

HEARING AGENDA
SENATE FINANCE COMMITTEE
SENATOR STEVE OGDEN, CHAIRMAN
WEDNESDAY, MARCH 10, 2010, 9:00 A.M.
CAPITOL EXTENSION E1.036

- I. Call to Order
- II. Roll Call
- III. Committee Business

Review and make recommendations regarding existing and future public debt at all levels of government in Texas, including independent school districts, cities, other local governments and the Texas Guaranteed Tuition Plan.

A. Invited Testimony

- 1. Outstanding and Authorized but Unissued Public Debt and Debt-like Obligations;
Statutory Requirements
 - Bond Review Board - *Robert Kline, Executive Director*
 - Legislative Budget Board - *Ursula Parks, Assistant Director*
 - Office of the Attorney General - *Jonathan Frels, Deputy Attorney General for Legal Counsel*

- 2. Major Issuers and Managers of State-Level Public Debt and Debt-Like Obligations
 - Texas Department of Agriculture - *Drew DeBerry, Deputy Commissioner*
 - Higher Education Coordinating Board - *Arturo Alonzo, Jr., Deputy Commissioner for Business & Finance/Chief Operating Officer*
 - Veterans Land Board - *Rusty Martin, Deputy Commissioner for Funds Management*
 - Texas Water Development Board - *J. Kevin Ward, Executive Administrator*
 - Texas Public Finance Authority - *Dwight Burns, Executive Director*
 - Texas Department of Transportation - *James Bass, Chief Financial Officer*

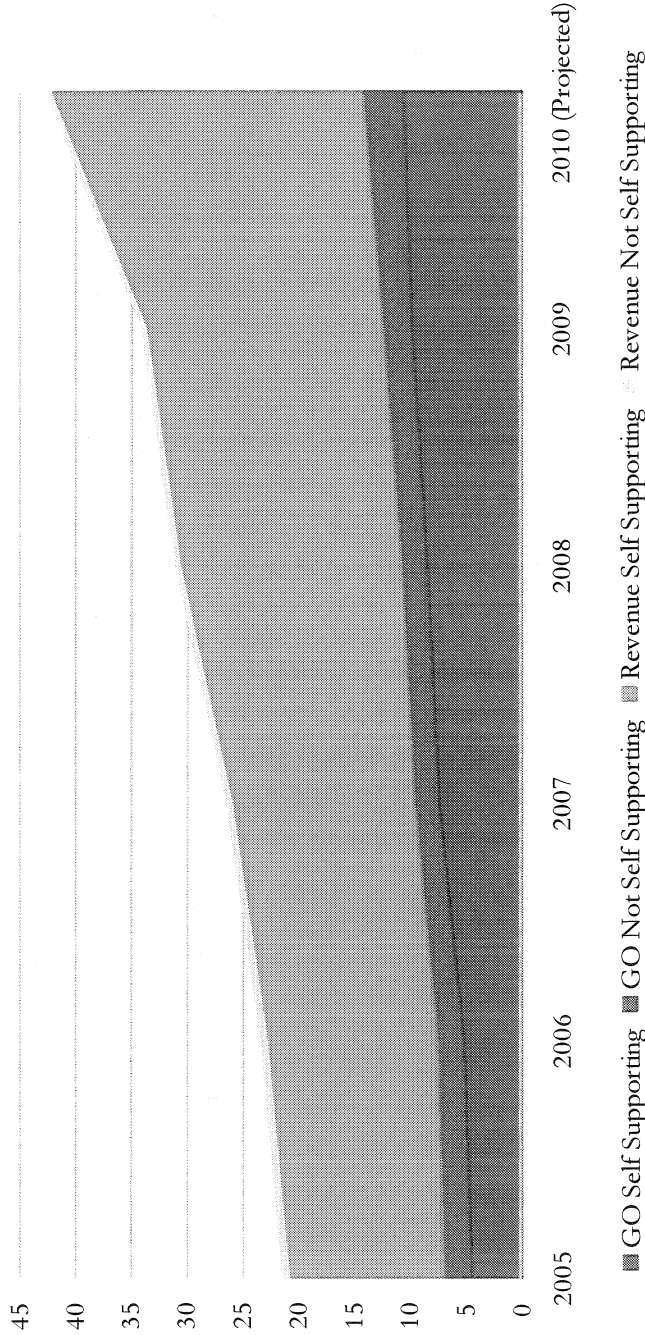
B. Public Testimony

- IV. Recess/Adjourn

Bond
Review
Board

Legislative
Budget
Board

Texas Debt Outstanding (\$ billions)

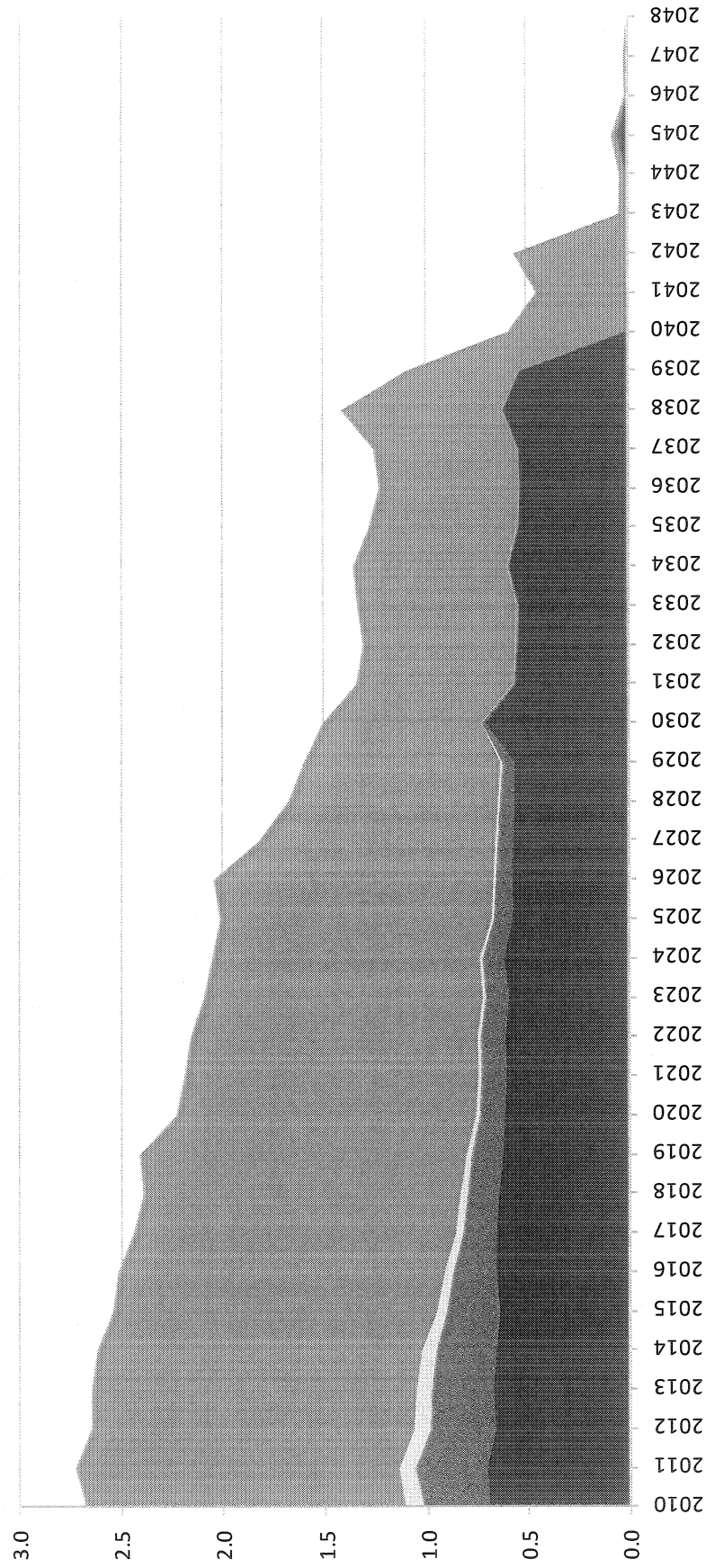


TEXAS DEBT OUTSTANDING

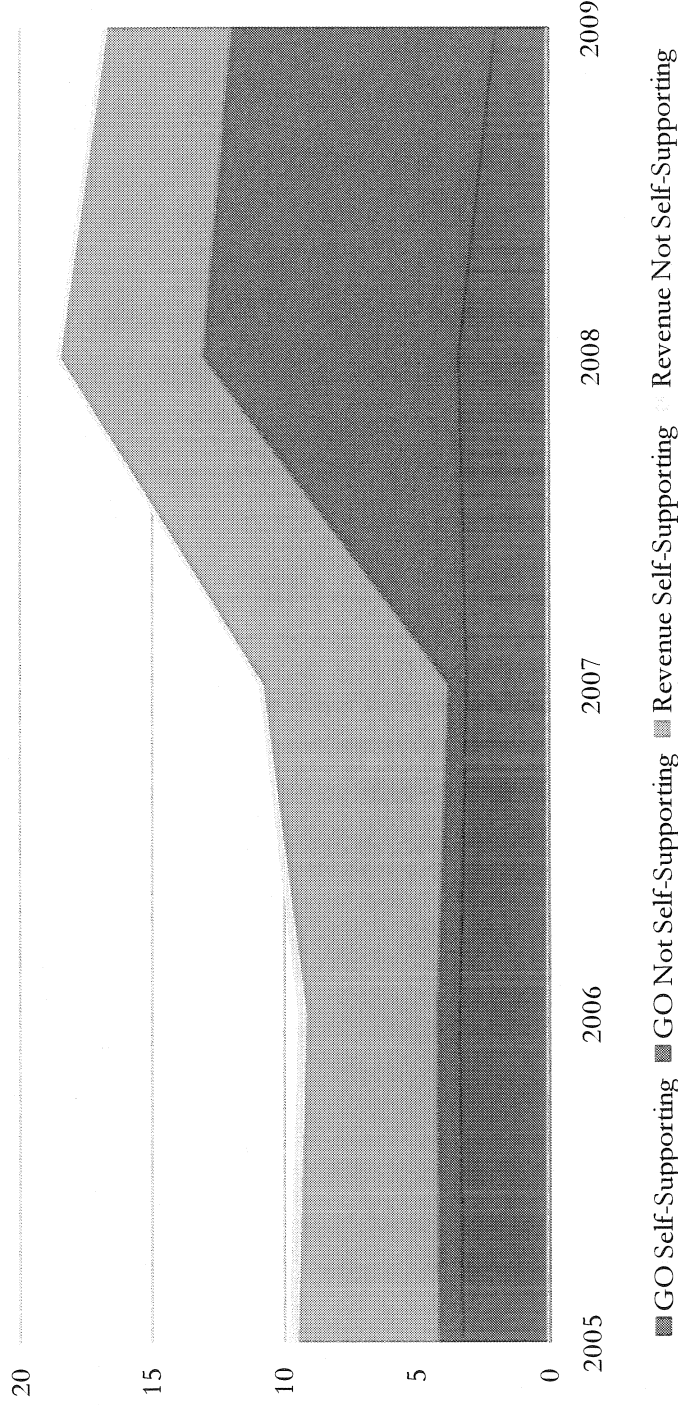
(\$ billions)

| | 8/31/2005 | 8/31/2006 | 8/31/2007 | 8/31/2008 | 8/31/2009 | 8/31/2010 (Projected) |
|--|--------------|--------------|--------------|--------------|--------------|--------------------------|
| General Obligation Debt | | | | | | |
| Self-Supporting | 4.48 | 5.18 | 7.36 | 8.44 | 9.82 | 10.63 |
| Not Self-Supporting | 2.51 | 2.36 | 2.23 | 2.34 | 2.63 | 3.74 |
| Total General Obligation Debt | 6.99 | 7.54 | 9.59 | 10.78 | 12.45 | 14.37 |
| Non-General Obligation Debt | | | | | | |
| Self-Supporting | 13.75 | 15.16 | 16.26 | 19.74 | 21.19 | 27.74 |
| Not Self-Supporting | 0.63 | 0.62 | 0.52 | 0.51 | 0.44 | 0.45 |
| Total Non-General Obligation Debt | 14.38 | 15.78 | 16.78 | 20.25 | 21.63 | 28.19 |
| Total Debt Outstanding | 21.37 | 23.32 | 26.37 | 31.03 | 34.08 | 42.56 |

Texas Debt-Service Requirements (\$ billions)

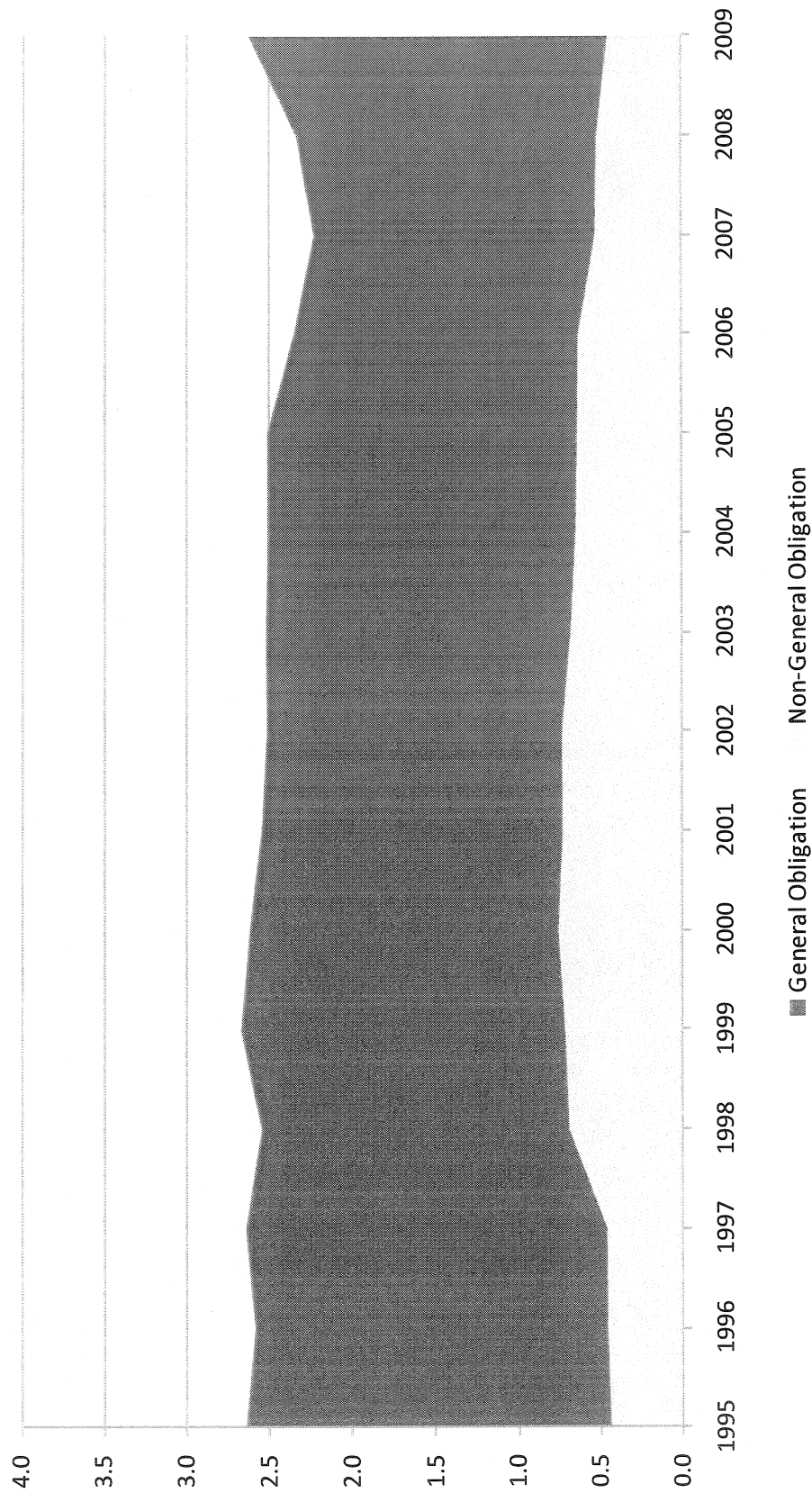


Texas Authorized But Unissued Debt (\$ billions)

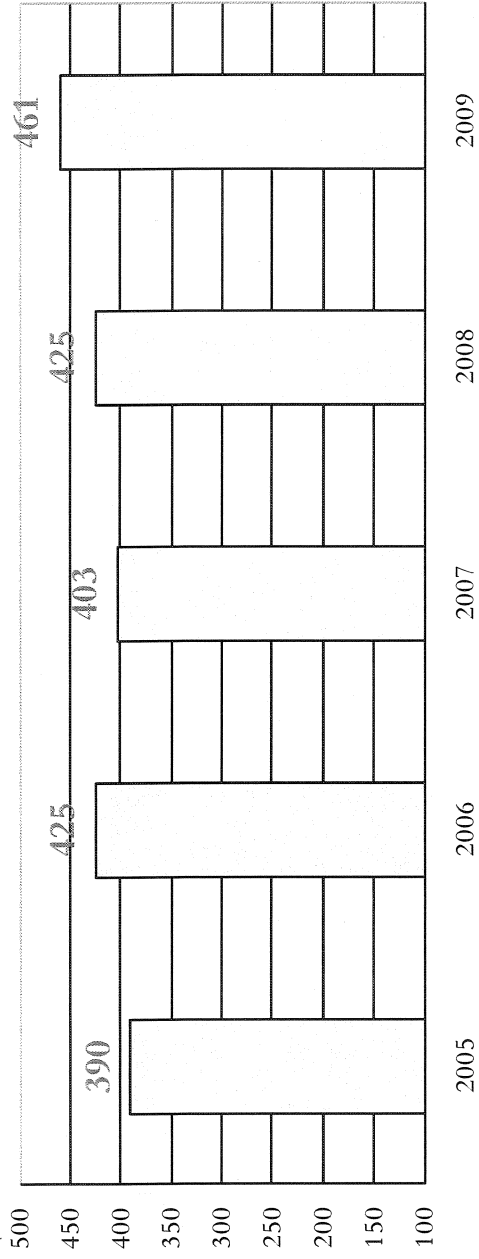


| | TEXAS AUTHORIZED BUT UNISSUED DEBT (\$ billions) | | | |
|--|---|-------------|--------------|--------------|
| | 8/31/2005 | 8/31/2006 | 8/31/2007 | 8/31/2009 |
| General Obligation Debt | | | | |
| Self-Supporting | 3.30 | 3.40 | 3.12 | 2.01 |
| Not Self-Supporting | 0.91 | 0.86 | 0.70 | 10.04 |
| Total General Obligation Debt | 4.21 | 4.26 | 3.82 | 13.11 |
| Non-General Obligation Debt | | | | |
| Self-Supporting | 5.24 | 4.86 | 6.93 | 4.60 |
| Not Self-Supporting | 0.33 | 0.30 | 0.17 | 0.19 |
| Total Non-General Obligation Debt | 5.57 | 5.16 | 7.10 | 4.79 |
| Total All Debt | 9.78 | 9.42 | 10.92 | 16.84 |

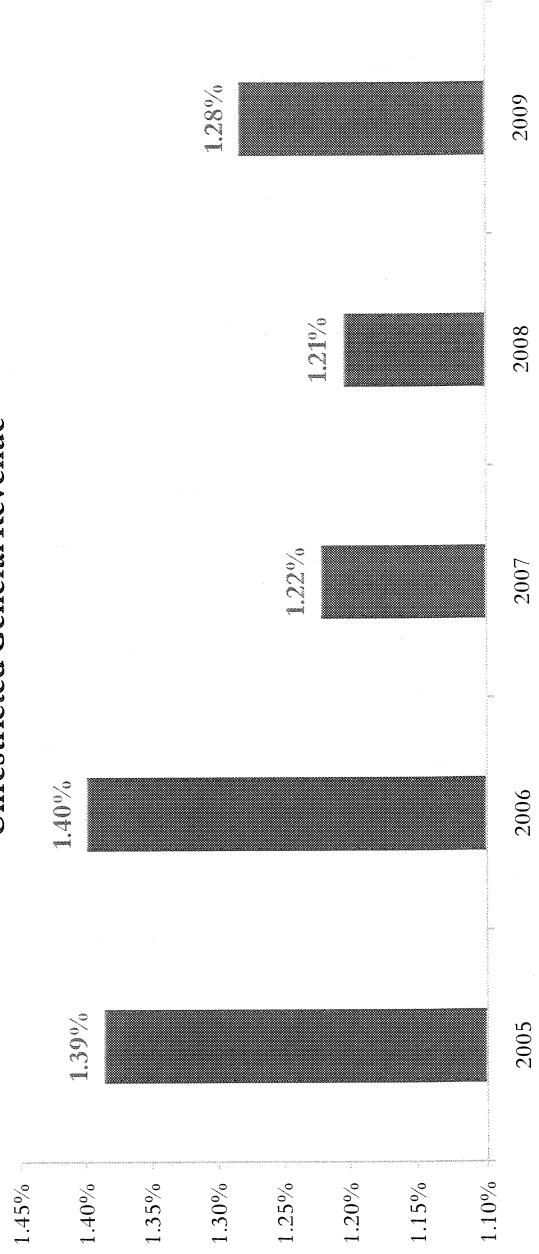
Texas Not Self-Supporting Debt Outstanding Backed by General Revenue (\$ billions)



**Texas Not Self-Supporting Debt Service Paid From Unrestricted General Revenue
(\$ millions)**



**Texas Not Self-Supporting Debt-Service Paid as a Percentage of
Unrestricted General Revenue**



DEBT-SERVICE REQUIREMENTS FOR TEXAS COLLEGE AND UNIVERSITY TUITION REVENUE DEBT

(\$ millions)

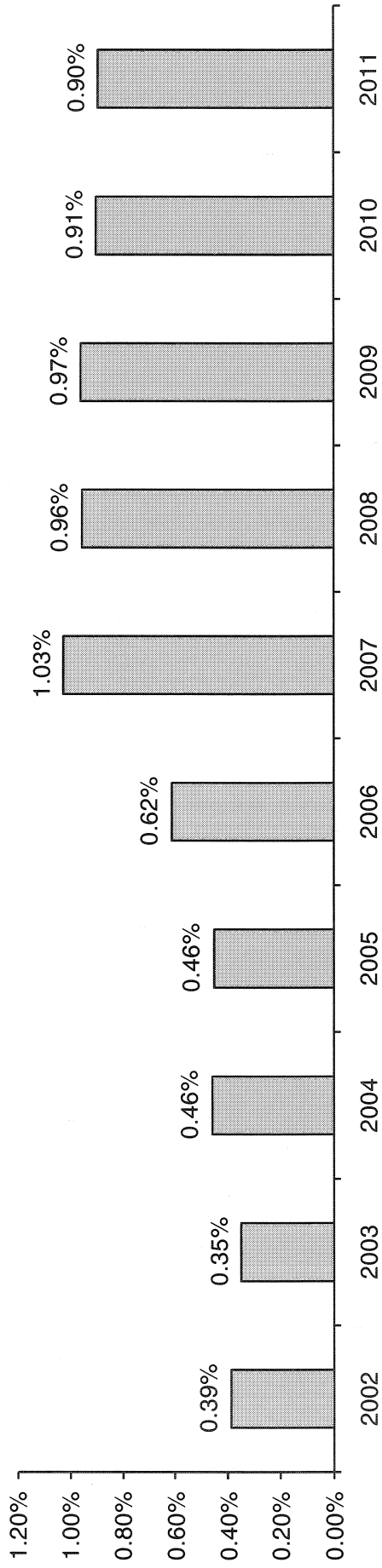
| College and University Revenue Debt | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 & Beyond |
|--|--------------|--------------|--------------|--------------|--------------|----------------|
| The University of Texas System | 69.2 | 102.8 | 102.8 | 102.8 | 102.8 | 976.1 |
| The Texas A&M University System | 82.1 | 57.2 | 55.2 | 47.6 | 47.6 | 527.6 |
| Texas Tech University System | 25.1 | 24.7 | 24.7 | 22.7 | 22.7 | 250.8 |
| Texas State University System | 24.8 | 23.7 | 23.7 | 23.7 | 23.6 | 218.9 |
| University of Houston System | 25.8 | 24.0 | 24.0 | 23.9 | 23.7 | 243.9 |
| University of North Texas System | 15.3 | 14.8 | 14.8 | 14.8 | 14.8 | 129.4 |
| Texas Woman's University | 4.5 | 4.4 | 4.4 | 4.4 | 4.4 | 49.7 |
| Texas State Technical College System | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 10.1 |
| Stephen F. Austin State University | 4.8 | 4.5 | 4.5 | 4.5 | 4.5 | 57.4 |
| Midwestern State University | 2.1 | 2.2 | 2.1 | 2.2 | 2.2 | 22.0 |
| Texas Southern University | 7.9 | 7.9 | 7.9 | 7.9 | 7.9 | 62.8 |
| Total College and University Revenue Debt | 262.7 | 267.3 | 265.2 | 255.6 | 255.3 | 2,548.7 |

TEXAS COLLEGE AND UNIVERSITY AUTHORIZED BUT UNISSUED TUITION REVENUE DEBT

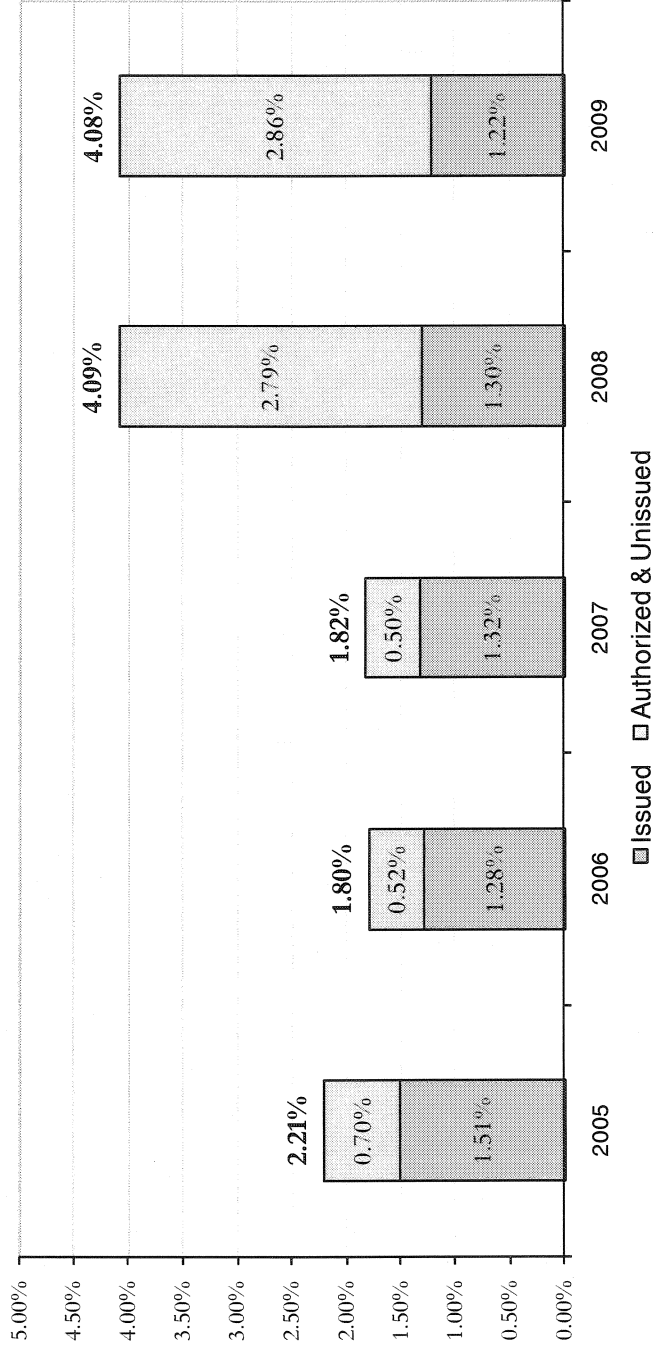
(\$ millions)

| | Total Unissued |
|---------------------------------|----------------|
| The Texas A&M University System | 126.5 |
| The University of Texas System | 401.8 |
| Texas Southern University | 46.5 |
| University of North Texas | 75.0 |
| Texas State University System | 3.7 |
| Total | 653.5 |

Tuition Revenue Debt Service as a Percentage of Unrestricted General Revenue



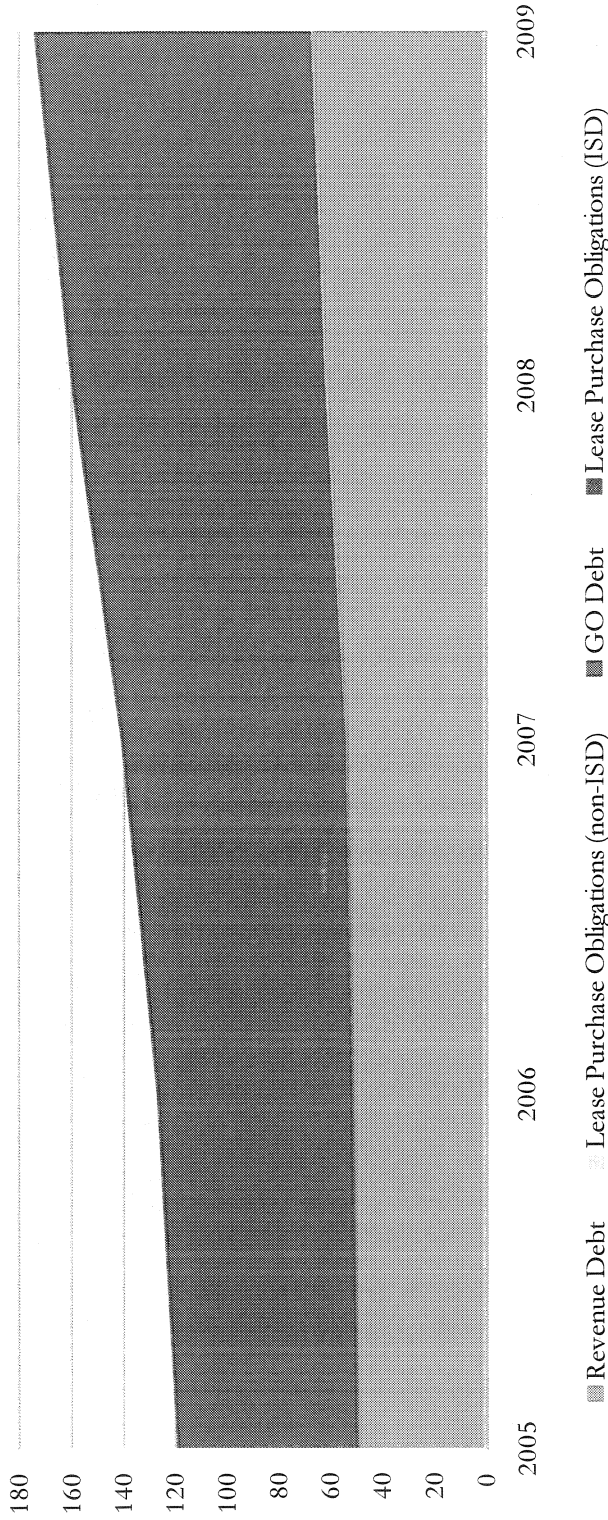
Constitutional Debt Limit as a Percentage of Unrestricted General Revenue



**New Bonding Authority Created by the Emergency Economic Stabilization Act (ESA) of 2008 and
American Recovery and Reinvestment Act (ARRA) of 2009**

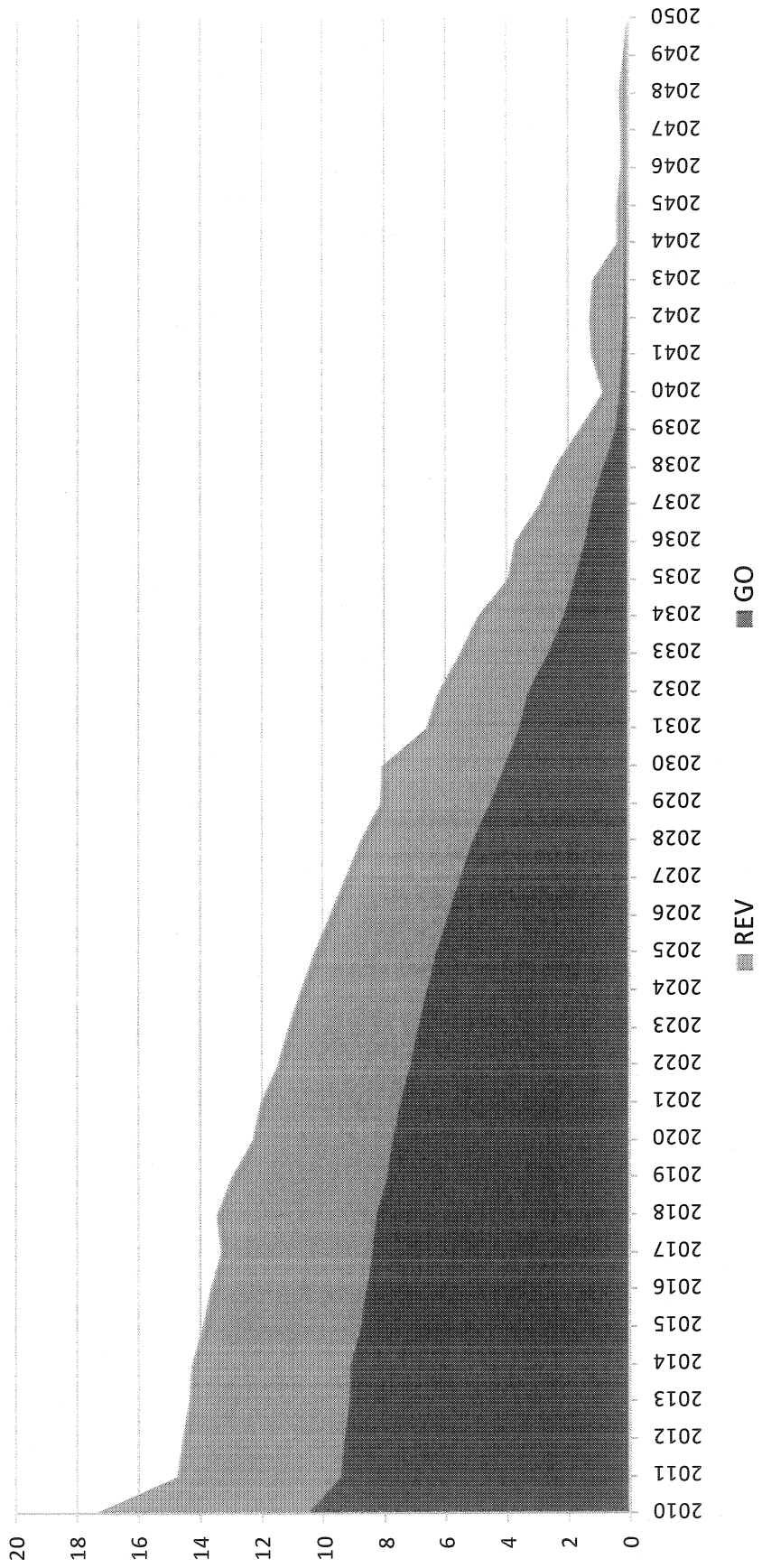
| <u>ARRA Bonding Programs</u> | <u>Texas' Allocation</u> | <u>Program Type</u> | <u>Administrator</u> | <u>Expiration</u> | <u>Issued to date in Texas</u> |
|---|--------------------------|---------------------|----------------------|-------------------|--------------------------------|
| Build America Taxable Bonds | No specific state limit | New | US Treasury | 2010 | \$5.95 billion |
| Recovery Zone Economic Development Bond | \$90,000,000 | New | State | 2010 | \$3.2 million |
| Recovery Zone Facility Bonds | \$135,000,000 | New | State | 2010 | \$0 |
| Qualified Zone Academy Bonds | \$261,040,000 | Extended | TX Education Agency | 2010 | \$0 |
| Qualified School Construction Bonds | \$2,009,054,000 | New | TX Education Agency | 2010 | \$315.8 million |
| Qualified Energy Conservation Bonds | \$252,378,000 | Extended | State | - | \$0 |
| Clean Renewable Energy Bonds | No specific state limit | Extended | US Treasury | - | \$0 |
| <u>ESA Bond Program</u> | | | | | |
| Hurricane Ike Bonds | \$1,863,270,000 | New | State | 2013 | \$0 |

TEXAS LOCAL DEBT OUTSTANDING
as of 8.31.2009
(\$ billions)



| Texas Local Debt Outstanding as of 8.31.2009 (\$ billions) | | | | | |
|---|---------|----------------------------------|--------------|--------------------------------------|--------|
| Fiscal Year | GO Debt | Lease Purchase Obligations (ISD) | Revenue Debt | Lease Purchase Obligations (non-ISD) | Total |
| 2005 | 69.05 | 0.41 | 49.61 | 0.36 | 119.43 |
| 2006 | 74.95 | 0.42 | 51.56 | 0.49 | 127.42 |
| 2007 | 86.48 | 0.39 | 53.77 | 0.75 | 141.39 |
| 2008 | 97.43 | 0.33 | 61.57 | 0.98 | 160.31 |
| 2009 | 105.92 | 0.30 | 67.34 | 0.99 | 174.55 |

Texas Local Debt-Service Requirements
as of 8.31.2009
(\$ billions)



Senate Finance Committee

Interim Charge: Review and make recommendations regarding existing and future public debt at all levels of government in Texas, including independent school districts, cities, other local governments and the Texas Guaranteed Tuition Plan.

Presented by Legislative Budget Board Staff

March 10, 2010

Texas Department of Transportation (TxDOT) Pass-through Financing Agreements

Authority

Chapter 222, Transportation Code, Section 222.104

Overview

TxDOT may enter into an agreement with a public or private entity that provides for the payment of pass-through tolls to the public or private entity as reimbursement for the design, development, financing, construction, maintenance, or operation of a toll or nontoll facility on the state highway system.

TxDOT begins reimbursement payments to the public/private entity after the facility is open to traffic. Reimbursement rates are based on a dollar amount per vehicle mile traveled on the facility with annual minimum and maximum reimbursement amounts established in each pass-through financing agreement.

TxDOT may use any available funds for the payment of reimbursements except proceeds from the issuance of Texas Mobility Fund Bonds.

Obligations

As of January 2010, TxDOT has executed 16 pass-through financing agreements (15 public entities; 1 private entity) for a total reimbursement amount of \$1,447.2 million.

- Estimated Reimbursement Payments for 2010-11
 - FY 2010: \$50.2 million for two agreements
 - FY 2011: \$106.1 million for eight agreements
- Aggregate minimum annual reimbursement for the executed agreements is \$99.1 million
- Aggregate maximum annual reimbursement for the executed agreements is \$157.8 million
- Terms for the executed agreements range from 4 to 20 years based on the maximum and minimum annual reimbursement amount for each agreement.

TxDOT Cost Participation in Toll Projects of Public and Private Entities (Toll Equity)

Authority

Chapter 222, Transportation Code, Section 222.103

Overview

- TxDOT may use money from any available source to participate in the cost of the acquisition, construction, maintenance, or operation of a toll facility of a public or private entity on terms and conditions established by the Texas Transportation Commission.
- Financial participation in the cost of a toll facility of a public entity may be made as a grant or a loan.
- Financial participation in the cost of a toll facility of a private entity may only be made as a loan.
- Per Transportation Code, Section 222.103 (c), a bond or debt obligation issued by a public or private entity to finance the cost of a toll facility in which TxDOT participates is an obligation of the issuing entity and is not an obligation of the state.
- Under TxDOT's administrative rules (Texas Administrative Code, Title 43, Part 1, Ch. 27, Subchapter E), grant/loan funds may be used by recipients for the following purposes related to a toll facility:
 - Development costs
 - Project plans, specifications, and engineer's estimate
 - Construction
 - Right-of-way and utility relocation
 - Operation
 - Maintenance
 - Necessary or incidental administrative, legal, and other expenses
- Uses of toll equity funds are subject to constitutional and/or statutory limitations on the source of TxDOT funds.

Texas Guaranteed Tuition Plan Fund

Overview

The Texas Guaranteed Tuition Plan Fund (formerly the Texas Tomorrow Fund) was established by the 74th Legislature, Regular Session, 1995 and allowed the purchaser to lock in the cost of undergraduate college tuition and fees, protecting against future inflation.

In 1997 voters approved a Constitutional Amendment to guarantee the plan with the full faith and credit of the state. The plan was closed to new enrollments in June 2003.

The Texas Prepaid Higher Education Tuition Board directs the investment policies of the fund. The main investment objective is to accumulate sufficient funds to fully meet current and future obligations to fund participants.

Fund Update

- As of January 31, 2010 there were 96,996 active contracts.
- Total assets in the fund as of August 31, 2009 reached \$1.9 billion, a \$344.6 million decrease from fiscal year 2008 total assets of \$2.3 billion.
- The decrease in assets is primarily due to 1) payment of participant benefits to colleges and universities; 2) negative return on investments; and 3) a decrease in contract payments.

Texas Guaranteed Tuition Plan Fund

Obligations

| Fiscal Year | Present Value of Future Benefit and Expenses | Value of Assets & Present Value of Future Collections | Deficit of Assets to Liabilities* (Unfunded Liability) |
|-------------|--|---|--|
| 2009 | \$2,249,026,850 | \$1,643,468,941 | (\$605,557,909) |
| 2010 | \$2,173,570,057 | \$1,537,699,546 | (\$635,870,510) |
| 2011 | \$2,083,317,650 | \$1,411,711,466 | (\$671,606,184) |
| 2012 | \$1,998,392,837 | \$1,287,119,329 | (\$711,273,508) |
| 2013 | \$1,889,370,314 | \$1,133,434,701 | (\$755,935,613) |

Source: August 31, 2009 Actuary's Report on Program Soundness. *Deficit of Asset totals are cumulative.

- The main factors in determining the unfunded liability include: 1) the rate of increase in tuition and fees; 2) assumed investment yield; and 3) operating expenses.
- Other factors considered in the assumption include future participation in the program, voluntary surrender of contracts, utilization of credits and dropout rates.
- The projected unfunded liability for the 2012-13 biennium is estimated to be \$755.9 million.

Texas Tuition Promise Fund

Overview

The Texas Tuition Promise Fund is a 529 prepaid tuition plan created by the 80th Legislature, Regular Session 2007. The plan allows a contract holder to lock in the cost of undergraduate college tuition and fees, protecting against future inflation. The fund is administered by the Texas Prepaid Higher Education Tuition Board.

Fund Update

As presented in the August 31, 2009 Texas Prepaid Higher Education Tuition Board Annual Report:

- The plan went into effect September 1, 2008;
- During the initial enrollment period 13,000 contracts were sold totaling approximately \$225 million.
- Total assets in the fund as of August 31, 2009 reached \$271.6 million

Obligations

- As of August 31, 2009 the plan was overfunded by \$10.2 million.
- The main factors in determining the unfunded liability include: 1) the rate of increase in tuition and fees; 2) assumed investment yield; 3) operating expenses; and 4) future enrollment in the plan.
- Under the plan, contracts are subject to a 3 year holding period before any contract benefits can be paid to a university. Therefore, no benefits will be paid out of the fund until 2012.

Permanent University Fund

Authority

Article VII, Texas Constitution, Section 18

Overview

The Permanent University Fund (PUF) was established in 1876 to support The University of Texas and Texas A&M University Systems.

The PUF generates the Available University Fund (AUF), whose first purpose is to pay debt service on PUF-backed bonds. The 81st Legislature appropriated \$1,070.2 million to the AUF.

PUF-backed bond proceeds may only be used for acquiring land; constructing, equipping and repairing buildings; and acquiring capital equipment, library books and library materials.

The amount of PUF bond proceeds allocated to each eligible institution is determined by the Boards of Regents for The University of Texas and Texas A&M Systems.

Permanent University Fund

Attaining its highest market value of \$11.7 billion in 2007, the PUF depreciated to \$8.3 billion in early 2009. As of January 31, 2010 UTIMCO reported the market value of the PUF to be **\$10.3 billion**.

The principal balance of issued PUF bond debt for UT was **\$1.52 billion** as of 02/28/10 and **\$577 million** for A&M as of 01/31/10. For comparison, in early 2006 UT's PUF bond debt was about \$1.1 billion and A&M's PUF bond debt was about \$329 million.

Limitations on PUF bond issuance and debt service:

- a) The Constitution limits the amount of PUF-backed bond issuance to 10 percent (for A&M) and 20 percent (for UT) of the cost value of the Permanent University Fund at the time of the issuance.
- b) The Constitution requires that PUF-backed bonds must mature in 30 years or less from their issuance dates.
- c) The Constitution allows the UT and A&M Systems to use all their AUF income for debt service.

Permanent School Fund Bond Guarantee Program

Authority

Texas Education Code, Chapter 45.052

Overview

Created in 1983, the Permanent School Fund (PSF) Bond Guarantee Program provides that bonds issued by school districts are guaranteed by the corpus and income of the PSF. The PSF is a state investment fund constitutionally dedicated for the purpose of supporting public education, valued at about \$22.6 billion at the close of fiscal year 2009. This guarantee enables school district bonds to receive the highest rating available (AAA), which results in cost savings to school districts.

Until recently, the Internal Revenue Service limited the capacity of the PSF Bond Guarantee Program at 250 percent of the cost value of the PSF, which resulted in closure of the program in March 2009 due to lack of capacity to guarantee additional debt. However, the IRS updated its ruling earlier this year to increase capacity in the program to 500 percent of the cost value of the PSF; and the program was reopened for applications in late January.

Obligations

PSF Bond Guarantee Program: Number and Value of Guaranteed Issues at Fiscal Year End (in millions)

| Fiscal Year | Number of New Issues | Value of New Issues | Number of Issues Retired or Refunded | Value of Issues Retired or Refunded | Number of Total Outstanding Issues | Value of Total Outstanding Issues |
|-------------|----------------------|---------------------|--------------------------------------|-------------------------------------|------------------------------------|-----------------------------------|
| 2006 | 219 | \$ 6,442.9 | 143 | \$ 3,879.9 | 2,265 | \$ 37,793.4 |
| 2007 | 384 | \$ 12,322.4 | 131 | \$ 5,259.2 | 2,518 | \$ 44,856.6 |
| 2008 | 226 | \$ 7,582.2 | 148 | \$ 2,578.2 | 2,596 | \$ 49,860.5 |
| 2009 | 93 | \$ 2,726.2 | 158 | \$ 2,554.0 | 2,531 | \$ 50,032.7 |

Existing Debt Allotment

Authority

Texas Education Code, Chapter 46, Subchapter B

Overview

The Existing Debt Allotment (EDA) provides state aid to school districts to assist with debt service payments. School district debt becomes eligible for state aid under the EDA after issuing debt and making at least one payment in the final year of the previous biennium. State aid under the EDA is provided through a guaranteed yield on school district property tax rates for existing debt. The state guarantees a yield of \$35 per student in average daily attendance (ADA) for each penny of a district's existing debt tax rate up to \$0.29. The existing debt tax rate is further limited to the lesser of the rate required to fund debt service for eligible debt or the amount of debt service tax revenue levied by the district in the second year of the prior biennium.

Prior to passage of House Bill 3646, 81st Legislature, 2009, statute tied EDA eligibility to the specific fiscal year in the prior biennium in which payments had to be made. This construction required the legislature to amend statute every session to roll forward the eligibility date for the EDA to include eligible debt issued by school districts in the prior biennium. Since the inception of the program in 1999, the legislature enacted legislation every biennium. Enactment of House Bill 3646 amended statute to automatically roll forward the EDA eligibility date.

Existing Debt Allotment: State Aid for Debt Service and Total Eligible Debt Service (in millions)

| Fiscal Year | State Aid for Debt Service | Total EDA Eligible Debt Service |
|-------------|----------------------------|---------------------------------|
| 2008 | \$ 443.1 | \$ 3,800.1 |
| 2009 | \$ 343.0 | \$ 3,900.9 |
| 2010 | \$ 350.7 | \$ 4,635.7 |
| 2011 | \$ 353.6 | \$ 4,626.1 |

Instructional Facilities Allotment

Authority

Texas Education Code, Chapter 46, Subchapter A

Overview

The Instructional Facilities Allotment (IFA) provides state aid to school districts to assist with debt service payments. School districts apply to the Texas Education Agency (TEA) for IFA grants in advance of a debt issuance. TEA prioritizes applications primarily based on local property wealth per student. Once a school district receives IFA funding, the district will continue to receive state aid under the program until the eligible debt is retired or the facility is sold. Funding for new IFA grants is limited by appropriation. Only debt issued for the construction or renovation of an instructional facility, statutorily defined as one that is used predominantly for teaching the required curriculum, is eligible for IFA funding.

State aid under the IFA is provided through a guaranteed yield on school district property tax rates for existing debt, limited to \$250 per student in average daily attendance (ADA) in equalized debt service per biennium, financed with a guaranteed yield of \$35 per ADA per penny of eligible debt service tax.

Obligations

Instructional Facilities Allotment: State Aid for On-going Debt Service and Appropriations for New Grants (in millions)

| Fiscal Year | State Aid for On-going Debt Service | Appropriations for New IFA Grants |
|-------------|-------------------------------------|-----------------------------------|
| 2008 | \$ 283.5 | \$ 0 |
| 2009 | \$ 240.2 | \$ 87.5 |
| 2010 | \$ 315.5 | \$ 0 |
| 2011 | \$ 307.7 | \$ 75.0 |

Texas Windstorm Insurance Association

Authority

Chapter 2210, Texas Insurance Code

Overview

The Texas Windstorm Insurance Association (TWIA) is the State's insurer of last resort for wind and hail coverage. TWIA is available in the fourteen (14) first-tier coastal counties and part of Harris County.

House Bill 4409, 81st Regular Legislative Session, amended TWIA's enabling statute to require the association to be reviewed by the Sunset Advisory Committee (SAC) in 2015 and to submit a biennial report to the Legislature, the Commissioner of Insurance, and to SAC by December 31st of even-numbered years. Additionally, the legislation amended TWIA's Board of Directors, funding structure, and eligibility requirements.

The number of claims increases due to the size of windstorms, hurricanes, or other natural disasters.

TWIA Funding

- The Texas Windstorm Insurance Association does not receive appropriations.
- The Catastrophe Reserve Trust Fund (CRTF) is held outside the treasury and is funded from TWIA premiums and assessments to insurance companies. The assessment does not result in a premium tax credit and does not decrease state revenue. Statute requires the fund to be actuarially sound.
- If the balance of the CRTF is not sufficient to cover the costs of a disaster, TWIA has the authority to issue public securities to increase the fund balance that will be repaid independent of the State's general revenue. The public securities will be repaid from TWIA premiums, assessments against the insurance companies, and a premium surcharge on all policies that provide property or casualty insurance.

Office of the
Attorney
General

Limitations on State and Local Debt
and the
Approval of State and Local Debt

Senate Finance Committee
Interim Charge No. 1

Office of the Attorney General
March 10, 2010

Role of the Texas Attorney General in Public Securities Transactions

- Texas law requires that the Office of the Attorney General (OAG) review and approve public securities issued by state agencies, municipalities, counties, school districts, municipal utility districts, hospital districts, institutions of higher education and all other political subdivisions, governmental entities and instrumentalities of the State. The OAG must also review and approve public securities issued by certain nonprofit corporations created to act on behalf of political subdivisions.

Source: Chapter 1202, Texas Government Code

Effect of Attorney General Approval

- If the Attorney General determines that the public securities have been authorized to be issued in accordance with law, he is to approve them and send them to the Comptroller for registration.
- After approval by the Attorney General and registration by the Comptroller, issued public securities are valid, enforceable and incontestable under state law in any court for any reason, except for a constitutional defect.

Source: Section 1202.006, Texas Government Code

- Certain state agency bonds are authorized by the Texas Constitution with a constitutional requirement for Attorney General review and a constitutional declaration that the bonds, after approval by the Attorney General, registration by the Comptroller and delivery to the purchasers, are incontestable. In those instances, the approval carries with it constitutional incontestability.

Sources include: Art. III, sec. 49-p(d), art III, sec. 50b-6(f), and art.3, sec. 50-g(e), Texas constitution

Public Securities

- Definition of Public Security
 - "Public security" means an instrument, including a bond, note, certificate of obligation, certificate of participation or other instrument evidencing a proportionate interest in payments due to be paid by an issuer, or other type of obligation that:
 - (A) is issued or incurred by an issuer under the issuer's borrowing power, without regard to whether it is subject to annual appropriation; and
 - (B) is represented by an instrument issued in bearer or registered form or is not represented by an instrument but the transfer of which is registered on books maintained for that purpose by or on behalf of the issuer.
- Source: Section 1202.001(3), Government Code
- Public Securities Authorized under State Law
 - State and Local governmental entities are authorized to issue a wide variety of public securities under state law. Listings of the types of public securities most often issued by local governmental entities are attached in Appendices A through G.

The Attorney General Public Security Review Process

- The Public Finance Division (PFD) is responsible for reviewing public securities and the associated records of proceedings.
- The PFD's review is a legal review to determine whether the public security has been authorized to be issued in accordance with law.

Source: Section 1202.003, Texas Government Code

- The PFD review is not a financial review. However, the PFD does review whether public securities can apparently be paid within any statutory or constitutional limits on taxation or revenues.

Public Finance Division Statistics

- The following is a summary of the transactions reviewed and the par amount of public securities approved for the last three state fiscal years:
 - Fiscal Year 2009:
Total Transactions: 1,229
Par Amount of Public Securities Approved: \$40,747,021,048
 - Fiscal Year 2008:
Total Transactions : 1,416
Par Amount of Public Securities Approved: \$51,483,208,223
 - Fiscal Year 2007:
Total transcripts: 1,595
Par Amount of Public Securities Approved: \$53,697,460,344
- Source: Office of the Attorney General, Public Finance Division

Office of the Attorney General

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Limitations on State and Local Debt

- There are five primary sources of limitations on state and local debt.
 - Texas Constitution
 - Texas statutes
 - Home rule city charters
 - Attorney General opinions, rules and all bond counsel letters
 - Contractual limitations agreed to in public security proceedings

Office of the Attorney General

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Limitations on State and Local Debt

- **Debt Allowable**

- The term “Debt Allowable” or “Bond Allowable” is used by the PFD when reviewing limited ad valorem tax bonds. It describes the tax rate that when applied to the issuer’s current taxable assessed valuation establishes the maximum annual debt service allowed on all limited ad valorem tax debt issued or proposed to be issued by the issuer.
- In calculating the debt allowable, the PFD assumes a 90% collection factor.
- Section 1371.057(c) of the Government Code establishes rules for the PFD’s treatment of certain debt when calculating the debt allowable.

Source: 1 Tex. Admin. Code § 53.5(8), (10)

Office of the Attorney General

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Limitations on Local Government Debt: Limited Tax Debt

- **City Limited Tax Debt Allowable**

- Cities: Limits pursuant to the Texas Constitution, Home rule charters and Attorney General rules
 - Cities with a maximum \$2.50/\$100 taxable value of property taxing authority (home rule cities and Type A general law cities with a population exceeding 5,000), have a debt allowable of \$1.50/\$100 of valuation under Attorney General rules.
Source: Art. XI, sec. 5, Texas Constitution; 1 Tex. Admin. Code § 53.5(3)
 - General law cities with a maximum \$1.50/\$100 taxable value of property taxing authority, have a debt allowable of \$1.00/\$100 of valuation Attorney General rules.
Art. XI, sec. 4, Texas Constitution; 1 Tex. Admin. Code § 53.5(2)
 - Certain home rule city charters contain more stringent tax rate limitations that affect the calculation of the debt allowable.
Source: 1 Tex. Admin. Code § 53.5(3), (9)

Office of the Attorney General

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Limitations on Local Government Debt: Limited Tax Debt

• **County Limited Tax Debt Allowable**

– Counties: Limits pursuant to the Texas Constitution and Attorney General rules

- Counties issuing debt pursuant to the \$0.80/\$100 taxable value of property taxing authority provided in art. VIII, sec. 9 of the Constitution, have a debt allowable of \$0.40/\$100 valuation under Attorney General rules.

Source: Art. VIII, sec. 9, Texas Constitution; 1 Tex. Admin. Code § 53.5(6)

Limitations on Local Government Debt: Limited Tax Debt

• **School District Limited Tax Debt Allowable**

– School Districts: Limits pursuant to statute and case law

- For school district maintenance tax notes issued under 45.108 of the Education Code, the total principal amount of maintenance tax notes outstanding may not at any time exceed 75 percent of the district's previous year's income.

Source: Section 45.108(a), Education Code

- School districts issuing maintenance tax obligations have a general requirement that the maximum annual debt service of outstanding and to be issued obligations secured by a pledge of maintenance taxes not exceed 20 percent of the revenues generated by a district's current, maximum permissible "compressed" maintenance tax rate.

Sources include: *City of Houston v. McCraw*, 113 S.W.2d 1215, 1219 (Tex. 1938); *City of Athens v. Moody*, 280 S.W. 514 (Tex. 1926); *City of Galveston v. Mann*, 143 S.W.2d 1028, 1035 (Tex. 1940)

Limitations on Local Government Debt: Limited Tax Debt

- **Junior College District Limited Tax Debt Allowable**

- Junior College Districts: Limits pursuant to statute

- Districts with a \$1.00/\$100 taxable value of property taxing authority have a debt allowable of \$0.50/\$100 of valuation.

Source: Art. VII, sec. 3, Texas Constitution, Section 130.122, Texas Education Code

Limitations on Local Government Debt: Limited Tax Debt

- **Limited Tax Debt Allowable for Other Issuers**

- Other Issuers of Limited Tax Debt: Limits pursuant to Attorney General rules

- Other issuers of limited tax indebtedness, have a general debt allowable equal to two-thirds of the issuer's total taxing authority.

Source: 1 Tex. Admin. Code § 53.5(1)

Limitations on Local Government Debt: Limited Tax Debt

- **Chapter 1431, Government Code Tax and Revenue Notes**
 - Multiple Types of Issuers: Limits pursuant to statute
 - Notes issued for operating or current expenses or for cumulative cash flow deficits must mature before the first anniversary of the date that the OAG approves the note.
Source: Section 1431.009(c), Government Code
 - Notes issued for operating or current expenses may not, in the fiscal year in which the OAG approves the note:
 - For a city, exceed 75% of the revenue or taxes anticipated to be collected in that year
 - For a county or an eligible countywide district, exceed 50 percent of the revenue or taxes anticipated to be collected in that year
 - For an eligible school district, exceed 75% of the income of the district for the fiscal year preceding that year.
 - These restrictions do not apply to emergency financing authorized under section 1431.015 of the Government Code
Source: Section 1431.006, Government Code

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Limitations on Local Government Debt: Unlimited Tax Debt

- **Limitations on School District Unlimited Tax Debt**
 - For school district tax bonds, the tax rate needed to pay the annual debt service of outstanding bonds (both new money and refunding) and the bonds (new money only) to be issued cannot exceed \$0.50/\$100 taxable value of property. Certain forms of state assistance can be used to satisfy the test, and the Legislature has also provided for a district to be able to project future taxable value of property to pass the test.

Source: Section 45.0031, Education Code

Office of the Attorney General

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Limitations on Local Government Debt: Unlimited Tax Debt

- **Limitations on Water District Unlimited Tax Debt**
 - For water district ad valorem tax debt not required to be approved by TCEQ, the tax rate of a district when applied to its current taxable value of property necessary to pay the maximum annual debt service on its outstanding and to be issued indebtedness cannot exceed \$2.50/\$100 of taxable value of property less the combined tax rate of overlapping districts levying taxes for water, sewer, or roads and less the district's current maintenance tax rate.
Source: All Bond Counsel Letter, August 13, 2001
 - For water district ad valorem tax debt required to be approved by the TCEQ, the district must comply with financial feasibility standards set by the TCEQ.
- **Statutory Limitation on Bonds for Parks and Recreational Facilities**
 - For water districts eligible under Article XVI, sec. 59 to issue unlimited tax bonds to finance park and recreational facilities, the outstanding principal amount may not exceed an amount equal to one percent of the value of the taxable property in the district as shown by the tax rolls of the central appraisal district at the time of the issuance of the bonds or an amount greater than the estimated cost provided in the park plan, whichever is smaller.
Source: Section 49.4645(a), Water Code

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Constitutional Limitations on Local Government Debt

- **County and Art. III, Sec. 52 Special District Unlimited Tax Debt Limits**
 - Counties and special districts issuing unlimited tax bonds for purposes under art. III, sec. 52 (such as unlimited tax road bonds), may not issue bonds in an amount that exceeds one-fourth of the assessed valuation of the real property of such district or territory. The one-fourth limitation applies to overlapping debt of the special districts and the county in which the districts reside.

Source: Art. III, sec. 52, Texas Constitution; Op. Tex. Att'y Gen No. JM-568 (1986)

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Limitations on Local Government Debt: Revenue Debt

- **General Coverage Requirements for Revenue Debt**

- General Requirement: The maximum annual debt service of all outstanding and to be issued indebtedness secured by a particular revenue stream may not exceed the pledged revenues (net of O&M expenses) collected annually during the prior three years. Coverage can be shown using projected future revenues if a recent rate increase or other circumstances reasonably support the projection.

Source: All Bond Counsel Letter, November 2, 1987.

Limitations on Local Government Debt: Revenue Debt

- **Contractual Coverage Requirements
Applicable to Revenue Debt**

- If bond documents require compliance with additional coverage requirements, the PFD requires evidence of compliance with such contractual limitations.

Limitations on Local Government Debt: Combination Limited Tax and Revenue Debt

- **Combination Limited Tax and Revenue Debt**
 - The applicable limited tax debt allowable must be complied with unless an issuer certifies as to its intent to pay debt service with pledged revenues and can show coverage for such debt service in accordance with the revenue bond coverage requirements.

Limitations on State Debt

- **General Limitation: Art. III, Sec. 49**
 - Article III, section 49 of the Constitution generally prohibits the issuance of state debt payable from general revenues of the state unless it has otherwise been authorized by the Constitution or by voter approval of a state debt proposition.

Limitations on State Debt

- **Constitutional Debt Limit: Art. III, Sec. 49-j**

- General Limitation: Article III, section 49-j of the Texas Constitution limits the amount of non-self-supporting debt that may be authorized by the Legislature. Under the Constitutional provision:

"The legislature may not authorize additional state debt if the resulting annual debt service exceeds the limitation imposed by this section. The maximum annual debt service in any fiscal year on state debt payable from the general revenue fund may not exceed five percent of an amount equal to the average of the amount of general revenues, excluding revenues constitutionally dedicated for the purposes other than the payment of state debt, for the three preceding fiscal years."

Limitations on State Debt

- **Constitutional Debt Limit: Art. III, Sec. 49-j**

- State Debt Payable from the General Revenue Fund: Article III, sec. 49-j defines "state debt payable from the general revenue fund" as "general obligation and revenue bonds, including authorized but unissued bonds, and lease-purchase agreements in an amount greater than \$250,000, which bonds or lease purchase agreements are designed to be repaid with the general revenues of the state."
- Debt Excluded from the Constitutional Debt Limit: "[B]onds that, although backed by the full faith or credit of the state, are reasonably expected to be paid from other revenue sources and that are not expected to create a general revenue draw" are excluded from the definition of state debt payable from general revenues.

Local Government Debt: Voter Approval Requirements

- There are three potential sources for a requirement that local governmental entities obtain the approval of voters prior to issuing debt.
 - Texas Constitution
 - Texas Statutes
 - Home Rule Charters (unless there is a conflict with the Constitution or statutes)

Local Government Debt: Voter Approval Requirements

- **Cities**
 - Statutory Requirement: Requirements that city ad valorem tax debt be voted are statutory in nature. As a result, one must look to individual statutes in order to determine whether an election is necessary.
 - Statutes Requiring Voter Approval:
 - Chapter 1251, Texas Government Code contains a general requirement that city limited ad valorem tax debt be voted.
 - Section 1331.052, Government Code contains an additional requirement that home rule city limited ad valorem tax debt be voted.

Local Government Debt: Voter Approval Requirements

- **Cities**

- City Debt Not Requiring Voter Approval:

- Tax Anticipation Notes: Chapter 1431, Government Code
 - Pension Bonds: Chapter 107, Local Government Code
 - City State Highway System Bonds: Chapter 1510, Government Code

- City Debt Requiring Publication of Notice and Subject to Voter Petition for an Election:

- Certificates of Obligation: Chapter 271, Subchapter C, Local Government Code

Local Government Debt: Voter Approval Requirements

- **Counties**

- Statutory Requirement: Requirements that county limited ad valorem tax debt be voted are statutory in nature. As a result, one must look to individual statutes in order to determine whether an election is necessary.

- Statutes Requiring Voter Approval:

- Chapter 1251, Texas Government Code contains a general requirement that county limited ad valorem tax debt be voted.
 - Section 1301.001(b), Government Code
 - Section 1473.101(c), Government Code

Local Government Debt: Voter Approval Requirements

- **Counties**

- County Debt Not Requiring Voter Approval:

- Tax Anticipation Notes: Chapter 1431, Government Code
- County State Highway System Limited Tax Bonds: Chapter 1479, Government Code

- County Debt Requiring Publication of Notice and Subject to Voter Petition for an Election:

- Certificates of Obligation: Chapter 271, Subchapter C, Local Government Code

Local Government Debt: Voter Approval Requirements

- **Art. XVI, Sec. 59 Conservation and Reclamation Districts**

- Constitutional Requirement: The Constitution prohibits the Legislature from authorizing art. XVI, sec. 59 districts to issue any bonds or incur any indebtedness payable from ad valorem taxes without an election.

Source: Art. XVI, sec. 59, Texas Constitution, *Lower Colorado River Auth. v. McCraw*, 835 S.W.2d 629, 633 (Tex. 1995).

Local Government Debt: Voter Approval Requirements

- **School Districts:**

- Constitutional Requirement: Art. VII, sec. 3 of the Constitution requires that a majority of the qualified voters of a school district voting at an election held for that purpose, approve the ad valorem tax for the further maintenance of public free schools, and for the erection and equipment of school buildings therein.

Source: Art. VII, sec. 3, Texas Constitution

- Statutory Requirement: Section 45.003 of the Education Code contains a requirement that bonds described by Section 45.001 may not be issued and taxes described by Section 45.001 or 45.002 may not be levied unless authorized by a majority of the qualified voters of the district.

Source: Section 45.003, Education Code

Local Government Debt: Voter Approval Requirements

- **Counties and Art. III, sec. 52 Districts**

- Constitutional Requirement: The Constitution prohibits the Legislature from authorizing counties and special districts operating under art. III, sec. 52 to issue bonds payable from an unlimited ad valorem tax without an election.

Source: Art. III, sec. 52, Texas Constitution

Local Government Debt: Voter Approval Requirements

- **Emergency Services Districts**

- Constitutional Requirement: While it does not specifically require debt to be voted, Art. III, sec. 48-e prohibits the levy of an ad valorem tax in support of an emergency services district without an election. The tax is limited to \$0.10/\$100 valuation.

Source: Art. III, sec. 48-e, Texas Constitution

- Statutory Requirement: Bonds or notes payable in whole or in part by taxes may not be authorized by emergency services districts unless approved at an election.

Source: Sections 775.077 and 776.077, Health and Safety Code

Local Government Debt: Voter Approval Requirements

- **Economic Development**

- Constitutional Requirement: The Constitution prohibits any political subdivision of the state from issuing bonds or other obligations payable from ad valorem taxes for economic development program purposes without an election.

Source: Art. III, sec. 52-a, Texas Constitution

Local Government Debt: Voter Approval Requirements

- **Hospital Districts Created under the Health and Safety Code**
 - Statutory Requirement: For the most part, hospital districts created pursuant to the applicable chapters of the Health and Safety Code must have general obligation tax bonds approved at an election.
 - Chapter 281 Hospital Districts:
 - Chapter 281 county-wide hospital districts must hold an election to issue general obligation tax bonds.
Source: Section 281.102, Health and Safety Code
 - Counties with a population exceeding 800,000 that were not included in the boundaries of a hospital district before 9/1/03 and create a hospital district under chapter 281 are limited to voting a tax levy not to exceed 25 cents per \$100 of taxable value of property taxable by the district.
Source: Section 281.004(a-1), Health and Safety Code
 - Hospital districts with authority under Art. IX, sec. 4 and with a voted ad valorem tax authority not to exceed 75 cents per \$100 valuation may hold an election to authorize combination tax and revenue bonds or other obligations.
Source: Section 281.107, Health and Safety Code

Local Government Debt: Voter Approval Requirements

- **Hospital Districts Created under the Health and Safety Code**
 - Statutory Requirement: For the most part, hospital districts created pursuant to the applicable chapters of the Health and Safety Code must have general obligation tax bonds approved at an election.
 - Chapter 282, 283, & 286 Hospital Districts. Hospital districts created under these chapters must have general obligation tax bonds issued under those chapters approved at an election.
Source: Sections 282.071, 283.101, and 286.143, Health and Safety Code.
 - Hospital Districts eligible under Subchapter A of Chapter 285. Certain county-wide hospital districts that have teaching hospital facilities affiliated with a state-owned or private medical school may issue general obligation bonds to evidence repayment of advances under a revenue anticipation agreement *without* a bond election.
Source: Sections: 285.002, .003, .008, and .009, Health and Safety Code.

Local Government Debt: Voter Approval Requirements

- **Hospital Districts Created under Special Acts**

- Statutory Requirement: For hospital districts created by special act, one must look to the special act to see if a bond election is required for the issuance of general obligation tax bonds.

Office of the Attorney General

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Voter Approval of Local Government Debt: Elections

- **Applicability of the Election Code**

- The Election Code supersedes a conflicting statute outside of the Election Code unless the Election Code or the outside statute expressly provides otherwise. Thus, while the provisions of the Election Code may generally govern the procedural aspects of a bond election, one must review the laws applicable to each type of local governmental entity to determine if additional or conflicting rules apply.

Source: Section 1.002, Election Code

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Voter Approval of Local Government Debt: Elections

- **Notice Provisions**

- Chapter 4 of the Election Code contains the generally applicable notice provisions.
- Certain statutes governing the issuance of local government debt include additional notice or other election provisions applicable to bond elections. Examples include:
 - Section 1251.003, Government Code (cities and counties)
 - Section 49.106, Water Code (water districts)
 - Section 45.003, Education Code (school districts)
 - Sections 775.077 and 776.077, Health and Safety Code (emergency services districts)
 - Sections 281.107, 283.102, and 286.143, Health and Safety Code (hospital districts)

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Voter Approval of Local Government Debt: Elections

- **Uniform Election Dates**

- The Election Code generally requires bond elections to be held on a uniform election date (the second Saturday in May or the first Tuesday after the first Monday in November) unless the election is held under a statute that expressly provides that this requirement does not apply to the election (relatively unusual).

Source: Section 41.001(a), Election Code

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State Debt: Voter Approval Requirements

- **General Limitation: Art. III, Sec. 49**

- Article III, section 49 of the Constitution generally prohibits the issuance of state debt payable from the general revenues of the state unless it has otherwise been authorized by the Constitution or by voter approval of a state debt proposition.

Source: Art. III, sec. 49, Texas Constitution

Appendix A: Summary of Public Securities Issued by Cities under State Law

- **The following are the primary types of public securities submitted to the PFD for review by cities:**
 - Limited ad valorem tax bonds (Chapter 1331, Government Code)
 - Certificates of obligation (Chapter 271, Subchapter C, Local Government Code)
 - Tax and tax and revenue anticipation notes (Chapter 1431, Government Code)
 - Utility system revenue bonds (Chapter 1502, Government Code)
 - Commercial Paper Programs - Tax or Revenue (Chapter 1371, Government Code)
 - Airport System Revenue Bonds (Chapter 22, Transportation Code and Chapter 1503, Government Code)
 - Convention Center Hotel Bonds (with a Hotel Occupancy Tax Pledge) (Chapters 1504, Government Code and 351, Tax Code)
 - Pension obligation bonds (Chapter 107, Local Government Code)
 - Public Improvement District Bonds (Chapter 372, Local Government Code)

Appendix B: Summary of Public Securities Issued by Counties under State Law

- **The following are the primary types of public securities submitted to the PFD for review by counties:**
 - Limited ad valorem tax bonds (Chapter 1301, Government Code; also Chapter 1473, subchapter D, Government Code)
 - Unlimited ad valorem tax road bonds (Art. 3, sec. 52, Texas Constitution; Chapter 1471, Government Code; Chapter 284, Transportation Code)
 - Certificates of obligation (chap. 271, Subchapter C, Local Government Code)
 - Tax and tax and revenue anticipation notes (Chapter 1431, Government Code)
 - Commercial paper programs - tax or revenue (Chapter 1371, Government Code)

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Appendix C: Summary of Public Securities Issued by School Districts under State Law

- **The following are the primary types of public securities submitted to the PFD for review by school districts:**
 - School district ad valorem tax bonds (Section 45.001, Education Code)
 - School district maintenance tax notes (Section 45.108, Education Code)
 - School district time warrants (Section 45.103, Education Code)
 - School district certificates of indebtedness (Section 45.111, Education Code)
 - School district delinquent maintenance tax notes (Section 45.104, Education Code)

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Appendix D: Summary of Public Securities Issued by Junior College Districts under State Law

- **The following are the primary types of public securities submitted to the PFD for review by junior college districts:**
 - Limited tax bonds (Section 130.122, Education Code)
 - District revenue bonds (Section 130.123, Education Code)
 - Junior college district maintenance tax notes (Sections 45.108 and 130.084, Education Code)

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Appendix E: Summary of Public Securities Issued by Special Districts under State Law

- **The following are the primary types of public securities submitted to the PFD for review by special districts:**
 - Municipal utility district ad valorem tax and/or revenue bonds (Chs. 49 and 54, Water Code)
 - Water control and improvement district ad valorem tax and/or revenue bonds (Chs. 49 and 51, Water Code)
 - Road district tax bonds (Ch. 257, Transportation Code and Ch. 1471, Government Code)
 - Navigation district ad valorem tax and/or revenue bonds (Special acts and Chs. 60-62, Water Code)
 - Levee improvement district ad valorem tax and/or revenue bonds (Chs. 49 and 57, Water Code)
 - Fresh water supply district ad valorem tax and/or revenue bonds (Chs. 49 and 53, Water Code)
 - River authority contract revenue bonds (Special acts and Ch. 30, Water Code)
 - Special utility district revenue bonds (Chs. 49 and 65, Water Code)
 - Regional waste disposal revenue bonds (Special acts and Ch. 30, Water Code)
 - Hospital district ad valorem tax and/or revenue bonds (Chs. 281-286, Health & Safety Code)
 - Emergency services district ad valorem tax and/or revenue bonds (Chs. 775 and 776, Health and Safety Code)
 - Improvement and management districts (Special acts or title 4, Subtitle C, Special District Local Law Code).

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Appendix F: Summary of Public Securities Issued for Economic Development Purposes under State Law

- **The following are the primary types of public securities issued for economic development and submitted to the PFD for review:**
 - Development Corporations (formerly art. 5190.6; now chapters 501, 504, and 505, Local Government Code)
 - Sports and Community Venues (Chapter 334, Local Government Code)
 - City Lease Revenue Bonds (Chapter 1509, Subchapter A, Government Code)
 - County Lease Revenue Bonds (Chapter 1477, subchapter A, Government Code)
 - City limited ad valorem tax bonds (Art. III, sec. 52-a, Texas Constitution; home rule city charter; Chapter 380, Local Government Code)

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Appendix G: Summary of Public Securities Issued by Nonprofit Corporations under State Law

- **The following are the primary types of public securities submitted to the PFD for review by nonprofit corporations:**
 - Public Facility Corporations (Chapter 303, Local Government Code) (including school district public facility lease purchase revenue bonds (Section 271.004 and Chapter 303, Local Government Code))
 - Local Government Corporations (Chapter 431, Subchapter D, Transportation Code)
 - Health Facilities Development Corporations (Chapter 221, Health and Safety Code)
 - Housing Facilities Corporations (both single family and multifamily) (Chapter 394, Local Government Code)
 - Cultural Education Facilities Finance Corporations (Art. 1528m)
 - Higher Education Facilities and Student Loan Corporations (Chapters 53, 53A, and 53B, Education Code)
 - Development Corporations (formerly art. 5190.6; now chapters 501, 504, and 505, Local Government Code) (including bonds payable from municipal sales and use taxes paid to Type A and Type B Corporations pursuant to chapters 504 and 505)

Office of the Attorney General

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Texas
Department
of Agriculture

AGENCY NAME: TEXAS DEPARTMENT OF AGRICULTURE
DATA CURRENT AS OF: 3/5/2010

I. Amounts of Outstanding Debt and Remaining Authority

Outstanding Debt

| | GO | Non-GO | Row Totals |
|--------------------------------|-------------|--------|--------------------|
| Not Self-Supporting | \$ | \$0 | \$0 |
| Self-Supporting | \$9 million | \$0 | \$9 million |
| Column Totals | \$9 million | \$0 | |
| Total, Outstanding Debt | | | \$9 million |

Notes:

II. Debt Programs Included in Above Tables:

1. General Obligation, Not Self-Supporting

- N/A

2. General Obligation, Self-Supporting

- \$300 million authorized (\$0 issued): Farm & Ranch Finance Program (TX Constitution Article III, Sect. 49f/Ag Code Ch. 59)
- \$225 million (\$9 million issued): Texas Agricultural Finance Authority (TX Constitution Article III, Sect. 49i/Ag Code Ch. 58)
- \$5 million (\$0 issued): Texas Microenterprise Fund (TX Constitution Article III, Sect. 49i/Ag Code Ch. 44)

3. Non-General Obligation, Not Self-Supporting

- N/A

4. Non-General Obligation, Self-Supporting

- N/A

Notes:

Remaining Authority (Authorized but Unissued Debt)

| | GO | Non-GO | Row Totals |
|-----------------------------------|---------------|--------|------------------|
| Not Self-Supporting | \$0 | \$0 | \$0 |
| Self-Supporting | \$521 million | \$0 | \$0 |
| Column Totals | \$521 million | \$0 | |
| Total, Remaining Authority | | | \$521 mil |

III. Debt-Like Obligations and Liabilities/Risks Not Included in Above Tables:

1. .

IV. Significant Current and Future Debt-Related Policy and Fiscal Issues:

1.

TEXAS DEPARTMENT OF AGRICULTURE

COMMISSIONER TODD STAPLES



General Bonding Authority and Outstanding Debt
 Report to Senate Committee on Finance
 March 10, 2010

Texas Agriculture Finance Authority: History

The Texas Agriculture Finance Authority (TAFA) was created in 1987 as a public authority within the Texas Department of Agriculture (TDA) to assist the agriculture industry. The majority of the TAFA programs were placed under moratorium in 2002 due to the number of defaulted loans and a resulting uncollectible debt of nearly \$15 million. TAFA had a great potential to enhance the Texas agriculture industry so Commissioner Staples began the process for charting a new path for TAFA and eliminating the uncollectible debt.

Texas Agriculture Finance Authority: Debt and Program Revisions

Beginning in 2008 TDA, with the assistance of the TAFA board and independent financial advisors, developed a strategic plan for servicing the outstanding debt and restructuring the programs to meet the financial needs of today's industry strictly utilizing a self sustaining model. With the assistance of the 81st Texas Legislature, TDA eliminated \$14.7 million in uncollectible debt and has retired the programs carrying the debt, although the department will continue the terms of the performing loans in those programs through to completion. The following table summarizes TAFA's assets that support the outstanding commercial paper debt of \$9 million:

| Asset | Number of Remaining Performing Loans | Balances of Remaining Performing Loans |
|--|--------------------------------------|--|
| Performing loans from the former Rural Development Finance Program: Assisted rural communities in financing municipal projects. | 6 loans | \$3,469,271 |
| Performing loans from the former Loan Guaranty Program: Assisted to develop new value-added businesses in the state. | 6 loans | \$1,307,872 |
| Cash on Hand: Provides debt service and operating costs. | | \$4,083,123 |

Texas Agriculture Finance Authority: Current Status

Today, TAFA works in partnership with banks or other agricultural lending institutions to provide financial assistance to creditworthy individuals and agriculture-related businesses through four programs: the Interest Rate Reduction Program; the Young Farmer Interest Rate Reduction Program; the Agricultural Loan Guarantee Program; and the Young Farmer Grant Program. Each of these programs are self-sustaining from revenues collected on farm vehicle tag fees and dedicated to TAFA.

TDA'S MISSION IS TO PARTNER WITH ALL TEXANS TO MAKE TEXAS THE NATION'S LEADER IN AGRICULTURE, FORTIFY OUR ECONOMY, EMPOWER RURAL COMMUNITIES, PROMOTE HEALTHY LIFESTYLES AND CULTIVATE WINNING STRATEGIES FOR RURAL, SUBURBAN AND URBAN TEXAS THROUGH EXCEPTIONAL SERVICE AND THE COMMON THREADS OF AGRICULTURE IN OUR DAILY LIVES.

Higher
Education
Coordinating
Board

**AGENCY NAME: TEXAS HIGHER EDUCATION COORDINATING BOARD
 DATA CURRENT AS OF: 2/28/2010**

I. Amounts of Outstanding Debt and Remaining Authority

| <i>Outstanding Debt</i> | GO | Non-GO | Row Totals |
|-------------------------|---------|--------|----------------|
| Not Self-Supporting | \$0 | \$0 | \$0 |
| Self-Supporting | \$786.9 | \$0 | \$786.9 |
| Column Totals | \$786.9 | \$0 | \$786.9 |

Notes:

II. Debt Programs Included in Above Tables:

1. General Obligation, Not Self-Supporting
 - N/A
2. General Obligation, Self-Supporting
 - College Student Loan Bonds
3. Non-General Obligation, Not Self-Supporting
 - N/A
4. Non-General Obligation, Self-Supporting
 - N/A

Notes:

III. Debt-Like Obligations and Liabilities/Risks Not Included in Above Tables:

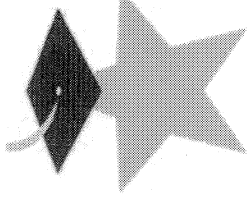
1. N/A

IV. Significant Current and Future Debt-Related Policy and Fiscal Issues:

| <i>Remaining Authority (Authorized but Unissued Debt)</i> | GO | Non-GO | Row Totals |
|---|---------|--------|----------------|
| Not Self-Supporting | \$0 | \$0 | \$0 |
| Self-Supporting | \$400.5 | \$0 | \$400.5 |
| Column Totals | \$400.5 | \$0 | \$400.5 |

Total, Remaining Authority

1. At the current rate of usage, it is expected that the THECB will exhaust remaining constitutional bonding authority by 2013. Prior to exhausting existing constitutional authorization, the Board will need to either reduce annual bond issuance (thereby reducing funds available to loan), seek additional constitutional authority to issue additional debt, or seek evergreen authorization that would allow the Board to issue a principal amount of outstanding bonds that would be equal to or less than the aggregate principal amount of state general obligation bonds previously authorized for those purposes by prior constitutional amendments.



Texas Higher Education Coordinating Board

Texas Higher Education Coordinating Board College Student Loans Debt Summary Report February-2010

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---|-----------------------|-----------------------|-------------------------|
| College Student Loan Bonds Series 1997 | \$ 25,800,000 | \$ 6,621,447 | \$ 32,421,447 |
| College Student Loan Bonds Series 1999 | \$ 35,440,000 | \$ 6,672,119 | \$ 42,112,119 |
| College Student Loan Bonds Series 2000 | \$ 46,105,000 | \$ 10,788,307 | \$ 56,893,307 |
| College Student Loan Bonds Series 2002 | \$ 52,650,000 | \$ 11,715,438 | \$ 64,365,438 |
| College Student Loan Bonds Series 2007A | \$ 72,805,000 | \$ 49,203,144 | \$ 122,008,144 |
| College Student Loan Bonds Series 2007B | \$ 26,165,000 | \$ 8,454,635 | \$ 34,619,635 |
| College Student Loan Bonds Series 2008A | \$ 74,115,000 | \$ 54,669,009 | \$ 128,784,009 |
| College Student Loan Bonds Series 2008B | \$ 27,335,000 | \$ 9,363,892 | \$ 36,698,892 |
| College Student Loan Bonds Series 2008C | \$ 41,400,000 | \$ 9,275,698 | \$ 50,675,698 |
| College Student Loan Bonds Series 2009 | \$ 71,730,000 | \$ 53,225,522 | \$ 124,955,522 |
| College Student Loan Bonds Series 2010 | \$ 113,580,000 | \$ 90,536,088 | \$ 204,116,088 |
| VR College Student Loan Ref Bonds Series 2003 | \$ 75,000,000 | \$ 7,985,466 | \$ 82,985,466 |
| VR College Student Loan Ref Bonds Series 2004 | \$ 52,765,000 | \$ 549,661 | \$ 53,314,661 |
| VR College Student Loan Ref Bonds Series 2006 | \$ 72,005,000 | \$ 892,234 | \$ 72,897,234 |
| Grand Total | \$ 786,895,000 | \$ 319,952,660 | \$ 1,106,847,660 |



Texas Higher Education Coordinating Board

College Student Loan Bonds Fact Sheet

- ❖ Since 1965, state voters have approved seven different amendments to the Texas constitution totaling \$1.8 billion authorizing the Texas Higher Education Coordinating Board (THECB) to issue debt to finance its Hinson-Hazlewood loan program.
- ❖ Over the life of the program, the THECB has issued \$1.4 billion in bonds (of the \$1.8 billion authorized), and as of 2/28/2010, \$787 million of those bonds are outstanding.
- ❖ Proceeds of the bonds are used to make loans under the THECB's Hinson-Hazlewood loan program. Bonds issued by the THECB are general obligation bonds backed by the full faith and credit of the state of Texas. Because loan repayments are sufficient to repay the bonds, the THECB has never required general revenue funds to repay the bonds.
- ❖ Over the life of the program, the THECB has provided loans to over 320,000 students in Texas totaling over \$2 billion.
- ❖ Voters last authorized the THECB additional bonding authority in 2007 for \$500 million (65.84% favorable vote). The THECB sold \$125 million in bonds in February 2010, leaving approximately \$400 million in constitutional authorization remaining. At the THECB's current rate of usage, existing authorization would be exhausted by 2013.
- ❖ Bonds issued by the THECB are considered to be private activity, and are thereby subject to Chapter 1372, Texas Government Code, as administered by the Texas Bond Review Board. Private activity bond rules limit the THECB to \$75 million in the State-Voted Issues category. If carry-forward private activity bond authority is available after the August 15th collapse, the THECB can apply for an additional \$50 million of carry forward if it is available.
- ❖ Section 52.82(d) of the Texas Education Code limits the THECB to no more than \$125 million of bonds in any state fiscal year.

Veterans
Land
Board

AGENCY NAME: VETERANS' LAND BOARD
DATA CURRENT AS OF: 03/01/2010

I. Amounts of Outstanding Debt and Remaining Authority

Outstanding Debt

| | GO | Non-GO | Row Totals |
|--------------------------------|------------|------------|-------------------|
| Not Self-Supporting | \$0 | \$0 | \$0 |
| Self-Supporting | \$1.85 bil | \$23.6 mil | \$1.87 bil |
| Column Totals | \$1.85 bil | \$23.6 mil | |
| Total, Outstanding Debt | | | \$1.87 bil |

Notes:

II. Debt Programs Included in Above Tables:

1. General Obligation, Not Self-Supporting
 - None
2. General Obligation, Self-Supporting
 - Veterans' Housing Assistance Program
 - Veterans' Land Program
3. Non-General Obligation, Not Self-Supporting
 - None
4. Non-General Obligation, Self-Supporting
 - Veterans' Financial Assistance Program

Notes:

III. Debt-Like Obligations and Liabilities/Risks Not Included in Above Tables:

1. None

IV. Significant Current and Future Debt-Related Policy and Fiscal Issues:

1. None

Remaining Authority (Authorized but Unissued Debt)

| | GO | Non-GO | Row Totals |
|-----------------------------------|------------|-------------|-------------------|
| Not Self-Supporting | \$0 | \$0 | \$0 |
| Self-Supporting | \$2.15 bil | \$771.4 mil | \$2.92 bil |
| Column Totals | \$2.15 bil | \$771.4 mil | |
| Total, Remaining Authority | | | \$2.92 bil |

Texas Water
Development
Board

AGENCY NAME: TEXAS WATER DEVELOPMENT BOARD
DATA CURRENT AS OF: 02/28/2010

I. Amounts of Outstanding Debt and Remaining Authority

Outstanding Debt

| | GO | Non-GO | Row Totals |
|--------------------------------|-----------|-----------|------------------|
| Not Self-Supporting | \$ 820.6 | \$ 0 | \$ 820.6 |
| Self-Supporting | \$ 986.2 | \$1,461.4 | \$ 2,447.6 |
| Column Totals | \$1,806.8 | \$1,461.4 | |
| Total, Outstanding Debt | | | \$3,268.2 |

Remaining Authority (Authorized but Unissued Debt)

| | GO | Non-GO | Row Totals |
|-----------------------------------|-----------|--------|------------------|
| Not Self-Supporting | \$ 825.4 | \$ 0 | \$ 825.4 |
| Self-Supporting | \$ 912.6 | \$N/A | \$ 912.6 |
| Column Totals | \$1,738.0 | \$N/A | |
| Total, Remaining Authority | | | \$1,738.0 |

Notes: Information is provided in millions.

Remaining authority includes the remaining constitutional authority for the Economically Distressed Area Program (EDAP) program. The 81st Legislature authorized and appropriated funds for debt service to provide for the issuance of up to \$84.4 million for the EDAP program; of which \$59.2 million remains to be issued. Revenue debt issued and managed by the Texas Water Development Board (TWDB) has no authority limitation. This includes debt issued for the Clean Water State Revolving Fund (CWSRF) and the Texas Water Resources Finance Authority (TWRFA).

II. Debt Programs Included in Above Tables:

1. General Obligation, Not Self-Supporting
 - Economically Distressed Area Program (EDAP) - The 71st Texas Legislature created EDAP in 1989. The program was expanded state-wide in 2005 and subsequently an additional \$250 million was authorized by the voters in 2007 for the expanded program. The bonds issued for this program are approved by the voters and are general obligations of the State. The program provides financial assistance to provide water and wastewater services to certain economically distressed areas where the present water or wastewater facilities are inadequate to meet the minimal needs of residents. The financial assistance may be awarded in the form of a loan, a grant, or a combination of the two.
 - State Participation (SP) – Established in 1957, the State Participation program enables the TWDB to assume a temporary ownership interest in a regional project when the local sponsors are unable to assume the full debt for the optimally sized facility. The TWDB may acquire ownership interest in the water rights or a co-ownership interest of the property and treatment works. The loan repayments that would have been required, if the assistance had been from a loan, are deferred. Ultimately, however, the cost of the funding is repaid to the TWDB based upon purchase payments, which allow the TWDB to recover its principal and interest costs and issuance expenses, etc., but on a deferred timetable. The intent of this program is to allow for the optimization of regional projects through limited State Participation where the benefits can be documented,

- and such development is unaffordable without State Participation. The goal is to allow for the "Right Sizing" of projects in consideration of future growth. The program recognizes two types of State Participation projects: those that create a new supply of water and those that do not. Entities sponsoring construction of a regional water or wastewater project, whether a political subdivision of the State or a water supply corporation, may apply to the TWDB for participation in the project.
- Water Infrastructure Fund (WIF) – Established in 2001, financial assistance for the planning, design and construction of State Water Plan projects may be obtained from the WIF. The 80th Texas Legislature began appropriating funding for this program. The 81st Legislature appropriated and approved an additional issuance of \$473.4 million in WIF bonds to fund State Water Plan projects through the current biennium. This is estimated to meet a portion of the water supply needs identified in the 2007 State Water Plan through 2020. Applicants must be a political subdivision of the state. Political subdivisions include municipalities, counties, river authorities, special law districts, water improvement districts, water control and improvement districts, irrigation districts, and groundwater districts. Projects must be recommended water management strategies in the most recent TWDB approved regional water plan or approved State Water Plan.
2. General Obligation, Self-Supporting
 - Agricultural Water Conservation Loan Program (AG) - The Texas Legislature established the AG program in 1985. The bonds issued for this program were approved by the voters and are general obligations of the State. The TWDB provides loans to soil and water conservation districts, irrigation districts and underground water conservation districts that serve as lender districts, making loans to individual farmers and ranchers. These loans can be used for capital equipment or materials, labor, preparation costs, and installation costs to improve water-use efficiency in existing irrigation systems; preparing irrigated land to be converted to dry-land conditions; and preparing dry land for more efficient use of natural precipitation.
 - Development Fund II (DFund)– The DFund program was Constitutionally established in 1957 and is the TWDB's oldest self-supporting program. The establishment of DFund II was approved by the Texas voters in November 1997 by adding Section 49-d-8 of Article III to the Texas Constitution. This allows the TWDB to maximize the use of the consolidated bond authorization to finance any type of water, wastewater or flood control construction project. An additional \$2 billion in authority was approved by the voters in 2001 under section 49-d-9. Borrower's under these programs access market funds, through the TWDB, at the State's credit rating. DFund authority is used to provide match bonds for the State Revolving Fund programs, and at the discretion of the Legislature, to issue debt for the State Participation and WIF programs.
 3. Non-General Obligation, Not Self-Supporting
 - N/A
 4. Non-General Obligation, Self-Supporting
 - Clean Water State Revolving Fund Revenue Bonds (CWSRF) - Through the amended federal Water Pollution Control Clean Water Act in 1989, the TWDB added the CWSRF to its portfolio of financial assistance programs. The revenue bonds issued

for this program do not require voter approval nor are they considered general obligations of the State. The program has a state match requirement which is primarily provided for through the issuance of self-supporting DFund bonds. The program provides loans at below market interest rates to political subdivisions with authority to own and operate a sewage system. These loans can be used for the planning, design, and construction of sewage treatment facilities, wastewater recycle and reuse facilities, collection systems, stormwater pollution control and non-point source pollution control projects.

- Texas Water Resources Finance Authority (Authority) Revenue Bonds - The Authority was created in 1987 under the provisions of Chapter 20, Texas Water Code. The Authority is empowered to issue revenue bonds to obtain funds to purchase the political subdivision bonds held by the TWDB. The Authority acquired the portfolio from the TWDB in 1989 and contracts with the TWDB to perform the necessary administrative and servicing functions.

Notes:

III. Debt-Like Obligations and Liabilities/Risks Not Included in Above Tables:

1. N/A

IV. Significant Current and Future Debt-Related Policy and Fiscal Issues:

The remaining DFund constitutional authority may be virtually exhausted by the end of fiscal year 2011. This is based on the projected demands for the self-supporting programs, the required issuance for State Revolving Fund match bonds, and the non-self supporting debt the 81st Legislature authorized to be issued for the State Participation and Water Infrastructure Fund programs.

Additional DFund authority requires legislative action and voter approval of the Constitutional amendment. Action is required during the 82nd Legislative Session if authority, and program funding, is to be available after fiscal year 2011.

To provide long-term program funding and address the ongoing needs of local governments for water and waste water projects, the Board could be authorized to issue general obligation debt in a principal amount not to exceed \$6 billion at any one time for one of more programs utilizing the DFund authority (evergreen authority). The Legislature would determine how much, if any, of this debt would be non-self supporting through the appropriations process each biennium.

An alternative to the permanent debt cap of \$6 billion would be to provide the one-time use (consumptive) authorization as has historically been provided under prior authorizations. In that case a \$5 billion increment would be proposed. Again, the Legislature would determine how much, if any, of this debt would be non-self supporting through the appropriations process each biennium. Based on the projected debt issuance, including possible non-self supporting debt, this increment is estimated to be consumed in 4 years. At that time, additional legislative and voter action would be required again.

**AGENCY NAME: TEXAS WATER DEVELOPMENT BOARD
DATA CURRENT AS OF: 2/28/2010**

Amounts of Outstanding Debt and Remaining Authority - Detail

Outstanding Debt

| | GO | Non-GO | Totals |
|--|-------------------------|-------------------------|-------------------------|
| Not Self-Supporting | | | |
| Economically Distressed Areas Program (EDAP) | \$ 187,345,000 | - \$ | 187,345,000 |
| State Participation (SP) | 139,750,000 | - | 139,750,000 |
| Water Infrastructure Fund (WIF) | 493,470,000 | | 493,470,000 |
| Total Not Self-Supporting | 820,565,000 | - | 820,565,000 |
| Self-Supporting | | | |
| Agricultural Water Conservation Program Development Fund (DFund) | 986,195,000 | | 986,195,000 |
| Clean Water State Revolving Fund (CWSRF) | | 1,456,253,000 | 1,456,253,000 |
| Texas Water Resources Finance Authority (TWRFA) | | 5,195,000 | 5,195,000 |
| Total Self-Supporting | 986,195,000 | 1,461,448,000 | 2,447,643,000 |
| Total, Outstanding Debt | \$ 1,806,760,000 | \$ 1,461,448,000 | \$ 3,268,208,000 |

Remaining Authority (Authorized but Unissued Debt)

| | GO | Non-GO | Totals |
|--|-------------------------|-----------|-------------------------|
| Not Self-Supporting | | | |
| Economically Distressed Areas Program (EDAP) | \$ 236,853,902 | \$ | 236,853,902 |
| State Participation (SP) | 225,050,000 | | 225,050,000 |
| Water Infrastructure Fund (WIF) | 363,524,432 | | 363,524,432 |
| Total Not Self-Supporting | 825,428,334 | - | 825,428,334 |
| Self-Supporting | | | |
| Agricultural Water Conservation Program Development Fund (DFund) | 164,840,000 | | 164,840,000 |
| Clean Water State Revolving Fund (CWSRF) | 747,718,176 | N/A | 747,718,176 |
| Texas Water Resources Finance Authority (TWRFA) | | N/A | - |
| Total Self-Supporting | 912,558,176 | - | 912,558,176 |
| Total, Outstanding Debt | \$ 1,737,986,510 | \$ | \$ 1,737,986,510 |

Texas
Public
Finance
Authority

**AGENCY NAME: TEXAS PUBLIC FINANCE AUTHORITY (TPFA)
 DATA CURRENT AS OF: 02/28/2010**

I. Amounts of Outstanding Debt and Remaining Authority

Outstanding Debt

| | GO | Non-GO | Row Totals |
|--------------------------------|-----------|------------|------------------|
| Not Self-Supporting | \$1.84bil | \$401.6mil | \$2.24bil |
| Self-Supporting | \$53.9mil | \$126.3mil | \$180.2mil |
| Column Totals | \$1.89bil | \$527.9mil | |
| Total, Outstanding Debt | | | \$2.42bil |

Remaining Authority (Authorized but Unissued Debt)

| | GO | Non-GO | Row Totals |
|-----------------------------------|------------|------------|------------------|
| Not Self-Supporting | \$3.78bil | \$150.0mil | \$3.93bil |
| Self-Supporting | \$200.4mil | \$150.5mil | \$350.9mil |
| Column Totals | \$3.98bil | \$300.5mil | |
| Total, Remaining Authority | | | \$4.28bil |

Notes:

Outstanding Debt

- Includes \$126.2mil of Non-GO Self-Supporting TPFA Charter School Finance Corporation debt.
- Excludes \$304.5mil of Tuition Revenue and Revenue Financing System debt issued for Universities.

Remaining Authority

- Remaining Authority excludes \$46.5mil of unissued Tuition Revenue Bond debt for Texas Southern University.

For more details refer to additional handouts related to:

- Current General Obligation Programs (Exhibit A)
- General Obligation Bonds (Exhibit B) and
- Revenue Bonds Authorized and Unissued (Exhibit C)

II. Debt Programs Included in Above Tables:

1. **General Obligation, Not Self-Supporting**
 - Construction and Repair of State Facilities (Texas Constitution, Article III, Sec. 49-h)
 - Colonias Roadway Program (Texas Constitution, Article III, Sec. 49-l)
 - Construction and Repair Projects and Equipment Acquisition (Texas Constitution, Article III, Sec. 50-f)
 - Construction and Repair Projects and Equipment Acquisition (Texas Constitution, Article III, Sec. 50-g)
 - Cancer Prevention and Research (Texas Constitution, Article III, Sec. 67)
 - Parks Development (Texas Constitution, Article III, Sec. 49-e)

2. General Obligation, Self-Supporting
 - Parks Development (Texas Constitution, Article III, Sec. 49-e)
 - Texas Military Value Revolving Loan Program (Texas Constitution, Article III, Sec. 49-n)
3. Non-General Obligation, Not Self-Supporting
 - Alternative Fuels (Government Code 1232.104)
 - Revenue Bonds issued on behalf of the Texas Facilities Commission, State Preservation Board, Texas Parks & Wildlife Department, Texas Department of Health (now part of the Texas Department of State Health Services), Texas Department of Criminal Justice, and Texas Historical Commission (Government Code 1232)
4. Non-General Obligation, Self-Supporting
 - Nursing Home Liability Insurance (Insurance Code, Art. 21.49-3d)
 - Fair Access to Insurance Requirements (FAIR) Plan (Insurance Code, ch. 2211, subch. E)
 - Master Lease Purchase Program (Government Code 1232.103)
 - Texas Integrated Eligibility Redesign System (TIERS) Project (S.B. 1, 81st Leg., R.S., p. II-93, Rider 33)
 - Texas Windstorm Insurance Association [House Bill 4409, 81st Leg. R.S. (2009)]

Notes:

III. Debt-Like Obligations and Liabilities/Risks Not Included in Above Tables:

1. N/A

IV. Significant Current and Future Debt-Related Policy and Fiscal Issues:

1. A requirement in Cancer Prevention and Research Institute of Texas's statute requires that grant funds be held in escrow at the time of award requiring TPFA to issue debt to fund the entire multi-year award. This prevents TPFA from taking advantage of its commercial paper programs that allow the agency to issue smaller amounts as needed and thereby postponing interest costs.
2. TPFA is currently working with representatives from the Texas Windstorm Insurance Association (TWIA), the Texas Department of Insurance, the Comptroller of Public Accounts and the Office of the Attorney General to establish a commercial paper program to provide a quick funding mechanism in the event of an occurrence or occurrences that result in losses in excess of the premium and other revenue of TWIA.

**Texas Public Finance Authority
Current General Obligation Programs**

as of 03/01/10

| Program | Purpose | Authorized | Appropriated* | Unappropriated | Issued | Unissued | Estimated Issuance FY 2010-2011 |
|---|---|------------------|------------------|------------------|------------------|------------------|---------------------------------|
| General Government Art. III, Sec. 49-h (1987-1993) | Repair, Construction and Equipment for specified State Agencies | \$ 3,000,000,000 | \$ 3,000,000,000 | \$ - | \$ 2,998,575,000 | \$ 1,425,000 | \$ - |
| General Government Art. III, Sec. 50-f (2001) | Repair, Construction and Equipment for specified State Agencies | \$ 850,000,000 | \$ 850,000,000 | \$ - | \$ 750,001,702 | \$ 99,998,298 | \$ 64,100,000 |
| General Government Art. III, Sec. 50-g (2007) | Repair, Construction and Equipment for specified State Agencies | \$ 1,000,000,000 | \$ 681,402,295 | \$ 318,597,705 | \$ 351,580,000 | \$ 648,420,000 | \$ 251,100,000 |
| Colonias Roadway Grants Art. III, Sec. 49-i (2001) | Grants to specified Border Counties for County Roads | \$ 175,000,000 | \$ 148,000,000 | \$ 27,000,000 | \$ 124,000,000 | \$ 51,000,000 | \$ 24,000,000 |
| Texas Military Value Revolving Loan Fund Art. III, Sec. 49-n (2001) | Loans to Defense Communities affected by BRAC | \$ 250,000,000 | \$ - | \$ - | \$ 49,595,000 | \$ 200,405,000 | \$ - |
| Cancer Research Art. III, Sec. 67 (2007) | Fund the Cancer Prevention and Research Institute of Texas | \$ 3,000,000,000 | \$ 450,000,000 | \$ 2,550,000,000 | \$ 12,700,000 | \$ 2,987,300,000 | \$ 437,300,000 |
| Total | | \$ 8,275,000,000 | \$ 5,129,402,295 | \$ 2,895,597,705 | \$ 4,286,451,702 | \$ 3,988,548,298 | \$ 776,500,000 |

*Excludes unused or lapsed appropriations.

Texas Public Finance Authority
 General Obligation Bonds
 Authorized and Unissued

as of 3/1/10

| Authorization | Authorization Amount | Issued | Unissued |
|---|------------------------|------------------------|------------------------|
| Self-Supporting | | | |
| 1967 Art III, Sec. 49-e (P&W Code, Chapter 21) | \$75,000,000 | \$75,000,000 | \$0 |
| 2003 Art III, Sec. 49-n (TMPC-Loans to defense communities) | \$250,000,000 | \$49,595,000 | \$200,405,000 |
| Total Self-Supporting | \$325,000,000 | \$124,595,000 | \$200,405,000 |
| Non Self-Supporting | | | |
| 1987 Art III, Sec. 49-g (Super Conducting Super Collider) | \$250,000,000 | \$250,000,000 | \$0 |
| Art III, Sec. 49-h Acquisition, construction and repair of State facilities (TDCJ, MHMR, TYC) | | | |
| 1987 Art III, Sec. 49-h(a) | \$500,000,000 | \$499,752,500 | \$247,500 |
| 1989 Art III, Sec. 49-h(c)(1) | \$400,000,000 | \$399,497,500 | \$502,500 |
| 1991 Art III, Sec. 49-h(d)(1) | \$1,100,000,000 | \$1,100,000,000 | \$0 |
| 1993 Art III, Sec. 49-h(e)(1) | \$1,000,000,000 | \$999,325,000 | \$675,000 |
| Total Art III, Sec. 49-h | \$3,000,000,000 | \$2,998,575,000 | \$1,425,000 |
| 2001 Art III, Sec. 50-f (Construction & Repair Projects, & Equipment Acquisition) | \$850,000,000 | \$750,001,702 | \$99,998,298 |
| 2001 Art III, Sec. 49-l (Colonias Roadway Projects) | \$175,000,000 | \$124,000,000 | \$51,000,000 |
| 2007 Art III, Sec. 50-g | \$1,000,000,000 | \$351,580,000 | \$648,420,000 |
| 2007 Art III, Sec. 67 (Cancer Research) | \$3,000,000,000 | \$12,700,000 | \$2,987,300,000 |
| Total Non Self-Supporting | \$8,275,000,000 | \$4,486,856,702 | \$3,788,143,298 |

*Original authorization of \$500,000,000 was reduced to \$250,000,000 by public vote on November 7, 1995. All \$250,000,000 of bonds that had been issued are defeased.

**Constitution authorizes \$850,000,000 and requires Legislative appropriation for amounts for specific projects. The Legislature fully appropriated funds from FY 2002-2011.

***Constitution authorizes \$1,000,000,000 and requires Legislative appropriation for amounts for specific projects. The Legislature appropriated \$717,303,391 in FY 2008-2009 and \$226,198,904 in FY 2010-2011. Remainder to be appropriated and issued in future biennia.

**Texas Public Finance Authority
Revenue Bonds
Authorized and Unissued**

The following chart summarizes the authorized but unissued bond authority as of 3/1/10.

| Revenue Authorization ¹ | Estimated Project Costs Authorized And Not Financed | 150% Allowance | Total Authorized / Unissued |
|--|--|----------------|--------------------------------|
| Self-Supporting | | | |
| Insurance Code, Art. 21.49-3d | | | |
| Nursing Home Liability Insurance | \$75,000,000 | N/A | \$75,000,000 |
| Labor Code, Chapter 203 | | | |
| Texas Workforce Commission ² | N/A | N/A | N/A |
| Insurance Codes, Articles 21-49A-1 | | | |
| FAIR Plan | \$75,000,000 | N/A | \$75,000,000 |
| Non Self-Supporting | | | |
| Government code, Sec 1232.104 | | | |
| Alternative Fuels | N/A | N/A | \$50,000,000 |
| Government Code, Sec. 1232.110 | | | |
| State Board of Insurance Bldg (Hobby) | | | |
| Aircraft Pooling Board Relocation | | | |
| Mueller Office Complex | \$11,818,767 | \$41,787,267 | \$41,787,267 |
| Purchase/Renovation of Office Buildings | | | |
| In Tarrant County | \$10,000,000 | \$15,000,000 | \$15,000,000 |
| In Harris County | \$4,093,718 | \$14,093,718 | \$14,093,718 |
| Government Code, Sec 1232.103 | | | |
| Master Lease Commercial Paper ³ | N/A | N/A | N/A |
| Senate Bill 1, 81st Leg. RS, p. II-93, Rider 33 | | | |
| Department of Human Services (TIERS) | \$10,377,188 | \$29,589,526 | \$29,589,526 |
| House Bill 4409, 81st Leg. R.S. (2009) | | | |
| Texas Windstorm Insurance Association ⁴ | N/A | N/A | N/A |

1 All issues of Revenue bonds by TPFA under Chapter 1232 are subject to the 150% maximum limit, unless the legislature specifically overrides it by either expressly capping the maximum par amount.

2 Authorization is \$2 billion per issue.

3 The size of the Master Lease Purchase Program is established by Board Resolution; it is currently \$150 million, and \$110,320,000 is outstanding. No maximum provided.

4 Annual limit of \$1 billion in "Class 1," \$1 billion of "Class 2," and \$500 million of "Class 3" public securities.

OVERVIEW

The Texas Public Finance Authority ("TPFA") issues general obligation and revenue bonds on behalf of other state agencies, as directed by the Legislature and in accordance with its enabling law Texas Government Code Ch. 1232. The following materials provide general information of typical debt instruments used by all state agencies authorized to issue debt, and provides specific information on debt and debt service issued by TPFA. All state agencies, including TPFA are required to obtain Bond Review Board (BRB) approval for the issuance of debt and report certain information to the BRB.

I. Types of Debt Used by the State of Texas.

A. General Obligation (GO) Bonds

1. Legally secured by a constitutional pledge of the first monies coming into the State Treasury that are not constitutionally dedicated for another purpose.
2. Must initially be approved by a 2/3 vote of both houses of the legislature and by a majority of the voters. After this approval the GO bonds may be issued in installments as determined by the issuing agency or institution and, if required, as directed by the legislature.
3. Usually have a 20-year final maturity, but may be shorter or longer depending upon the project being financed.

B. Revenue Bonds

1. Legally secured only by a specified revenue source.
2. Do not require voter approval.
3. Usually have a 20-year final maturity, but may be shorter or longer depending on the project being financed.
4. For TPFA Revenue Bonds, the Legislature must authorize the specific project for which the bonds are to be issued and the estimated cost of the project or the maximum amount of bonded indebtedness that may be incurred by the issuance of bonds.

C. Commercial Paper (CP)

1. Can be secured by the state's general obligation pledge or by a specified revenue source.
2. CP secured by the state's general obligation pledge must be initially approved by 2/3 vote of both houses and a majority of the voters.
3. Maturity ranges from 1 to 270 days; therefore considered "variable rate" debt
4. When the paper matures, it can be paid off or rolled over (reissued).
5. Frequently, CP is eventually repaid by issuing long-term fixed-rate bonds (CP "fix-out")

D. Variable Rate Notes/Bonds

1. Variable rate notes may be either general obligation or revenue obligations.
2. The notes generally have a stated maturity, similar to a bond.
3. The interest rate paid on the notes are reset at different intervals, such as daily, weekly, monthly, or annually.

E. Tax and Revenue Anticipation Notes (TRANS)

1. TRANS are issued by the Comptroller of Public Accounts, Treasury Operations to address cash flow shortages caused by the mismatch in the timing of revenues and expenditures in the general revenue fund.
2. They must be repaid by the end of the biennium in which they are issued, but are usually repaid by the end of each fiscal year.
3. TRANS are repaid with tax receipts and other revenues of the general revenue fund.
4. TRANS must be approved by the Cash Management Committee, which is composed of the Governor, the Lieutenant Governor, and the Comptroller of Public Accounts, as voting members, and the Speaker of the House (as a non-voting member).

F. Lease Purchase

1. Lease purchases are for the purchase of an asset over time through lease payments that include principal and interest.
2. Lease purchases are typically financed through a private vendor, or through one of the state's pool programs, such as TPFA's Master Lease Purchase Program.

TPFA Master Lease Purchase Program

AUTHORITY

The Master Lease Purchase Program ("MLPP") was established in 1992 under the authority of Texas Civil Statutes, Art. 601d, Section 9A (now Texas Government Code, Chapter 1232), to finance equipment acquisitions by state agencies and other revenue bond projects that may be authorized by the Legislature to be financed by TPFA. The primary funding vehicle for the MLPP program is a revenue commercial paper program established under Article 717q (now Chapter 1371 of the Texas Government Code) and administered by the Texas Public Finance Authority. All state agencies can participate in MLPP, regardless of whether TPFA is responsible for issuing that agency's long-term financings.

ELIGIBLE PROJECTS

The program is available to finance purchases in excess of \$10,000 and projects with a useful life of at least three years. Equipment costing less than \$10,000 may be bundled into a \$10,000 purchase, provided that each bundled item has a minimum cost of \$100.

All leases with a purchase price greater than \$250,000 or a term longer than five years must also be approved by the Bond Review Board.

II. DEBT REFINANCING

TPFA continually monitors bonds for refinancing opportunities and the TPFA Board has adopted policies and guidelines to this effect. In general, the policies require that any refinancing should lower overall debt service by at least 3%.

It should be noted that federal tax law prohibits issuers from refunding tax-exempt bonds more than one time. A summary of refundings and refinancings executed by TPFA is provided as exhibit D.

III. DEBT POLICY

A copy of TPFA's debt policy is provided as Exhibit E.

IV. DEBT SERVICE

A schedule of TPFA's combined General Revenue supported debt service is provided as Exhibit F.

A graph of General Revenue supported debt service is provided as Exhibit G.

Texas Public Finance Authority
Summary of Refunding Bonds

General Obligation Refunding Bonds

| Series | Refunded Par | Debt Service Savings | Present Value Savings | GOCP Refunded |
|---|-------------------------|-------------------------|--------------------------|-------------------------|
| 1992A&B GO Refunding Bonds | 602,605,000.00 | 26,890,901.87 | 17,023,709.02 | |
| 1992 GO Park Development Refunding Bonds | 28,575,000.00 | (6,187,428.96) | 412,565.10 | |
| 1995A GO Refunding Bonds | 300,000,000.00 | GOCP Fixout | | 300,000,000.00 |
| 1996B GO Refunding Bonds | 312,940,000.00 | GOCP Fixout | | 312,940,000.00 |
| 1996C GO Refunding Bonds | 82,505,000.00 | 195,355.44 | 1,527,480.88 | |
| 1997 GO Refunding Bonds | 341,515,000.00 | 10,433,582.27 | 12,099,180.19 | |
| 1998B GO Refunding Bonds | 209,010,000.00 | 9,755,927.23 | 7,722,511.03 | |
| 1998C GO Park Development Refunding Bonds | 14,910,000.00 | 911,420.69 | 784,506.94 | |
| 2001A GO Refunding Bonds | 318,921,221.65 | 11,413,538.72 | 9,635,293.06 | |
| 2002 GO Refunding Bonds | 369,715,000.00 | GOCP Fixout | | 369,715,000.00 |
| 2003 GO Refunding Bonds | 72,239,350.00 | 2,291,948.29 | 2,244,707.13 | |
| 2003A GO Refunding Bonds | 105,440,000.00 | 2,719,423.91 | 2,576,647.98 | 67,695,000.00 |
| 2004 GO Park Refunding Bonds | 14,250,000.00 | 467,214.97 | 371,706.70 | |
| 2006 GO Refunding | 225,540,000.00 | GOCP Fixout | | 225,540,000.00 |
| 2008 GO Refunding | 242,135,000.00 | 21,431,185.28 | 19,350,585.00 | |
| 2008A GO Refunding | 163,355,000.00 | 9,087,260.00 | 8,036,530.55 | |
| 2009A GO Refunding | 308,650,000.00 | GOCP Fixout | | 308,650,000.00 |
| Totals | 3,712,305,571.65 | 89,410,329.71 | 81,785,423.58 | 1,584,540,000.00 |
| Total Bonds less GOCP Refunded | 2,127,765,571.65 | | | |

Revenue Refunding Bonds

| Series | Refunded Par | Debt Service Savings | Present Value Savings |
|---|-------------------------|-------------------------|--------------------------|
| 1986 Revenue Refunding | 127,123,417.20 | NA | |
| 1990 Building Revenue Refunding | 174,060,180.09 | NA | |
| 1992B Building Revenue & Revenue Refunding | 126,780,000.00 | 4,338,806.57 | 3,619,186.31 |
| 1993A Equipment Revenue & Revenue Refunding Bonds | 73,890,000.00 | | |
| 1994 Refunding & Armory Improvement Revenue Bonds | 17,350,000.00 | 238,708.38 | 293,107.89 |
| 1997A Revenue Refunding | 22,555,000.00 | 413,587.01 | 386,324.99 |
| 1998A Building Revenue (TDCJ Refunding) | 169,320,000.00 | 39,304,746.13 | 27,305,406.06 |
| 2002 TMFC Rev & Rev Ref | 7,470,000.00 | 375,658.69 | 283,222.25 |
| 2002B Revenue Refunding Bonds | 35,240,000.00 | 1,672,979.35 | 1,247,834.59 |
| 2004A Revenue Refunding Bonds | 101,610,000.00 | 7,455,100.74 | 4,988,785.20 |
| 2004B Revenue Refunding Bonds | 36,680,000.00 | 2,612,687.22 | 1,764,537.52 |
| 2004C Revenue Refunding Bonds | 31,245,000.00 | 1,557,183.68 | 1,017,982.01 |
| 2004D Revenue Refunding Bonds | 24,195,000.00 | 3,478,734.22 | 2,366,062.12 |
| 2005 Building Revenue Refunding Bonds (TBPC LWOPs) ⁽¹⁾ | 32,575,000.00 | 9,146,562.19 | 6,285,934.00 |
| 2007 Building Revenue Refunding Bonds (TDCJ Leases) | 45,460,000.00 | 1,726,192.01 | 1,492,050.47 |
| 2008 Building Revenue Refunding Bonds | 15,485,000.00 | 851,976.04 | 712,005.29 |
| Totals | 1,041,038,597.29 | 73,172,922.23 | 51,762,438.70 |
| Total Revenue, and GO Bonds less CP Fixout | <u>1,668,802,516.94</u> | | <u>133,547,862.28</u> |

(1) Par refunded not available - refinanced lease payments did not allocate principal and interest. Debt service savings estimated based on estimate of future lease payments.

**TEXAS PUBLIC FINANCE AUTHORITY
DEBT MANAGEMENT GUIDELINES**
February 2, 2006

Structure of Bond Issues

1. The term of the bond issue should equal the lesser of the useful life of the asset being financed or 20 years.
2. A level principal structure should be used for bonds repaid from general revenue. This structure results in 50% of debt being repaid in 10 years, and creates future capacity for debt service on additional bond issues. A level debt service structure should be reserved for bonds repaid from a dedicated revenue stream, if necessary or appropriate.
3. Variable rate debt should be amortized annually based on the same guidelines.
4. Refundings should be structured to maximize present value savings and achieve level debt service savings when appropriate.
5. The Board should establish savings criteria for each refunding appropriate to existing market conditions and outstanding debt. A minimum savings criteria of 3% present value savings for maturities with more than one year from the call date and at least positive savings for maturities with less than a year to the call date should be considered.

Variable Rate Exposure

6. The Authority should establish a target of maintaining 20 percent of its total outstanding general revenue supported debt in a variable rate mode.
7. Variable rate debt should be converted to fixed rate debt as necessary to maintain the 20% target, to meet the particular needs of a financing program, or to lock in low fixed interest rates.

Method of Sale

8. The Authority will utilize both competitive and negotiated sales. In general, negotiated sales will be used in the following circumstances:
 - complex transactions that require extensive financial modeling, credit analysis, or pre-marketing efforts, or that are interest rate sensitive
 - volatile financial markets
 - the par amount allows the Authority to achieve the goals of its underwriting policy¹

Competitive sales will be used in the following circumstances:

- well known credit, such as a general obligation pledge or annual appropriation of general revenue
- simple structure and financial analysis
- stable financial market
- moderate par amount

Swaps and Derivatives

9. The Authority will follow its Swap Policy when implementing swaps and other derivative products.

¹These goals are outlined in TPFA's Underwriting Pool/Underwriter Selection Process.

Texas Public Finance Authority
Total Combined General Revenue Supported Debt Service
Includes Voter Authorized and Appropriated Debt

as of 03/01/10

| FY | General Obligation Bonds | | | Revenue Bonds | | | Total Fixed Rate Debt Service | | |
|--------------|--------------------------|--------------------|----------------------|--------------------|--------------------|--------------------|-------------------------------|--------------------|----------------------|
| | Principal | Interest | Debt Service | Principal | Interest | Debt Service | Principal | Interest | Debt Service |
| 2010 | 196,680,000 | 77,993,843 | 274,673,843 | 48,800,953 | 24,472,522 | 73,273,475 | 245,480,953 | 102,466,364 | 347,947,318 |
| 2011 | 227,785,000 | 76,397,989 | 304,182,989 | 36,207,244 | 22,945,915 | 59,153,159 | 263,992,244 | 99,343,903 | 363,336,148 |
| 2012 | 203,265,000 | 65,912,661 | 269,177,661 | 39,419,410 | 21,531,495 | 60,950,905 | 242,684,410 | 87,444,156 | 330,128,566 |
| 2013 | 194,740,000 | 55,972,396 | 250,712,396 | 34,680,663 | 20,188,338 | 54,869,002 | 229,420,663 | 76,160,734 | 305,581,397 |
| 2014 | 131,143,255 | 109,172,810 | 240,316,064 | 33,967,396 | 18,885,250 | 52,852,646 | 165,110,650 | 128,058,060 | 293,168,710 |
| 2015 | 134,986,745 | 72,825,457 | 207,812,202 | 27,445,000 | 4,871,680 | 32,316,680 | 162,431,745 | 77,697,137 | 240,128,882 |
| 2016 | 125,020,000 | 36,115,011 | 161,135,011 | 23,950,000 | 3,590,816 | 27,540,816 | 148,970,000 | 39,705,827 | 188,675,827 |
| 2017 | 80,945,000 | 31,112,314 | 112,057,314 | 20,250,000 | 2,524,727 | 22,774,727 | 101,195,000 | 33,637,041 | 134,832,041 |
| 2018 | 78,305,000 | 27,243,152 | 105,548,152 | 17,425,000 | 1,628,297 | 19,053,297 | 88,490,000 | 28,871,448 | 117,361,448 |
| 2019 | 78,325,000 | 23,407,146 | 101,732,146 | 10,165,000 | 975,517 | 11,140,517 | 88,490,000 | 24,382,662 | 112,872,662 |
| 2020 | 53,605,000 | 20,203,908 | 73,808,908 | 5,960,000 | 616,374 | 6,576,374 | 59,565,000 | 20,820,282 | 80,385,282 |
| 2021 | 52,745,000 | 17,614,604 | 70,359,604 | 2,890,000 | 417,846 | 3,407,846 | 55,735,000 | 18,032,449 | 73,767,449 |
| 2022 | 52,435,000 | 14,954,434 | 67,389,434 | 2,715,000 | 288,963 | 3,003,963 | 55,150,000 | 15,243,397 | 70,393,397 |
| 2023 | 51,975,000 | 12,240,594 | 64,215,594 | 1,390,000 | 168,662 | 1,558,662 | 53,365,000 | 12,409,256 | 65,774,256 |
| 2024 | 47,225,000 | 9,621,303 | 56,846,303 | 1,435,000 | 103,504 | 1,538,504 | 48,660,000 | 9,724,806 | 58,384,806 |
| 2025 | 36,610,000 | 7,370,982 | 43,980,982 | 455,000 | 36,377 | 491,377 | 37,065,000 | 7,407,359 | 44,472,359 |
| 2026 | 31,410,000 | 5,504,107 | 36,914,107 | 455,000 | 12,126 | 467,126 | 31,865,000 | 5,516,232 | 37,381,232 |
| 2027 | 27,995,000 | 3,826,621 | 31,821,621 | - | - | - | 27,995,000 | 3,826,621 | 31,821,621 |
| 2028 | 25,480,000 | 2,289,845 | 27,769,845 | - | - | - | 25,480,000 | 2,289,845 | 27,769,845 |
| 2029 | 16,710,000 | 1,064,138 | 17,774,138 | - | - | - | 16,710,000 | 1,064,138 | 17,774,138 |
| 2030 | 9,425,000 | 286,143 | 9,711,143 | - | - | - | 9,425,000 | 286,143 | 9,711,143 |
| Total | 1,856,810,000 | 671,129,457 | 2,527,939,457 | 307,710,667 | 123,258,407 | 430,969,074 | 2,164,520,667 | 794,367,864 | 2,958,908,531 |

| FY | Appropriated and Issued General Obligation Commercial Paper | | | Appropriated and Unissued General Obligation Debt | | | Total General Revenue Supported Debt Service | | |
|--------------|---|----------------------|--------------------|---|--------------------|----------------------|--|----------------------|----------------------|
| | Principal | Interest | Debt Service | Principal | Interest | Debt Service | Principal | Interest | Debt Service |
| 2010 | - | 4,307,499 | 4,307,499 | - | 7,064,957 | 7,064,957 | 245,480,953 | 113,838,821 | 359,319,774 |
| 2011 | 8,805,000 | 8,487,759 | 17,292,759 | 5,260,000 | 38,793,015 | 44,053,015 | 278,057,244 | 146,624,677 | 424,681,921 |
| 2012 | 8,805,000 | 8,064,894 | 16,869,894 | 38,225,000 | 43,570,707 | 81,795,707 | 289,714,410 | 139,079,758 | 428,794,168 |
| 2013 | 8,805,000 | 7,598,159 | 16,403,159 | 42,295,000 | 43,710,888 | 86,005,888 | 280,520,663 | 127,469,781 | 407,990,444 |
| 2014 | 8,805,000 | 7,153,359 | 15,956,359 | 44,137,500 | 41,826,839 | 85,964,339 | 218,053,150 | 177,038,258 | 395,091,408 |
| 2015 | 8,805,000 | 6,708,559 | 15,513,559 | 44,417,500 | 39,435,259 | 83,852,759 | 215,654,245 | 123,840,955 | 339,495,200 |
| 2016 | 8,805,000 | 6,280,820 | 15,085,820 | 44,417,500 | 37,096,543 | 81,514,043 | 202,192,500 | 83,083,190 | 285,275,690 |
| 2017 | 8,805,000 | 5,818,959 | 14,623,959 | 44,417,500 | 34,556,209 | 78,973,709 | 154,417,500 | 74,012,209 | 228,429,709 |
| 2018 | 8,805,000 | 5,374,159 | 14,179,159 | 44,417,500 | 32,116,684 | 76,534,184 | 148,952,500 | 66,362,291 | 215,314,791 |
| 2019 | 8,805,000 | 4,929,359 | 13,734,359 | 44,417,500 | 29,677,159 | 74,094,659 | 141,712,500 | 58,989,180 | 200,701,680 |
| 2020 | 8,805,000 | 4,496,745 | 13,301,745 | 44,417,500 | 27,311,708 | 71,729,208 | 112,787,500 | 52,628,736 | 165,416,236 |
| 2021 | 8,805,000 | 4,039,759 | 12,844,759 | 44,417,500 | 24,798,109 | 69,215,609 | 108,957,500 | 46,870,317 | 155,827,817 |
| 2022 | 8,805,000 | 3,594,959 | 12,399,959 | 44,417,500 | 22,358,984 | 66,776,084 | 108,372,500 | 41,196,940 | 149,569,440 |
| 2023 | 8,805,000 | 3,150,159 | 11,955,159 | 44,417,500 | 19,919,059 | 64,338,559 | 106,587,500 | 35,478,474 | 142,065,974 |
| 2024 | 8,805,000 | 2,712,671 | 11,517,671 | 44,417,500 | 17,526,874 | 61,944,374 | 101,882,500 | 29,964,351 | 131,846,851 |
| 2025 | 8,805,000 | 2,260,559 | 11,065,559 | 44,417,500 | 15,040,009 | 59,457,509 | 90,287,500 | 24,707,927 | 114,995,427 |
| 2026 | 8,805,000 | 1,815,759 | 10,620,759 | 44,417,500 | 12,600,484 | 57,017,984 | 85,087,500 | 19,932,475 | 105,019,975 |
| 2027 | 8,805,000 | 1,370,959 | 10,175,959 | 44,417,500 | 10,160,959 | 54,578,459 | 81,217,500 | 15,358,539 | 96,576,039 |
| 2028 | 8,805,000 | 928,596 | 9,733,596 | 44,417,500 | 7,742,039 | 52,159,539 | 78,702,500 | 10,960,481 | 89,662,981 |
| 2029 | 8,805,000 | 481,359 | 9,286,359 | 44,417,500 | 5,281,959 | 49,699,409 | 69,932,500 | 6,827,406 | 76,759,906 |
| 2030 | 8,805,000 | 36,559 | 8,841,559 | 44,417,500 | 5,371,384 | 49,788,884 | 62,647,500 | 5,694,066 | 68,341,566 |
| 2031 | - | - | - | 39,157,500 | 673,521 | 39,831,021 | 39,157,500 | 673,521 | 39,831,021 |
| 2032 | - | - | - | 6,292,500 | 208,985 | 6,501,485 | 6,292,500 | 208,985 | 6,501,485 |
| 2033 | - | - | - | 3,652,500 | 15,010 | 3,667,510 | 3,652,500 | 15,010 | 3,667,510 |
| Total | 176,100,000.00 | 89,611,608.59 | 265,711,609 | 889,700,000 | 516,856,892 | 1,406,556,892 | 3,230,320,667 | 1,400,856,365 | 4,631,177,031 |

Note 1: Fixed rate debt includes all long term debt excluding university debt.

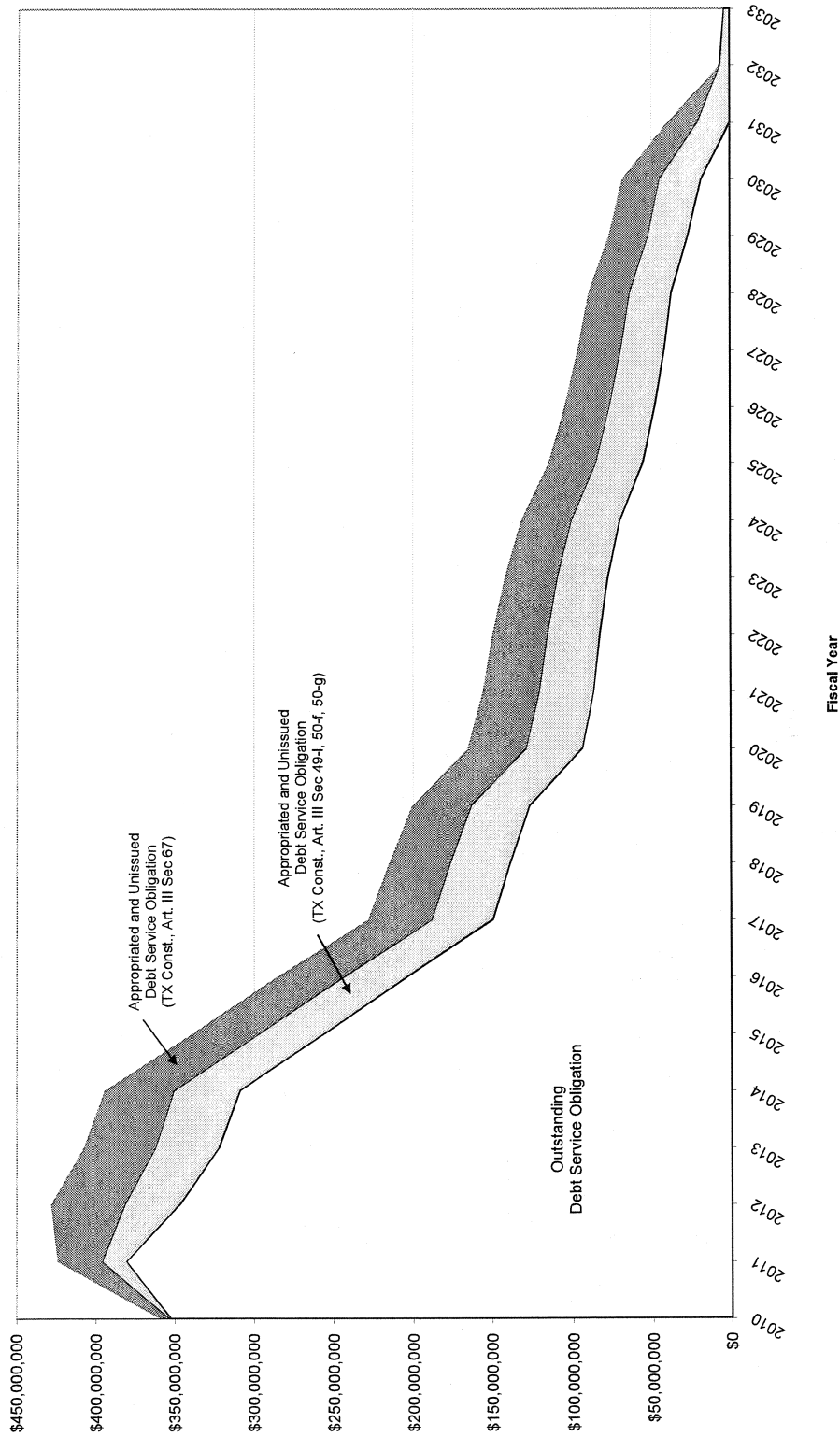
Note 2: Revenue debt service appropriated to client agencies. Excludes debt service financed by park and laboratory fees.

Note 3: Unissued debt service appropriated to client agencies. Principal payments on Commercial Paper are flexible and are not required to be paid by law.

Note 4: Assumptions TX Const., Art. III, Sec. 49-I, 50-F, & 50-G: level principal payments with a 20 year repayment schedule, 4.5% interest rate in FY 2010, and 5% thereafter.

Note 5: Assumptions for TX Const., Art. III, Sec. 67: level principal payments with a 20 year repayment schedule, 5% tax-exempt interest rate and 6% taxable interest rate.

Texas Public Finance Authority
Debt Service Supported by General Revenue
 Including Voter Authorized; Appropriated General Obligation Debt
 as of 03/01/10



Includes all TPFA GR supported debt instruments issued, and appropriated and unissued debt authorized by the Art. III, Sec. 49-I, 50-f, 50-g, 67 of the Texas Constitution. Unissued debt assumes the issuance of Commercial Paper. Principal payments on Commercial Paper are flexible and are not required to be paid by law. CP Assumptions TX Const., Art. III, Sec. 49-I, 50-f, & 50-g: level principal payments with a 20 year repayment schedule, 4.5% interest rate in FY 2010, and 5% thereafter. CP Assumptions for TX Const., Art. III, Sec. 67: level principal payments with a 20 year repayment schedule, 5% tax-exempt interest rate and 6% taxable interest rate. Includes appropriated debt only. Excludes University debt.

Texas
Department of
Transportation



TESTIMONY

Texas Department of Transportation Debt Programs

Testimony Before the
Senate Committee on Finance

James Bass
Chief Financial Officer
Texas Department of Transportation

March 10, 2010

AGENCY NAME: TEXAS DEPARTMENT OF TRANSPORTATION
DATA CURRENT AS OF: 2/28/2010

I. Amounts of Outstanding Debt and Remaining Authority

| | | | |
|--------------------------------|-------------------|---|--------------------------|
| Outstanding Debt | | Remaining Authority (Authorized but Unissued Debt) | |
| | GO | GO | Non-GO |
| Not Self-Supporting | \$0 | \$5,000.0 million | \$0 |
| Self-Supporting | \$6,132.1 million | \$ 83.8 million | \$2,900.7 million |
| Column Totals | \$6,132.1 million | \$5,083.8 million | \$2,900.7 million |
| Total, Outstanding Debt | | Total, Remaining Authority | \$7,984.5 million |
| | Row Totals | | Row Totals |
| | \$0 | | \$5,000.0 million |
| | \$11,437.8 | | \$2,984.5 million |
| | \$11,437.8 | | |

Notes: Not included above is \$205.8 million in commercial paper outstanding of the \$500 million authorized.

II. Debt Programs Included in Above Tables:

1. General Obligation, Not Self-Supporting
 - Texas Transportation Commission Highway Improvement GO Bonds (Proposition 12 Bonds)
 - \$0 outstanding; \$5.0 billion constitutional and statutory authority, of that \$2 billion has been appropriated by the legislature and fully approved by BRB with an additional \$1 billion of BRB approval contingent on future legislative appropriation.
 - The remaining \$2 billion will need to receive appropriation and BRB approval in the future.
2. General Obligation, Self-Supporting
 - Texas Mobility Fund GO Bonds
 - \$6,132.1 million outstanding; \$83.8 million remaining of BRB authority, no statutory bond issuance limitation other than a 1.1x debt service coverage requirement as evidenced through a revenue certification by the Comptroller. This debt does not count towards the state debt limit unless, and only to the extent that, the backstop of the state's full faith and credit gets called upon.
3. Non-General Obligation, Not Self-Supporting
 - NA

4. Non-General Obligation, Self-Supporting

- State Highway Fund Revenue Bonds (Proposition 14 Bonds)
 - \$2,791.8 million outstanding, \$2,900.7 million remaining statutory authority. \$5.7 billion of the funds have been committed to projects but all of the debt has not been issued as the cash flow demands of the projects have not dictated a need for all \$5.7 billion yet.
 - Central Texas Turnpike System Revenue Bonds
 - \$2,513.9 million outstanding, no statutory bond issuance limitation but must pass a 1.4x additional bonds test as well as obtain prior approval by the BRB

Notes:

III. Debt-Like Obligations and Liabilities/Risks Not Included in Above Tables:

1. Pass-Through Finance Program

The pass-through finance program is not a debt program but a tool used to accelerate needed transportation projects. Local communities fund the upfront project and construction costs and are reimbursed for agreed to eligible costs upon project being opened to traffic over time through a contractual agreement. The contractual payments are determined by the number of vehicles using the roadway at a negotiated per-vehicle rate. Each agreement has a pre-determined maximum aggregate amount, and a maximum and minimum annual repayment amount based on usage, which also determines the length of the repayment period in years. The contractual payments to the local entities are subject to appropriation. These payments are to be funded by both the State Highway Fund and Federal Reimbursements.

As of February 28, 2010, twenty-seven projects with repayments totaling \$1.65 billion have received commission approval; of that, sixteen (with repayments totaling \$1.45 billion) have executed agreements in place. See Attachment A for project descriptions, repayment terms, and estimated commitment schedules. In addition, the Department is required to enter into another approximately \$560 million of pass-through agreements during the FY 2010-2011 biennium.

2. Toll Equity Funding

Transportation Code, §222.103 authorizes the Texas Department of Transportation (TxDOT) to participate, by grant or by loan, in the cost of the acquisition, construction, maintenance, or operation of a toll facility of a public or private entity. TxDOT is currently negotiating a toll equity agreement with the North Texas Tollway Authority (NTTA) in which TxDOT will make a toll equity loan available to NTTA for reimbursable costs of constructing SH 161. TxDOT has agreed to loan up to \$4.094 billion for eligible project costs. In addition, TxDOT has preliminarily approved a toll equity request from NTTA for the construction of SH 121 from the Forth Worth Central Business District at I30 to US 67 in Johnson County (Southwest Parkway/Chisholm Trail) in an amount estimated of \$2.367 billion.

In connection with the 2002 issuance of the Central Texas Turnpike System revenue bonds (referenced in II.4. above), the Commission executed a covenant with bondholders to provide for operations and maintenance expenditures of the System, if necessary. To the extent that annual toll revenues are not expected to be sufficient to provide funding for the projected operations and maintenance expenditures of the project, the Commission will annually allocate amounts necessary to ensure the required funding will be available. To date, \$68.1 million has been provided to the System for operations and maintenance.

These toll equity payments are to be funded by both the State Highway Fund and Federal Reimbursements. There are additional toll equity agreements that to our knowledge are not associated with debt and therefore have not been included here.

IV. Significant Current and Future Debt-Related Policy and Fiscal Issues:

1. State motor fuel tax receipts continue to decline.

Deposits to the State Highway Fund from state motor fuel taxes in FY 2009 were almost \$50 million less than deposits in FY 2008, a decline of 2.17%. Collections for FY 2010 are on pace to be \$42 million less than in FY 2009, a 1.87% decline. Both of these amounts are less than what was projected at the time the decision to issue all of the \$6 billion in Prop 14 bonds was made. TxDOT's budget and future project plans were developed based upon higher revenue estimates as well. As the debt service associated with Prop 14 bonds does not change due to revenue collections there will be less revenue available to advance projects in the future.

2. Uncertainty of Federal Funds remains a concern.

The federal transportation bill, SAFETEA-LU, expired on September 30, 2009. Congress has yet to enact a long-term reauthorization of the federal transportation program. Without reauthorization there remains uncertainty as to future funding levels.

3. Dedicated funding sources for the Rail Relocation and Improvement Fund (RRIF) have not been identified.

The RRIF was created by the Legislature and approved by voters in 2005, but the Legislature has yet to identify dedicated revenues for the fund.

4. The capacity to advance projects through the Texas Mobility Fund has been exhausted. The current projected revenues of the Texas Mobility Fund have been fully leveraged, for the most part, by advancing projects through the issuance of bonds. If additional revenues were dedicated to the fund, or if projections were increased, the fund could advance additional projects.
5. Board Review Board has approved only \$2 billion of Prop 12 Bonds for this biennium. The 81st Legislature directed TxDOT to commit \$3 billion of Prop 12 bonds for the advancement of projects. \$1 billion is to be deposited to the State Infrastructure Bank, \$150 million was for ROW acquisition and Engineering, and up to \$1.85 billion was for the awarding for projects.

Attachment A
Texas Transportation Commission
Pass-Through Finance Commitments

| Entity | Total Reimbursement Amount | VMT Rate | Minimum Annual Payment | Maximum Term | Maximum Annual Payment | Minimum Term |
|--|----------------------------|-----------|------------------------|--------------|------------------------|--------------|
| Projects with Executed Agreements | | | | | | |
| Bexar County | \$37,627,600 | \$0.100 | \$3,752,760 | 10 | \$7,505,520 | 5 |
| <p>1. FM 3487 (Culebra Road) between IH 410 and FM 471 - upgrade from a four lane roadway to a six lane roadway section with a bicycle lane in each direction, maintaining the continuous, two-way left turn lane and storm drain system curbs and sidewalks within the existing right of way.</p> <p>2. FM 2656 (Blanco Road) between Glade Crossing and West Oak Estates - upgrade from a two lane roadway to a four lane divided roadway section with bicycle lanes in each direction, curbs, sidewalks and ditch drainage.</p> | | | | | | |
| Bexar County | \$55,600,000 | \$0.040 | \$2,760,000 | 20 | \$5,560,000 | 10 |
| <p>1. FM 1957 from Loop 1604 to 600 west of SH 211 - Reconstruct an existing two-lane roadway to a four-lane suburban facility, with two lanes in each direction and a flushed/raised center median.</p> <p>2. SH 211 from FM 1957 to FM 471 - Construct a two-lane, rural section on new alignment which is part of an ultimate development planned as a fully controlled access facility with frontage roads.</p> | | | | | | |
| City of Brenham | \$15,000,000 | \$0.125 | \$2,500,000 | 6 | \$3,750,000 | 4 |
| <p>US 290 interchange at the confluence of US 290, FM 577, and Business US 290 - improvements include frontage road and entrance/exit ramp improvements along US 290 from FM 577 to the Burlington Northern Santa Fe Railroad turnaround, improvements at the intersection of US 290 and SH 36, including frontage road turnarounds. The frontage road improvement will include conversion to one-way operations.</p> | | | | | | |
| Comal County | \$16,000,000 | \$0.100 | \$2,666,667 | 6 | \$4,000,000 | 4 |
| <p>SH 46 from 0.25 mi. W. of Range Road to Kerlick Lane -reconstruct from a two lane roadway to an urban six-lane section with continuous left turn lane and storm sewer.</p> | | | | | | |
| Comal County | \$16,000,000 | \$0.100 | \$2,666,667 | 6 | \$4,000,000 | 4 |
| <p>US 281 from 0.2 miles north of the Guadalupe River to the Blanco County Line - reconstruct from a two-lane undivided roadway to a four-lane divided roadway with drainage ditches and with a variable width transportation corridor/median.</p> | | | | | | |
| City of El Paso | \$312,450,000 | \$ 25.-85 | \$31,300,000 | 10 | \$35,000,000 | 8 |
| <p>Spur 601 from US 54 to Loop 375 - construct, W. of Airport Road, the main lanes for a 6-lane divided facility (three travel lanes in each direction) and, E. of Airport Road, the main lanes for a four-lane divided facility (two travel lanes in each direction), expandable to accommodate a future HOV and/or managed lane in each direction.</p> | | | | | | |
| City of Forney | \$40,191,406 | \$0.100 | \$2,009,570 | 20 | \$4,019,141 | 10 |
| <p>1. FM 740 from US 80 to Ridgecrest Road -reconstruct the existing 2-lane rural facility to a 4-lane urban undivided section.</p> <p>2. FM 741 from Bois D'Arc (FM 740) to 0.6 miles east of FM548 (Forney High School) - reconstruct the existing 2-lane rural facility to a 4-lane urban section.</p> <p>3. US 80/FM 548 Interchange - replace the US80 bridge structure over FM 548 to accommodate six through lanes, two left turn lanes and two turnarounds. Frontage roads in the vicinity of FM 548 will be widened to accommodate two-12 foot lanes and two-4 foot shoulders. Two entrance ramps and one exit ramp to and from FM 548 will be reconstructed to current geometric standards as a one-way frontage roads.</p> | | | | | | |
| Galveston County | \$53,650,000 | \$0.150 | \$2,682,500 | 20 | \$5,365,200 | 10 |
| <p>1. FM 646 from FM 1764 to FM 517 - reconstruct from a rural two lane undivided roadway to a four-lane rigid pavement urban roadway section with a continuous two way left turn lane.</p> <p>2. FM 646 from IH 45 to FM 517 - reconstruct from a rural two lane undivided roadway to a four-lane rigid pavement urban roadway section with a raised median.</p> | | | | | | |
| Grayson County | \$84,506,000 | \$0.150 | \$5,281,625 | 16 | \$7,042,167 | 12 |
| <p>1. SH 289 from 0.6 mi. S. of SH 56 to US 82, etc. - construct a new two-lane facility on new location and construct three grade separated interchanges at SH 289 and SH 56, SH 289 and US 82 and at the Union Pacific Railroad (UPRR) crossing. Also, the section of SH 56 at the intersection of SH 289 will be reconstructed from the existing two-lane facility to a five-lane section with a center left turn lane and U-turn lanes.</p> <p>2. FM 996 from 0.26 mi. W. of SH 289 to 0.37 mi. E. of SH 289 - upgrade from the existing two-lane facility to a five-lane section with a center left turn lane.</p> | | | | | | |
| Hays County | \$133,170,000 | \$0.140 | \$6,656,500 | 20 | \$13,317,000 | 10 |
| <p>1. FM 110 (San Marcos Loop) IH-35/McCarty Road to SH 123 - reconstruct existing McCarty Road to a five lane urban section and then transition to a 5-lane rural, limited access roadway.</p> <p>2. FM 1626 (A and B) FM 2770 to Brodie Lane - reconstruct the existing 2-lane rural roadway to a 5-lane rural facility.</p> <p>3. US 290 West from Trautwein Road to Nutty Brown Road - construct a center turn lane and add shoulders to this existing rural four lane roadway.</p> <p>4. 1-35 at Kyle Crossing (CR 210) - reconstruct the substandard 2-lane bridge over 1-35, including the North-South and South-North turnaround bridges, and also construct a section of frontage road between Kyle Crossing and FM 1626.</p> <p>5. IH-35 at RM 150 - construct the southbound frontage road between FM 1626 and RM 150; construct new ramps and the realignment of RM 150 east of IH 35.</p> | | | | | | |

Attachment A
Texas Transportation Commission
Pass-Through Finance Commitments

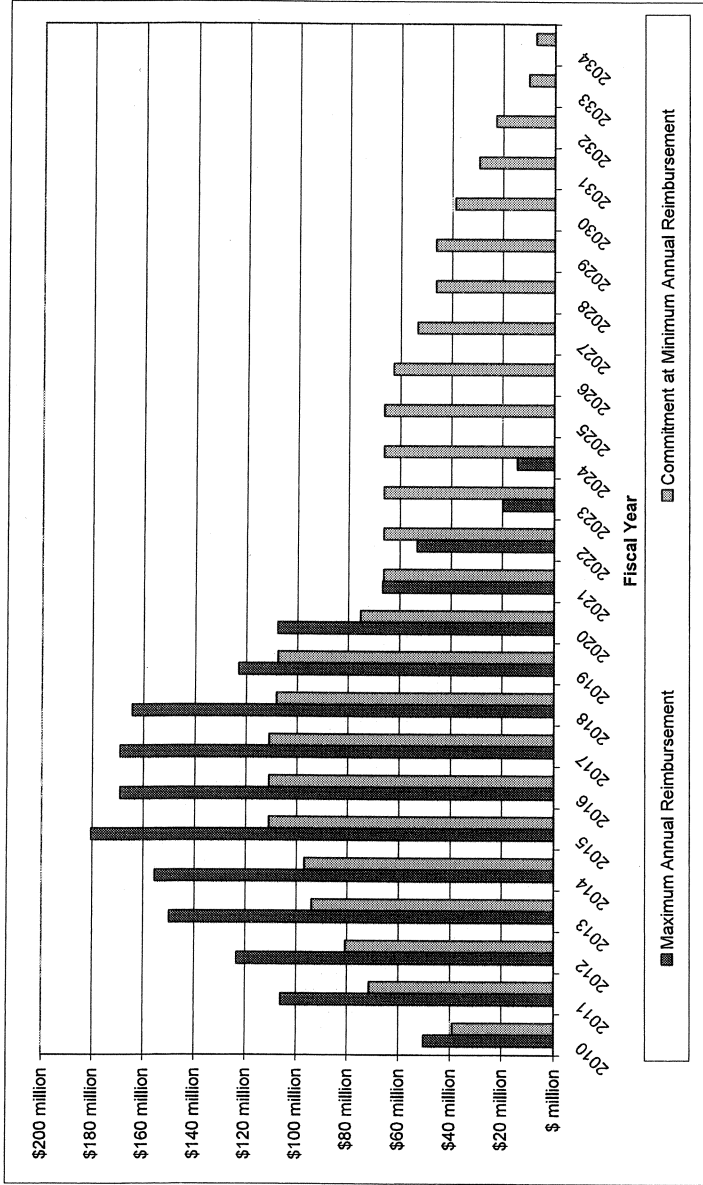
| Entity | Total Reimbursement Amount | VMF Rate | Minimum Annual Payment | Maximum Term | Maximum Annual Payment | Minimum Term |
|--|----------------------------|----------|------------------------|--------------|------------------------|------------------------|
| Montgomery County 1. FM 1484 from FM 3083 to FM 2432 - construct the re-alignment of FM 1484 to a 4-lane divided rural roadway section on new location. 2. FM 1488 from IH 45 to FM 2978 (1A) - reconstruct the exist 2-lane undivided rural roadway to a 4-lane divided rural roadway. 3. FM 1488 from FM 2978 to Mosslyn Road (1 B) - reconstruct the exist 2-lane undivided rural roadway to a 4-lane divided rural roadway. 4. FM 1314 from 1 mi. S. of SH 242 to 2.6 mi. NW of LP 494 - reconstruct the exist 2-lane undivided rural roadway to a 4-lane divided rural roadway. 5. FM 1485 from LP 494 to Kidd Cemetery Road - reconstruct the exist 2-lane undivided rural roadway to a 4-lane divided urban roadway. 6. SH 242 at IH 45 -construct 2 single lane direct conn. | \$174,473,000 | \$0.070 | \$10,500,000 | 17 | \$17,447,300 | 10 |
| City of San Marcos FM 3407 (Wonder World Drive) from RM 12 to terminus of railroad overpass - widen to a 6-lane section from the terminus of the FM 3407 railroad overpass to FM 2439, and extend from FM 2439 westward to intersect with RM 12 as a four lane divided section. | \$60,600,000 | \$0.150 | \$3,030,000 | 20 | \$6,060,000 | 10 |
| Titus County 1. US 271 (West Loop) from FM 3417 to US 67 - construct approximately 6.1 miles of a four lane divided freeway section with ramps and frontage roads on new location. 2. FM 1000 (East Loop) from US 271 (new) to FM 1735 - construct approximately 4.8 miles of a two lane undivided roadway on new location. 3. FM 2348 (East Loop) from US 67 to SH 49 - construct approximately 3.1 miles of a two lane undivided roadway on new location. | \$168,620,000 | \$0.150 | \$8,431,000 | 20 | \$16,862,000 | 10 |
| Val Verde County SL 79 is a relief route to US 277 extending from US 90 north of Del Rio southward to US 277 southeast of the city - construct approximately 12 miles of 2-lane rural roadway on new location except from approximate Station 237+00 to Station 271+00, which shall be constructed as a 4-lane undivided highway. | \$75,000,000 | \$0.150 | \$3,750,000 | 20 | \$7,500,000 | 10 |
| City of Weatherford 1. SH 171/ FM 51 from S. of IH 20 to S. of Causbie Road - widen from an exist 2 lane rural highway to a 5 lane concrete urban roadway with dedicated turn lanes. 2. SH 171 / FM 51 FM 2552 - construct an urban section concrete frontage road (EB & WB). 3. FM 2552 from South Denton Street with US Highway 180 S. across the Santa Fe Railway to FM 2552 - realign FM 2552 and construct a 4-lane concrete urban road with dedicated left turn lanes and a bridge crossing of the UPRR and Town Creek. 4. SH 171/ FM 51 overpass of IH 20 - widen to 5 lanes and add elev. u-turns east and west of SH 171/ FM 51. 5. Construct of EB & WB frtg roads from South Bowie Drive to FM 1884 and reconfigure the two ramps between FM 1884 and south Bowie Drive. 6. Holland Lake Road Overpass from EB frontage road north to the WB frontage road - construct a 2-lane overpass over Interstate Highway 20. | \$52,443,517 | \$0.150 | \$3,496,235 | 15 | \$5,244,352 | 10 |
| Williamson County 7. SH 171/ FM 51 N. of IH 20 to FM 1884 - reconstruct SH 171/ FM 51 as a 5 lane concrete urban road section plus the addition c dedicated right turn lanes. 1. US 79 from east of the Hutto city limits to CR 402 - reconstruction of the roadway from a four lane undivided to a four-lane divided section with median openings and left-turn bays at the significant intersections. 2. FM 1660 Realignment from CR 134 to CR 101 - construct/relocate two lane section in the interim and ultimately construct a four-lane divided section. 3. SH 29/ IH 35 Interchange - construct northbound and southbound U-turn lanes for the IH 35 frontage roads, as well as additional improvements to the intersection approaches. 4. US 79 from East of Taylor to the County Line - reconstruct the existing four-lane undivided roadway to a four-lane divided section to improve safety for turning movements. 5. US 183 from the San Gabriel River to SH 29 - construct a 4-lane rural frontage system. 6. FM 2338 from FM 3405 to Ronald Reagan Blvd. - reconstruct the existing rural two lane state facility to a five lane rural section. | \$151,942,000 | \$0.100 | \$7,597,100 | 20 | \$15,194,200 | 10 |
| Subtotal for Projects with Executed Agreements | | | | | | \$1,447,173,623 |

Attachment A
Texas Transportation Commission
Pass-Through Finance Commitments

| Entity | Total Reimbursement Amount | VMT Rate | Minimum Annual Payment | Maximum Annual Payment | Minimum Term | Maximum Term |
|---|--|----------|------------------------|------------------------|--------------|--------------|
| Projects Approved by the Commission without Executed Agreements | | | | | | |
| El Paso / CRRMA Fort Bend County | IH 10 at Loop 375 (Americas Interchange) - Construct four direct connectors and aesthetic improvements. | | | | | |
| | 1. FM 1093 - Phase I from SH 99 to the east city limits of Fulshear - Construct a pair of one-way frontage roads. | \$0.055 | \$2,000,000 | \$3,000,000 | 5 | 4 |
| | 2. FM 1093 - Phase II from SH 99 to the east city limits of Fulshear - Construct a highway section. | \$0.080 | \$1,980,000 | \$3,960,000 | 20 | 10 |
| Brazoria County | 3. FM 1093 - Phase III from James Lane to FM 359/FM 1093, and then continuing to the east city limits of Fulshear - Construct a "parkway" section. | | | | | |
| | 1. SH 36 in City of West Columbia from the northern city limits of West Columbia to south of SH 35 - Construct a four-lane overpass at future SH 35, with access roads, etc. | \$0.055 | \$1,470,500 | \$2,940,800 | 20 | 10 |
| | 2. SH 36 in City of Brazoria from North of CR 348 to South of CR 310 - Widen from a two lane to a four-lane undivided rural roadway, where necessary, overlay and restripe, and add a two-way left turn lane as warranted. | | | | | |
| | 3. SH 36 at FM 1485 Port Freepoint Entrance - Construct a four-lane elevated T intersection at SH 36 and FM 1485 with access roads. | | | | | |
| City of Killen | 1. US 190 from 0.2 miles east of the US 190/FM 3470 interchange to 0.3 miles west of the US 190/FM 2410 interchange - Construct a new interchange at US 190 and Rosewood Drive, etc. | \$0.030 | \$1,007,500 | \$2,015,000 | 20 | 10 |
| | 2. FM 2410 from the intersection of FM 2410 and FM 3470 to Roy Reynolds Drive - Widen the existing two lane rural section to a five lane urban section. | | | | | |
| City of Austin | Loop 1/US 290 - Construct direct connectors for Northbound Loop 1 to Eastbound US 290 and Westbound US 290 to Southbound Loop 1. | \$0.290 | \$677,637 | \$1,016,455 | 15 | 10 |
| Hood County | US 377 from SW of the SH 144 interchange to NE of Old Action Highway - Reconstruct a four-lane undivided roadway to a six-lane divided roadway, etc. | \$0.055 | \$1,550,000 | \$3,100,000 | 20 | 10 |
| City of Hudson Oaks | IH 20/US 180 from Center Point Road/IH 20 to the interchange of IH 20, US 180 and Lakeshore Drive - Construct a new frontage road between Center Point Road and Lakeshore Drive and construct intersection improvements at US 180/IH 20 and Lakeshore Dr, etc. | \$0.250 | \$397,700 | \$795,400 | 20 | 10 |
| Bowie County | US 82 from FM 1840 to SH 98 - Reconstruct and widen this existing non-freeway facility to either a two-lane section with a two-way left turn lane or to add passing lanes. | \$0.070 | \$1,310,000 | \$2,620,000 | 20 | 10 |
| City of Midlothian | US 67 at Rail Port Parkway/Miller Rd - Construct a grade separated interchange over Rail Port Parkway/Miller Rd in Ellis County. | \$0.050 | \$497,550 | \$983,100 | 20 | 10 |
| City of Midlothian | FM 663 at US 287 Relief Route - Reconstruct and widen the existing bridge and approaches on FM 663 at the interchange with the US 287 Relief Route in the city of Midlothian. | \$0.100 | \$127,110 | \$254,220 | 20 | 10 |
| City of Victoria | Loop 463 (Zac Lentz Pkwy) from 0.6 miles west of Salem Rd to 0.5 miles east of Mockingbird Ln - Construct main lanes, frontage roads, and grade separated structures along Loop 463 at Salem Rd (FM 1315) and Mockingbird Ln. | \$0.120 | \$878,050 | \$1,756,100 | 20 | 10 |
| Subtotal for Projects Approved by the Commission without Executed Agreements | | | | | | |
| | | | \$204,408,746 | | | |
| Total For All Projects with Commission Approval | | | | | | |
| | | | \$1,651,582,269 | | | |
| Additional Commitments Required for FY 2010 | | | | | | |
| | | | \$280,000,000 | | | |
| Additional Commitments Required for FY 2011 | | | | | | |
| | | | \$280,000,000 | | | |
| Grand Total Pass-Through Commitments Required through FY 2011 | | | | | | |
| | | | \$2,211,582,269 | | | |

Attachment A
Estimated Maximum and Minimum Commitment Schedules

| Fiscal Year | Estimated Commitment at Maximum Annual Reimbursement | Estimated Commitment at Minimum Annual Reimbursement |
|-------------|--|--|
| 2010 | \$50,194,200 | \$38,897,100 |
| 2011 | \$106,115,539 | \$71,268,720 |
| 2012 | \$123,389,500 | \$80,572,367 |
| 2013 | \$149,751,055 | \$93,922,553 |
| 2014 | \$155,402,555 | \$96,748,303 |
| 2015 | \$180,307,555 | \$110,992,471 |
| 2016 | \$168,802,032 | \$110,992,471 |
| 2017 | \$168,802,035 | \$110,992,471 |
| 2018 | \$164,252,031 | \$108,325,804 |
| 2019 | \$123,052,031 | \$107,775,803 |
| 2020 | \$107,857,835 | \$75,025,803 |
| 2021 | \$66,484,175 | \$66,106,369 |
| 2022 | \$53,210,226 | \$66,106,377 |
| 2023 | \$19,806,500 | \$66,106,377 |
| 2024 | \$14,155,000 | \$66,106,377 |
| 2025 | | \$62,610,142 |
| 2026 | | \$53,301,516 |
| 2027 | | \$46,150,886 |
| 2028 | | \$46,150,880 |
| 2029 | | \$38,553,780 |
| 2030 | | \$29,212,772 |
| 2031 | | \$22,575,800 |
| 2032 | | \$9,903,250 |
| 2033 | | \$7,077,500 |
| 2034 | | |



Notes:
 -Actual reimbursements will vary according to actual timing of the roadway being open to traffic and actual usage per vehicle.
 -The schedules above do not include future commitments required in FY 2010 and FY 2011 of \$560 million.

STATE OF TEXAS DEBT OUTSTANDING

(amounts in thousands)

| | 8/31/2005 | 8/31/2006 | 8/31/2007 | 8/31/2008 | 8/31/2009 | 8/31/2010 Projected |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|------------------------|
| General Obligation Bonds | | | | | | |
| Self-Supporting | | | | | | |
| Veterans' Land and Housing Bonds | \$1,773,251 | \$1,852,137 | \$1,845,187 | \$1,832,472 | \$1,867,107 | \$2,116,622 |
| Water Development Bonds | 959,000 | 887,340 | 847,905 | 803,385 | 986,195 | 1,467,195 |
| Economic Development Bank Bonds | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 |
| Park Development Bonds ¹ | 24,485 | 20,080 | 1,805 | 0 | 4,865 | 4,865 |
| College Student Loan Bonds | 652,923 | 625,601 | 661,367 | 727,343 | 708,945 | 783,945 |
| Texas Agricultural Finance Authority ² | 30,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 |
| Texas Mobility Fund Bonds | 1,000,000 | 1,725,515 | 3,886,750 | 4,955,850 | 6,132,055 | 6,132,055 |
| Texas Public Finance Authority - TMVRLF | 0 | 0 | 49,595 | 49,595 | 49,595 | 49,595 |
| Total, Self-Supporting | \$4,484,659 | \$5,180,673 | \$7,363,334 | \$8,438,645 | \$9,818,762 | \$10,624,277 |
| Not Self-Supporting³ | | | | | | |
| Cancer Prevention and Research Institute of Texas | 0 | 0 | 0 | 0 | 0 | 0 |
| Higher Education Constitutional Bonds ⁴ | \$52,685 | \$63,000 | \$58,310 | \$51,605 | \$54,875 | \$54,875 |
| Texas Public Finance Authority Bonds ⁵ | 2,133,778 | 1,978,685 | 1,810,644 | 1,850,644 | 1,870,530 | 2,052,937 |
| Transportation Commission GO Transportation Bonds | 0 | 0 | 0 | 0 | 0 | 400,000 |
| Park Development Bonds | 4,125 | 3,300 | 16,544 | 15,164 | 9,280 | 9,280 |
| Agriculture Water Conservation Bonds | 9,690 | 7,410 | 5,040 | 2,575 | 0 | 0 |
| Water Development Bonds - EDAP ⁶ | 173,005 | 165,725 | 180,185 | 172,495 | 162,805 | 213,425 |
| Water Development Bonds - State Participation | 141,580 | 141,445 | 160,280 | 140,130 | 139,750 | 327,300 |
| Water Development Bonds - WIF | 0 | 0 | 0 | 106,120 | 388,870 | 673,485 |
| Total, Not Self-Supporting | \$2,514,863 | \$2,359,565 | \$2,231,003 | \$2,338,733 | \$2,626,110 | \$3,731,302 |
| Total General Obligation Bonds | \$6,999,522 | \$7,540,238 | \$9,594,337 | \$10,777,379 | \$12,444,872 | \$14,355,579 |
| Non-General Obligation Bonds | | | | | | |
| Self-Supporting | | | | | | |
| Permanent University Fund Bonds | | | | | | |
| The Texas A&M University System ⁵ | \$301,571 | \$429,210 | \$409,344 | \$434,630 | \$577,105 | \$852,107 |
| The University of Texas System ⁵ | 973,560 | 1,032,860 | 1,062,625 | 1,318,980 | 1,524,235 | 2,424,235 |
| College and University Revenue Bonds ^{5,7} | 5,061,421 | 5,857,034 | 6,305,867 | 7,362,004 | 8,457,339 | 11,350,030 |
| Texas Dept. of Housing and Community Affairs Bonds ⁵ | 2,169,157 | 2,305,689 | 2,606,999 | 2,783,482 | 2,658,191 | 2,962,191 |
| Texas State Affordable Housing Corporation | 542,898 | 515,148 | 621,887 | 696,136 | 568,780 | 598,780 |
| Texas Small Business I.D.C. Bonds | 99,335 | 99,335 | 99,335 | 99,335 | 60,000 | 60,000 |
| Economic Development Program ² | 15,000 | 13,000 | 8,235 | 6,407 | 9,332 | 9,332 |
| Texas Water Resources Finance Authority Bonds | 27,155 | 21,315 | 15,830 | 10,740 | 5,195 | 5,195 |
| College Student Loan Bonds | 878 | 0 | 0 | 0 | 0 | 0 |
| Texas Department of Transportation Bonds - CTTS | 2,199,994 | 2,199,994 | 2,075,063 | 2,563,947 | 2,563,222 | 2,563,222 |
| Texas Workers' Compensation Fund Bonds | 46,433 | 24,217 | 0 | 0 | 0 | 0 |
| Veterans' Financial Assistance Bonds | 25,689 | 25,689 | 24,444 | 23,987 | 24,227 | 24,227 |
| TPFA Charter School Finance Corporation | 0 | 0 | 10,380 | 10,145 | 127,740 | 127,740 |
| Texas Workforce Commission Unemp Comp Bonds | 1,018,840 | 712,935 | 396,060 | 0 | 0 | 0 |
| State Highway Fund | 0 | 688,850 | 1,689,740 | 3,076,660 | 3,091,755 | 4,591,755 |
| Water Development Board Bonds - State Revolving Fund | 1,268,275 | 1,234,300 | 932,448 | 1,357,383 | 1,522,933 | 2,174,933 |
| Total, Self-Supporting | \$13,750,206 | \$15,159,576 | \$16,258,257 | \$19,743,835 | \$21,190,054 | \$27,743,747 |
| Not Self-Supporting³ | | | | | | |
| Texas Public Finance Authority Bonds | \$484,200 | \$454,085 | 337,015 | 321,470 | 278,486 | 288,486 |
| TPFA Master Lease Purchase Program ^{2,8} | 77,259 | 105,290 | 110,800 | 122,440 | 107,320 | 107,320 |
| Texas Military Facilities Commission Bonds | 23,385 | 21,690 | 20,150 | 18,555 | 17,350 | 17,350 |
| Parks and Wildlife Improvement Bonds | 45,125 | 41,880 | 52,330 | 46,895 | 41,320 | 41,320 |
| Total, Not Self-Supporting | \$629,969 | \$622,945 | \$520,295 | \$509,360 | \$444,476 | \$454,476 |
| Total Non-General Obligation Bonds | \$14,380,175 | \$15,782,521 | \$16,778,552 | \$20,253,195 | \$21,634,530 | \$28,198,223 |
| Total Debt Outstanding | \$21,379,697 | \$23,322,759 | \$26,372,889 | \$31,030,574 | \$34,079,402 | \$42,553,802 |

¹ Amounts do not include premium on capital appreciation bonds.² Commercial Paper³ Bonds that are not self-supporting (general obligation and non-general obligation) depend solely on the state's general revenue fund for debt service.⁴ While not explicitly a general obligation or full faith and credit bond, the revenue pledge contained in Constitutional Bonds has the same effect. Debt service is paid from annual constitutional appropriation to qualified institutions of higher education from first monies coming into the state treasury not otherwise dedicated by the Constitution.⁵ Includes commercial paper and bond anticipation notes outstanding.⁶ Economically Distressed Areas Program (EDAP) bonds do not depend totally on the state's general revenue fund for debt service.⁷ Outstanding amounts for tuition revenue bonds are included in these totals. Table 3.2 provides amounts of outstanding revenue bonds for each institution. 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").⁸ This figure reflects only the commercial paper component of the Master Lease Purchase Program (MLPP).

Note: The debt outstanding figures include the accretion on capital appreciation bonds as of August 31, 2009.

Source: Texas Bond Review Board - Bond Finance Office.

TEXAS BONDS AUTHORIZED BUT UNISSUED

(amounts in thousands)

| | 8/31/2005 | 8/31/2006 | 8/31/2007 | 8/31/2008 | 8/31/2009 |
|--|--------------------|--------------------|---------------------|---------------------|---------------------|
| General Obligation Bonds | | | | | |
| Self-Supporting | | | | | |
| Veterans' Land and Housing Bonds | \$355,002 | \$318,372 | \$180,592 | \$147,157 | \$68,032 |
| Water Development Bonds | 2,127,961 | 2,077,961 | 2,066,427 | 1,974,238 | 711,825 |
| Farm and Ranch Loan Bonds ¹ | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 |
| College Student Loan Bonds | 250,000 | 250,000 | 177,195 | 600,482 | 525,482 |
| Texas Economic Development Bank Bonds | 0 | 0 | 0 | 0 | 0 |
| Texas Agricultural Finance Authority Bonds | 20,000 | 200,000 | 200,000 | 200,000 | 200,000 |
| Texas Public Finance Authority - TMVRLF ² | 250,000 | 250,000 | 200,405 | 200,405 | 200,405 |
| Texas Mobility Fund Bonds | * | * | * | * | * |
| Texas Rail Relocation and Improvement Fund | * | * | * | * | * |
| Total Self-Supporting | \$3,302,963 | \$3,396,333 | \$3,124,619 | \$3,422,282 | \$2,005,744 |
| Not Self-Supporting³ | | | | | |
| Agricultural Water Conservation Bonds | 164,840 | \$164,840 | \$164,840 | \$164,840 | \$164,840 |
| Higher Education Constitutional Bonds | *** | *** | *** | *** | *** |
| Texas Public Finance Authority ^{2,4} | \$689,566 | 644,337 | 525,950 | 4,260,623 | 3,941,243 |
| Transportation Commission GO Transportation Bonds | \$0 | 0 | 0 | 5,000,000 | 5,000,000 |
| Water Development Bonds - EDAP ⁵ | 37,011 | 37,011 | 12,013 | 262,013 | 262,013 |
| Water Development Bonds - State Participation | 15,000 | 15,000 | 0 | 0 | 200,050 |
| Water Development Bonds - WIF | 0 | 0 | 0 | 0 | 473,365 |
| Total Not Self-Supporting | 906,417 | \$861,188 | \$702,803 | \$9,687,476 | \$10,041,511 |
| Total General Obligation Bonds | \$4,209,380 | \$4,257,521 | \$3,827,422 | \$13,109,758 | \$12,047,255 |
| Non-General Obligation Bonds | | | | | |
| Self-Supporting | | | | | |
| Permanent University Fund Bonds ⁶ | | | | | |
| The Texas A&M University System | \$538,129 | \$573,421 | \$613,387 | \$647,901 | \$374,182 |
| The University of Texas System | 759,228 | 972,402 | 992,970 | 839,020 | 378,339 |
| College and University Revenue Bonds | ** | ** | ** | ** | ** |
| Texas Department of Housing & Community Affairs | ** | ** | ** | ** | ** |
| Texas Turnpike Authority Bonds | ** | ** | ** | ** | ** |
| Texas Agricultural Finance Authority Bonds | 0 | 0 | 0 | 0 | 0 |
| Texas Economic Development Bank Bonds | ** | ** | ** | ** | ** |
| Texas State Affordable Housing Corporation | ** | ** | ** | ** | ** |
| Texas Water Resources Finance Authority Bonds | ** | ** | ** | ** | ** |
| Texas Water Development Bonds (Water Resources Fund) | ** | ** | ** | ** | ** |
| Texas Windstorm Insurance Association | 0 | 0 | 0 | 0 | **** |
| Texas Workers' Compensation Fund Bonds | ** | ** | ** | ** | ** |
| Texas Workforce Commission Unemp Comp Bonds | **** | **** | **** | **** | **** |
| Nursing Home Liability Insurance | 75,000 | 75,000 | 75,000 | 75,000 | 75,000 |
| FAIR Plan | 75,000 | 75,000 | 75,000 | 75,000 | 75,000 |
| Veterans' Financial Assistance Bonds | 795,720 | 795,720 | 795,720 | 795,720 | 795,720 |
| State Highway Fund Revenue Bonds ⁷ | 3,000,000 | 2,372,669 | 4,372,961 | 2,900,671 | 2,900,671 |
| Water Development Board - State Revolving Fund | ** | ** | ** | ** | ** |
| Total Self-Supporting | \$5,243,077 | \$4,864,212 | \$6,925,038 | \$5,333,312 | \$4,598,912 |
| Not Self Supporting³ | | | | | |
| Texas Public Finance Authority Bonds ² | \$259,499 | \$259,499 | \$133,021 | \$150,471 | \$150,471 |
| TPFA Master Lease Purchase Program | 72,741 | 44,710 | 39,200 | 27,560 | 42,680 |
| Texas Military Facilities Commission Bonds | ** | ** | ** | ** | ** |
| Parks and Wildlife Improvement Bonds | 0 | 0 | 0 | 0 | 0 |
| Total Not Self-Supporting | \$332,240 | \$304,209 | \$172,221 | \$178,031 | \$193,151 |
| Total Non-General Obligation Bonds | \$5,575,317 | \$5,168,421 | \$7,097,259 | \$5,511,343 | \$4,792,063 |
| Total All Bonds | \$9,784,696 | \$9,425,942 | \$10,924,681 | \$18,621,101 | \$16,839,318 |

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

** No issuance limit has been set by the Texas Constitution. Bonds may be issued by the agency without further authorization by the Legislature. However, bonds may not be issued without the approval of the Bond Review Board and the Attorney General.

*** No bond issuance limit, but debt service may not exceed \$131.25 million per year.

**** No bond issuance limit, but each issuance may not exceed \$2 billion.

***** No bond issuance limit, but may not exceed \$2.5 billion annually.

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

² See Appendix D - Texas State Debt Programs for a description of the Texas Public Finance Authority bonds.

³ Bonds that are not self-supporting depend solely on the state's general revenue for debt service.

⁴ Includes \$850 million that was authorized by state voters in November 2001; however, as of August 31, 2008 the Legislature has appropriated \$864,558,639 including \$31,500,000 that was reappropriated. Includes \$3 billion that was authorized by state voters in November 2007.

⁵ Economically Distressed Areas Program (EDAP) bonds do not depend totally on the state's general revenue fund for debt service.

⁶ Issuance of PUF bonds by A&M is limited to 10 percent, and issuance by UT is limited to 20 percent of the cost value of investments and other assets of the PUF, except real estate. The PUF value used in this table is as of September 11, 2009.

⁷ With the passage of SB792, the State Highway Fund Program was expanded to an amount not to exceed \$6 billion.

Source: Texas Bond Review Board - Bond Finance Office

DEBT-SERVICE REQUIREMENTS OF TEXAS STATE BONDS BY FISCAL YEAR

(amounts in thousands)

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 & beyond |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| General Obligation Bonds | | | | | | |
| Self-Supporting | | | | | | |
| Veterans' Land and Housing Bonds | \$139,078 | \$179,653 | \$164,933 | \$134,157 | \$134,226 | \$2,216,356 |
| Water Development Bonds | 78,036 | 92,440 | 93,592 | 93,112 | 90,528 | 1,222,377 |
| Economic Development Bank Bonds | 846 | 2,048 | 2,048 | 2,048 | 2,048 | 110,520 |
| Park Development Bonds | 732 | 735 | 734 | 732 | 738 | 2,940 |
| College Student Loan Bonds | 132,599 | 102,556 | 98,186 | 80,101 | 89,739 | 645,878 |
| Texas Agriculture Finance Authority | 433 | 1,180 | 2,022 | 2,020 | 2,020 | 32,370 |
| Texas Mobility Fund Bonds | 265,971 | 304,098 | 334,227 | 339,514 | 343,738 | 11,073,094 |
| Texas Public Finance Authority - TMVRLF | 2,504 | 2,504 | 2,945 | 2,942 | 3,718 | 79,944 |
| Total Self-Supporting | \$620,199 | \$685,214 | \$698,686 | \$654,626 | \$666,756 | \$15,383,479 |
| Not Self-Supporting¹ | | | | | | |
| Higher Education Constitutional Bonds ² | \$8,997 | \$10,160 | \$10,153 | \$10,156 | \$10,146 | \$22,326 |
| Texas Public Finance Authority Bonds | 302,281 | 275,147 | 305,221 | 270,204 | 251,729 | 1,449,203 |
| Park Development Bonds | 429 | 1,281 | 1,233 | 1,188 | 1,140 | 6,670 |
| Agriculture Water Conservation Bonds | 2,696 | 0 | 0 | 0 | 0 | 0 |
| Water Development Bonds - EDAP ³ | 13,770 | 16,199 | 16,266 | 16,331 | 16,293 | 171,676 |
| Water Development Bonds - State Participation | 6,453 | 7,304 | 7,876 | 7,885 | 7,896 | 243,193 |
| Water Development Bonds - WIF | 26,895 | 26,476 | 25,198 | 27,462 | 27,436 | 519,017 |
| Total Not Self-Supporting | \$361,521 | \$336,567 | \$365,947 | \$333,224 | \$314,640 | \$2,412,084 |
| Total General Obligation Bonds | \$981,720 | \$1,021,781 | \$1,064,633 | \$987,851 | \$981,396 | \$17,795,563 |
| Non-General Obligation Bonds | | | | | | |
| Self-Supporting | | | | | | |
| Permanent University Fund Bonds | | | | | | |
| The Texas A&M University System | \$85,971 | \$46,743 | \$46,741 | \$41,667 | \$41,673 | 838,568 |
| The University of Texas System | 100,210 | 125,488 | 97,538 | 97,579 | 97,496 | 2,255,037 |
| College and University Revenue Bonds ⁴ | 737,987 | 768,063 | 762,971 | 751,416 | 752,407 | 9,956,202 |
| Texas Dept. of Housing & Community Affairs Bonds | 445,288 | 146,683 | 151,689 | 155,062 | 156,931 | 4,797,799 |
| Texas State Affordable Housing Corporation | 48,791 | 36,116 | 41,449 | 41,499 | 41,536 | 990,597 |
| Texas Small Business L.D.C. Bonds | 40,555 | 3,830 | 3,830 | 3,830 | 3,830 | 109,076 |
| Economic Development Program | 75 | 753 | 755 | 755 | 754 | 11,788 |
| Texas Water Resources Finance Authority Bonds | 6,253 | 5,539 | 0 | 0 | 0 | 0 |
| College Student Loan Bonds | 0 | 0 | 0 | 0 | 0 | 0 |
| Texas Department of Transportation Bonds - CTTS | 45,585 | 63,462 | 75,297 | 81,441 | 86,694 | 6,807,218 |
| Texas Workers' Compensation Fund Bonds ⁵ | 0 | 0 | 0 | 0 | 0 | 0 |
| Veterans' Financial Assistance Bonds | 1,914 | 1,860 | 1,862 | 1,862 | 1,860 | 41,377 |
| TPFA Charter School Finance Corporation | 8,740 | 8,788 | 8,861 | 8,860 | 8,860 | 209,201 |
| Texas Workforce Commission Unemp Comp Bonds | 0 | 0 | 0 | 0 | 0 | 0 |
| State Highway Fund | 232,795 | 237,428 | 258,920 | 261,450 | 261,451 | 3,622,963 |
| Water Development Bonds - State Revolving Fund | 128,888 | 119,057 | 134,783 | 136,736 | 140,644 | 1,768,212 |
| Total Self-Supporting | \$1,883,052 | \$1,563,811 | \$1,584,697 | \$1,582,157 | \$1,594,135 | \$31,408,038 |
| Not Self-Supporting¹ | | | | | | |
| Texas Public Finance Authority Bonds | \$68,581 | \$69,204 | \$55,181 | \$57,069 | \$51,101 | \$160,256 |
| TPFA Master Lease Purchase Program | 21,606 | 8,187 | 10,602 | 10,333 | 10,065 | 124,468 |
| Texas Military Facilities Commission Bonds | 1,981 | 1,979 | 1,985 | 1,988 | 1,980 | 15,002 |
| Parks and Wildlife Improvement Bonds | 6,906 | 7,618 | 7,504 | 7,390 | 7,284 | 20,160 |
| Total Not Self-Supporting | \$99,074 | \$86,988 | \$75,272 | \$76,781 | \$70,430 | \$319,886 |
| Total Non-General Obligation Bonds | \$1,982,126 | \$1,650,800 | \$1,659,968 | \$1,658,938 | \$1,664,565 | \$31,727,924 |
| Total All Bonds | \$2,963,846 | \$2,672,580 | \$2,724,601 | \$2,646,789 | \$2,645,961 | \$49,523,486 |

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

² While not explicitly a general obligation or full faith and credit bond, the revenue pledge contained in Constitutional Bonds has the same effect. Debt service is paid from annual constitutional appropriation to qualified institutions of higher education from first monies coming into the state treasury not otherwise dedicated by the Constitution.

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

⁴ Debt-service requirements for tuition revenue bonds are included in these totals. Table 12A provides debt-service detail for each institution. 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").

⁵ Texas Workers' Compensation Fund Bonds were economically defeased. Legally required debt-service payments are reflected in this table.

Notes: The debt-service figures do not include the early redemption of bonds under the state's various loan programs.

Future debt-service payments for variable-rate bonds and commercial paper programs are estimated.

Detail may not add to total due to rounding.

Source: Texas Bond Review Board - Bond Finance Office.

| TEXAS COLLEGE AND UNIVERSITY AUTHORIZED BUT UNISSUED TUITION REVENUE DEBT | |
|---|----------------------|
| | Total Unissued |
| The Texas A&M University System | |
| Prairie View A&M University | \$0 |
| Tarleton State University | \$32,890,207 |
| West Texas A&M University | \$0 |
| Texas A&M International University | \$1,321,600 |
| Texas A&M University - Kingsville | \$8,586,000 |
| Texas A&M University - Central Texas | \$22,821,000 |
| Texas A&M University - Corpus Christi | \$0 |
| Texas A&M University - Commerce | \$0 |
| Texas A&M University - San Antonio | \$36,513,500 |
| Texas A&M University - Texarkana | \$0 |
| Texas A&M Health Science Center | \$0 |
| Texas A&M University - Galveston | \$5,000,000 |
| Texas A&M University | \$19,330,500 |
| The Texas A&M University System Total | \$126,462,807 |
| The University of Texas System | |
| The University of Texas at Austin | \$0 |
| The University of Texas at Arlington | \$0 |
| The University of Texas at Brownsville | \$18,248,000 |
| The University of Texas at Dallas | \$5,334,000 |
| The University of Texas at El Paso | \$45,534,000 |
| The University of Texas - Pan American | \$39,796,000 |
| The University of Texas of the Permian Basin | \$38,769,000 |
| The University of Texas at San Antonio | \$0 |
| The University of Texas at Tyler | \$13,799,000 |
| The University of Texas Southwestern Medical Center | \$0 |
| The University of Texas HSC at Houston | \$51,042,000 |
| The University of Texas Medical Branch at Galveston | \$150,000,000 |
| The University of Texas HSC at Tyler | \$17,120,000 |
| The University of Texas HSC at San Antonio (RAHC) | \$1,733,000 |
| The University of Texas M.D. Anderson Cancer Center | \$0 |
| The University of Texas HSC at San Antonio | \$20,423,000 |
| The University of Texas System Total | \$401,798,000 |
| Texas Tech University System | |
| Angelo State University | \$0 |
| Texas Tech University | \$0 |
| Texas Tech University and Health Sciences Center | \$0 |
| Texas Tech University System Total | \$0 |
| Texas Southern University Total | \$46,500,000 |
| Midwestern State University Total | \$0 |
| Stephen F. Austin State University Total | \$0 |
| University of Houston System | |
| University of Houston | \$0 |
| University of Houston - Victoria | \$0 |
| University of Houston - Clear Lake | \$0 |
| University of Houston - Downtown | \$0 |
| University of Houston System Total | \$0 |
| University of North Texas | |
| University of North Texas | \$50,000,000 |
| University of North Texas at Dallas | \$25,000,000 |
| University of North Texas HSC at Fort Worth | \$0 |
| Texas College of Osteopathic Medicine | \$0 |
| University of North Texas Total | \$75,000,000 |
| Texas Woman's University Total | \$0 |
| Texas State University System | |
| Lamar University | \$0 |
| Lamar University - Beaumont | \$0 |
| Lamar University Institute of Technology | \$0 |
| Lamar University - Orange | \$1,837,280 |
| Lamar University - Port Arthur | \$1,849,500 |
| Sam Houston State University | \$0 |
| Texas State University at San Marcos | \$0 |
| Sul Ross State University | \$0 |
| Texas State University System Total | \$3,686,780 |
| Texas State Technical College System | |
| Texas State Technical College - Harlingen | \$0 |
| Texas State Technical College - Marshall | \$0 |
| Texas State Technical College - Waco | \$0 |
| Texas State Technical College - West Texas | \$0 |
| Texas State Technical College System Total | \$0 |
| Total | \$653,447,587 |

TEXAS LOCAL GOVERNMENTS
Debt Outstanding Summary (Principal Only)
As of August 31, 2009

| Type of Issuer | Tax-Supported | Revenue | Total Debt |
|---|---------------------------|--------------------------|---------------------------|
| Cities, Towns, Villages | | | \$ 58,448,454,172 |
| Tax | 24,576,950,610 | | |
| Revenue | | 33,552,253,563 | |
| Sales Tax | | 289,405,000 | |
| Conduit revenue | | 13,975,000 | |
| Lease-purchase contracts (jail facilities only) | | 15,870,000 | |
| Community and Junior Colleges | | | 3,684,905,363 |
| Tax | 2,551,581,747 | | |
| Revenue | | 882,004,102 | |
| Lease-purchase contracts (ed. facilities) | | 251,319,514 | |
| Counties | | | 11,925,289,193 |
| Tax | 9,204,643,153 | | |
| Revenue | | 2,078,702,100 | |
| Conduit revenue | | - | |
| Lease-purchase contracts (jail facilities only) | | 641,943,940 | |
| Health / Hospital Districts | | | 2,463,625,697 |
| Tax | 1,059,893,000 | | |
| Sales Tax | 25,661,000 | | |
| Revenue | | 1,369,301,697 | |
| Conduit revenue | | 8,770,000 | |
| Public School Districts | | | 58,837,260,997 |
| Voter-approved tax (ed. facilities) | 58,010,078,820 | | |
| Maintenance tax (ed. equipment) | 522,036,996 | | |
| Lease-purchase contracts (ed. facilities) | 303,115,181 | | |
| Revenue (athletic facilities) | | 2,030,000 | |
| Water Districts and Authorities | | | 27,121,532,149 |
| Tax | 9,849,025,106 | | |
| Revenue | | 8,384,462,043 | |
| Conduit revenue | | 8,888,045,000 | |
| Other Special Districts and Authorities (Road, power, housing, mobility and transit authorities) | | | 12,070,323,969 |
| Tax | 117,643,000 | | |
| Sales Tax | | 3,094,310,000 | |
| Revenue | | 8,776,550,969 | |
| Lease-purchase contracts (ed. facilities and public transit buses) | | 81,820,000 | |
| TOTAL LOCAL DEBT OUTSTANDING | \$ 106,220,628,613 | \$ 68,330,762,927 | \$ 174,551,391,540 |

Note: Obligations of less than one-year maturity and special obligations not requiring Attorney General approval are not included.

Source: Texas Bond Review Board.

TEXAS LOCAL GOVERNMENTS
Total Debt-Service Outstanding Summary
As of August 31, 2009

| Type of Issuer | Tax-Supported | Revenue | Total Debt |
|---|---------------------------|---------------------------|---------------------------|
| Cities, Towns, Villages | | | \$ 92,718,206,208 |
| Tax | 35,836,843,889 | | |
| Revenue | | 56,434,106,643 | |
| Sales Tax | | 400,799,804 | |
| Conduit revenue | | 21,081,528 | |
| Lease-purchase contracts (jail facilities only) | | 25,374,344 | |
| Community and Junior Colleges | | | \$ 5,786,401,092 |
| Tax | 4,085,124,191 | | |
| Revenue | | 1,274,388,388 | |
| Lease-purchase contracts (ed. facilities) | | 426,888,513 | |
| Counties | | | 18,762,590,784 |
| Tax | 13,832,962,225 | | |
| Revenue | | 3,825,900,399 | |
| Conduit revenue | | - | |
| Lease-purchase contracts (jail facilities only) | | 1,103,728,160 | |
| Health / Hospital Districts | | | 4,350,211,782 |
| Tax | 1,893,848,110 | | |
| Sales Tax | 40,395,103 | | |
| Revenue | | 2,404,352,969 | |
| Conduit revenue | | 11,615,600 | |
| Public School Districts | | | 102,789,531,732 |
| Voter-approved tax (ed. facilities) | 101,689,697,379 | | |
| Maintenance tax (ed. equipment) | 615,170,105 | | |
| Lease-purchase contracts (ed. facilities) | 482,136,563 | | |
| Revenue (athletic facilities) | | 2,527,685 | |
| Water Districts and Authorities | | | 46,465,292,706 |
| Tax | 15,763,140,490 | | |
| Revenue | | 13,242,435,414 | |
| Conduit revenue | | 17,459,716,802 | |
| Other Special Districts and Authorities (Road, power, housing, mobility and transit authorities) | | | 27,443,634,082 |
| Tax | 171,267,072 | | |
| Sales Tax | | 5,917,562,775 | |
| Revenue | | 21,246,754,816 | |
| Lease-purchase contracts (ed. facilities and public transit buses) | | 108,049,419 | |
| TOTAL LOCAL DEBT SERVICE OUTSTANDING | \$ 174,410,585,128 | \$ 123,905,283,258 | \$ 298,315,868,386 |

Notes: Obligations of less than one-year maturity and special obligations not requiring Attorney General approval are not included.
Debt service is not available for commercial paper outstanding; only outstanding principal is included in totals.

Source: Texas Bond Review Board.

Texas Local Debt Summary - FY 2000-2009
Total Issued & Total Outstanding by Local Government Type at 8/31 Fiscal Year End

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | Debt Issued 2000 - 2009 Grand Total |
|--|-------------------|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---|
| Cities ** | | | | | | | | | | | |
| Debt Issued | \$ 4,803,529,696 | \$ 7,496,097,486 | \$ 8,047,351,145 | \$ 9,986,836,903 | \$ 10,042,746,898 | \$ 9,463,852,433 | \$ 7,697,379,518 | \$ 8,553,326,552 | \$ 8,035,034,264 | \$ 8,224,002,160 | \$ 82,350,156,995 |
| Debt Outstanding | \$ 30,684,406,568 | \$ 33,968,363,384 | \$ 37,636,592,277 | \$ 41,108,145,256 | \$ 43,125,802,640 | \$ 45,412,947,780 | \$ 48,321,757,290 | \$ 51,311,885,043 | \$ 55,132,822,218 | \$ 58,448,454,172 | |
| Counties | | | | | | | | | | | |
| Debt Issued | \$ 639,087,500 | \$ 1,091,607,774 | \$ 2,100,284,303 | \$ 1,649,591,000 | \$ 2,045,089,988 | \$ 1,537,010,414 | \$ 1,393,983,000 | \$ 2,662,005,497 | \$ 2,448,827,000 | \$ 1,955,759,972 | \$ 17,523,246,449 |
| Debt Outstanding | \$ 5,102,633,229 | \$ 5,730,776,334 | \$ 6,624,163,808 | \$ 7,071,732,936 | \$ 7,765,640,653 | \$ 8,166,759,431 | \$ 8,925,612,596 | \$ 10,039,047,514 | \$ 11,380,592,267 | \$ 11,925,289,193 | |
| Water Districts | | | | | | | | | | | |
| Debt Issued | \$ 3,049,756,941 | \$ 1,612,943,993 | \$ 4,083,439,447 | \$ 3,503,726,685 | \$ 2,378,998,764 | \$ 3,067,326,982 | \$ 2,702,961,378 | \$ 2,587,125,979 | \$ 4,215,842,000 | \$ 2,948,537,324 | \$ 30,150,659,491 |
| Debt Outstanding | \$ 15,658,164,645 | \$ 16,333,472,010 | \$ 17,669,889,720 | \$ 17,619,763,249 | \$ 19,235,117,762 | \$ 20,539,875,575 | \$ 21,595,723,492 | \$ 22,963,777,715 | \$ 25,406,177,674 | \$ 27,121,532,149 | |
| Independent School Districts | | | | | | | | | | | |
| Debt Issued | \$ 3,507,036,836 | \$ 5,622,301,694 | \$ 4,149,068,832 | \$ 5,883,019,418 | \$ 5,538,042,776 | \$ 11,591,960,751 | \$ 6,914,378,390 | \$ 13,211,014,590 | \$ 8,824,434,581 | \$ 7,271,539,415 | \$ 72,512,797,283 |
| Debt Outstanding | \$ 20,953,043,916 | \$ 24,930,633,120 | \$ 27,301,074,052 | \$ 30,599,131,223 | \$ 33,496,793,433 | \$ 38,067,086,908 | \$ 40,933,157,360 | \$ 48,471,591,767 | \$ 54,349,699,820 | \$ 58,837,260,997 | |
| Community College Districts | | | | | | | | | | | |
| Debt Issued | \$ 54,865,000 | \$ 306,364,943 | \$ 488,023,104 | \$ 226,159,193 | \$ 446,174,992 | \$ 375,563,670 | \$ 403,404,147 | \$ 1,162,281,436 | \$ 498,645,000 | \$ 776,355,000 | \$ 4,737,836,484 |
| Debt Outstanding | \$ 907,713,168 | \$ 1,084,318,753 | \$ 1,418,501,625 | \$ 1,529,341,266 | \$ 1,839,920,099 | \$ 1,950,302,048 | \$ 2,135,012,322 | \$ 2,776,046,000 | \$ 3,236,753,104 | \$ 3,684,905,363 | |
| Health & Hospital Districts | | | | | | | | | | | |
| Debt Issued | \$ 184,703,200 | \$ 67,115,000 | \$ 148,170,000 | \$ 233,033,000 | \$ 187,725,741 | \$ 120,806,504 | \$ 285,774,075 | \$ 78,130,912 | \$ 734,166,000 | \$ 658,822,000 | \$ 2,698,446,432 |
| Debt Outstanding | \$ 1,144,989,277 | \$ 1,156,589,628 | \$ 1,255,296,092 | \$ 1,353,187,510 | \$ 1,384,562,384 | \$ 1,407,163,654 | \$ 1,508,420,142 | \$ 1,484,074,488 | \$ 1,947,433,912 | \$ 2,463,625,697 | |
| Other Special Districts | | | | | | | | | | | |
| Debt Issued | \$ 290,365,000 | \$ 1,442,170,000 | \$ 403,350,000 | \$ 615,595,000 | \$ 283,499,000 | \$ 1,003,857,611 | \$ 589,720,000 | \$ 817,245,000 | \$ 5,352,659,394 | \$ 4,243,063,366 | \$ 15,041,524,371 |
| Debt Outstanding | \$ 3,084,227,176 | \$ 3,473,241,125 | \$ 3,042,120,463 | \$ 3,315,444,101 | \$ 3,299,575,915 | \$ 3,894,692,273 | \$ 4,003,938,275 | \$ 4,341,215,134 | \$ 8,853,346,444 | \$ 12,070,323,969 | |
| Total Local Debt Issued | \$ 12,529,344,173 | \$ 17,638,600,890 | \$ 19,419,685,831 | \$ 22,097,961,199 | \$ 20,922,278,099 | \$ 27,160,378,364 | \$ 19,987,600,507 | \$ 29,071,129,966 | \$ 30,109,608,239 | \$ 26,078,079,237 | \$ 225,014,667,505 |
| Total Local Debt Outstanding | \$ 77,535,177,979 | \$ 86,677,394,354 | \$ 94,947,638,036 | \$ 102,596,745,540 | \$ 110,147,412,886 | \$ 119,438,827,670 | \$ 127,423,621,478 | \$ 141,387,637,661 | \$ 160,305,825,439 | \$ 174,551,391,540 | |

Notes:
 ** Verification of the outstanding debt of all Texas cities was completed in Fiscal 2002. Figures shown prior to that FY include actuals for those that were verified and estimates for the remaining cities.
 Totals include long-term and short-term (variable rate and commercial paper) debt, conduit debt, as well as lease-purchase obligations (for educational and jail facilities and public transit buses).

Source: Texas Bond Review Board

Texas Local Debt Outstanding - Six Largest Cities

Tax-Backed Debt Principal Outstanding*

| | As of 8/31/00 | As of 8/31/01 | As of 8/31/02 | As of 8/31/03 | As of 8/31/04 | As of 8/31/05 | As of 8/31/06 | As of 8/31/07 | As of 8/31/08 | As of 8/31/09 |
|-------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Houston | 1,843,234,793 | 1,864,046,634 | 1,921,429,583 | 1,806,484,411 | 2,084,303,564 | 2,260,203,564 | 2,447,853,564 | 2,590,528,564 | 2,754,348,564 | 3,218,143,564 |
| Austin | 790,644,000 | 737,056,000 | 834,061,011 | 909,802,761 | 935,017,420 | 1,021,417,467 | 995,165,659 | 993,450,000 | 1,017,560,000 | 1,061,625,000 |
| San Antonio | 780,378,108 | 768,693,108 | 838,428,108 | 914,728,108 | 1,004,563,551 | 900,015,124 | 861,865,000 | 954,665,000 | 1,045,085,000 | 1,150,320,000 |
| Dallas | 673,855,670 | 749,420,670 | 771,805,548 | 732,497,721 | 849,185,000 | 1,340,392,609 | 1,435,127,609 | 1,678,357,609 | 1,905,672,609 | 2,006,269,913 |
| El Paso | 347,640,000 | 361,125,000 | 380,605,000 | 413,610,000 | 409,480,000 | 413,220,000 | 488,280,000 | 624,070,000 | 650,690,000 | 785,965,000 |
| Fort Worth | 299,835,000 | 226,497,143 | 258,009,286 | 317,161,429 | 322,868,571 | 326,955,000 | 299,500,714 | 378,430,000 | 444,345,000 | 559,255,000 |
| | \$ 4,735,587,571 | \$ 4,706,838,554 | \$ 5,004,338,535 | \$ 5,094,284,430 | \$ 5,605,418,106 | \$ 6,262,203,764 | \$ 6,527,792,546 | \$ 7,219,501,173 | \$ 7,817,701,173 | \$ 8,781,578,477 |

Revenue Debt - Principal Outstanding*

| | As of 8/31/00 | As of 8/31/01 | As of 8/31/02 | As of 8/31/03 | As of 8/31/04 | As of 8/31/05 | As of 8/31/06 | As of 8/31/07 | As of 8/31/08 | As of 8/31/09 |
|-------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Houston | \$4,936,305,177 | \$6,632,636,650 | \$7,492,315,029 | 7,694,758,571 | 7,885,818,860 | 8,016,987,748 | 8,224,901,688 | 8,550,798,577 | 8,670,295,547 | 9,274,252,375 |
| Austin | 3,513,826,149 | 3,670,362,184 | \$3,624,216,648 | 3,472,487,489 | 3,638,948,182 | 3,647,114,737 | 3,667,645,656 | 3,646,221,620 | 3,783,027,578 | 3,923,285,433 |
| San Antonio | 4,097,187,481 | 4,502,197,481 | \$4,737,852,481 | 4,875,492,481 | 4,773,780,000 | 5,221,687,412 | 5,850,022,412 | 6,201,587,412 | 6,781,692,412 | 7,282,537,412 |
| Dallas | 2,244,229,267 | 2,348,521,014 | \$2,766,206,700 | 4,007,224,141 | 4,246,014,892 | 4,274,966,313 | 4,334,521,000 | 4,403,189,000 | 4,364,973,000 | 4,501,318,000 |
| El Paso | 268,686,000 | 258,212,000 | \$332,308,000 | 323,857,000 | 394,019,000 | 445,947,000 | 468,240,000 | 525,497,000 | 507,023,000 | 538,663,000 |
| Fort Worth | 1,018,810,733 | 1,070,441,986 | \$1,364,267,301 | 2,126,988,859 | 2,203,298,109 | 2,194,988,687 | 2,215,482,000 | 2,254,131,000 | 2,298,046,000 | 2,217,017,000 |
| | \$16,079,044,807 | \$18,482,371,315 | \$20,317,166,158 | \$22,500,808,541 | \$23,141,879,043 | \$23,801,691,898 | \$24,760,812,757 | \$25,581,424,609 | \$26,405,057,538 | \$27,737,073,220 |

| Total Debt | As of 8/31/00 | As of 8/31/01 | As of 8/31/02 | As of 8/31/03 | As of 8/31/04 | As of 8/31/05 | As of 8/31/06 | As of 8/31/07 | As of 8/31/08 | As of 8/31/09 |
|------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | \$ 20,814,632,378 | \$ 23,189,209,869 | \$ 25,321,504,693 | \$ 27,595,092,971 | \$ 28,747,297,149 | \$ 30,063,895,661 | \$ 31,288,605,302 | \$ 32,800,925,781 | \$ 34,222,758,710 | \$ 36,518,651,697 |

*Totals include commercial paper, but exclude conduit debt and lease-purchase obligations.

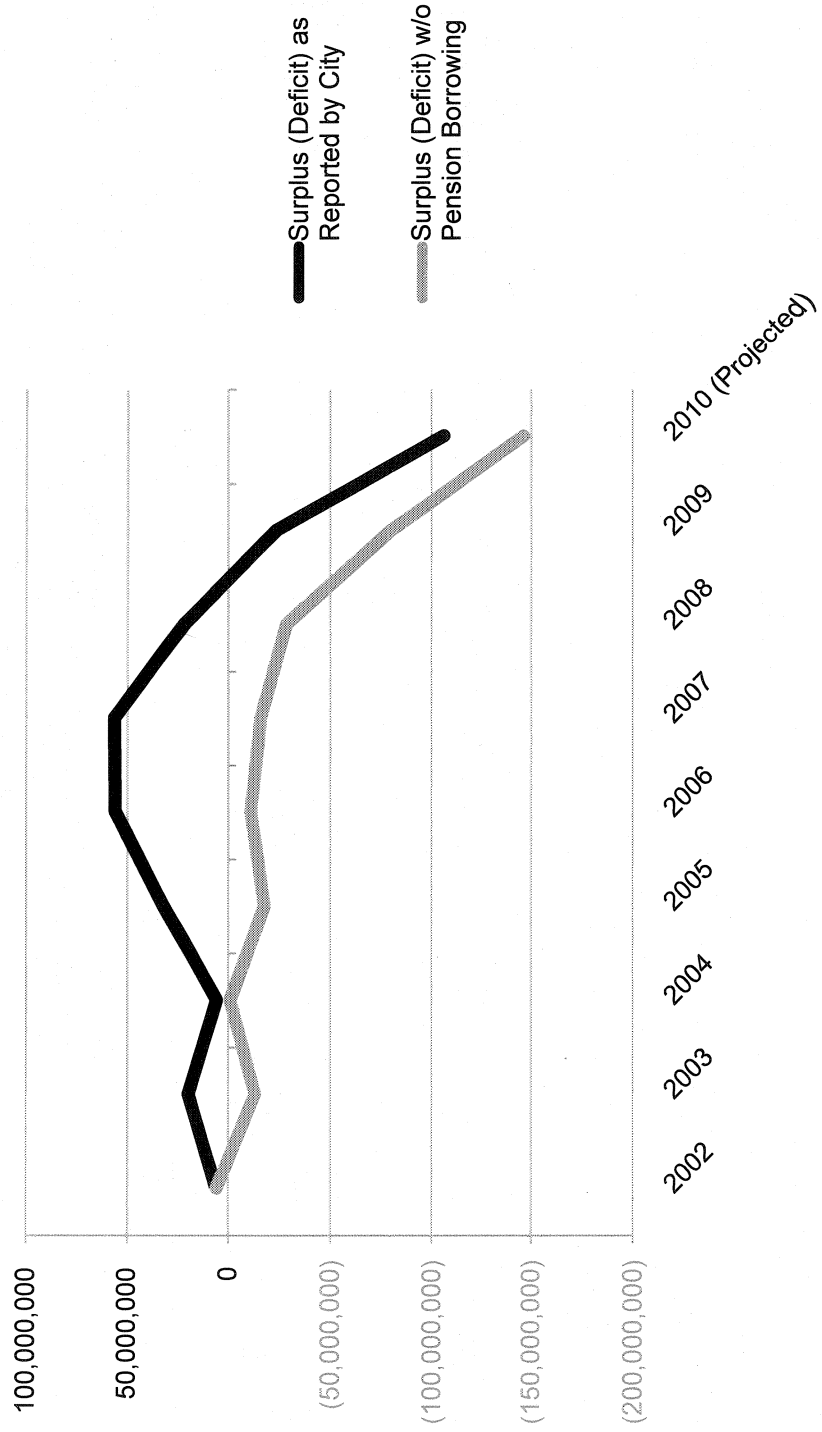
Report prepared by: Texas Bond Review Board

**City of Houston Budget Information
From 2004-2009 Actual and Controller 2010 Projection**

| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 (Projected) | Cumulative |
|---|-------------------|---------------------|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|
| General Fund Revenues | 1,368,693,887 | 1,350,739,169 | 1,400,210,124 | 1,450,076,002 | 1,552,611,456 | 1,655,378,420 | 1,761,737,374 | 1,824,772,000 | 1,770,894,000 | |
| General Fund Expenditures | 1,362,766,901 | 1,363,907,178 | 1,400,994,190 | 1,467,878,825 | 1,563,746,072 | 1,671,348,721 | 1,790,333,897 | 1,904,518,000 | 1,916,886,000 | |
| Surplus/<Deficit> of Revenues v Expenses | 5,926,986 | (13,168,009) | (784,066) | (17,802,823) | (11,134,616) | (15,970,301) | (28,596,523) | (79,746,000) | (145,992,000) | (307,267,352) |
| Other Resources: | | | | | | | | | | |
| Transfers from Other Funds | | 35,580,649 | 6,800,000 | 1,028,960 | 2,041,352 | 4,541,635 | 11,219,252 | 35,810,000 | 16,074,000 | |
| Sale of Assets & other non-recurring sources | 0 | (2,593,612) | (539,000) | 0 | 5,882,958 | 4,757,411 | 4,003,424 | 4,235 | 3,450,000 | |
| Surplus/<Deficit> Before Borrowed Funds | 5,926,986 | 19,819,028 | 5,676,934 | (16,773,863) | (3,210,306) | (6,671,255) | (13,373,847) | (43,931,765) | (126,468,000) | (179,006,088) |
| Pension Bond Proceeds | | | | 48,599,855 | 59,000,000 | 63,000,000 | 35,000,000 | 20,000,000 | 20,000,000 | 245,599,855 |
| Surplus/<Deficit> After Borrowed Funds | 5,926,986 | 19,819,028 | 5,676,934 | 31,825,992 | 55,789,694 | 56,328,745 | 21,626,153 | (23,931,765) | (106,468,000) | |
| Ending Fund Balance | 87,408,900 | 105,100,728 | 110,777,662 | 142,111,992 | 197,901,694 | 254,171,795 | 275,797,948 | 233,805,000 | 127,337,000 | |
| Cumulative Pension Bonds | | | | 48,599,855 | 107,599,855 | 170,599,855 | 205,599,855 | 225,599,855 | 245,599,855 | |
| Ending Fund Balance w/out Pension Bond Borrowing | 87,408,900 | 105,100,728 | 110,777,662 | 93,512,137 | 90,301,839 | 83,571,940 | 70,198,093 | 8,205,145 | (118,262,855) | |

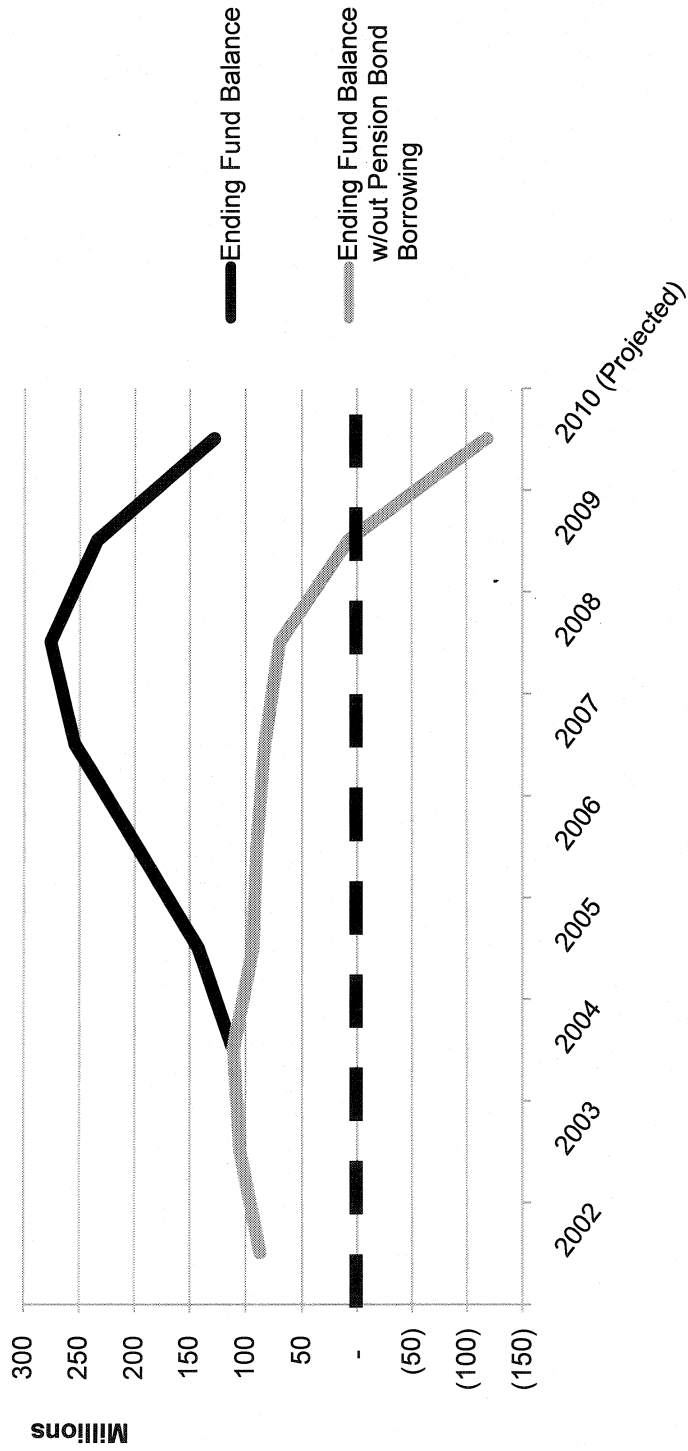
Borrowing to "Balance" the Budget

City of Houston General Fund Surpluses (Deficits)



Without Pension Borrowing General Fund would have run out of cash last year

City of Houston
Ending General Fund Balance



**City of Houston Budget Information
From 2004-2009 Actual and Controller 2010 Projection**

| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 (Projected) | Cumulative |
|---|-------------------|---------------------|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|
| General Fund Revenues | 1,368,693,887 | 1,350,739,169 | 1,400,210,124 | 1,450,076,002 | 1,552,611,456 | 1,655,378,420 | 1,761,737,374 | 1,824,772,000 | 1,770,894,000 | |
| General Fund Expenditures | 1,362,766,901 | 1,363,907,178 | 1,400,994,190 | 1,467,878,825 | 1,563,746,072 | 1,671,348,721 | 1,790,333,897 | 1,904,518,000 | 1,916,886,000 | |
| Surplus/<Deficit> of Revenues v Expenses | 5,926,986 | (13,168,009) | (784,066) | (17,802,823) | (11,134,616) | (15,970,301) | (28,596,523) | (79,746,000) | (145,992,000) | (307,267,352) |
| Other Resources: | | | | | | | | | | |
| Transfers from Other Funds | | 35,580,649 | 6,800,000 | 1,028,960 | 2,041,352 | 4,541,635 | 11,219,252 | 35,810,000 | 16,074,000 | |
| Sale of Assets & other non-recurring sources | 0 | (2,593,612) | (339,000) | 0 | 5,882,958 | 4,757,411 | 4,003,424 | 4,235 | 3,450,000 | |
| Surplus/<Deficit> Before Borrowed Funds | 5,926,986 | 19,819,028 | 5,676,934 | (16,773,863) | (3,210,306) | (6,671,255) | (13,373,847) | (43,931,765) | (126,468,000) | (179,006,088) |
| Pension Bond Proceeds | | | | 48,599,855 | 59,000,000 | 63,000,000 | 35,000,000 | 20,000,000 | 20,000,000 | 245,599,855 |
| Surplus/<Deficit> After Borrowed Funds | 5,926,986 | 19,819,028 | 5,676,934 | 31,825,992 | 55,789,694 | 56,328,745 | 21,626,153 | (23,931,765) | (106,468,000) | |
| Ending Fund Balance | 87,408,900 | 105,100,728 | 110,777,662 | 142,111,992 | 197,901,694 | 254,171,795 | 275,797,948 | 233,805,000 | 127,337,000 | |
| Cumulative Pension Bonds | | | | 48,599,855 | 107,599,855 | 170,599,855 | 205,599,855 | 225,599,855 | 245,599,855 | |
| Ending Fund Balance w/out Pension Bond Borrowing | 87,408,900 | 105,100,728 | 110,777,662 | 93,512,137 | 90,301,839 | 83,571,940 | 70,198,093 | 8,205,145 | (118,262,855) | |