b>\$10,581,177,000</b>	

**Issuer** Texas A&M University System

**Issuance** Permanent University Fund Bonds Series 2023

**Purpose** Bond proceeds will be used to (i) to 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** \$245,595,000

**Sale Type** Competitive

**Sale Date** 2/22/2023

**Closing Date** 3/9/2023

Series Name	TIC	NIC	Is Variable
PUF Bonds Ser 2023	3.64%	3.94%	No

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000
Attorney General		NO	\$9,500	0.04
Bond Counsel	Winstead LLP	NO	\$113,458	0.46
CUSIP		NO	\$6,435	0.03
Disclosure Counsel	Winstead LLP	NO	\$20,000	0.08
Financial Advisor	Hilltop Securities Inc.	NO	\$123,798	0.50
Paying Agent/Registrar	BOKF, NA	NO	\$3,000	0.01
Printing	Ipreo	NO	\$760	0.00
<b>Total</b>			<b>\$276,951</b>	<b>1.13</b>

Fee Name	Rating Agency	Assigned Rating	Actual Fee	\$ Per 1000
Rating Fee	Fitch	AAA	\$80,000	0.33
Rating Fee	Moody's	Aaa	\$125,000	0.51
Rating Fee	S&P	AAA	\$101,500	0.41
<b>Total</b>			<b>\$306,500</b>	<b>1.25</b>

Fee Name	Actual Fee	\$ Per 1000
Management Fee	\$36	0.00
Spread Expenses	\$36,839	0.15
Takedown	\$295,114	1.20
<b>Total</b>	<b>\$331,989</b>	<b>1.35</b>

Firm Name	HUB	% of Risk	Mgmt Fee %	Mgmt Fee \$	Take Down %	Take Down \$
JP Morgan	NO	100.00%	0.00%	\$36	0.12%	\$295,114
<b>Total</b>			<b>0%</b>	<b>\$36</b>	<b>0%</b>	<b>\$295,114</b>

**Issuer** Texas A&M University System

**Issuance** Revenue Financing System Bonds Series 2022

**Purpose** Bond proceeds will be used to provide funds for eligible projects within the A&M System and refunding Commercial Paper (\$167,784,000).

**Actual Par** \$208,520,000

**Sale Type** Negotiated

**Sale Date** 9/27/2022

**Closing Date** 10/18/2022

Series Name	TIC	NIC	Is Variable
RFS Bonds Ser 2022	4.29%	4.45%	No

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000
Attorney General		NO	\$9,500	0.05
Bond Counsel	Orrick Herrington & Sutcliffe, LLP	NO	\$100,482	0.48
Disclosure Counsel	Orrick Herrington & Sutcliffe, LLP	NO	\$20,000	0.10
Financial Advisor	Hilltop Securities, Inc	NO	\$104,710	0.50
Miscellaneous		NO	\$7,461	0.04
Paying Agent/Registrar	BOKF, NA	NO	\$2,500	0.01
Printing	ImageMaster	NO	\$3,750	0.02
<b>Total</b>			<b>\$248,403</b>	<b>1.19</b>

Fee Name	Rating Agency	Assigned Rating	Actual Fee	\$ Per 1000
Rating Fee	Fitch	AAA	\$80,000	0.38
Rating Fee	Moody's	Aaa	\$125,000	0.60
Rating Fee	S&P	AAA	\$88,500	0.42
<b>Total</b>			<b>\$293,500</b>	<b>1.41</b>

Fee Name	Actual Fee	\$ Per 1000
Spread Expenses	\$90,350	0.43
Takedown	\$713,275	3.42
<b>Total</b>	<b>\$803,625</b>	<b>3.85</b>

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000	UW Paid
Underwriter Counsel	McCall Parkhurst & Horton, LLP	NO	\$45,000	0.22	Yes

Firm Name	HUB	% of Risk	Mgmt Fee %	Mgmt Fee \$	Take Down %	Take Down \$
Siebert Williams Shank & Co., LLC	BA	40.00%			40.00%	\$285,310
Stifel Nicolaus & Co, Inc	NO	20.00%			20.00%	\$142,655
Raymond James	NO	20.00%			20.00%	\$142,655
Blaylock Van, LLC	BA	20.00%			20.00%	\$142,655
<b>Total</b>					<b>100%</b>	<b>\$713,275</b>

**Issuer** Texas Department of Housing and Community Affairs Multifamily

**Issuance** Multifamily Gov Note (Aspen Park) Series 2023

**Purpose** The Notes are being issued to finance a loan (the "Loan") to EC Aspen Park, LLC, a Texas limited liability company, to enable the Borrower to pay a portion of the cost of acquiring, rehabilitating and equipping a 256-unit multifamily rental housing project located in Houston, Texas, known as Aspen Park.

**Actual Par** \$23,709,000

**Sale Type** Negotiated

**Sale Date** 8/23/2023

**Closing Date** 8/30/2023

Series Name	TIC	NIC	Is Variable
MF Gov Note (Aspen Park) Ser 2023	4.15%	4.51%	No

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000
Attorney General		NO	\$9,500	0.40
Bond Counsel	Bracewell	NO	\$150,000	6.33
Disclosure Counsel	McCall, Parkhurst & Horton	NO	\$6,500	0.27
Financial Advisor	Stifel	NO	\$38,000	1.60
Issuer Fees	Texas Department of Housing & Community Affairs	NO	\$6,120	0.26
Issuer Fees	Texas Department of Housing & Community Affairs	NO	\$6,400	0.27
Issuer Fees	Texas Department of Housing & Community Affairs	NO	\$45,442	1.92
Issuer Fees	Texas Department of Housing & Community Affairs	NO	\$118,545	5.00
Printing	Image Master	NO	\$2,000	0.08
Private Activity Fee	Texas Bond Review Board	NO	\$10,927	0.46
Trustee	BOK Financial	NO	\$8,000	0.34
Trustee Counsel	Naman Howell Smith & Lee PLLC	NO	\$10,000	0.42
<b>Total</b>			<b>\$411,434</b>	<b>17.35</b>

Fee Name	Rating Agency	Assigned Rating	Actual Fee	\$ Per 1000
Rating Fee	Moody's	Aaa	\$5,500	0.23
<b>Total</b>			<b>\$5,500</b>	<b>0.23</b>

Fee Name	Actual Fee	\$ Per 1000
Spread Expenses	\$7,000	0.30
Takedown	\$118,545	5.00
<b>Total</b>	<b>\$125,545</b>	<b>5.30</b>

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000	UW Paid
Underwriter Counsel	Tiber Hudson	NO	\$60,000	2.53	No

Firm Name	HUB	% of Risk	Mgmt Fee %	Mgmt Fee \$	Take Down %	Take Down \$
Ramirez & Co., Inc.	HA	100.00%			94.42%	\$118,545
<b>Total</b>					<b>94%</b>	<b>\$118,545</b>

**Issuer** Texas Department of Housing and Community Affairs Multifamily

**Issuance** Multifamily Gov Note (The Crossing at Clear Creek) Series 2023

**Purpose** The proceeds of the note will be used to construct The Crossing at Clear Creek, a new 264-unit affordable multifamily residential rental development on approximately 16 acres in south Dallas. The buildings will be 2 and 3-story, walk-up garden style design.

**Actual Par** \$45,000,000

**Sale Type** Private Placement

**Sale Date** 7/27/2023

**Closing Date** 7/27/2023

Series Name	TIC	NIC	Is Variable
MF Gov Note (The Crossing at Clear Creek) Ser 2023	5.82%	5.82%	No

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000
Attorney General		NO	\$9,500	0.21
Bond Counsel	Bracewell LLP	NO	\$80,000	1.78
Disclosure Counsel	McCall, Parkhurst & Horton	NO	\$3,250	0.07
Financial Advisor	Stifel Public Finance	NO	\$42,500	0.94
Issuer Fees	TDHCA	NO	\$6,280	0.14
Issuer Fees	TDHCA	NO	\$6,600	0.15
Issuer Fees	TDHCA	NO	\$86,625	1.93
Issuer Fees	TDHCA	NO	\$225,000	5.00
Private Activity Fee	Texas Bond Review Board	NO	\$16,250	0.36
Trustee	BOKF, N.A.	NO	\$5,500	0.12
Trustee Counsel	Naman Howell Smith & Lee, PLLC	NO	\$10,000	0.22
<b>Total</b>			<b>\$491,505</b>	<b>10.92</b>

**Issuer** Texas Department of Housing and Community Affairs Multifamily

**Issuance** Multifamily Governmental Note (The Terrace at Highland Hills) Series 2023

**Purpose** The proceeds of the note will be used to construct The Terrace at Highland Hills, a new 300-unit affordable multifamily residential rental development in Dallas, Texas.

**Actual Par** \$50,000,000

**Sale Type** Private Placement

**Sale Date** 7/27/2023

**Closing Date** 7/27/2023

Series Name	TIC	NIC	Is Variable
MF Governmental Note (The Terrace at Highland Hills) Ser 2023	5.82%	5.82%	No

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000
Attorney General		NO	\$9,500	0.19
Bond Counsel	Bracewell LLP	NO	\$80,000	1.60
Disclosure Counsel	McCall, Parkhurst & Horton	NO	\$3,250	0.07
Financial Advisor	Stifel Public Finance	NO	\$42,500	0.85
Issuer Fees	TDHCA	NO	\$7,000	0.14
Issuer Fees	TDHCA	NO	\$7,500	0.15
Issuer Fees	TDHCA	NO	\$96,250	1.93
Issuer Fees	TDHCA	NO	\$250,000	5.00
Private Activity Fee	Texas Bond Review Board	NO	\$17,500	0.35
Trustee	BOKF, N.A.	NO	\$5,500	0.11
Trustee Counsel	Naman Howell Smith & Lee, PLLC	NO	\$10,000	0.20
<b>Total</b>			<b>\$529,000</b>	<b>10.58</b>

**Issuer** Texas Department of Housing and Community Affairs Multifamily

**Issuance** Multifamily Housing Governmental Note (Worthington Point Apartments) Series 2023

**Purpose** The proceeds of the Note will be used for acquisition and rehabilitation of a 248-unit multifamily residential rental development to be located at 12301 Hemphill Street, Fort Worth, Tarrant County, Texas.

**Actual Par** \$30,860,000

**Sale Type** Private Placement

**Sale Date** 7/13/2023

**Closing Date** 7/13/2023

Series Name	TIC	NIC	Is Variable
Multifamily Housing Gov Note (Worthington Point Apartments) Series 2023	5.34%	5.34%	No

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000
Attorney General		NO	\$9,500	0.31
Bond Counsel	Bracewell LLP	NO	\$125,000	4.05
Disclosure Counsel	McCall Parkhurst & Horton LLP	NO	\$6,500	0.21
Financial Advisor	Stifel Public Finance	NO	\$46,290	1.50
Issuer Fees		NO	\$5,960	0.19
Issuer Fees		NO	\$6,200	0.20
Issuer Fees		NO	\$61,206	1.98
Issuer Fees	TDHCA	NO	\$154,300	5.00
Private Activity Fee		NO	\$12,715	0.41
Trustee	US Bank NA	NO	\$3,300	0.11
Trustee Counsel	McGuire Craddock & Strother PC	NO	\$17,500	0.57
	<b>Total</b>		<b>\$448,471</b>	<b>14.53</b>

**Issuer** Texas Department of Housing and Community Affairs Multifamily

**Issuance** Multifamily Housing Revenue Bonds (Palladium McKinney) Series 2023

**Purpose** The proceeds from the Series 2023 bonds will be used for site acquisition, construction, and equipping of Palladium McKinney, a new 172-unit affordable multifamily rental housing development to serve the general population and to be located at approximately 2656 Virginia Parkway, McKinney, Texas.

**Actual Par** \$23,140,000

**Sale Type** Private Placement

**Sale Date** 6/29/2023

**Closing Date** 6/29/2023

Series Name		TIC	NIC	Is Variable
MF Housing Rev Bonds (Palladium McKinney) Ser 2023		5.65%	5.65%	Yes
Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000
Attorney General		NO	\$9,500	0.41
Bond Counsel	Bracewell LLP	NO	\$135,000	5.83
Disclosure Counsel	McCall, Parkhurst & Horton, L.L.P.	NO	\$6,500	0.28
Financial Advisor	Stifel Public Finance	NO	\$38,000	1.64
Issuer Fees	TDHCA	NO	\$4,300	0.19
Issuer Fees	TDHCA	NO	\$4,440	0.19
Issuer Fees	TDHCA	NO	\$44,866	1.94
Issuer Fees	TDHCA	NO	\$115,700	5.00
Private Activity Fee	Texas Bond Review Board	NO	\$10,785	0.47
Trustee	Wilmington Trust	NO	\$7,000	0.30
Trustee Counsel	Naman, Howell, Smith and Lee	NO	\$7,500	0.32
<b>Total</b>			<b>\$383,591</b>	<b>16.58</b>

**Issuer** Texas Department of Housing and Community Affairs Multifamily

**Issuance** Multifamily Housing Revenue Bonds (Palladium Oak Grove) Series 2022

**Purpose** The proceeds will be used for acquiring, constructing and equipping an 240-unit affordable multifamily community known as Palladium Oak Grove and located in Fort Worth, Tarrant County, Texas.

**Actual Par** \$25,600,000

**Sale Type** Private Placement

**Sale Date** 12/8/2022

**Closing Date** 12/21/2022

Series Name	TIC	NIC	Is Variable
Multifamily Housing Rev Bonds (Palladium Oak Grove) Ser 2022	5.56%	5.50%	Yes

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000
Attorney General		NO	\$9,500	0.37
Bond Counsel	Bracewell LLP	NO	\$139,900	5.46
Disclosure Counsel	McCall Parkhurst & Horton L.L.P.	NO	\$6,500	0.25
Financial Advisor	Stifel Financial Corp	NO	\$35,000	1.37
Issuer Fees		NO	\$4,800	0.19
Issuer Fees		NO	\$6,000	0.23
Issuer Fees		NO	\$50,133	1.96
Issuer Fees		NO	\$128,000	5.00
Private Activity Fee	Texas Bond Review Board	NO	\$11,400	0.45
Trustee	Wilmington Trust NA	NO	\$6,500	0.25
Trustee Counsel	Naman Howell Smith & Lee PLLC	NO	\$8,500	0.33
<b>Total</b>			<b>\$406,233</b>	<b>15.87</b>

**Issuer** Texas Department of Housing and Community Affairs Multifamily

**Issuance** Multifamily Housing Revenue Bonds (The Rhett) Series 2023

**Purpose** The proceeds from the Series 2023 bonds will be used for site acquisition, construction, and equipping of The Rhett, a new 215-unit affordable multifamily rental housing development to serve the general population and to be located at approximately 1000 E. Yager Lane in Austin, Texas.

**Actual Par** \$30,750,000

**Sale Type** Private Placement

**Sale Date** 6/30/2023

**Closing Date** 6/30/2023

Series Name	TIC	NIC	Is Variable
Multifamily Housing Rev Bonds (The Rhett) Ser 2023	5.50%	5.50%	No

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000
Attorney General		NO	\$9,500	0.31
Bond Counsel	Bracewell LLP	NO	\$130,000	4.23
Disclosure Counsel	McCall, Parkhurst & Horton	NO	\$6,500	0.21
Financial Advisor	Stifel Public Finance	NO	\$46,125	1.50
Issuer Fees	TDHCA	NO	\$5,300	0.17
Issuer Fees	TDHCA	NO	\$5,375	0.17
Issuer Fees	TDHCA	NO	\$59,535	1.94
Issuer Fees	TDHCA	NO	\$153,750	5.00
Private Activity Fee	Texas Bond Review Board	NO	\$12,688	0.41
Trustee	Wilmington Trust	NO	\$7,000	0.23
Trustee Counsel	Naman, Howell, Smith & Lee, PLLC	NO	\$9,250	0.30
<b>Total</b>			<b>\$445,023</b>	<b>14.47</b>

**Issuer** Texas Department of Housing and Community Affairs Multifamily

**Issuance** Multifamily Housing Revenue Bonds Series 2023 (Corona Del Valle)

**Purpose** The proceeds of the bonds will be used for the rehabilitation of an existing 101-unit multifamily residential rental development. The buildings consist of a linear layout of predominantly two-story townhome units.

**Actual Par** \$995,000  
**Sale Type** Negotiated  
**Sale Date** 3/14/2023  
**Closing Date** 3/14/2023

Series Name	TIC	NIC	Is Variable
Multifamily Housing Rev Bonds Ser 2023 (Corona Del Valle)	7.68%	7.38%	No

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000
Attorney General		NO	\$1,000	1.01
Bond Counsel	Bracewell LLP	NO	\$59,957	60.26
Disclosure Counsel	McCall Parkhurst & Horton L.L.P.	NO	\$2,000	2.01
Financial Advisor	Stifel Public Finance	NO	\$21,500	21.61
Printing	Image Master	NO	\$2,000	2.01
Private Activity Fee		NO	\$5,249	5.28
Trustee	Wilmington Trust Company	NO	\$3,500	3.52
Trustee Counsel	Naman Howell Smith & Lee PLLC	NO	\$3,000	3.02
<b>Total</b>			<b>\$98,206</b>	<b>98.70</b>

Fee Name	Rating Agency	Assigned Rating	Actual Fee	\$ Per 1000
Rating Fee	Moody's	Aaa	\$5,500	5.53
<b>Total</b>			<b>\$5,500</b>	<b>5.53</b>

Fee Name	Actual Fee	\$ Per 1000
Management Fee	\$30,000	30.15
<b>Total</b>	<b>\$30,000</b>	<b>30.15</b>

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000	UW Paid
Underwriter Counsel	Tiber Hudson	NO	\$35,000	35.18	No

Firm Name	HUB	% of Risk	Mgmt Fee %	Mgmt Fee \$	Take Down %	Take Down \$
Lument Securities	NO	100.00%	100.00%	\$30,000		
<b>Total</b>			<b>100%</b>	<b>\$30,000</b>		

**Issuer** Texas Department of Housing and Community Affairs Multifamily

**Issuance** Multifamily Housing Revenue Bonds Series 2023 (Socorro Village)

**Purpose** The proceeds of the bonds will be used for the acquisition and rehabilitation of an existing 52-unit multifamily residential rental development.

**Actual Par** \$940,000  
**Sale Type** Negotiated  
**Sale Date** 3/2/2023  
**Closing Date** 3/14/2023

Series Name	TIC	NIC	Is Variable
Multifamily Housing Rev Bonds Ser 2023 (Socorro Village)	7.52%	7.24%	No

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000
Attorney General		NO	\$950	1.01
Bond Counsel	Bracewell LLP	NO	\$59,928	63.75
Disclosure Counsel	McCall Parkhurst & Horton L.L.P.	NO	\$1,000	1.06
Financial Advisor	Stifel Public Finance	NO	\$21,500	22.87
Issuer Fees	Texas Department of Housing & Community Affairs	NO	\$1,217	1.29
Issuer Fees	Texas Department of Housing & Community Affairs	NO	\$4,700	5.00
Printing	Image Master	NO	\$2,000	2.13
Private Activity Fee		NO	\$5,235	5.57
Trustee	Wilmington Trust Company	NO	\$3,500	3.72
Trustee Counsel	Naman Howell Smith & Lee PLLC	NO	\$3,000	3.19
<b>Total</b>			<b>\$103,030</b>	<b>109.61</b>

Fee Name	Rating Agency	Assigned Rating	Actual Fee	\$ Per 1000
Rating Fee	Moody's	Aaa	\$5,500	5.85
<b>Total</b>			<b>\$5,500</b>	<b>5.85</b>

Fee Name	Actual Fee	\$ Per 1000
Management Fee	\$30,000	31.91
<b>Total</b>	<b>\$30,000</b>	<b>31.91</b>

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000	UW Paid
Underwriter Counsel	Tiber Hudson	NO	\$35,000	37.23	No

Firm Name	HUB	% of Risk	Mgmt Fee %	Mgmt Fee \$	Take Down %	Take Down \$
Lument Securities	NO	100.00%	100.00%	\$30,000		
<b>Total</b>			<b>100%</b>	<b>\$30,000</b>		

**Issuer** Texas Department of Housing and Community Affairs Multifamily

**Issuance** Multifamily Revenue Bonds (North Grand Villas) Series 2023

**Purpose** The proceeds of the bonds will be used for site acquisition, rehabilitation, and equipping of North Grand Villas, an existing 144-unit affordable multifamily residential rental development located at 2801 North Grand Street in Amarillo, Texas.

**Actual Par** \$12,246,000

**Sale Type** Negotiated

**Sale Date** 7/12/2023

**Closing Date** 7/19/2023

Series Name	TIC	NIC	Is Variable
MF Rev Bonds (North Grand Villas) Ser 2023	3.93%	3.98%	No

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000
Attorney General		NO	\$9,500	0.78
Bond Counsel	Bracewell LLP	NO	\$125,000	10.21
Disclosure Counsel	McCall, Parkhurst & Horton	NO	\$6,500	0.53
Financial Advisor	Stifel	NO	\$38,000	3.10
Issuer Fees	TDHCA	NO	\$3,600	0.29
Issuer Fees	TDHCA	NO	\$3,880	0.32
Issuer Fees	TDHCA	NO	\$23,846	1.95
Issuer Fees	TDHCA	NO	\$61,230	5.00
Printing	Image Master	NO	\$2,000	0.16
Private Activity Fee	Texas Bond Review Board	NO	\$8,062	0.66
Trustee	Regions Bank	NO	\$6,500	0.53
Trustee Counsel	Schulman, Lopez, Hoffer & Adelstein, LLP	NO	\$10,000	0.82
<b>Total</b>			<b>\$298,118</b>	<b>24.34</b>

Fee Name	Rating Agency	Assigned Rating	Actual Fee	\$ Per 1000
Rating Fee	Moody's	Aaa	\$5,500	0.45
<b>Total</b>			<b>\$5,500</b>	<b>0.45</b>

Fee Name	Actual Fee	\$ Per 1000
Management Fee	\$79,599	6.50
<b>Total</b>	<b>\$79,599</b>	<b>6.50</b>

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000	UW Paid
Underwriter Counsel	Tiber Hudson	NO	\$55,000	4.49	No

Firm Name	HUB	% of Risk	Mgmt Fee %	Mgmt Fee \$	Take Down %	Take Down \$
KeyBanc Capital Markets	NO	100.00%	100.00%	\$79,599	0.00%	\$0
<b>Total</b>			<b>100%</b>	<b>\$79,599</b>	<b>0%</b>	<b>\$0</b>

**Issuer** Texas Department of Housing and Community Affairs Single Family

**Issuance** Single Family Mortgage Revenue Bonds Series 2022B (Non-AMT)

**Purpose** Proceeds of the SFMRB Series 2022B bonds will be used to purchase Ginnie Mae mortgage-backed securities (MBS) backed by tax-exempt eligible mortgage loans, including down payment assistance second loans made to first-time homebuyers (with certain limited exceptions), of low, very low, and moderate income, who are acquiring moderately priced residences. Additionally, proceeds will be used to pay all or a portion of the costs of issuance related to the bonds and to finance a portion of the down payment assistance, lender compensation, and second loan servicing fees related to the underlying mortgage loans.

**Actual Par** \$190,000,000

**Sale Type** Negotiated

**Sale Date** 12/1/2022

**Closing Date** 12/21/2022

Series Name	TIC	NIC	Is Variable
SF MRB Series 2022B (Non-AMT)	4.95%	5.18%	No

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000
Attorney General		NO	\$9,500	0.05
Bond Counsel	Bracewell LLP	NO	\$97,361	0.51
Co-Financial Advisor	Stifel Financial Corp	NO	\$190,000	1.00
Disclosure Counsel	McCall Parkhurst & Horton LLP	NO	\$55,000	0.29
Financial Advisor	Stifel Financial Corp	NO	\$190,000	1.00
Issuer Fees		NO	\$190,000	1.00
Miscellaneous	Bond Link	NO	\$13,800	0.07
Miscellaneous	Causey Demgen & Moore, PC	NO	\$6,500	0.03
Printing	Image Master	NO	\$3,500	0.02
Private Activity Fee		NO	\$51,800	0.27
Trustee	The Bank of New York Mellon Trust Co, NA	NO	\$5,000	0.03
Trustee Counsel	McGuire Craddock & Strother PC	NO	\$25,000	0.13
<b>Total</b>			<b>\$837,461</b>	<b>4.41</b>

Fee Name	Rating Agency	Assigned Rating	Actual Fee	\$ Per 1000
Rating Fee	Moody's	Aaa	\$93,000	0.49
Rating Fee	S&P	AA+	\$78,750	0.41
<b>Total</b>			<b>\$171,750</b>	<b>0.90</b>

Fee Name	Actual Fee	\$ Per 1000
Management Fee	\$190,000	1.00
Spread Expenses	\$77,958	0.41
Takedown	\$1,057,719	5.57
<b>Total</b>	<b>\$1,325,677</b>	<b>6.98</b>

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000	UW Paid
Underwriter Counsel	Chapman & Cutler LLP	NO	\$50,000	0.26	Yes

Firm Name	HUB	% of Risk	Mgmt Fee %	Mgmt Fee \$	Take Down %	Take Down \$
Barclays Capital, Inc.	NO	55.00%	100.00%	\$190,000	59.75%	\$632,011
Morgan Stanley	NO	6.00%		\$0		\$134,344
RBC Capital Markets	NO	13.50%		\$0		\$125,248
Jefferies LLC	NO	13.50%		\$0		\$88,693
Piper Sandler & Co	NO	6.00%		\$0		\$43,399
Ramirez & Co., Inc.	<b>HA</b>	6.00%		\$0		\$34,024
		<b>Total</b>	<b>100%</b>	<b>\$190,000</b>	<b>60%</b>	<b>\$1,057,719</b>

**Issuer** Texas Department of Housing and Community Affairs Single Family

**Issuance** Single Family Mortgage Revenue Bonds Series 2023A (Non-AMT) and Series 2023B (Txbl)

**Purpose** The Series 2023 Bonds are being issued for the primary purpose of providing funds for the purchase of mortgage backed, pass-through certificates (collectively, the "2023 Mortgage Certificates"), funding loans for down payment and closing cost assistance, and paying lender compensation related to the Mortgage Loan.

**Actual Par** \$250,000,000

**Sale Type** Negotiated

**Sale Date** 6/6/2023

**Closing Date** 7/12/2023

Series Name	TIC	NIC	Is Variable
SF Mortgage Rev Bonds (Txbl) Ser 2023B	5.53%	5.59%	No
SF Mortgage Rev Bonds Ser (Non-AMT) 2023A	4.96%	5.13%	No

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000
Attorney General		NO	\$19,000	0.08
Bond Counsel	Bracewell LLP	NO	\$94,588	0.38
Disclosure Counsel	McCall, Parkhurst & Horton, LLP Fees and Expenses	NO	\$55,000	0.22
Financial Advisor	Stifel	NO	\$250,000	1.00
Miscellaneous	Bond Link	NO	\$15,000	0.06
Miscellaneous	Causey Demgen & Moore PC	NO	\$6,500	0.03
Printing	Image Master	NO	\$3,500	0.01
Private Activity Fee		NO	\$52,708	0.21
Trustee	Bank of New York Trust Company, NA	NO	\$10,000	0.04
Trustee Counsel	McGuire, Craddock & Strother PC	NO	\$20,000	0.08
<b>Total</b>			<b>\$526,296</b>	<b>2.11</b>

Fee Name	Rating Agency	Assigned Rating	Actual Fee	\$ Per 1000
Rating Fee	Moody's	Aaa	\$120,000	0.48
Rating Fee	S&P	AA+	\$100,000	0.40
<b>Total</b>			<b>\$220,000</b>	<b>0.88</b>

Fee Name	Actual Fee	\$ Per 1000
Management Fee	\$250,000	1.00
Spread Expenses	\$89,552	0.36
Takedown	\$1,385,588	5.54
<b>Total</b>	<b>\$1,725,140</b>	<b>6.90</b>

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000	UW Paid
Underwriter Counsel	Chapman & Cutler LLC	NO	\$50,000	0.20	Yes

Firm Name	HUB	% of Risk	Mgmt Fee %	Mgmt Fee \$	Take Down %	Take Down \$
Barclays Capital, Inc.	NO	55.00%	100.00%	\$250,000	52.00%	\$716,406
Morgan Stanley	NO	6.00%			15.00%	\$205,027
RBC Capital Markets	NO	14.00%			10.00%	\$143,972
Ramirez & Co., Inc.	HA	6.00%			8.00%	\$108,324

Piper Sandler & Co	NO	6.00%			8.00%	\$106,301
Jefferies LLC	NO	14.00%			8.00%	\$105,557
<b>Total</b>			<b>100%</b>	<b>\$250,000</b>	<b>101%</b>	<b>\$1,385,588</b>

**Issuer** Texas Department of Housing and Community Affairs Single Family

**Issuance** Residential Mortgage Revenue Bonds Series 2022B (Non-AMT) (Social Bonds)

**Purpose** The Series 2022B bonds will be used to finance the purchase of tax-exempt eligible mortgage loans, including down payment assistance second loans, made to first time home buyers (with certain limited exceptions) of low, very low, and moderate income, who are acquiring moderately priced residences, and to pay a portion of the costs of issuance.

**Actual Par** \$150,000,000

**Sale Type** Negotiated

**Sale Date** 9/15/2022

**Closing Date** 10/19/2022

Series Name	TIC	NIC	Is Variable
Residential Mortgage Rev Bonds Ser 2022B (Non-AMT) (Social Bonds)	4.85%	5.05%	No

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000
Attorney General		NO	\$9,500	0.06
Bond Counsel	Bracewell LLP	NO	\$93,695	0.62
Disclosure Counsel	McCall Parkhurst & Horton, LLP	NO	\$55,000	0.37
Financial Advisor	Stifel	NO	\$150,000	1.00
Issuer Fees		NO	\$150,000	1.00
Miscellaneous	Bond Link	NO	\$13,000	0.09
Miscellaneous	Causey Demgen & Moore, PC	NO	\$6,500	0.04
Miscellaneous	Kestrel	WO	\$3,500	0.02
Printing	Image Master	NO	\$3,500	0.02
Private Activity Fee		NO	\$41,500	0.28
Trustee	The Bank of New York Mellon Trust Co, NA	NO	\$5,000	0.03
Trustee Counsel	McGuire Craddock & Strother PC	NO	\$15,000	0.10
<b>Total</b>			<b>\$546,195</b>	<b>3.64</b>

Fee Name	Rating Agency	Assigned Rating	Actual Fee	\$ Per 1000
Rating Fee	Moody's	Aaa	\$93,000	0.62
Rating Fee	S&P	AA+	\$73,750	0.49
<b>Total</b>			<b>\$166,750</b>	<b>1.11</b>

Fee Name	Actual Fee	\$ Per 1000
Management Fee	\$150,000	1.00
Spread Expenses	\$70,071	0.47
Takedown	\$836,638	5.58
<b>Total</b>	<b>\$1,056,709</b>	<b>7.04</b>

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000	UW Paid
Underwriter Counsel	Chapman & Cutler LLP	NO	\$50,000	0.33	Yes

Firm Name	HUB	% of Risk	Mgmt Fee %	Mgmt Fee \$	Take Down %	Take Down \$
Jefferies LLC	NO	55.00%	100.00%	\$150,000	82.04%	\$686,344
Morgan Stanley	NO	6.00%			10.34%	\$86,500
RBC Capital Markets	NO	13.50%			6.62%	\$55,388

Piper Sandler & Co	NO	6.00%			1.00%	\$8,406
Ramirez & Co, Inc	HA	6.00%				
Barclays Capital Inc	NO	13.50%				
<b>Total</b>			<b>100%</b>	<b>\$150,000</b>	<b>100%</b>	<b>\$836,637</b>

**Issuer** Texas Department of Housing and Community Affairs Single Family

**Issuance** Residential Mortgage Revenue Bonds Series 2023A (Non-AMT)

**Purpose** The Series 2023A Bonds are being issued for the primary purpose of providing funds for the purchase of mortgage-backed, pass-through certificates (the "Mortgage Certificates"), funding loans for down payment and closing cost assistance, and paying lender compensation related to the Mortgage Loans.

**Actual Par** \$230,000,000

**Sale Type** Negotiated

**Sale Date** 3/1/2023

**Closing Date** 3/29/2023

Series Name	TIC	NIC	Is Variable
Residential Mortgage Rev Bonds Ser 2023A (Non-AMT)	4.85%	5.02%	No

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000
Accountant/CPA	Causey Demgen & Moore, PC	NO	\$6,500	0.03
Attorney General		NO	\$9,500	0.04
Bond Counsel	Bracewell LLP	NO	\$87,948	0.38
Disclosure Counsel	McCall Parkhurst & Horton L.L.P.	NO	\$55,000	0.24
Financial Advisor	Stifel	NO	\$230,000	1.00
Miscellaneous		NO	\$14,600	0.06
Printing	Image Master	NO	\$3,500	0.02
Private Activity Fee		NO	\$60,668	0.26
Trustee	Bank of New York Trust Co.	NO	\$5,000	0.02
Trustee Counsel	McGuire Craddock & Strother PC	NO	\$20,000	0.09
<b>Total</b>			<b>\$492,717</b>	<b>2.14</b>

Fee Name	Rating Agency	Assigned Rating	Actual Fee	\$ Per 1000
Rating Fee	Moody's	Aaa	\$110,000	0.48
Rating Fee	S&P	AA+	\$100,000	0.43
<b>Total</b>			<b>\$210,000</b>	<b>0.91</b>

Fee Name	Actual Fee	\$ Per 1000
Management Fee	\$230,000	1.00
Spread Expenses	\$81,323	0.35
Takedown	\$1,285,425	5.59
<b>Total</b>	<b>\$1,596,748</b>	<b>6.94</b>

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000	UW Paid
Underwriter Counsel	Chapman & Cutler LLC	NO	\$50,000	0.22	Yes

Firm Name	HUB	% of Risk	Mgmt Fee %	Mgmt Fee \$	Take Down %	Take Down \$
RBC Capital Markets	NO	55.00%	100.00%	\$230,000	59.00%	\$758,344
Morgan Stanley	NO	6.00%			12.00%	\$154,403
Barclays Capital, Inc.	NO	13.50%			10.20%	\$131,133
Jefferies LLC	NO	13.50%			8.10%	\$104,324
Piper Sandler & Co	NO	6.00%			5.70%	\$73,103

Ramirez & Co., Inc.	<b>HA</b>	6.00%			5.00%	\$64,118
		<b>Total</b>	100%	\$230,000	100%	\$1,285,425

**Issuer** Texas Higher Education Coordinating Board

**Issuance** College Student Loan Bonds Series 2023A

**Purpose** Proceeds from the sale of the Bonds will be used to fund an ongoing student loan program which provides low interest loans to eligible students at institutions of higher education in the state.

**Actual Par** \$133,515,000

**Sale Type** Competitive

**Sale Date** 6/28/2023

**Closing Date** 7/13/2023

Series Name	TIC	NIC	Is Variable
College Student Loan Bonds Ser 2023A	3.96%	4.06%	No

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000
Attorney General		NO	\$9,500	0.07
Bond Application Report Fee	Bond Review Board	NO	\$500	0.00
Bond Counsel	McCall, Parkhurst & Horton	NO	\$80,108	0.60
Co-Financial Advisor	Hilltop Securities	NO	\$77,812	0.58
Paying Agent/Registrar	Computershare Trust Company, NA	NO	\$2,000	0.02
Printing	Image Master	NO	\$2,265	0.02
Printing	McCall, Parkhurst & Horton	NO	\$9,500	0.07
Travel		NO	\$316	0.00
<b>Total</b>			<b>\$182,001</b>	<b>1.36</b>

Fee Name	Rating Agency	Assigned Rating	Actual Fee	\$ Per 1000
Rating Fee	Moody's	Aaa	\$33,000	0.25
Rating Fee	S&P	AAA	\$36,000	0.27
<b>Total</b>			<b>\$69,000</b>	<b>0.52</b>

Fee Name	Actual Fee	\$ Per 1000
Takedown	\$1,043,314	7.81
<b>Total</b>	<b>\$1,043,314</b>	<b>7.81</b>

Firm Name	HUB	% of Risk	Mgmt Fee %	Mgmt Fee \$	Take Down %	Take Down \$
Jefferies LLC	NO	100.00%			100.00%	\$1,043,314
<b>Total</b>					<b>100%</b>	<b>\$1,043,314</b>

**Issuer** Texas Natural Gas Securitization Finance Corporation

**Issuance** Customer Rate Relief Bonds (Winter Storm Uri) Taxable Series 2023

**Purpose** For the purpose of allowing certain natural gas utilities to recover all or a portion of their respective extraordinary costs incurred to secure natural gas supplies and to provide natural gas service during the North American winter storm that occurred in February 2021 ("Winter Storm Uri"). The Bonds will finance the respective Final Aggregated Regulatory Asset Determination Amounts that certain natural gas utilities were issued pursuant to an irrevocable financing order adopted and approved by the Railroad Commission of Texas on February 8, 2022 in accordance with House Bill No. 1520, 87th Regular Session of the Texas Legislature.

**Actual Par** \$3,521,750,000

**Sale Type** Negotiated

**Sale Date** 3/9/2023

**Closing Date** 3/23/2023

Series Name	TIC	NIC	Is Variable
Customer Rate Relief Bonds (Winter Storm Uri) Txbl Ser 2023	5.20%	5.19%	No

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000
Attorney General		NO	\$9,500	0.00
Bond Counsel	Monty Humble, Esq.	NO	\$300,000	0.09
Bond Counsel	Norton Rose Fulbright	NO	\$2,120,550	0.60
Co-Bond Counsel	Lock Lord LLP	NO	\$444,204	0.13
Co-Bond Counsel	Simpson Thacher & Bartlett, LLP	NO	\$1,475,000	0.42
Co-Financial Advisor	Ducera Partners LLC	NO	\$2,188,145	0.62
Disclosure Counsel	McCall, Parkhurst & Horton	NO	\$2,123,548	0.60
Financial Advisor	Estrada Hinojosa	HA	\$1,326,767	0.38
Miscellaneous		NO	\$2,130,050	0.60
Miscellaneous	Causey Demgen & Moore PC	NO	\$47,000	0.01
Miscellaneous	Finsight	NO	\$7,000	0.00
Miscellaneous	Hays Law Firm	NO	\$40,000	0.01
Miscellaneous	United Professionals Company	NO	\$55,000	0.02
Printing	Image Master	NO	\$8,239	0.00
Trustee	US Bank Trust Co, NA	NO	\$9,500	0.00
Trustee Counsel	Chapman & Cutler LLC	NO	\$35,000	0.01
<b>Total</b>			<b>\$12,319,503</b>	<b>3.50</b>

Fee Name	Rating Agency	Assigned Rating	Actual Fee	\$ Per 1000
Rating Fee	Fitch	AAA-sf	\$370,000	0.11
Rating Fee	Kroll	AAA (sf)	\$300,000	0.09
Rating Fee	Moody's	Aaa	\$750,000	0.21
<b>Total</b>			<b>\$1,420,000</b>	<b>0.40</b>

Fee Name	Actual Fee	\$ Per 1000
Spread Expenses	\$372,497	0.11
Takedown	\$12,326,125	3.50
<b>Total</b>	<b>\$12,698,622</b>	<b>3.61</b>

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000	UW Paid
Underwriter Counsel	Orrick Herrington & Sutcliffe LLP	NO	\$825,000	0.23	Yes

Firm Name	HUB	% of Risk	Mgmt Fee %	Mgmt Fee \$	Take Down %	Take Down \$
Jefferies LLC	NO	43.00%			43.27%	\$5,333,818
Hilltop Securities, Inc.	NO	18.00%			18.11%	\$2,232,761
Morgan Stanley	NO	18.00%			17.49%	\$2,155,740
Stifel Nicolaus & Co, Inc	NO	3.00%			3.02%	\$372,127
Siebert Williams Shank & Co., LLC	<b>BA</b>	3.00%			3.02%	\$372,127
Raymond James	NO	3.00%			3.02%	\$372,127
Piper Sandler & Co	NO	3.00%			3.02%	\$372,127
Loop Capital Markets, LLC	<b>BA</b>	3.00%			3.02%	\$372,127
Blaylock Van, LLC	<b>BA</b>	3.00%			3.02%	\$372,127
Barclays Capital, Inc.	NO	3.00%			3.01%	\$371,044
		<b>Total</b>			<b>100%</b>	<b>\$12,326,125</b>

**Issuer** Texas Public Finance Authority

**Issuance** General Obligation and Refunding Bonds Taxable Series 2023

**Purpose** Proceeds of the Bonds will be used (i) 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, as authorized by the Constitutional Provision, (ii) to refund certain outstanding general obligation commercial paper notes of the state issued by the Authority (\$350,000,000) for CPRIT, and (iii) to pay the costs of issuing the Bonds.

**Actual Par** \$364,600,000

**Sale Type** Negotiated

**Sale Date** 8/9/2023

**Closing Date** 8/29/2023

Series Name	TIC	NIC	Is Variable
GO & Ref Bonds Taxable Ser 2023	5.02%	5.03%	No

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000
Attorney General		NO	\$9,500	0.03
Bond Counsel	McCall, Parkhurst & Horton	NO	\$75,000	0.21
Disclosure Counsel	Orrick Herrington & Sutcliffe LLP	NO	\$70,000	0.19
Financial Advisor	RBC Capital Markets	NO	\$73,451	0.20
Paying Agent/Registrar	US Bank	NO	\$2,000	0.01
Printing	Image Master	NO	\$3,000	0.01
Travel		NO	\$3,000	0.01
<b>Total</b>			<b>\$235,951</b>	<b>0.65</b>

Fee Name	Rating Agency	Assigned Rating	Actual Fee	\$ Per 1000
Rating Fee	Fitch	AAA	\$45,000	0.12
Rating Fee	S&P	AAA	\$43,956	0.12
<b>Total</b>			<b>\$88,956</b>	<b>0.24</b>

Fee Name	Actual Fee	\$ Per 1000
Spread Expenses	\$87,647	0.24
Takedown	\$1,073,264	2.94
<b>Total</b>	<b>\$1,160,911</b>	<b>3.18</b>

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000	UW Paid
Underwriter Counsel	Greenberg Traurig LLP	NO	\$35,000	0.10	Yes

Firm Name	HUB	% of Risk	Mgmt Fee %	Mgmt Fee \$	Take Down %	Take Down \$
Ramirez & Co., Inc.	HA	45.00%			45.05%	\$483,537
Mesirow Financial Inc.	NO	25.00%			25.03%	\$268,632
Raymond James	NO	10.00%			10.01%	\$107,453
Piper Sandler & Co	NO	10.00%			10.01%	\$107,453
JP Morgan	NO	10.00%			9.89%	\$106,189
<b>Total</b>					<b>100%</b>	<b>\$1,073,264</b>

**Issuer** Texas Public Finance Authority

**Issuance** TSU Revenue Financing System Bonds Series 2023

**Purpose** Construction of the Nabrit Science Building, upgrades to signage and wayfinding, construction of the Catalyst for Urban Transformation, construction of a health and wellness center, and paying costs of issuance with respect to the bonds.

**Actual Par** \$80,680,000

**Sale Type** Negotiated

**Sale Date** 7/11/2023

**Closing Date** 7/25/2023

Series Name	TIC	NIC	Is Variable
TSU RFS Bonds Ser 2023	4.24%	4.48%	No

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000
Attorney General		NO	\$9,500	0.12
Bond Counsel	Bracewell	NO	\$140,000	1.74
Bond Insurance Fee	Build America Mutual	NO	\$167,706	2.08
Bond Insurance Fee	Build America Mutual	NO	\$662,080	8.21
Disclosure Counsel	Escamilla & Poneck Inc	HA	\$80,000	0.99
Financial Advisor	RBC Capital Markets	NO	\$73,157	0.91
Paying Agent/Registrar	US Bank	NO	\$5,000	0.06
Printing	Image Master	NO	\$2,586	0.03
Travel		NO	\$3,000	0.04
<b>Total</b>			<b>\$1,143,029</b>	<b>14.17</b>

Fee Name	Rating Agency	Assigned Rating	Actual Fee	\$ Per 1000
Rating Fee	Fitch		\$60,000	0.74
	S&P	AA		
<b>Total</b>			<b>\$60,000</b>	<b>0.74</b>

Fee Name	Actual Fee	\$ Per 1000
Spread Expenses	\$48,471	0.60
Takedown	\$318,331	3.95
<b>Total</b>	<b>\$366,802</b>	<b>4.55</b>

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000	UW Paid
Underwriter Counsel	Greenberg Traurig LLP	NO	\$35,000	0.43	Yes

Firm Name	HUB	% of Risk	Mgmt Fee %	Mgmt Fee \$	Take Down %	Take Down \$
Loop Capital Markets, LLC	BA	50.00%			50.00%	\$159,166
SAMCO Capital Markets	NO	25.00%			25.00%	\$79,583
Ramirez & Co., Inc.	HA	25.00%			25.00%	\$79,583
<b>Total</b>					<b>100%</b>	<b>\$318,332</b>

**Issuer** Texas State Affordable Housing Corporation Multifamily

**Issuance** Multifamily Housing Revenue Bonds (Bluff View Apartments) Series 2023AB

**Purpose** The proceeds of the bonds will be used for the acquisition, construction, and equipping of a new residential rental project known as Bluff View Apartments.

**Actual Par** \$35,000,000

**Sale Type** Private Placement

**Sale Date** 1/10/2023

**Closing Date** 1/24/2023

Series Name	TIC	NIC	Is Variable
Multifamily Housing Rev Bonds (Bluff View Apartments) Ser 2023A	5.14%	5.05%	No
Multifamily Housing Rev Bonds (Bluff View Apartments) Ser 2023B	5.16%	5.08%	No

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000
Attorney General		NO	\$14,500	0.41
Bond Counsel	Norton Rose Fulbright US, LLP	NO	\$350,000	10.00
Financial Advisor	PFM Financial Advisors LLC	NO	\$80,000	2.29
Issuer Counsel	Norton Rose Fulbright US, LLP	NO	\$25,000	0.71
Issuer Fees	Texas State Affordable Housing Corp.	NO	\$2,000	0.06
Issuer Fees	Texas State Affordable Housing Corp.	NO	\$8,640	0.25
Issuer Fees	Texas State Affordable Housing Corp.	NO	\$35,000	1.00
Issuer Fees	Texas State Affordable Housing Corp.	NO	\$52,500	1.50
Miscellaneous	Colliers	NO	\$30,000	0.86
Miscellaneous	Greenberg Traurig LLP	NO	\$85,000	2.43
Miscellaneous	Red Stone	NO	\$95,000	2.71
Private Activity Fee		NO	\$26,167	0.75
Trustee	BOKF, NA	NO	\$14,000	0.40
Trustee Counsel	Namen Howell Smith & Lee	NO	\$11,500	0.33
	<b>Total</b>		<b>\$829,307</b>	<b>23.69</b>

**Issuer** Texas State Affordable Housing Corporation Multifamily

**Issuance** Multifamily Housing Revenue Bonds (La Vista De Lopez Apartments) Series 2023

**Purpose** For the purpose of providing funds to make a loan to La Vista de Lopez, LP, a Texas limited partnership for the acquisition, improvements, construction, equipping and development of a 27-unit multifamily housing facility known as La Vista de Lopez located in Austin, Texas.

**Actual Par** \$10,722,000

**Sale Type** Negotiated

**Sale Date** 6/27/2023

**Closing Date** 7/7/2023

Series Name	TIC	NIC	Is Variable
MF Housing Rev Bonds (La Vista De Lopez Apartments) Ser 2023	5.00%	5.00%	No

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000
Attorney General		NO	\$9,500	0.89
Bond Counsel	Norton Rose Fulbright	NO	\$112,000	10.45
Escrow Verification	Causey Demgen & Moore PC	NO	\$6,000	0.56
Financial Advisor	PFM Financial Advisors LLC	NO	\$32,000	2.98
Issuer Counsel	Norton Rose Fulbright	NO	\$15,000	1.40
Issuer Fees	Texas State Affordable Housing Corp.	NO	\$35,500	3.31
Private Activity Fee		NO	\$20,083	1.87
Trustee	Wilmington Trust	NO	\$6,000	0.56
Trustee Counsel	Naman Smith & Howell & Lee PLLC	NO	\$7,500	0.70
<b>Total</b>			<b>\$243,583</b>	<b>22.72</b>

Fee Name	Rating Agency	Assigned Rating	Actual Fee	\$ Per 1000
Rating Fee	Moody's	Aaa	\$5,500	0.51
<b>Total</b>			<b>\$5,500</b>	<b>0.51</b>

Fee Name	Actual Fee	\$ Per 1000
Management Fee	\$69,098	6.44
Spread Expenses	\$2,387	0.22
Takedown	\$13,403	1.25
<b>Total</b>	<b>\$84,888</b>	<b>7.92</b>

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000	UW Paid
Underwriter Counsel	Tiber Hudson	NO	\$70,000	6.53	No

Firm Name	HUB	% of Risk	Mgmt Fee %	Mgmt Fee \$	Take Down %	Take Down \$
Stifel Nicolaus & Co, Inc	NO	100.00%	100.00%	\$69,098	100.00%	\$13,403
<b>Total</b>			<b>100%</b>	<b>\$69,098</b>	<b>100%</b>	<b>\$13,403</b>

**Issuer** Texas State Affordable Housing Corporation Multifamily

**Issuance** Multifamily Revenue Bonds (Juniper Creek Apartments Proj) Series 2023

**Purpose** The Bonds are being issued to finance a loan to FC Juniper Creek Housing, LP, a Texas limited partnership to finance a portion of the costs of the acquisition, construction and equipping of an approximately 110-unit multifamily rental housing project located in Austin, Texas, and known as Juniper Creek Apartments, together with any functionally related and subordinate facilities.

**Actual Par** \$23,500,000

**Sale Type** Negotiated

**Sale Date** 7/20/2023

**Closing Date** 7/27/2023

Series Name	TIC	NIC	Is Variable
MF Rev Bonds (Juniper Creek Apartments Proj) Ser 2023	5.27%	5.45%	No

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000
Attorney General		NO	\$9,500	0.40
Bond Counsel	Norton Rose Fulbright	NO	\$262,000	11.15
Escrow Verification	Causey Demgen & Moore PC	NO	\$2,500	0.11
Financial Advisor	PFM Financial Advisors LLC	NO	\$57,000	2.43
Issuer Counsel	Norton Rose Fulbright	NO	\$20,000	0.85
Issuer Fees	Texas State Affordable Housing Corp.	NO	\$4,950	0.21
Issuer Fees	Texas State Affordable Housing Corp.	NO	\$24,000	1.02
Issuer Fees	Texas State Affordable Housing Corp.	NO	\$36,000	1.53
Private Activity Fee		NO	\$11,500	0.49
Trustee	Wilmington Trust	NO	\$5,000	0.21
Trustee Counsel	Naman Smith & Howell	NO	\$7,000	0.30
<b>Total</b>			<b>\$439,450</b>	<b>18.70</b>

Fee Name	Rating Agency	Assigned Rating	Actual Fee	\$ Per 1000
Rating Fee	Moody's	Aaa	\$5,500	0.23
<b>Total</b>			<b>\$5,500</b>	<b>0.23</b>

Fee Name	Actual Fee	\$ Per 1000
Spread Expenses	\$2,623	0.11
Takedown	\$146,875	6.25
<b>Total</b>	<b>\$149,498</b>	<b>6.36</b>

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000	UW Paid
Underwriter Counsel	Tiber Hudson	NO	\$55,000	2.34	No

Firm Name	HUB	% of Risk	Mgmt Fee %	Mgmt Fee \$	Take Down %	Take Down \$
Wells Fargo Bank, NA	NO	100.00%			100.00%	\$146,875
<b>Total</b>					<b>100%</b>	<b>\$146,875</b>

**Issuer** Texas State Affordable Housing Corporation Multifamily

**Issuance** Social Mortgage-Backed Bonds (M-TEMS) (Marketplace at Liberty Crossing) Series 2022 (FN)

**Purpose** The proceeds of the bonds will be used for the acquisition, construction, and equipping of a new residential rental project known as Marketplace at Liberty Crossing Apartments.

**Actual Par** \$35,730,000

**Sale Type** Negotiated

**Sale Date** 8/30/2022

**Closing Date** 9/14/2022

Series Name	TIC	NIC	Is Variable
Social Bonds (M-TEMS) (Marketplace at Liberty Crossing) Ser 2022 (FN)	4.27%	4.28%	No

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000
Attorney General		NO	\$9,500	0.27
Bond Counsel	Norton Rose Fulbright US, LLP	NO	\$325,000	9.10
Financial Advisor	PFM Financial Advisors, LLC	NO	\$80,500	2.25
Issuer Counsel	Norton Rose Fulbright US, LLP	NO	\$20,000	0.56
Issuer Fees	Texas State Affordable Housing Corp.	NO	\$2,000	0.06
Issuer Fees	Texas State Affordable Housing Corp.	NO	\$14,310	0.40
Issuer Fees	Texas State Affordable Housing Corp.	NO	\$37,000	1.04
Issuer Fees	Texas State Affordable Housing Corp.	NO	\$55,500	1.55
Private Activity Fee		NO	\$31,500	0.88
Trustee	Regions Bank	NO	\$8,250	0.23
Trustee Counsel	Schulman Lopez Hoffer & Adelstein, LLP	NO	\$8,500	0.24
<b>Total</b>			<b>\$592,060</b>	<b>16.57</b>

Fee Name	Rating Agency	Assigned Rating	Actual Fee	\$ Per 1000
Rating Fee	Moody's	Aaa	\$15,000	0.42
<b>Total</b>			<b>\$15,000</b>	<b>0.42</b>

Fee Name	Actual Fee	\$ Per 1000
Spread Expenses	\$5,000	0.14
Takedown	\$267,975	7.50
<b>Total</b>	<b>\$272,975</b>	<b>7.64</b>

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000	UW Paid
Underwriter Counsel	Tiber Hudson	NO	\$50,000	1.40	No

Firm Name	HUB	% of Risk	Mgmt Fee %	Mgmt Fee \$	Take Down %	Take Down \$
Stifel Nicolaus & Co, Inc	NO	100.00%			0.75%	\$267,975
<b>Total</b>					<b>1%</b>	<b>\$267,975</b>

**Issuer** Texas State Affordable Housing Corporation Single Family

**Issuance** Single Family Mortgage Revenue Bonds Series 2023A

**Purpose** Proceeds of the Series 2023A bonds will be used to purchase Ginnie Mae mortgage-backed securities (MBS) backed by tax-exempt eligible mortgage loans, including down payment assistance made to first-time homebuyers (with certain limited exceptions), of low, very low, and moderate income, who are acquiring moderately priced residences.

**Actual Par** \$60,000,000

**Sale Type** Negotiated

**Sale Date** 1/27/2023

**Closing Date** 2/28/2023

Series Name	TIC	NIC	Is Variable
SF MRB Ser 2023A	4.61%	4.77%	No

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000
Attorney General		NO	\$9,500	0.16
Bond Counsel	Norton Rose Fulbright	NO	\$80,000	1.33
Disclosure Counsel	Ballard Spahr LLP	NO	\$35,000	0.58
Escrow Agent	Causey Demgen & Moore, PC	NO	\$9,000	0.15
Financial Advisor	CSG Advisors	NO	\$46,000	0.77
Printing	Financial Press LLC	NO	\$1,750	0.03
Private Activity Fee		NO	\$15,500	0.26
Travel		NO	\$3,906	0.07
Trustee	Wells Fargo Bank NA	NO	\$19,500	0.33
Trustee Counsel	Akerman	NO	\$4,500	0.08
<b>Total</b>			<b>\$224,656</b>	<b>3.74</b>

Fee Name	Rating Agency	Assigned Rating	Actual Fee	\$ Per 1000
Rating Fee	Moody's	Aa1	\$43,700	0.73
	S&P	AA+		
<b>Total</b>			<b>\$43,700</b>	<b>0.73</b>

Fee Name	Actual Fee	\$ Per 1000
Management Fee	\$30,000	0.50
Spread Expenses	\$42,700	0.71
Takedown	\$333,944	5.57
<b>Total</b>	<b>\$406,644</b>	<b>6.78</b>

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000	UW Paid
Underwriter Counsel	Chapman & Cutler LLP	NO	\$25,000	0.42	Yes

Firm Name	HUB	% of Risk	Mgmt Fee %	Mgmt Fee \$	Take Down %	Take Down \$
Raymond James	NO	100.00%	7.38%	\$30,000	82.12%	\$333,944
<b>Total</b>			<b>7%</b>	<b>\$30,000</b>	<b>82%</b>	<b>\$333,944</b>

**Issuer** Texas State Technical College

**Issuance** Revenue Financing System Improvement Bonds Series 2022A

**Purpose** Proceeds of the bonds will be used to fund expansion projects at seven TSTC campuses and to fund renovations at the Harlingen and Waco campuses.

**Actual Par** \$298,750,000

**Sale Type** Negotiated

**Sale Date** 10/25/2022

**Closing Date** 11/15/2022

Series Name	TIC	NIC	Is Variable
RFS Impr Bonds Ser 2022A	5.08%	5.29%	No

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000
Attorney General		NO	\$9,500	0.03
Bond Counsel	McCall, Parkhurst & Horton LLP	NO	\$132,965	0.45
Bond Insurance Fee	Assured Guaranty	NO	\$738,185	2.47
Financial Advisor	Hilltop Securities	NO	\$181,125	0.61
Miscellaneous		NO	\$17,392	0.06
Paying Agent/Registrar	BOKF, NA	NO	\$3,900	0.01
Printing	ImageMaster	NO	\$3,500	0.01
<b>Total</b>			<b>\$1,086,567</b>	<b>3.64</b>

Fee Name	Rating Agency	Assigned Rating	Actual Fee	\$ Per 1000
Rating Fee	Fitch		\$120,000	0.40
Rating Fee	Moody's	A1	\$125,000	0.42
Rating Fee	S&P	AA	\$85,036	0.28
<b>Total</b>			<b>\$330,036</b>	<b>1.10</b>

Fee Name	Actual Fee	\$ Per 1000
Management Fee	\$298,750	1.00
Spread Expenses	\$161,331	0.54
Takedown	\$1,009,865	3.38
<b>Total</b>	<b>\$1,469,946</b>	<b>4.92</b>

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000	UW Paid
Underwriter Counsel	Orrick Herrington & Sutcliffe LLP	NO	\$104,563	0.35	Yes

Firm Name	HUB	% of Risk	Mgmt Fee %	Mgmt Fee \$	Take Down %	Take Down \$
Piper Sandler & Co	NO	20.00%	50.00%	\$149,375	39.98%	\$403,721
Siebert Williams Shank & Co., LLC	BA	20.00%	50.00%	\$149,375	28.44%	\$287,212
Morgan Stanley	NO	12.00%			11.61%	\$117,211
Jefferies LLC	NO	12.00%			10.99%	\$111,011
SAMCO Capital Markets	NO	12.00%			3.69%	\$37,290
UMB Bank	NO	12.00%			3.20%	\$32,281
Blaylock Van, LLC	BA	12.00%			2.09%	\$21,139
<b>Total</b>			<b>100%</b>	<b>\$298,750</b>	<b>100%</b>	<b>\$1,009,865</b>

**Issuer** Texas Tech University System

**Issuance** Revenue Financing System Improvement Bonds Taxable Series 2023B

**Purpose** The Series 2023B Bonds are being issued for the purposes of: (i) acquiring, purchasing, constructing, improving, renovating, enlarging or equipping property, buildings, structures, facilities, roads or related infrastructure for the University System, in furtherance of the authority granted the University System to finance the CCAPs set forth in Section 55.1798, Texas Education Code; and (ii) paying the costs of issuance of the Series 2023B Bonds.

**Actual Par** \$56,400,000

**Sale Type** Negotiated

**Sale Date** 7/20/2023

**Closing Date** 8/8/2023

Series Name	TIC	NIC	Is Variable
RFS Impr Bonds Txbl Ser 2023B	4.89%	4.87%	No

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000
Attorney General		NO	\$9,500	0.17
Bond Counsel	Norton Rose Fulbright	NO	\$54,330	0.96
Financial Advisor	Hilltop Securities	NO	\$33,564	0.60
Miscellaneous	Hilltop Securities	NO	\$2,256	0.04
Paying Agent/Registrar	BOK Financial	NO	\$2,400	0.04
Printing	Image Master	NO	\$1,079	0.02
Travel		NO	\$2,977	0.05
<b>Total</b>			<b>\$106,106</b>	<b>1.88</b>

Fee Name	Rating Agency	Assigned Rating	Actual Fee	\$ Per 1000
Rating Fee	Fitch	AA+	\$27,070	0.48
Rating Fee	Kroll	AA+	\$10,151	0.18
Rating Fee	Moody's	Aa1	\$33,386	0.59
<b>Total</b>			<b>\$70,607</b>	<b>1.25</b>

Fee Name	Actual Fee	\$ Per 1000
Spread Expenses	\$36,722	0.65
Takedown	\$141,000	2.50
<b>Total</b>	<b>\$177,722</b>	<b>3.15</b>

Firm Name	HUB	% of Risk	Mgmt Fee %	Mgmt Fee \$	Take Down %	Take Down \$
JP Morgan	NO	40.00%			40.00%	\$56,400
Siebert Williams Shank & Co., LLC	BA	20.00%			20.00%	\$28,200
RBC Capital Markets	NO	13.33%			13.33%	\$18,800
Raymond James	NO	13.33%			13.33%	\$18,800
Cabrera Capital Markets, LLC	HA	13.33%			13.33%	\$18,800
<b>Total</b>					<b>100%</b>	<b>\$141,000</b>

**Issuer** Texas Tech University System

**Issuance** Revenue Financing System Refunding and Improvement Bonds Series 2023A

**Purpose** The Series 2023A Bonds are being issued for the purposes of: (i) acquiring, purchasing, constructing, improving, renovating, enlarging or equipping property, buildings, structures, facilities, roads or related infrastructure for the University System, in furtherance of the authority granted the University System to finance the Capital Construction Assistance Projects ("CCAPs") set forth in Section 55.1798, Texas Education Code; (ii) refunding certain outstanding (\$8,110,000) Board of Regents of Texas Tech University System Revenue Financing System Commercial Paper Notes, Series A; and (iii) paying the costs of issuance of the Series 2023A Bonds.

**Actual Par** \$193,625,000

**Sale Type** Negotiated

**Sale Date** 7/20/2023

**Closing Date** 8/8/2023

Series Name	TIC	NIC	Is Variable
RFS Ref & Impr Bonds Ser 2023A	3.14%	3.43%	No

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000
Attorney General		NO	\$9,500	0.05
Bond Counsel	Norton Rose Fulbright	NO	\$154,346	0.80
Financial Advisor	Hilltop Securities	NO	\$104,007	0.54
Miscellaneous	Hilltop Securities	NO	\$7,744	0.04
Paying Agent/Registrar	BOK Financial	NO	\$3,900	0.02
Printing	Image Master	NO	\$3,705	0.02
Travel		NO	\$4,780	0.02
<b>Total</b>			<b>\$287,982</b>	<b>1.49</b>

Fee Name	Rating Agency	Assigned Rating	Actual Fee	\$ Per 1000
Rating Fee	Fitch	AA+	\$92,930	0.48
Rating Fee	Kroll	AA+	\$34,849	0.18
Rating Fee	Moody's	Aa1	\$114,614	0.59
<b>Total</b>			<b>\$242,393</b>	<b>1.25</b>

Fee Name	Actual Fee	\$ Per 1000
Spread Expenses	\$122,651	0.63
Takedown	\$595,737	3.08
<b>Total</b>	<b>\$718,388</b>	<b>3.71</b>

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000	UW Paid
Co-Underwriters Counsel	Cantu Harden LLP	HA	\$23,235	0.12	Yes
Underwriter Counsel	McCall, Parkhurst & Horton	NO	\$54,215	0.28	Yes

Firm Name	HUB	% of Risk	Mgmt Fee %	Mgmt Fee \$	Take Down %	Take Down \$
JP Morgan	NO	40.00%			40.00%	\$238,295
Siebert Williams Shank & Co., LLC	BA	20.00%			20.00%	\$119,148
RBC Capital Markets	NO	13.33%			13.33%	\$79,432
Raymond James	NO	13.33%			13.33%	\$79,432
Cabrera Capital Markets, LLC	HA	13.33%			13.33%	\$79,432

**Total**

			100%	\$595,739
--	--	--	------	-----------

**Issuer** Texas Transportation Commission Grand Parkway Transportation Corporation

**Issuance** 2021 First Tier TIFIA Loan Agreement

**Purpose** Proceeds of a draw on the TIFIA Loan, under the TIFIA Loan Agreement, shall be used by the Corporation to pay or defease all or a portion of the Corporation's Bond Anticipation Notes, Series 2018 currently outstanding.

**Actual Par** \$605,330,000

**Sale Type** Private Placement

**Sale Date** 8/19/2021

**Closing Date** 2/1/2023

Series Name	TIC	NIC	Is Variable
2021 First Tier TIFIA Loan Agreement	1.09%		No

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000
Attorney General		NO	\$9,500	0.02
Bond Counsel	McCall Parkhurst & Horton, LLP	NO	\$417,103	0.69
Financial Advisor	Estrada Hinojosa & Co., Inc.	HA	\$34,946	0.06
Miscellaneous		NO	\$80,733	0.13
Miscellaneous	Mayer Brown, LLP	NO	\$97,473	0.16
<b>Total</b>			<b>\$639,753</b>	<b>1.06</b>

Fee Name	Rating Agency	Assigned Rating	Actual Fee	\$ Per 1000
Rating Fee	Fitch	A+	\$10,000	0.02
Rating Fee	Moody's	A2	\$111,000	0.18
<b>Total</b>			<b>\$121,000</b>	<b>0.20</b>

**Issuer** Texas Transportation Commission Grand Parkway Transportation Corporation

**Issuance** Subordinate Tier Toll Revenue Refunding Put Bonds Series 2023

**Purpose** The proceeds of the Series 2023 Bonds, together with other sources of funding, will be used to refund 1st Tier Toll Rev Bds Ser 2013A, Sub Tier Toll Rev Ref Bds Ser 2016 (TELA Supported), and Sub Tier Toll Rev PUT Bds Ser 2018B (TELA Supported).

**Actual Par** \$263,225,000

**Sale Type** Negotiated

**Sale Date** 8/1/2023

**Closing Date** 8/16/2023

Series Name	TIC	NIC	Is Variable
Sub Tier Toll Rev Ref Put Bonds Ser 2023	4.52%	4.71%	Yes

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000
Attorney General		NO	\$9,500	0.04
Bond Counsel	McCall, Parkhurst & Horton	NO	\$309,258	1.17
Contingency		NO	\$50,862	0.19
Disclosure Counsel	Bracewell LLP	NO	\$355,000	1.35
Escrow Agent	US Bank	NO	\$1,400	0.01
Escrow Verification	Robert Thomas CPA	NO	\$1,750	0.01
Financial Advisor	Estrada Hinojosa	HA	\$214,922	0.82
Printing	Image Master	NO	\$7,500	0.03
Trustee	US Bank	NO	\$6,550	0.02
<b>Total</b>			<b>\$956,742</b>	<b>3.63</b>

Fee Name	Rating Agency	Assigned Rating	Actual Fee	\$ Per 1000
Rating Fee	Fitch	AA	\$95,000	0.36
Rating Fee	Moody's	Aa1	\$102,000	0.39
<b>Total</b>			<b>\$197,000</b>	<b>0.75</b>

Fee Name	Actual Fee	\$ Per 1000
Spread Expenses	\$117,079	0.44
Takedown	\$658,063	2.50
<b>Total</b>	<b>\$775,142</b>	<b>2.94</b>

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000	UW Paid
Co-Underwriters Counsel	Cantu Harden LLP	HA	\$20,000	0.08	Yes
Underwriter Counsel	Lock Lord LLP	NO	\$50,000	0.19	Yes

Firm Name	HUB	% of Risk	Mgmt Fee %	Mgmt Fee \$	Take Down %	Take Down \$
Barclays Capital, Inc.	NO	90.00%			90.00%	\$592,256
Ramirez & Co., Inc.	HA	10.00%			10.00%	\$65,806
<b>Total</b>					<b>100%</b>	<b>\$658,062</b>

**Issuer** Texas Transportation Commission Private Activity Bond Surface Transportation Corporation

**Issuance** Senior Lien Revenue Bonds (NTE Mobility Partners LLC North Tarrant Express Project) Series 2023

**Purpose** To finance all or a portion of the Mandatory Capacity Improvements fund capitalized interest, if any, on the Series 2023 Senior Bonds as permitted by state and federal law, fund certain major maintenance.

**Actual Par** \$397,315,000

**Sale Type** Negotiated

**Sale Date** 8/3/2023

**Closing Date** 8/11/2023

Series Name	TIC	NIC	Is Variable
Sr Lien Rev Bonds (NTE Mobility Partners LLC North Tarrant Express) Ser 2023	5.27%	5.39%	No

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000
Attorney General		NO	\$9,500	0.02
Bond Counsel	McCall, Parkhurst & Horton	NO	\$470,605	1.18
Co-Financial Advisor	Estrada Hinojosa	HA	\$51,072	0.13
Co-Financial Advisor	KPMG	NO	\$55,684	0.14
Escrow Verification	Sperry Capital	NO	\$6,000	0.02
Printing	Image Master	NO	\$5,997	0.02
Trustee Counsel	Holland & Knight LLP	NO	\$30,000	0.08
<b>Total</b>			<b>\$628,858</b>	<b>1.58</b>

Fee Name	Rating Agency	Assigned Rating	Actual Fee	\$ Per 1000
Rating Fee	Fitch	BBB	\$304,905	0.77
Rating Fee	Moody's	Baa1	\$414,550	1.04
<b>Total</b>			<b>\$719,455</b>	<b>1.81</b>

Fee Name	Actual Fee	\$ Per 1000
Spread Expenses	\$480,754	1.21
Takedown	\$1,986,575	5.00
<b>Total</b>	<b>\$2,467,329</b>	<b>6.21</b>

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000	UW Paid
Underwriter Counsel	McGuire Woods	NO	\$425,000	1.07	Yes

Firm Name	HUB	% of Risk	Mgmt Fee %	Mgmt Fee \$	Take Down %	Take Down \$
JP Morgan	NO	35.00%			35.00%	\$695,301
RBC Capital Markets	NO	35.00%			35.00%	\$695,301
BofA Securities	NO	25.00%			25.00%	\$496,644
SMBC Nikko Securities America, Inc.	NO	5.00%			5.00%	\$99,329
<b>Total</b>					<b>100%</b>	<b>\$1,986,575</b>

**Issuer** Texas Veterans Land Board

**Issuance** Veterans Bonds Series 2023

**Purpose** The proceeds of the bonds will be used to originate loans to eligible Texas veterans in the Veterans' Housing Assistance Fund II.

**Actual Par** \$250,000,000

**Sale Type** Negotiated

**Sale Date** 4/19/2023

**Closing Date** 4/20/2023

Series Name	TIC	NIC	Is Variable
Veterans Bonds Ser 2023	3.02%	3.01%	Yes

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000
Attorney General		NO	\$9,500	0.04
Bond Counsel	Bracewell LLP	NO	\$145,000	0.58
Financial Advisor	Stifel Nicolaus & Co., Inc.	NO	\$87,500	0.35
Liquidity Providers Counsel	Chapman & Cutler LLP	NO	\$30,000	0.12
Printing	Financial Printing Resource, Inc	NO	\$250	0.00
<b>Total</b>			<b>\$272,250</b>	<b>1.09</b>

Fee Name	Rating Agency	Assigned Rating	Actual Fee	\$ Per 1000
Rating Fee	Moody's	VMIG 1	\$20,000	0.08
<b>Total</b>			<b>\$20,000</b>	<b>0.08</b>

Fee Name	Actual Fee	\$ Per 1000
Spread Expenses	\$37,000	0.15
<b>Total</b>	<b>\$37,000</b>	<b>0.15</b>

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000	UW Paid
Underwriter Counsel	Norton Rose Fulbright	NO	\$30,000	0.12	Yes

Firm Name	HUB	% of Risk	Mgmt Fee %	Mgmt Fee \$	Take Down %	Take Down \$
Jefferies LLC	NO	100.00%			100.00%	
Bancroft Capital, LLC	DV	0.00%			0.00%	
<b>Total</b>					<b>100%</b>	

**Issuer** Texas Veterans Land Board

**Issuance** Veterans Bonds Taxable Series 2023A

**Purpose** The 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 in accordance with guidelines established by the Board for the Veterans' Housing Assistance Program.

**Actual Par** \$250,000,000

**Sale Type** Negotiated

**Sale Date** 7/19/2023

**Closing Date** 7/20/2023

Series Name	TIC	NIC	Is Variable
Veterans Bonds Txbl Ser 2023A	3.61%		Yes

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000
Attorney General		NO	\$9,500	0.04
Bond Counsel	Bracewell	NO	\$145,000	0.58
Financial Advisor	Stifel Nicolaus & Co., Inc.	NO	\$87,500	0.35
Liquidity Providers Counsel	Orrick Herrington & Sutcliffe LLP	NO	\$25,000	0.10
Printing	Financial Printing Resource	NO	\$250	0.00
<b>Total</b>			<b>\$267,250</b>	<b>1.07</b>

Fee Name	Rating Agency	Assigned Rating	Actual Fee	\$ Per 1000
Rating Fee	Moody's	Aaa/VMIG1	\$20,000	0.08
<b>Total</b>			<b>\$20,000</b>	<b>0.08</b>

Fee Name	Actual Fee	\$ Per 1000
Spread Expenses	\$47,538	0.19
<b>Total</b>	<b>\$47,538</b>	<b>0.19</b>

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 \$
Morgan Stanley	NO	100.00%			100.00%	
Mischler Financial Group, Inc.	DV	0.00%			0.00%	
<b>Total</b>					<b>100%</b>	

**Issuer** Texas Water Development Board

**Issuance** State Revolving Fund Revenue Bonds New Series 2023

**Purpose** The proceeds from the sale of the Series 2023 Bonds will be used to provide funds (1) to the CWSRF to finance the acquisition of Political Subdivision Bonds, (2) to the CWSRF and DWSRF to meet State Match requirements, and (3) to pay the costs of issuance of the Series 2023 Bonds.

**Actual Par** \$192,325,000

**Sale Type** Negotiated

**Sale Date** 5/9/2023

**Closing Date** 5/25/2023

Series Name	TIC	NIC	Is Variable
SRF Rev Bonds New Ser 2023	3.44%	3.78%	No

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000
Attorney General		NO	\$9,500	0.05
Bond Counsel	McCall, Parkhurst & Horton	NO	\$144,663	0.75
Disclosure Counsel	Bracewell	NO	\$50,000	0.26
Financial Advisor	Hilltop Securities	NO	\$176,003	0.92
Miscellaneous	Bond Link	NO	\$14,770	0.08
Paying Agent/Registrar	BNY Mellon Capital Markets, LLC	NO	\$518	0.00
Printing	Hilltop Securities	NO	\$7,500	0.04
Printing	Image Master	NO	\$4,920	0.03
Travel		NO	\$10,954	0.06
<b>Total</b>			<b>\$418,828</b>	<b>2.18</b>

Fee Name	Rating Agency	Assigned Rating	Actual Fee	\$ Per 1000
Rating Fee	Fitch	AAA	\$55,000	0.29
Rating Fee	S&P	AAA	\$128,700	0.67
<b>Total</b>			<b>\$183,700</b>	<b>0.96</b>

Fee Name	Actual Fee	\$ Per 1000
Spread Expenses	\$96,385	0.50
Takedown	\$580,420	3.02
<b>Total</b>	<b>\$676,805</b>	<b>3.52</b>

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000	UW Paid
Underwriter Counsel	Orrick Herrington & Sutcliffe LLP	NO	\$65,000	0.34	Yes

Firm Name	HUB	% of Risk	Mgmt Fee %	Mgmt Fee \$	Take Down %	Take Down \$
RBC Capital Markets	NO	50.00%			51.02%	\$296,118
Morgan Stanley	NO	10.00%			10.58%	\$61,419
Jefferies LLC	NO	10.00%			10.04%	\$58,249
Raymond James	NO	10.00%			9.51%	\$55,200
Piper Sandler & Co	NO	10.00%			9.43%	\$54,717
Mesirow Financial Inc.	NO	10.00%			9.43%	\$54,717
<b>Total</b>					<b>100%</b>	<b>\$580,420</b>

**Issuer** Texas Water Development Board

**Issuance** State Water Implementation Revenue Fund For Texas Revenue Bonds Series 2022 (Master Trust)

**Purpose** The Series 2022 bonds are being issued to provide funds to purchase or enter into political subdivision obligations, the proceeds of which will be used to finance SWP projects within the SWIRFT and to pay costs of issuance.

**Actual Par** \$961,850,000

**Sale Type** Negotiated

**Sale Date** 9/28/2022

**Closing Date** 10/13/2022

Series Name	TIC	NIC	Is Variable
State Water Implementation Revenue Fund For Texas Ser 2022 (Master Trust)	4.63%	4.72%	No

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000
Attorney General		NO	\$9,500	0.01
Bond Counsel	McCall Parkhurst & Horton, LLP	NO	\$181,000	0.19
Disclosure Counsel	Bracewell, LLP	NO	\$50,000	0.05
Financial Advisor	Hilltop Securities, Inc	NO	\$264,337	0.27
Miscellaneous		NO	\$13,608	0.01
Miscellaneous	BondLink	NO	\$37,856	0.04
Printing	Hilltop Securities, Inc	NO	\$7,500	0.01
Printing	Image Master	NO	\$7,253	0.01
Trustee	BNY Mellon Capital Markets, LLC	NO	\$86,318	0.09
<b>Total</b>			<b>\$657,372</b>	<b>0.68</b>

Fee Name	Rating Agency	Assigned Rating	Actual Fee	\$ Per 1000
Rating Fee	Fitch	AAA	\$95,000	0.10
Rating Fee	S&P	AAA	\$139,187	0.14
<b>Total</b>			<b>\$234,187</b>	<b>0.24</b>

Fee Name	Actual Fee	\$ Per 1000
Spread Expenses	\$194,104	0.20
Takedown	\$2,834,182	2.95
<b>Total</b>	<b>\$3,028,285</b>	<b>3.15</b>

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000	UW Paid
Underwriter Counsel	Orrick Herrington & Sutcliffe, LLP	NO	\$65,000	0.07	Yes

Firm Name	HUB	% of Risk	Mgmt Fee %	Mgmt Fee \$	Take Down %	Take Down \$
Citigroup	NO	50.00%			50.16%	\$1,421,591
FHN Financial Capital Markets	NO	5.00%			10.14%	\$287,387
Siebert Williams Shank & Co., LLC	<b>WO</b>	5.00%			5.38%	\$152,545
Wells Fargo Bank, NA	NO	5.00%			4.70%	\$133,238
Raymond James	NO	5.00%			4.54%	\$128,531
RBC Capital Markets	NO	5.00%			4.48%	\$127,007
Stifel Nicolaus & Co, Inc	NO	5.00%			4.40%	\$124,612
Baird	NO	5.00%			4.09%	\$115,845

BOK Financial Securities, Inc.	NO	5.00%			4.06%	\$115,176
UMB Bank	NO	5.00%			4.03%	\$114,165
Frost Bank	NO	5.00%			4.03%	\$114,085
<b>Total</b>					<b>100%</b>	<b>\$2,834,182</b>

**Issuer** Texas Water Development Board

**Issuance** Water Financial Assistance Bonds Series 2023A

**Purpose** Providing funds for the Financial Assistance Account for Water Assistance Projects or funds for the EDAP Account for EDAP Projects.

**Actual Par** \$20,760,000

**Sale Type** Negotiated

**Sale Date** 6/21/2023

**Closing Date** 7/6/2023

Series Name	TIC	NIC	Is Variable
WFA Bonds Ser 2023A	3.90%	4.22%	No

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000
Attorney General		NO	\$9,500	0.46
Bond Counsel	Orrick Herrington & Sutcliffe LLP	NO	\$21,389	1.03
Disclosure Counsel	Bracewell	NO	\$7,197	0.35
Financial Advisor	Hilltop Securities	NO	\$21,192	1.02
Miscellaneous	Bond Link	NO	\$1,944	0.09
Paying Agent/Registrar	Bank of New York Mellon Trust Co	NO	\$432	0.02
Printing	Hilltop Securities	NO	\$1,080	0.05
Printing	Image Master	NO	\$578	0.03
Travel		NO	\$1,313	0.06
<b>Total</b>			<b>\$64,625</b>	<b>3.11</b>

Fee Name	Rating Agency	Assigned Rating	Actual Fee	\$ Per 1000
Rating Fee	Fitch	AAA	\$5,038	0.24
Rating Fee	S&P	AAA	\$5,182	0.25
<b>Total</b>			<b>\$10,220</b>	<b>0.49</b>

Fee Name	Actual Fee	\$ Per 1000
Spread Expenses	\$9,785	0.47
Takedown	\$65,524	3.16
<b>Total</b>	<b>\$75,309</b>	<b>3.63</b>

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000	UW Paid
Underwriter Counsel	Greenberg Traurig LLP	NO	\$4,665	0.22	Yes

Firm Name	HUB	% of Risk	Mgmt Fee %	Mgmt Fee \$	Take Down %	Take Down \$
Siebert Williams Shank & Co., LLC	BA	49.00%			62.37%	\$40,870
Wells Fargo Bank, NA	NO	17.00%			13.33%	\$8,738
Ramirez & Co., Inc.	HA	17.00%			12.38%	\$8,110
BOK Financial Securities, Inc.	NO	17.00%			11.91%	\$7,806
<b>Total</b>					<b>100%</b>	<b>\$65,524</b>

**Issuer** Texas Water Development Board

**Issuance** Water Financial Assistance Bonds Series 2023C (EDAP)

**Purpose** Providing funds for the Financial Assistance Account for Water Assistance Projects or funds for the EDAP Account for EDAP Projects

**Actual Par** \$68,820,000

**Sale Type** Negotiated

**Sale Date** 6/21/2023

**Closing Date** 7/6/2023

Series Name	TIC	NIC	Is Variable
WFA Bonds Ser 2023C (EDAP)	3.41%	3.63%	No

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000
Attorney General		NO	\$9,500	0.14
Bond Counsel	Orrick Herrington & Sutcliffe LLP	NO	\$69,089	1.00
Disclosure Counsel	Bracewell	NO	\$23,246	0.34
Financial Advisor	Hilltop Securities	NO	\$68,451	0.99
Miscellaneous	Bond Link	NO	\$6,279	0.09
Paying Agent/Registrar	Bank of New York Mellon Trust Co	NO	\$432	0.01
Printing	Hilltop Securities	NO	\$3,487	0.05
Printing	Image Master	NO	\$1,868	0.03
Travel		NO	\$4,242	0.06
<b>Total</b>			<b>\$186,594</b>	<b>2.71</b>

Fee Name	Rating Agency	Assigned Rating	Actual Fee	\$ Per 1000
Rating Fee	Fitch	AAA	\$16,272	0.24
Rating Fee	S&P	AAA	\$16,737	0.24
<b>Total</b>			<b>\$33,009</b>	<b>0.48</b>

Fee Name	Actual Fee	\$ Per 1000
Spread Expenses	\$32,439	0.47
Takedown	\$181,977	2.64
<b>Total</b>	<b>\$214,416</b>	<b>3.12</b>

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000	UW Paid
Underwriter Counsel	Greenberg Traurig, LLP	NO	\$15,463	0.22	Yes

Firm Name	HUB	% of Risk	Mgmt Fee %	Mgmt Fee \$	Take Down %	Take Down \$
Siebert Williams Shank & Co., LLC	BA	49.00%			52.63%	\$95,780
Wells Fargo Bank, NA	NO	17.00%			19.60%	\$35,663
Ramirez & Co., Inc.	HA	17.00%			13.99%	\$25,455
BOK Financial Securities, Inc.	NO	17.00%			13.78%	\$25,079
<b>Total</b>					<b>100%</b>	<b>\$181,977</b>

**Issuer** Texas Water Development Board

**Issuance** Water Financial Assistance Bonds Series 2023D (Txbl) (EDAP)

**Purpose** Providing funds for the Financial Assistance Account for Water Assistance Projects or funds for the EDAP Account for EDAP Projects

**Actual Par** \$24,875,000

**Sale Type** Negotiated

**Sale Date** 6/21/2023

**Closing Date** 7/6/2023

Series Name	TIC	NIC	Is Variable
WFA Bonds Ser 2023D (Txbl) (EDAP)	4.79%	4.82%	No

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000
Attorney General		NO	\$9,500	0.38
Bond Counsel	Orrick Herrington & Sutcliffe LLP	NO	\$23,049	0.93
Disclosure Counsel	Bracewell	NO	\$7,755	0.31
Financial Advisor	Hilltop Securities	NO	\$22,836	0.92
Miscellaneous	BondLink	NO	\$2,095	0.08
Paying Agent/Registrar	BNY Mellon	NO	\$432	0.02
Printing	Hilltop Securities	NO	\$1,163	0.05
Printing	Image Master	NO	\$623	0.03
Travel		NO	\$1,415	0.06
<b>Total</b>			<b>\$68,868</b>	<b>2.77</b>

Fee Name	Rating Agency	Assigned Rating	Actual Fee	\$ Per 1000
Rating Fee	Fitch	AAA	\$5,429	0.22
Rating Fee	S&P	AAA	\$5,584	0.22
<b>Total</b>			<b>\$11,013</b>	<b>0.44</b>

Fee Name	Actual Fee	\$ Per 1000
Spread Expenses	\$11,725	0.47
Takedown	\$71,019	2.86
<b>Total</b>	<b>\$82,744</b>	<b>3.33</b>

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000	UW Paid
Underwriter Counsel	Greenberg Traurig LLP	NO	\$5,589	0.22	Yes

Firm Name	HUB	% of Risk	Mgmt Fee %	Mgmt Fee \$	Take Down %	Take Down \$
Siebert Williams Shank & Co., LLC	BA	49.00%			47.41%	\$33,673
Wells Fargo Bank, NA	NO	17.00%			20.64%	\$14,659
BOK Financial Securities, Inc.	NO	17.00%			16.21%	\$11,512
Ramirez & Co., Inc.	HA	17.00%			15.73%	\$11,175
<b>Total</b>					<b>100%</b>	<b>\$71,019</b>

**Issuer** Texas Water Development Board

**Issuance** Water Financial Assistance Refunding Bonds Series 2023B

**Purpose** Refund outstanding Water Financial Assistance Bonds Series 2013B.

**Actual Par** \$35,750,000

**Sale Type** Negotiated

**Sale Date** 6/21/2023

**Closing Date** 7/6/2023

Series Name	TIC	NIC	Is Variable
WFA Ref Bonds Ser 2023B	3.70%	3.87%	No

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000
Attorney General		NO	\$9,500	0.27
Bond Counsel	Orrick Herrington & Sutcliffe LLP	NO	\$35,075	0.98
Disclosure Counsel	Bracewell	NO	\$11,801	0.33
Escrow Agent	Bank of New York Mellon Trust Co	NO	\$750	0.02
Escrow Verification	Public Finance Partners LLC	NO	\$1,250	0.04
Financial Advisor	Hilltop Securities	NO	\$34,751	0.97
Miscellaneous	Bond Link	NO	\$3,188	0.09
Paying Agent/Registrar	BNY Mellon	NO	\$932	0.03
Printing	Hilltop Securities Inc.	NO	\$1,770	0.05
Printing	Image Master	NO	\$948	0.03
Travel		NO	\$2,153	0.06
<b>Total</b>			<b>\$102,118</b>	<b>2.86</b>

Fee Name	Rating Agency	Assigned Rating	Actual Fee	\$ Per 1000
Rating Fee	Fitch	AAA	\$8,261	0.23
Rating Fee	S&P	AAA	\$8,497	0.24
<b>Total</b>			<b>\$16,758</b>	<b>0.47</b>

Fee Name	Actual Fee	\$ Per 1000
Spread Expenses	\$16,851	0.47
Takedown	\$93,823	2.62
<b>Total</b>	<b>\$110,674</b>	<b>3.10</b>

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000	UW Paid
Underwriter Counsel	Greenberg Traurig LLP	NO	\$8,033	0.22	Yes

Firm Name	HUB	% of Risk	Mgmt Fee %	Mgmt Fee \$	Take Down %	Take Down \$
Siebert Williams Shank & Co., LLC	BA	49.00%			71.52%	\$67,100
Wells Fargo Bank, NA	NO	17.00%			10.63%	\$9,971
Ramirez & Co., Inc.	WO	17.00%			9.02%	\$8,465
BOK Financial Securities, Inc.	NO	17.00%			8.83%	\$8,286
<b>Total</b>					<b>100%</b>	<b>\$93,822</b>

**Issuer** Texas Woman's University

**Issuance** Revenue Financing System Bonds Series 2022A

**Purpose** The proceeds from the sale of the Bonds will finance the construction and equipping of a new Health Sciences Center on the Denton campus, in furtherance of authority granted to the University System by Section 55.1796, Texas Education Code.

**Actual Par** \$93,200,000

**Sale Type** Negotiated

**Sale Date** 10/6/2022

**Closing Date** 10/27/2022

Series Name	TIC	NIC	Is Variable	
RFS Bonds Ser 2022A	3.88%	4.09%	No	
Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000
Attorney General		NO	\$9,500	0.10
Bond Counsel	McCall Parkhurst & Horton LLP	NO	\$61,400	0.66
Financial Advisor	RBC Capital Markets, LLC	NO	\$161,806	1.74
Miscellaneous		NO	\$11,144	0.12
Paying Agent/Registrar	BOK Financial, NA	NO	\$400	0.00
Printing	MuniHub	NO	\$750	0.01
<b>Total</b>			<b>\$245,000</b>	<b>2.63</b>

Fee Name	Rating Agency	Assigned Rating	Actual Fee	\$ Per 1000
Rating Fee	Moody's	Aa3	\$70,000	0.75
<b>Total</b>			<b>\$70,000</b>	<b>0.75</b>

Fee Name	Actual Fee	\$ Per 1000
Management Fee	\$32,620	0.35
Spread Expenses	\$74,768	0.80
Takedown	\$325,406	3.49
<b>Total</b>	<b>\$432,794</b>	<b>4.64</b>

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000	UW Paid
Underwriter Counsel	Orrick Herrington & Sutcliffe, LLP	NO	\$52,000	0.56	Yes

Firm Name	HUB	% of Risk	Mgmt Fee %	Mgmt Fee \$	Take Down %	Take Down \$
Hilltop Securities, Inc.	NO	50.00%	50.00%	\$16,310	50.00%	\$162,703
BOK Financial Securities, Inc.	NO	25.00%	25.00%	\$8,155	25.00%	\$81,352
PNC Capital Markets, LLC	NO	25.00%	25.00%	\$8,155	25.00%	\$81,352
<b>Total</b>			<b>100%</b>	<b>\$32,620</b>	<b>100%</b>	<b>\$325,407</b>

**Issuer** University of Texas System

**Issuance** Permanent University Fund Bonds Series 2022A

**Purpose** Proceeds from the sale of the Bonds, together with other available moneys of the Board, if any, will be used for the purpose of refunding \$417,700,000 in aggregate principal amount of Tax-Exempt CP Notes that are outstanding.

**Actual Par** \$372,915,000

**Sale Type** Negotiated

**Sale Date** 9/12/2022

**Closing Date** 10/13/2022

Series Name	TIC	NIC	Is Variable
PUF Bonds Ser 2022A	3.23%	3.50%	No

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000
Attorney General		NO	\$9,500	0.03
Bond Counsel	Bracewell LLP	NO	\$100,000	0.27
Escrow Agent	US Bank	NO	\$500	0.00
Escrow Verification	Causey Demgen & Moore, PC	NO	\$1,750	0.00
Miscellaneous		NO	\$1,228	0.00
Paying Agent/Registrar	US Bank	NO	\$1,500	0.00
<b>Total</b>			<b>\$114,478</b>	<b>0.31</b>

Fee Name	Rating Agency	Assigned Rating	Actual Fee	\$ Per 1000
Rating Fee	Fitch	AAA	\$30,000	0.08
Rating Fee	Moody's	Aaa	\$82,500	0.22
Rating Fee	S&P	AAA	\$56,250	0.15
<b>Total</b>			<b>\$168,750</b>	<b>0.45</b>

Fee Name	Actual Fee	\$ Per 1000
Spread Expenses	\$89,908	0.24
Takedown	\$932,288	2.50
<b>Total</b>	<b>\$1,022,196</b>	<b>2.74</b>

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000	UW Paid
Co-Underwriters Counsel	Kassahn & Ortiz, PC	HA	\$12,500	0.03	Yes
Underwriter Counsel	Orrick Herrington & Sutcliffe LLP	NO	\$37,500	0.10	Yes

Firm Name	HUB	% of Risk	Mgmt Fee %	Mgmt Fee \$	Take Down %	Take Down \$
Barclays Capital, Inc.	NO	50.00%			50.00%	\$466,144
Jefferies LLC	NO	25.00%			25.00%	\$233,072
Ramirez & Co., Inc.	NO	5.00%			7.96%	\$74,201
Loop Capital Markets, LLC	BA	5.00%			6.24%	\$58,187
FHN Financial Capital Markets	NO	5.00%			5.21%	\$48,568
Cabrera Capital Markets, LLC	HA	5.00%			3.16%	\$29,478
Frost Bank	NO	5.00%			2.43%	\$22,638
<b>Total</b>					<b>100%</b>	<b>\$932,288</b>

**Issuer** University of Texas System

**Issuance** Permanent University Fund Bonds Series 2023A

**Purpose** Proceeds from the sale of the bonds, together with other available moneys of the Board, if any, will be used for the purpose of (i) refunding certain long-term obligations of the Board in order to achieve a present value savings, (ii) refunding \$176,000,000 of certain short-term obligations of the Board in order to achieve long-term financing, and (iii) paying the costs of issuance of the bonds.

**Actual Par** \$375,270,000

**Sale Type** Negotiated

**Sale Date** 3/7/2023

**Closing Date** 4/4/2023

Series Name	TIC	NIC	Is Variable
PUF Bonds Ser 2023A	3.80%	4.06%	No

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000
Attorney General		NO	\$9,500	0.03
Bond Counsel	Bracewell LLP	NO	\$100,000	0.27
Escrow Agent	BOK Financial NA	NO	\$300	0.00
Escrow Agent	US Bank NA	NO	\$500	0.00
Escrow Verification	Causey Demgen & Moore, PC	NO	\$2,000	0.01
Paying Agent/Registrar	US Bank NA	NO	\$2,800	0.01
Printing	McElwee & Quinn LLC	WO	\$150	0.00
<b>Total</b>			<b>\$115,250</b>	<b>0.31</b>

Fee Name	Rating Agency	Assigned Rating	Actual Fee	\$ Per 1000
	Fitch	AAA		
Rating Fee	Moody's	Aaa	\$82,500	0.22
Rating Fee	S&P	AAA	\$86,250	0.23
<b>Total</b>			<b>\$168,750</b>	<b>0.45</b>

Fee Name	Actual Fee	\$ Per 1000
Spread Expenses	\$89,129	0.24
Takedown	\$1,061,720	2.83
<b>Total</b>	<b>\$1,150,849</b>	<b>3.07</b>

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000	UW Paid
Co-Underwriters Counsel	Kassahn & Ortiz, PC	HA	\$12,500	0.03	Yes
Underwriter Counsel	Orrick Herrington & Sutcliffe LLP	NO	\$37,500	0.10	Yes

Firm Name	HUB	% of Risk	Mgmt Fee %	Mgmt Fee \$	Take Down %	Take Down \$
RBC Capital Markets	NO	68.00%			54.74%	\$581,188
Raymond James	NO	20.00%			8.14%	\$86,415
Siebert Williams Shank & Co., LLC	BA	2.00%			7.66%	\$81,356
Stifel Nicolaus & Co, Inc	NO	2.00%			7.19%	\$76,326
Mesirow Financial Inc.	NO	2.00%			7.14%	\$75,756
Hilltop Securities, Inc.	NO	2.00%			5.96%	\$63,288

Estrada Hinojosa & Company, Inc.	<b>HA</b>	2.00%			4.63%	\$49,165
Academy Securities, Inc.	<b>VO</b>	2.00%			4.54%	\$48,226
<b>Total</b>					<b>100%</b>	<b>\$1,061,720</b>

**Issuer** University of Texas System

**Issuance** Revenue Financing System Series 2023A

**Purpose** Proceeds from the sale of the Bonds will be used for the purpose of refunding a portion (\$389,340,000) of the Board's Revenue Financing System Commercial Paper Notes, Series A and paying the cost of issuance of the bonds.

**Actual Par** \$337,915,000

**Sale Type** Negotiated

**Sale Date** 6/6/2023

**Closing Date** 6/21/2023

Series Name	TIC	NIC	Is Variable
RFS Ser 2023A	3.52%	3.85%	No

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000
Attorney General		NO	\$9,500	0.03
Bond Counsel	McCall, Parkhurst & Horton	NO	\$137,524	0.41
Contingency		NO	\$1,944	0.01
Disclosure Counsel	McCall, Parkhurst & Horton	NO	\$35,000	0.10
Escrow Agent	US Bank	NO	\$500	0.00
Miscellaneous	Causey Demgen & Moore PC	NO	\$2,000	0.01
Paying Agent/Registrar	US Bank	NO	\$2,800	0.01
Printing	McElwee & Quinn	WO	\$150	0.00
<b>Total</b>			<b>\$189,418</b>	<b>0.56</b>

Fee Name	Rating Agency	Assigned Rating	Actual Fee	\$ Per 1000
Rating Fee	Fitch	AAA	\$28,630	0.08
Rating Fee	Moody's	Aaa	\$82,500	0.24
Rating Fee	S&P	AAA	\$69,000	0.20
<b>Total</b>			<b>\$180,130</b>	<b>0.53</b>

Fee Name	Actual Fee	\$ Per 1000
Spread Expenses	\$90,196	0.27
Takedown	\$844,787	2.50
<b>Total</b>	<b>\$934,983</b>	<b>2.77</b>

Fee Name	Firm Name	HUB	Actual Fee	\$ Per 1000	UW Paid
Underwriter Counsel	Kassahn & Ortiz	NO	\$12,500	0.04	Yes
Underwriter Counsel	Orrick Herrington & Sutcliffe LLP	NO	\$37,500	0.11	Yes

Firm Name	HUB	% of Risk	Mgmt Fee %	Mgmt Fee \$	Take Down %	Take Down \$
Jefferies LLC	NO	68.00%			54.98%	\$464,446
Wells Fargo Bank, NA	NO	22.00%			14.08%	\$118,981
Piper Sandler & Co	NO	2.00%			8.10%	\$68,461
Ramirez & Co., Inc.	HA	2.00%			7.00%	\$59,112
Loop Capital Markets, LLC	BA	2.00%			6.29%	\$53,117
FHN Financial Capital Markets	NO	2.00%			5.18%	\$43,727
Estrada Hinojosa & Company, Inc.	HA	2.00%			4.37%	\$36,944

**Total**

			100%	\$844,788
--	--	--	------	-----------

## **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, 2023, a total of \$6.08 billion was authorized for state commercial paper or variable-rate note programs. Of this amount, \$2.97 billion was outstanding as of the end of fiscal year 2023 (*Table B1*), approximately \$81.7 million less than the amount outstanding at fiscal year-end 2022.

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. The Texas Public Finance Authority is responsible for issuing commercial paper for TAFA.

#### **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 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, were terminated on October 1, 2018. The Series B Notes were 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. TxDOT does not currently have an active commercial paper program.

Table B1  
**TEXAS COMMERCIAL PAPER AND VARIABLE-RATE NOTE PROGRAMS**  
(as of August 31, 2023)

ISSUER	TYPE OF PROGRAM	AMOUNT AUTHORIZED	AMOUNT ISSUED in FY 2023 as of 8/31/2023	AMOUNT OUTSTANDING
Texas Public Finance Authority				
Revenue	Commercial Paper - 2016A	1,242,855,581	-	93,100,000
	Commercial Paper - 2016B		30,000,000	30,000,000
Revenue	Commercial Paper - 2019A	300,000,000	60,000,000	78,795,000
	Commercial Paper - 2019B		-	-
General Obligation - Cancer Prevention and Research Institute of Texas *	Commercial Paper - Series A	450,000,000	283,700,000	-
	Commercial Paper - Series B		-	-
Texas State University System				
Revenue Financing System	Commercial Paper	240,000,000	56,591,000	159,358,000
Texas Tech University System				
Revenue Financing System	Commercial Paper	150,000,000	53,407,000	55,355,000
The Texas A&M University System				
Revenue Financing System	Commercial Paper	300,000,000	117,000,000	123,014,000
Permanent University Fund	Commercial Paper	125,000,000	-	-
The University of Texas System				
Permanent University Fund	Commercial Paper - Series A	1,250,000,000	150,000,000	745,300,000
Permanent University Fund	Commercial Paper - Series B		-	261,000,000
Revenue Financing System <sup>(1)</sup>	Commercial Paper - Series A	1,750,000,000	598,153,000	750,763,000
Revenue Financing System <sup>(1)</sup>	Commercial Paper - Series B		314,998,000	583,998,000
University of Houston System				
Revenue Financing System	Commercial Paper - Series A-1	125,000,000	-	-
Revenue Financing System	Commercial Paper - Series A-2		-	28,411,000
University of North Texas System				
Revenue Financing System	Commercial Paper - Series A	75,000,000	30,216,000	50,000,000
Revenue Financing System	Commercial Paper - Series B	75,000,000	36,552,726	10,000,000
<b>Total</b>		<b>\$6,082,855,581</b>	<b>\$1,730,617,726</b>	<b>\$2,969,094,000</b>

\* Outstanding commercial paper Series A refunded on August 29, 2023, by General Obligation & Refunding Taxable Bonds, Series 2023.

<sup>(1)</sup> Amounts issued and outstanding include CCAP of \$118,923,250 for Series A and \$285,998,000 for Series B.

**Source:** Texas Bond Review Board - Bond Finance Office.

### 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 MLPP is used to finance the purchase of equipment with shorter useful lives, such as computers and telecommunications equipment. TPFA also has the authority to use commercial paper to provide interim financing for capital projects, including deferred maintenance 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 million to \$300 million and added a taxable series of notes, in conjunction with the existing tax-exempt notes. The transition to the Series 2019A tax-exempt notes was 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. TPFAs plan to use this MLPP commercial paper program to fund \$208.8 million and \$23.7 million of project costs authorized by the 86th Legislature and 87th Legislature, respectively, for the Health and Human Services Commission deferred maintenance at state hospitals and state supported living centers. Additionally, this program will be used to fund \$143.0 million for the Department of Motor Vehicles Camp Hubbard Renewal Project authorized by the 88th Legislature.

In the November 2007 general election, Texas voters authorized TPFAs to issue \$3 billion of general obligation debt to finance cancer research. During fiscal year 2009, TPFAs 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 November 5, 2019, general election, the Texas voters authorized an additional \$3 billion in bonding authority to finance cancer research, up to a maximum of \$6 billion.

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 2016, TPFAs 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 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 million.

### **The Texas A&M University System**

The Texas A&M University System (the A&M System) previously 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 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 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. During fiscal year 2023, the UT System's increased the aggregate amount of outstanding RFS commercial paper notes to \$1.75 billion from the previous not to exceed amount of \$1.25 billion.

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 with the A&M System 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 million.

### **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 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 million of which \$25 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 million with a maximum authorized amount limited to \$50 million and \$75 million for each of its Series A and Series B notes, respectively. In August 2023, the UNT System increased the Series A maximum authorization to \$75 million.

### **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 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 currently issues variable-rate housing assistance bonds as part of its debt portfolio.

## **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 2023, the Comptroller of Public Accounts provided daily liquidity commitments totaling \$741.1 million out of a total of \$1.22 billion in such commitments for state obligations.

## Appendix C State Issuers' Use of Swaps

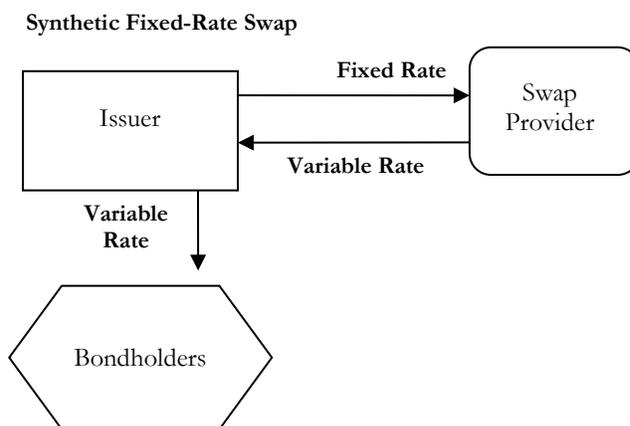
Interest rate swaps are part of a larger class of financial instruments called derivatives whose value is based on the performance of an underlying financial asset, index, or other investment. While a variety of derivative products are available, Texas issuers most often use interest rate swaps. Swaps 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, 2023, pay-fixed, receive-variable swaps comprised approximately 82.7 percent (\$4.55 billion) of the state's \$5.50 billion in total notional amount of swaps outstanding. The balance was for basis swaps and pay-variable, receive-fixed swaps. See *Table C1* for the total number of swaps outstanding by issuer at August 31, 2023.

#### 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 next.



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).

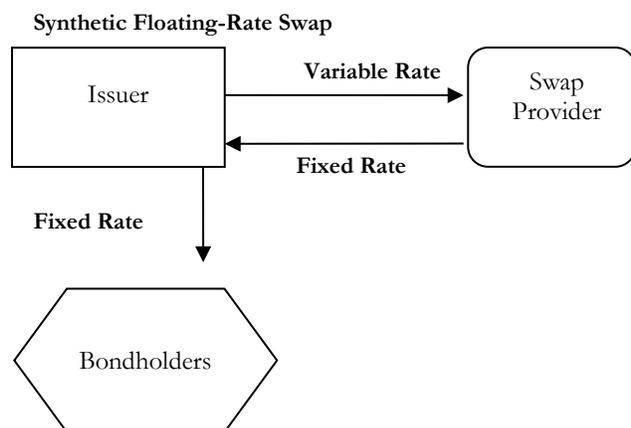
The variable rates received under most of the state's pay-fixed, receive-variable interest rate swaps were based on the London Interbank Offered Rates (LIBOR) taxable rate index. Effective January 2022, LIBOR is no longer used to issue new loans in the U.S. It was replaced by the Secured Overnight Financing Rate (SOFR). As of June 30, 2023, LIBOR is no longer published.

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 2023, the Veterans Land Board (VLB) added two pay-fixed, receive-variable swaps to its Series 2023 and taxable Series 2023A bonds with an initial notional amount of \$250.0 million each.

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* SOFR 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, 2023, one synthetic floating-rate swap contract for The University of Texas System (UTS) in the amount of \$128.2 million was entered into with an effective date of September 1, 2023.

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

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

associated taxable variable-rate bond issues from a *taxable* SOFR-based rate to a *tax-exempt* SIFMA-based rate.

As of August 31, 2023, basis swaps comprised approximately 15.0 percent (\$824.7 million) of the state’s total notional amount of swaps outstanding.

**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 because 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 will 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 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 because 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 rise in interest rates over the past year, there was an increase in the overall net fair value among Texas swaps. However,

there remains individual swaps with negative fair values.

If a swap has a negative fair value, the Texas swap issuer will owe the respective counterparty a termination payment equal to the swap's fair value at the time of termination. If a swap has a positive fair value, the respective counterparty will owe the Texas swap issuer a termination payment equal to the swap's fair value at the time of termination. Texas 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, 2023.)

### **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 VLB's swaps contain a periodic barrier knock-out provision that provides for the board to be "knocked out" of the swaps by the respective counterparties upon the breach of certain predetermined barriers. In each of these cases, the board was paid an up-front option premium by the respective counterparties. In the remainder of the swaps with embedded barrier knock-out provisions, the knock-out is mandatory and is periodic in nature, with the knock-out period corresponding only to the period during which the respective barrier is breached.

*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, 2007, 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 <b>NOTIONAL AMOUNTS - INTEREST RATE SWAPS</b> as of August 31, 2023 (Unaudited) (amounts in thousands)				
	Original Notional Amount	Current Notional Amount	Current Fair Value	Total # of Swaps
<b><u>Veterans Land Board</u></b>				
Pay-Fixed, Receive-Variable Total	\$4,760,085	\$3,058,025	\$140,449	53
Pay-Variable, Receive-Variable Total (basis swap)	40,000	19,980	99	1
<b>TOTAL VLB</b>	<b>\$4,800,085</b>	<b>\$3,078,005</b>	<b>\$140,548</b>	<b>54</b>
<b><u>Texas Department of Housing and Community Affairs</u></b>				
Pay-Fixed, Receive-Variable Total	\$243,005	\$12,700	-\$214	2
<b>TOTAL TDHCA</b>	<b>\$243,005</b>	<b>\$12,700</b>	<b>-\$214</b>	<b>2</b>
<b><u>The University of Texas System</u></b>				
Pay-Fixed, Receive-Variable Total	\$1,931,851	\$1,476,475	\$90,850	9
Pay-Variable, Receive-Fixed Total	128,180	128,180	541	1
Pay-Variable, Receive-Variable Total (basis swap)	951,188	804,760	41,277	6
<b>TOTAL UTS</b>	<b>\$3,011,219</b>	<b>\$2,409,415</b>	<b>\$132,668</b>	<b>16</b>
<b><u>Totals</u></b>				
Pay-Fixed, Receive-Variable	\$6,934,941	\$4,547,200	\$231,085	64
Pay-Variable, Receive-Fixed	128,180	128,180	541	1
Pay-Variable, Receive-Variable (basis swaps)	991,188	824,740	41,376	7
<b>TOTAL INTEREST RATE SWAPS</b>	<b>\$8,054,309</b>	<b>\$5,500,120</b>	<b>\$273,002</b>	<b>72</b>
<b>Source:</b> Texas Bond Review Board - Bond Finance Office.				

Table C2  
**VETERANS LAND BOARD - INTEREST RATE SWAPS**  
as of August 31, 2023 (Unaudited)  
(amounts in thousands)

<b>PAY-FIXED, RECEIVE-VARIABLE</b>								
<b>(Synthetic Fixed Rate)</b>								
<b>Bond Issue</b>	<b>Original Notional Amount</b>	<b>Current Notional Amount</b>	<b>Effective Date</b>	<b>Swap Termination Date</b>	<b>Fixed-Rate Paid</b>	<b>Variable-Rate Received</b>	<b>Counterparty Credit Ratings</b>	<b>Current Fair Value</b>
Vet Hsg Fund II Bds Ser 2001A-2	\$20,000	\$15,225	03/22/2001	12/01/2029	4.26%	68% of USD-Fallback-SOFR-1M	A-/A2	-601
Vet Hsg Fund II Bds Ser 2001C-2	25,000	21,245	12/18/2001	12/01/2033	4.37%	68% of USD-Fallback-SOFR-1M	AA-/Aa2	-2,019
Vet Land Bds Ser 2002	20,000	9,745	02/21/2002	12/01/2032	4.14%	68% of USD-Fallback-SOFR-1M	A-/A1	-584
Vet Hsg Fund II Bds Ser 2002A-2	38,300	22,040	07/10/2002	06/01/2033	3.87%	68% of USD-Fallback-SOFR-1M	A+/Aa2	-1,241
Vet Hsg Fund II Bds Ser 2003A	50,000	13,480	03/04/2003	06/01/2034	3.30%	68% of USD-Fallback-SOFR-1M	A+/Aa2	-291
Vet Hsg Fund II Bds Ser 2003B	50,000	14,460	10/22/2003	06/01/2034	3.40%	64.5% of USD-Fallback-SOFR-1M	AA-/Aa2	-411
Vet Hsg Fund II Bds Ser 2004B	50,000	16,495	09/15/2004	12/01/2034	3.68%	68% of USD-Fallback-SOFR-1M	A+/Aa2	-689
Vet Hsg Fund II Bds Ser 2005A	50,000	16,270	02/24/2005	06/01/2035	3.28%	68% of USD-Fallback-SOFR-1M	AA-/Aa2	-376
Vet Hsg Fund II Bds Ser 2006A	50,000	19,525	06/01/2006	12/01/2036	3.52%	68% of USD-Fallback-SOFR-1M	A+/Aa1	-756
Vet Hsg Fund II Bds Ser 2006D	50,000	20,325	09/20/2006	12/01/2036	3.69%	68% of USD-Fallback-SOFR-1M	A+/Aa3	-1,003
Vet Hsg Fund II Bds Ser 2007A	54,160	21,085	02/22/2007	06/01/2037	3.65%	68% of USD-Fallback-SOFR-1M	AA-/Aa2	-1,095
Vet Hsg Fund II Bds Ser 2007B	50,000	21,440	06/26/2007	06/01/2038	3.71%	68% of USD-Fallback-SOFR-1M	A+/Aa2	-1,185
Vet Hsg Fund II Bds Ser 2008A	50,000	22,320	03/26/2008	12/01/2038	3.19%	68% of USD-Fallback-SOFR-1M	A+/Aa1	-532
Vet Hsg Fund II Bds Ser 2008B	50,000	23,405	09/11/2008	12/01/2038	3.23%	68% of USD-Fallback-SOFR-1M	AA-/Aa2	-698
Vet Hsg Ser 2010C	74,995	40,970	08/20/2010	12/01/2040	2.31%	68% of USD-Fallback-SOFR-3M	A-/A1	1,322
Vet Hsg Ser 2011A	74,995	40,345	03/09/2011	06/01/2041	2.68%	68% of USD-SOFR-Compound + .1779%	AA-/Aa2	329
Vet Hsg Ser 2011B	74,995	41,200	08/25/2011	12/01/2041	2.37%	68% of USD-SOFR-Compound + .1779%	AA-/Aa2	1,202
Vet Hsg Ser 2011C	74,995	41,965	12/15/2011	06/01/2042	1.92%	68% of USD-Fallback-SOFR-3M	AA-/Aa2	2,576
Vet Hsg Ser 2012A	74,995	41,280	05/23/2012	12/01/2042	1.69%	68% of USD-Fallback-SOFR-3M	AA-/Aa2	3,146
Vet Hsg Ser 2012B	100,000	53,390	11/01/2012	12/01/2042	1.45%	68% of USD-Fallback-SOFR-3M	AA-/Aa2	4,964
Vet Hsg Ser 2013A	99,995	60,005	03/20/2013	06/01/2043	1.70%	68% of USD-Fallback-SOFR-3M	AA-/Aa2	4,914
Vet Hsg Ser 2013B	149,995	89,655	08/22/2013	12/01/2043	2.15%	68% of USD-Fallback-SOFR-1M	AA-/Aa2	3,383
Vet Hsg Tax Ref Bds Ser 2013C	39,560	14,505	12/01/2006	12/01/2026	5.46%	100% of USD-Fallback-SOFR-1M	A+/Aa2	-315
Vet Hsg Tax Ref Bds Ser 2013C	50,000	24,360	12/01/2007	06/01/2029	4.66%	100% of USD-Fallback-SOFR-1M	A+/Aa2	-881
Vet Hsg Tax Ref Bds Ser 2013C	65,845	36,745	12/01/2009	06/01/2031	5.45%	100% of USD-Fallback-SOFR-1M	A+/Aa2	-1,528
Vet Hsg Ser 2014A	150,000	93,260	03/03/2014	06/01/2044	2.18%	68% of USD-Fallback-SOFR-1M	A+/Aa2	3,315
Vet Hsg Fund I Tax Ref Bds Ser 2014B-1	50,000	4,215	06/01/2004	12/01/2024	5.45%	100% of USD-Fallback-SOFR-6M	A+/Aa2	6
Vet Hsg Fund I Tax Ref Bds Ser 2014B-1	19,860	1,600	12/01/2005	12/01/2023	4.93%	100% of USD-Fallback-SOFR-1M	A+/Aa2	0
Vet Hsg Fd I / II Tax Ref Bds Ser 2014B-1 & C-2	24,885	6,735	12/01/2005	06/01/2026	5.15%	100% of USD-Fallback-SOFR-1M	A+/Aa2	-58
Vet Land Tax Ref Bds Ser 2014B-3	22,795	7,290	12/01/2005	12/01/2026	6.52%	100% of USD-Fallback-SOFR-6M	A+/Aa2	-84
Vet Hsg Fund I Tax Ref Bds Ser 2014C-1	21,795	14,985	08/01/2012	12/01/2033	3.76%	68% of USD-Fallback-SOFR-1M	A+/Aa1	-997
Vet Hsg Fund II Tax Ref Bds Ser 2014C-2	38,570	13,555	06/01/2006	12/01/2026	5.83%	100% of USD-Fallback-SOFR-1M	A+/Aa2	-226
Vet Hsg Fund II Tax Ref Bds Ser 2014C-2	22,325	7,830	06/01/2006	12/01/2027	5.79%	100% of USD-Fallback-SOFR-6M	A+/Aa1	-149
Vet Hsg Fund II Tax Ref Bds Ser 2014C-1 & C-2	66,720	39,755	06/01/2010	12/01/2031	5.40%	100% of USD-Fallback-SOFR-1M	A+/Aa2	-2,941
Vet Hsg Fund II Tax Ref Bds Ser 2014C-1 & C-2	49,995	12,710	12/01/2010	06/01/2032	2.79%	100% of USD-Fallback-SOFR-1M	AA-/Aa2	874
Vet Land Tax Ref Bds Ser 2014C-3	50,000	10,645	06/01/2006	12/01/2027	6.54%	100% of USD-Fallback-SOFR-6M	A+/Aa2	-420
Vet Land Tax Ref Bds Ser 2014C-3	16,480	8,890	12/01/2010	12/01/2030	5.21%	100% of USD-Fallback-SOFR-1M	A+/Aa2	-478
Vet Land Tax Ref Bds Ser 2014C-4	50,000	1,290	12/01/2003	12/01/2023	5.12%	100% of USD-Fallback-SOFR-1M	A+/Aa2	2
Vet Land Tax Ref Bds Ser 2014C-4	24,755	3,825	12/01/2004	12/01/2024	5.46%	100% of USD-Fallback-SOFR-6M	A-/A1	8
Vet Land Tax Ref Bds Ser 2014C-4	31,030	7,215	06/01/2006	12/01/2026	4.61%	100% of USD-Fallback-SOFR-6M	AA-/Aa2	70
Vet Land Tax Ref Bds Ser 2014C-4	41,050	14,200	12/01/2006	12/01/2027	6.51%	100% of USD-Fallback-SOFR-1M	A+/Aa2	-644
Vet Hsg Ser 2014D	100,000	63,285	09/10/2014	06/01/2045	1.94%	68% of USD-SOFR-Compound + .07785%	AA-/Aa2	3,381
Vet Hsg Ser 2015A	125,000	80,525	02/11/2015	06/01/2045	1.51%	68% of USD-SOFR-Compound + .07785%	AA-/Aa2	6,896
Vet Hsg Ser 2015B	125,000	85,320	07/22/2015	06/01/2046	1.77%	68% of USD-Fallback-SOFR-1M	A+/Aa2	5,693
Vet Hsg Ser 2016	247,370	135,305	12/01/2016	12/01/2046	1.56%	68% of USD-Fallback-SOFR-1M	A+/Aa2	9,019
Vet Hsg Ser 2017	249,690	149,470	08/01/2017	12/01/2047	1.18%	68% of USD-Fallback-SOFR-1M + 0.085%	A+/Aa3	14,010
Vet Hsg Ser 2018	249,730	178,290	04/01/2019	12/01/2049	2.07%	72% of USD-SOFR-Compound + .08240%	AA-/Aa2	8,697
Vet Hsg Ser 2019	249,275	194,250	12/01/2019	06/01/2050	1.85%	65% of USD Fed Funds + 0.24%	A+/Aa3	10,475
Vet Hsg Ser 2020	249,850	207,755	09/01/2020	12/01/2050	1.08%	65% of USD Fed Funds + 0.24%	A+/Aa3	20,742
Vet Hsg Ser 2021	247,990	226,255	12/01/2021	12/01/2051	0.65%	66.5% of USD Fed Funds + 0.18%	A+/A1	28,730
Vet Hsg Ser 2022	248,090	248,090	12/01/2023	06/01/2053	2.01%	65% of USD Fed Funds + 0.24%	AA-/Aa2	11,898
Vet Hsg Ser 2023	250,000	250,000	05/23/2023	06/01/2054	2.65%	65% of USD Fed Funds + 0.24%	AA-/Aa2	6,494
Vet Hsg Ser 2023A	250,000	250,000	09/01/2023	12/01/2054	3.61%	100% of USD-SOFR	AA-/Aa2	8,503
<b>Pay-Fixed, Receive-Variable Total</b>	<b>\$4,760,085</b>	<b>\$3,058,025</b>						<b>\$140,449</b>
<b>PAY-VARIABLE, RECEIVE-VARIABLE</b>								
<b>(Basis Swap)</b>								
<b>Bond Issue</b>	<b>Original Notional Amount</b>	<b>Current Notional Amount</b>	<b>Effective Date</b>	<b>Swap Termination Date</b>	<b>Variable-Rate Paid</b>	<b>Variable-Rate Received</b>	<b>Counterparty Credit Ratings</b>	<b>Current Fair Value</b>
Vet Land Tax Ref Bds Ser 2014C-3	\$40,000	\$19,980	08/05/2002	12/01/2032	131.25% of SIFMA	100% of 1M Fallback SOFR	A-/A1	\$99
<b>Pay-Variable, Receive-Variable Total</b>	<b>\$40,000</b>	<b>\$19,980</b>						<b>\$99</b>
<b>TOTAL VLB INTEREST RATE SWAPS</b>	<b>\$4,800,085</b>	<b>\$3,078,005</b>						<b>\$140,548</b>

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, 2023 (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 2005A	\$100,000	\$7,485	08/01/2005	09/01/2036	4.01%	*	A+/Aa2/AA	-\$177
TDHCA SF Variable Rate Ref MRB Ser 2007A	143,005	5,215	06/05/2007	09/01/2038	4.01%	*	A+/Aa2/AA	-38
<b>TOTAL TDHCA INTEREST RATE SWAPS</b>	<b>\$243,005</b>	<b>\$12,700</b>						<b>-\$214</b>

\* Lesser of (a) or (b) where (a) equals the greater of (i) 65% of 1M Fallback SOFR or (ii) 56% of 1M Fallback SOFR + .45% and b) equals 1M Fallback SOFR.

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, 2023 (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	\$141,760	12/20/2007	08/01/2034	3.81%	SIF-MA	Aa2/A+	-\$4,906
UT RFS Refunding Bonds, Series 2007B-2	172,730	141,760	12/20/2007	08/01/2034	3.81%	SIF-MA	Aa2/A+	-4,546
UT RFS Bonds, Series 2008B-1	155,000	94,830	03/18/2008	08/01/2036	3.90%	SIF-MA	Aa2/A+	-4,821
UT RFS Bonds, Series 2008B-2	375,485	178,390	03/18/2008	08/01/2039	3.61%	SIF-MA	Aa2/A+	-5,412
UT RFS Bonds, Series 2008B-3	155,000	94,830	03/18/2008	08/01/2036	3.90%	SIF-MA	A1/A-	-4,821
UT PUF Bonds, Series 2008A-1	200,453	162,453	11/03/2008	07/01/2038	3.70%	SIF-MA	Aa2/A+	-7,714
UT PUF Bonds, Series 2008A-2	200,453	162,453	11/03/2008	07/01/2038	3.66%	SIF-MA	Aa3/A+	-7,170
UT RFS Bonds, Series 2016G	250,000	250,000	12/01/2016	08/01/2045	2.00%	100% of SOFR + 0.1145%	Aa3/A+	57,076
UT RFS Bonds, Commercial Paper	250,000	250,000	11/01/2020	08/01/2049	1.58%	100% of SOFR + 0.1145%	Aa3/A+	73,163
<b>Pay-Fixed, Receive-Variable Total</b>	<b>\$1,931,851</b>	<b>\$1,476,475</b>						<b>\$90,850</b>

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	\$162,453	11/1/2011	07/01/2038	SIF-MA	93.40% of SOFR + 0.2443344%	Aa2/A+	\$8,124
UT RFS Bonds, Series 2008B-4	90,270	90,270	08/01/2009	08/01/2039	SIF-MA	102.5% of SOFR + 0.26814%	Aa1/AA-	7,977
UT RFS Bonds, Series 2008B-5	92,045	92,045	08/01/2009	08/01/2030	SIF-MA	96% of SOFR + 0.251136%	Aa1/AA-	3,847
UT RFS Bonds, Series 2008B-6	117,190	117,190	08/01/2009	08/01/2035	SIF-MA	103% of SOFR + 0.269448%	Aa1/AA-	8,992
UT PUF Bonds, Series 2006B	284,065	180,350	01/01/2009	07/01/2035	SIF-MA	82.04% of SOFR + 0.0939358%	Aa1/A+	1,199
UTS PUF Bonds, Series 2008A-5	169,505	162,453	01/01/2022	07/01/2038	SIF-MA	100% of FF + 0.20%	Aa2/A+	11,138
<b>Pay-Variable, Receive-Variable Total</b>	<b>\$951,188</b>	<b>\$804,760</b>						<b>\$41,277</b>

PAY-VARIABLE, RECEIVE-FIXED (Synthetic Floating Rate)	Original	Current	Swap		Variable-Rate Paid	Fixed-Rate Received	Counterparty Credit Ratings	Current Fair Value
	Notional Amount	Notional Amount	Effective Date	Termination Date				
Bond Issue								
UT PUF Bonds, Series 2023A-1	\$128,180	\$128,180	9/1/2023	7/1/2033	SIF-MA	3.25%	Aa2/A+	\$541
<b>Pay-Variable, Receive-Fixed Total</b>	<b>\$128,180</b>	<b>\$128,180</b>						<b>\$541</b>

<b>TOTAL UTS INTEREST RATE SWAPS</b>	<b>\$3,011,219</b>	<b>\$2,409,415</b>						<b>\$132,668</b>
--------------------------------------	--------------------	--------------------	--	--	--	--	--	------------------

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, 2023 (Unaudited)  
(amounts in thousands)**

<b>Texas Department of Housing and Community Affairs</b>				
<b>Fiscal Year</b>	<b><u>Variable-Rate Bonds*</u></b>		<b><u>Interest Rate</u></b>	
<b>Ending 8/31/23</b>	<b>Principal</b>	<b>Interest</b>	<b>Swaps, Net</b>	<b>Total</b>
2024	\$0	\$470	\$228	\$697
2025	0	513	228	741
2026	0	514	228	742
2027	0	514	228	742
2028	0	516	228	743
2029-2033	0	2,571	1,138	3,709
2034-2038	12,100	1,931	499	14,530
2039-2043	600	12	0	612
<b>Total Debt-Service and Net Interest Rate Swap Payments</b>	<b>\$12,700</b>	<b>\$7,041</b>	<b>\$2,776</b>	<b>\$22,517</b>
*Does not include multifamily bonds outstanding. Source: Texas Department of Housing and Community Affairs.				
<b>The University of Texas System</b>				
<b>Fiscal Year</b>	<b><u>Bonds and Commercial Paper</u></b>		<b><u>Interest Rate</u></b>	
<b>Ending 8/31/23</b>	<b>Principal</b>	<b>Interest <sup>(1)</sup></b>	<b>Swaps, Net <sup>(2)</sup></b>	<b>Total</b>
2024	\$49,785	\$72,172	-\$20,399	\$101,558
2025	57,325	70,217	-20,059	107,483
2026	50,360	67,961	-19,887	98,434
2027	59,605	65,987	-19,732	105,860
2028	61,850	63,643	-19,553	105,940
2029-2033	441,620	279,044	-95,605	625,059
2034-2038	374,870	189,142	-95,829	468,182
2039-2043	9,240	135,360	-90,953	53,646
2044-2048	250,000	95,128	-65,228	279,899
2049-2053	250,000	13,711	-9,621	254,089
<b>Total Debt-Service and Net Interest Rate Swap Payments</b>	<b>\$1,604,655</b>	<b>\$1,052,363</b>	<b>-\$456,866</b>	<b>\$2,200,152</b>
(1) As required by GASB Statement No. 38, annual debt-service requirements are computed using the System's interest				
(2) Reflects net payments on pay-fixed, receive-variable interest rate swaps and receive-fixed, pay-variable interest rate				
swaps based on interest rates in effect at August 31, 2023, applied on the respective notional amounts of the swaps through				
their respective termination dates.				
Source: The University of Texas System.				
<b>Veterans Land Board</b>				
<b>Fiscal Year</b>	<b><u>Variable-Rate Bonds</u></b>		<b><u>Interest Rate</u></b>	
<b>Ending 8/31/23</b>	<b>Principal</b>	<b>Interest</b>	<b>Swaps, Net</b>	<b>Total</b>
2024	\$227,605	\$125,804	-\$49,241	\$304,168
2025	248,685	120,655	-45,691	323,649
2026	244,845	109,655	-41,920	312,580
2027	231,425	98,734	-38,204	291,955
2028	212,195	88,629	-34,704	266,120
2029-2033	853,265	318,780	-128,512	1,043,533
2034-2038	528,935	168,530	-71,409	626,056
2039-2043	326,895	76,018	-32,393	370,520
2044-2048	133,305	25,096	-10,025	148,376
2049-2053	47,715	5,778	-1,962	51,531
2054-2058	3,155	120	-36	3,239
<b>Total Debt Service and Net Interest Rate Swap Payments</b>	<b>\$3,058,025</b>	<b>\$1,137,799</b>	<b>-\$454,097</b>	<b>\$3,741,727</b>
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, 2023 (Unaudited)  
(amounts in thousands)**

The University of Texas System				
Fiscal Year Ending 8/31/23	<u>Variable Rate Bonds <sup>(1)</sup></u>		<u>Interest Rate</u>	Total
	Principal	Interest <sup>(2)</sup>	Swaps, Net <sup>(3)</sup>	
2024	\$7,440	\$24,656	-\$8,565	\$23,531
2025	7,705	24,376	-8,475	23,606
2026	7,990	24,089	-8,382	23,697
2027	32,885	23,795	-8,286	48,394
2028	34,110	22,529	-7,869	48,770
2029-2033	157,820	94,277	-33,065	219,032
2034-2038	367,220	53,846	-18,250	402,816
2039-2043	9,240	370	-153	9,457
<b>Total Debt-Service and Net Interest Rate Swap Payments</b>	<b>\$624,410</b>	<b>\$267,938</b>	<b>-\$93,046</b>	<b>\$799,302</b>

(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, 2023, 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, 2023, 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 8/31/23	<u>Fixed Rate Bonds <sup>(1)</sup></u>		<u>Interest Rate</u>	Total
	Principal	Interest	Swaps, Net <sup>(2)</sup>	
2024	\$0	\$9,468	-\$704	\$8,765
2025	0	9,468	-704	8,765
2026	29,745	9,468	-704	38,510
2027	0	7,907	-588	7,319
2028	32,925	7,907	-588	40,244
2029-2033	71,120	17,870	-1,328	87,662
2034-2038	46,560	3,698	-275	49,983
<b>Total Debt-Service and Net Interest Rate Swap Payments</b>	<b>\$180,350</b>	<b>\$65,787</b>	<b>-\$4,890</b>	<b>\$241,247</b>

(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, 2023, 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 Ending 8/31/23	<u>Variable-Rate Bonds</u>		<u>Interest Rate</u>	Total
	Principal	Interest	Swaps, Net	
2024	\$1,735	\$1,088	-\$618	\$2,205
2025	1,845	986	-560	2,271
2026	1,955	878	-499	2,334
2027	2,080	763	-434	2,409
2028	2,210	641	-364	2,487
2029-2033	10,155	1,036	-589	10,602
<b>Total Debt-Service and Net Interest Rate Swap Payments</b>	<b>\$19,980</b>	<b>\$5,392</b>	<b>-\$3,064</b>	<b>\$22,308</b>

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.<sup>1</sup>

- **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.

---

<sup>1</sup> 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 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 Texas Southern University, The 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 debt issuer.

Effective September 1, 2021, Midwestern State University joined the Texas Tech University System, which will oversee future debt issuances.

SB 1055, enacted by the 88th Texas Legislature, Regular Session, and effective as of May 10, 2023, provides for the transfer of Stephen F. Austin State University in Nacogdoches, Texas to the University System.

SB 1055 created Stephen F. Austin State University, a member of The University of Texas System (SFA), as a new university within the University System with Permanent University Fund eligibility and provided that the existing SFA institution will be abolished on September 1, 2023.

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.

### 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, and 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 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 THECB and related administrative costs. No draw on general revenue is anticipated.

**Contact:**

Samjhana KC, CPA  
Assistant Director of Financial Reporting  
Texas Higher Education Coordinating Board  
(512) 427-6101  
[samjhana.kc@highered.texas.gov](mailto:samjhana.kc@highered.texas.gov)

**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 Reichel  
Administrator Trade and Business Development  
Texas Department of Agriculture  
(512) 936-2450

[Karen.reichkek@texasagriculture.gov](mailto:Karen.reichkek@texasagriculture.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 (Chapter 431), 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, G, H, I-1, I-2A, and I-2B in Harris and Montgomery Counties) and certain other funds held by the trustee under the Master Trust Agreement.

### **Contact:**

Benjamin Asher  
Director, Project Finance, Debt and Strategic  
Contracts Division  
Texas Department of Transportation  
(512) 463-8611  
[benjamin.asher@txdot.gov](mailto:benjamin.asher@txdot.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](mailto:thull@utsystem.edu)

Maria Robinson  
Chief Investment Officer and Treasurer  
The Texas A&M University System  
(979) 458-6330  
[mrobinson@tamus.edu](mailto: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 (TAFA) pursuant to Agriculture Code Section 58.041. This authority was transferred from TFAFA to the Authority effective September 1, 2009. The issuance of general obligation debt for TAFA programs is authorized by the Texas Constitution, Article III, Sections 49-f and 49-i.

The 87th Legislature, 2021 appropriated to TAFA, out of the Texas Agricultural Fund No. 683 each fiscal year, all necessary amounts required to pay principal and interest on bonds issued pursuant to Article III, Section 49-i and Article III, Section 49-f of the Texas Constitution, to pay costs of administering such bonds, to cover any defaults on loans referenced under Chapter 58, Subchapters C and E, Texas Agriculture Code, and to make payments for the purpose of providing reduced interest rates on loans guaranteed to borrowers as authorized by Section 58.052(e), Texas Agriculture Code.

**Purpose:** Chapter 58 of the Texas Agriculture Code created TAFA under the Texas Agricultural Finance Act and authorizes TAFA to establish programs to support agricultural business in Texas. Under the Agricultural Finance Act, TAFA 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. TAFA 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, TAFA 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 TAFA board must determine that the issuance of revenue bonds is not an economically advisable alternative. TAFA's revenue bonds are secured by pledged revenues and liens on TAFA'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 TAFA is not an obligation of the state and is payable solely from any loan repayments and other pledged revenue and assets of TAFA. 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](mailto:grants@texasagriculture.gov)

Lee Deviney  
Executive Director

Texas Public Finance Authority  
(512) 463-5544  
[lee.deviney@tpfa.texas.gov](mailto: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 Texas Low-Level Radioactive Waste 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](mailto: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:**

Scott Fletcher  
Director of Bond Finance  
Texas Department of Housing and  
Community Affairs

(512) 936-9268  
[scott.fletcher@tdhca.state.tx.us](mailto:scott.fletcher@tdhca.state.tx.us)

Cody Campbell  
Director of Multifamily Finance  
Texas Department of Housing and  
Community Affairs  
(512) 475-1676  
[cody.campbell@tdhca.state.tx.us](mailto:cody.campbell@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, which, 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, First 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 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 (the equivalent amount of certificate of title fee revenues are being substituted by non-dedicated State Highway Fund revenues as of September 1, 2021). 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 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](mailto: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 also authorized the Office to issue general obligation bonds. Additionally, SB 275 established the Texas Economic Development Bank (the Bank) and provided the statutory authority for the Bank to issue bonds to fund the PDSBI program. In 2005, the Bank issued bonds for \$45 million dollars: \$25 million for the Product Development fund (PD 2005A) and \$20 million for the Small Business Incubator Fund (SBI 2005B). Pursuant to House Bill 1515 (88th Legislature, Regular

Session), on July 12, 2023, PD 2005A and SBI 2005B were both redeemed in full.

**Purpose:** Proceeds from the sale of bonds were used to fund the PDSBI program. The money from these funds provided financial assistance to promote domestic business development through loans to finance the commercialization of new or improved products and processes, foster, and stimulate the development of new or existing small businesses in the state.

**Security:** The full faith and credit of the state were pledged for the payment of the bonds.

**Dedicated/Project Revenue:** Revenue of the Office, primarily from the repayment of loans, was pledged to the payment of principal and interest on bonds issued.

**Contact:**  
Terry Zrubek  
Director, Economic Development Finance  
Texas Economic Development and Tourism  
Office  
Office of the Governor  
(512) 475-3590  
[terry.zrubek@gov.texas.gov](mailto:terry.zrubek@gov.texas.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 Texas Economic Development and Tourism Office (the Office) within the Office of the Governor to issue revenue bonds or notes for the purpose of providing money to fund 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 to the Texas Department of Economic Development (the agency which later became the Texas Economic Development and Tourism Office),

that was issued pursuant to a First Supplemental Resolution authorized under a Master Resolution related to the program. There is no commercial paper outstanding in relation to this program. Additionally, the program is not actively enrolling new loans, but it is servicing legacy loans.

**Contact:**  
Terry Zrubek  
Director, Economic Development Finance  
Texas Economic Development and Tourism  
Office  
Office of the Governor  
(512) 475-3590  
[terry.zrubek@gov.texas.gov](mailto: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](mailto:benjamin.asher@txdot.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, 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 Adjutant General's Department to Texas Military Department and was recodified under Texas Government Code, Section 437 by SB 1536, 83rd Legislature, Regular Session.

**Purpose:** Proceeds from the sale of bonds are used to acquire land, and 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:**

Melissa Higgins  
Chief Fiscal Officer  
Texas Military Department  
(512) 782-5409  
[melissa.higgins@military.texas.gov](mailto:melissa.higgins@military.texas.gov)

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

### **TEXAS NATURAL GAS SECURITIZATION FINANCE CORPORATION**

**The Act:** House Bill No. 1520, 87th Legislature authorized securitization financing to provide customers of participating natural gas local distribution companies (LDCs) with rate relief by extending the period over which the extraordinarily high gas costs related to Winter Storm Uri will be paid for by customers. H.B. 1520 was signed into law by the Governor on June 16, 2021. As provided under the Act, Chapter 104 of the Texas Utility Code was amended to add Subchapter I, pursuant to which the Customer Rate Relief Bonds (the Bonds) were authorized and issued.

**Financing Order:** The Financing Order, adopted on February 8, 2022, pursuant to Tex. Util. Code Section 104.366 by the Railroad Commission of Texas, approved the issuance of the Bonds and the creation of Customer Rate Relief Property and associated Customer Rate Relief Charges for the reimbursement of regulatory assets (the payment to the PGUs of their respective Final Aggregated Regulatory Asset Determination Amounts), including extraordinary costs, related financing costs, and other costs authorized by the Financing Order.

**Participating Gas Utilities:** Eleven LDCs filed individual applications. After the Phase 1 Regulatory Asset Proceeding, a Unanimous Stipulation and Settlement Agreement was reached which specified the total maximum

regulatory asset determination amount for each LDC applicant.

The Settlement Agreement was executed by the following eight LDC applicants, each a Participating Gas Utility (a PGU), and collectively the Participating Gas Utilities (the PGUs):

1. Atmos Energy Corporation on behalf of its Mid-Texas Division and West Texas Division (Atmos);
2. Rockin' M Gas LLC d/b/a Bluebonnet Natural Gas LLC (Bluebonnet);
3. CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Entex, CenterPoint Energy Arkla, and CenterPoint Energy Texas Gas (CenterPoint);
4. Corix Utilities (Texas) Inc. (Corix);
5. EPCOR Gas Texas Inc. (EPCOR);
6. SiEnergy, LP (SiEnergy);
7. Texas Gas Service Company, a Division of ONE Gas, Inc., excluding the West Texas Service Area (TGS); and
8. Universal Natural Gas, LLC d/b/a Universal Natural Gas, Inc. (UniGas).

Pursuant to the Financing Order, any successor or assignee of a PGU (a Successor Utility) shall include any LDC or other entity that acquires, leases or operates all or part of the gas distribution business of a PGU in the state. References to PGUs include all such Successor Utilities.

**Collateral:** The Bonds are secured by the Customer Rate Relief (CRR) Property, which consists of the rights to impose, bill, collect, and receive the CRR Charge, and to obtain periodic adjustments to the CRR Charge. The CRR Charge is a non-bypassable charge allocated through a uniform volumetric charge to be paid by all existing and future customers taking service from a PGU, even if a customer elects to purchase gas from an alternative gas supplier, under a rate tariff filed with the Commission, pursuant to the Securitization Law, evidencing the CRR Charge. The CRR Charge is not subject to offset by any credit.

Any collections from customers who make partial payments will be applied first to any outstanding CRR Charge prior to the satisfaction of any other charges included on such customers' bills.

The CRR Charge will be calculated to ensure the collection of amounts sufficient to pay the principal of and interest on the Bonds and certain related costs and expenses. All customers of the PGUs pay the same volumetric CRR Charge.

The CRR Property is owned by and vested in the Issuer. CRR Property does not constitute property of the Commission or any gas utility, including any PGU. (Tex. Util. Code Section 104.364 and 104.366).

**Contact:**

Lee Deviney  
Treasurer  
Texas Natural Gas Securitization Finance Corporation  
(512) 463-5544  
[lee.deviney@tngsfc.org](mailto:lee.deviney@tngsfc.org)

**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 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:**

Andrea Lofye  
Infrastructure Division Director  
Texas Parks and Wildlife Department  
(512) 389-4741  
[Andrea.Lofye@tpwd.texas.gov](mailto:Andrea.Lofye@tpwd.texas.gov)

Lee Deviney  
Executive Director  
Texas Public Finance Authority  
(512) 463-5544  
[lee.deviney@tpfa.texas.gov](mailto: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 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 13 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 refinance certain of the Texas Building and Procurement Commission's (now the Texas Facilities Commission) lease-purchase agreements.

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 12 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 that increased the general obligation bond authorization for CPRIT to \$6.0 billion from \$3.0 billion.

The 87th Legislature authorized the Authority to issue \$23,689,160 in revenue bonds for the Health and Human Services Commission for deferred facilities maintenance. The Authority was also authorized to issue \$20 million in revenue bonds on behalf of the Texas Comptroller of Public Accounts to finance the acquisition or construction of buildings to operate the Texas Bullion Depository. The Legislature passed House Bill 1520, which directs the Authority to create an issuing financing entity to finance customer rate relief bonds as directed by the Railroad Commission of Texas in a Financing Order. House Bill 1522 transferred Midwestern State University to the Texas Tech University System who will oversee future debt issuances. Senate Bill 713

moved TPFA's next sunset review from 2023 to 2027.

The 88th Legislature authorized the Authority to issue \$143 million in revenue bonds or other obligations on behalf of the Texas Department of Motor Vehicles for the purpose of implementing the Camp Hubbard Renewal Project, to include site work and demolition of existing buildings, construction of a new office building, renovations to existing buildings, upgrades to the Central Utility Plant, and other work as may be needed to fully implement the project. Senate Bill 1659 moved TPFA's next sunset review from 2027 to 2029.

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, Sections 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 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](mailto: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, nonprofit 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](mailto: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; 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 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](mailto:lee.deviney@tpfa.texas.gov)

**TEXAS SMALL AND RURAL  
COMMUNITY SUCCESS 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 Texas Economic Development and Tourism Office (the Office) within the Office of the Governor to issue revenue bonds or notes for the purpose of providing money to fund economic development loan programs. The Texas Small and Rural Community Success Fund was created pursuant to Senate Bill 1465 and House Bill 2896, 87th Legislature, Regular Session but the Office did not receive an appropriation. The Office received an appropriation to implement the program in House Bill 1, 88th Legislature, Regular Session. The Office anticipates issuing commercial paper in FY 2024.

**Purpose:** Proceeds from the sale of revenue-based bonds may be used to make loans to economic development corporations for eligible projects as authorized by Chapters 501, 504, and 505 of the Local Government Code. The proceeds for the loans will aid local economic development.

**Security:**

The local economic development sales and use tax revenues collected by the economic development corporations will be pledged for the payment of the loans in order to pay interest on the commercial paper.

**Dedicated/Project Revenue:** Revenue of the Office, primarily from the repayment of loans, is pledged to the payment of principal and interest on commercial paper issued.

**Contact:**

Terry Zrubek  
Director, Economic Development Finance  
Texas Economic Development and Tourism  
Office  
Office of the Governor  
(512) 475-3590  
[terry.zrubek@gov.texas.gov](mailto:terry.zrubek@gov.texas.gov)

## **TEXAS SMALL BUSINESS INDUSTRIAL DEVELOPMENT CORPORATION BONDS**

**Statutory Authority:** The Texas Small Business Industrial Development Corporation (TSBIDC) was created as a private nonprofit 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, 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 nonprofit corporations for the purchase of land, facilities, and equipment for economic development.

**Security:** The bonds were obligations of the TSBIDC. The TSBIDC bonds were not an obligation of the state of Texas or any political subdivision of the state. All TSBIDC bonds were 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:**  
NA

## **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](mailto: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 and WIF Programs are considered self-supporting. The last general revenue draw for SP bonds and WIF bonds was in 2010 and 2022, respectively. 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 the 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 are 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](mailto: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 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](mailto: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 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:**

John Barton  
Texas Veterans Land Board  
(512) 463-5327  
[John.Barton@GLO.Texas.gov](mailto:John.Barton@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 (PABs) may be used to finance certain privately owned projects that serve a public purpose and meet any or all of 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 PABs that may be issued within each state during any calendar year. For calendar year 2023, the volume cap was the greater of \$120 per capita or \$358.8 million. Based on the per capita amount, the state's volume cap for calendar year 2023 was \$3.60 billion.

Chapter 1372 of the Texas Government Code authorizes the issuance of five types (subceilings) of PAB 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 revenue bonds (IRBs) or enterprise zone bonds (EZBs); 4) multifamily residential rental projects; and 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 into the “all other issues” subceiling. Project limits were increased for all sub-ceilings except for small issue bonds (the small issue bonds limit is governed federally by the Internal Revenue Code.) An index formula was also created for each sub-ceiling, resulting in the project limits growing as the overall program size grows.

The 88th Legislature (2023) passed House Bill (HB) 1766, which added a new priority for granting reservations to issuers of multifamily residential rental projects to those projects that needs a supplemental issuance of bonds to maintain compliance with the IRS 50 percent test. Separately, HB 1766 restricts the total amount of allocation designated to a multifamily residential rental project if the program is oversubscribed for a program year. If the program is oversubscribed, the amount of bonds issued to each residential rental project may not exceed 55 percent of the reasonably expected aggregate basis of the project.

In recent years, a widening variety of projects have been permitted to utilize tax-exempt PABs, including transportation facilities, environmental enhancements to hydroelectric generating facilities, and qualified public educational facilities. Broadband projects and carbon dioxide capture facilities were added during the 2022 program year.

Chapter 1372 of the Texas Government Code mandates the allocation process for the state of Texas. The PAB Program regulates the volume cap and monitors the amount of demand and use of PABs 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 subceilings is 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](mailto: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. After the implementation of the Budget Control Act of 2011, the BAB subsidies were reduced. Authority to issue BABs expired in December 2010. See table below for a history of sequestration rates.

Federal Fiscal Year (October 1st thru September 30th)	Sequestration Rate Reduction
2021-2030	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 in 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.

**Capital Construction Assistance Project (CCAP)/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 must authorize the projects in statute, and the CCAPs/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.

**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 obligation 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 Debt** – Per the Governmental Accounting Standards Board (GASB), conduit debt obligations are issued by a state or local governmental entity for the express purpose of providing financing for a specific third party that is usually not a part of the issuer's financial reporting entity. GASB's most recent development of its definition of a conduit debt obligation states the key characteristic should be that there are at least three participants: the government issuer, the third-party borrower, and the bondholder. Although conduit debt obligations bear the name of the governmental issuer, the issuer has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf they are issued.

**Conduit Issuer** – An issuer, usually a government agency, that issues municipal securities to finance revenue-generating projects in which the funds generated are usually 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.

**Counterparty Risk** – The risk to each party in a swap contract that the counterparty will not fulfill its contractual obligations.

**Coupon** – The interest rate paid on a security.

**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 nonprofit corporation or government issuer, that 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 typically 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 21 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** – A bond 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 150 to 210 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.

**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.

**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 fluctuations in market conditions borne by the underwriters until resale.

**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.

**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.

**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.

The Texas Bond Review Board is an equal opportunity employer and does not discriminate on the basis of race, color, religion, sex, national origin, age, or disability in employment, or in the provision of services, programs, or activities.

In compliance with the Americans with Disabilities Act, this document may be requested in alternative formats by contacting or visiting the agency.

**TEXAS BOND REVIEW BOARD**

**300 West 15<sup>th</sup> Street – Suite 409**

**P.O. Box 13292**

**Austin, TX 78711-3292**

**512-463-1741**

**<http://www.brb.texas.gov>**