



TEXAS BOND REVIEW BOARD

**2019 LOCAL GOVERNMENT
ANNUAL REPORT**

FISCAL YEAR ENDED AUGUST 31, 2019

**Texas Bond Review Board
Local Government
Annual Report 2019**

Fiscal Year Ended August 31, 2019

Greg Abbott, Governor
Chairman

Dan Patrick, Lieutenant Governor

Dennis Bonnen, Speaker of the House of Representatives

Glenn Hegar, Comptroller of Public Accounts

Rob Latsha
Executive Director

January 2020

Executive Summary

The Texas Bond Review Board (BRB) has no direct oversight of local government debt issuance. Chapter 1231 of the Texas Government Code requires the BRB to prepare statistical reports on local government debt. This information on debt issued by political subdivisions is primarily prepared by the issuer, collected by the Office of the Attorney General (OAG) as a part of the review and approval procedures as required under Chapter 1202 of the Government Code, and then forwarded to the BRB for its report on local debt statistics. Data that has not been provided to the BRB on intergovernmental loans, privately placed loans, or any other debts that is not in the form of a public security are not reflected in this report. Also, pursuant to Texas Government Code, Section 1202.008, conduit debts incurred by nonprofit corporations created by the local governments are not required to provide issuance information to the BRB. As a result, conduit debt is not reflected in this report except for data presented in *Appendix B, Conduit Debt* and certain data presented in *Appendix F, Commercial Paper*. The data in this report and on the website is compiled from information provided to the BRB from various sources and has not been independently verified.

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

Major Findings

- As of fiscal year-end 2019, Texas local governments had \$239.98 billion in outstanding debt, an increase of \$37.63 billion (18.6 percent) over the past five fiscal years. Of that amount, 65.7 percent (\$157.59 billion) is General Obligation (GO) debt secured by local *ad valorem* tax collections, while the remaining 34.3 percent (\$82.39 billion) is secured by revenues generated by various projects such as water, sewer, and electric utility fees (Chapter 1).
- Primarily due to the elimination of tax-exempt advance refundings resulting from the passage of the Tax Cuts and Jobs Act, over the past five fiscal years, local government debt issuance decreased by 22.0 percent (\$8.38 billion) from \$38.15 billion in fiscal year 2015 to \$29.77 billion in fiscal year 2019. During that period, new-money issuance increased by 36.5 percent (\$5.61 billion) from \$15.36 billion to a record high of \$20.96 billion. Refundings decreased by 61.4 percent (\$13.99 billion) from \$22.80 billion to \$8.80 billion (Chapter 1).
- Over the past five years, School Districts have consistently accounted for the highest amount of tax-supported debt outstanding, while Cities and WD accounted for the second and third highest amounts, respectively (Chapter 2).
- The most recent U.S. Census Bureau data for total state and local debt outstanding show that for census year 2016, Texas was the nation's second most populous state, and it ranked second among the ten most populous states in terms of total (GO and revenue) Local Debt Per Capita, seventh in State Debt Per Capita, and fourth in Total State and Local Debt Per Capita with 82.3 percent of the state's total debt burden at the local level (Chapter 1). (According to Moody's 2019 State Debt Medians, Texas' state debt ranked 42nd among all states in net tax-supported debt per

- capita. Texas' state debt net tax-supported debt per capita ranked second lowest when compared to that of the nine other states rated AAA.)
- Capital appreciation bond (CAB) issuances have plummeted since the implementation of House Bill 114 from the 84th Legislature. CAB par issued for Texas local governments during fiscal year 2019 was 0.01 percent (\$1.9 million) of the total CAB and current interest bond (CIB) debt issued (\$29.77 billion). School Districts issuances accounted for 82.2 percent (\$1.5 million) of the total CABs issued for local governments during fiscal year 2019. In fiscal year 2019, CAB maturity amounts accounted for 2.5 percent (\$9.04 billion) of the total debt service outstanding (Chapter 4).
 - Since fiscal year 2010, Certificate of Obligation (CO) debt outstanding has increased by 27.6 percent (\$3.47 billion) from \$12.55 billion outstanding in fiscal year 2010 to \$16.02 billion outstanding in fiscal year 2019, and Cities accounted for 77.7 percent of the total CO debt outstanding at fiscal year-end 2019 (Chapter 5).
 - As of fiscal year 2019, CO debt for Cities accounted for 35.8 percent (\$12.46 billion) of the total Cities tax-supported debt outstanding, while County CO debt accounted for 23.7 percent (\$2.92 billion) of total County tax-supported debt outstanding. HHD CO debt outstanding accounted for 26.5 percent (\$642.7 million) of total HHD tax-supported debt outstanding (Chapter 5).
 - A total of 207 local governments held 329 bond elections approving a total debt amount of \$25.31 billion during fiscal year 2019. In addition, on November 5, 2019, 97 local governments held 132 bond elections, 105 of which approved debt totaling \$14.57 billion (Appendix A).
 - Excluding conduit debt, private placements and short-term notes, the weighted average for total bond related cost of issuance (COI), including underwriter's spread, increased to \$17.50 per \$1,000 in 2019 from \$14.97 per \$1,000 in 2018. The average transaction size and average fee decreased to \$22.4 million and \$392,233 in 2019 from \$28.9 million and \$433,048 in 2018, respectively. Tax-supported competitive transactions generally had the highest cost per \$1,000 for smaller transaction sizes (Appendix D).
 - Of the \$3.78 billion of charter school debt outstanding as of October 31, 2019, an estimated \$2.09 billion was guaranteed by the Texas Permanent School Fund Bond Guarantee Program (Appendix C).

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

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Cautionary Statements

Section 1202.008 of the Texas Government Code authorizes the Office of the Attorney General to collect local debt information and to send that information to the Bond Review Board (BRB) for inclusion in debt statistic reports. Chapter 1231 of the Texas Government Code requires the BRB to submit biennial reports with such data to the legislature. This report is intended to satisfy this Chapter 1231 duty.

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

Local governments are not required to report data for debt that either is not considered a public security as defined by state statute, e.g., a loan not evidenced by a note or evidenced by a note payable to order, or does not require approval by the Office of the Attorney General of the State of Texas, such as certain short-term notes, certain bond anticipation notes and certain lease purchase agreements for personal property. Consequently, the BRB does not receive information on many privately-placed loans or intergovernmental loans such as State Infrastructure Bank loans for transportation or water development state participation loans that are not evidenced by a public security. In addition, debt issuances for some component corporations of governmental entities such as housing finance corporations, industrial development corporations and other conduit entities are not reported to the BRB. Outstanding debt excludes debt for which sufficient funds have been escrowed to retire the debt either from proceeds of refunding debt or from other sources, if reported to the BRB. Debt totals, percentages, trends and other data are based entirely on debt and defeasances reported to the BRB.

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

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

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

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Chapter 1

Texas Local Debt in Perspective

Overview

Local governments in Texas issue debt to finance construction and renovation of government facilities (e.g., schools, public safety buildings, city halls, and county courthouses), public infrastructure (e.g., roads, water, and sewer systems) and various other projects authorized by law. Key factors that affect a government's need and ability to borrow funds for infrastructure development include population changes, revenue sources, tax rates and levies, interest rates, and construction costs. Local governments issue two main types of debt: tax (general obligation or GO) and revenue. GO debt is secured by the full faith and credit of the issuer's *ad valorem* taxing power while revenue debt is secured by a specified revenue source. Tax-supported debt includes debt secured by a combination of ad valorem taxes and other revenue sources, even though the debt may be paid in whole or in part from non-tax revenue. Tax-supported debt generally must be voter approved (with the exception of Certificates of Obligation, tax notes, school district maintenance tax notes, certain time warrants, and certain other obligations).

State law sets limitations on certain local government debt issuers by setting maximum ad valorem tax rates per \$100 of assessed property valuation. These rates vary by government type, but all must generate sufficient funds based on annual ad valorem tax collections to provide for the payment of the debt service on outstanding and projected ad valorem tax (GO) debt. Additionally, all public securities issued by local debt issuers must be approved by the Office of the Attorney General – Public Finance Division (OAG) and registered with the Texas Comptroller of Public Accounts (CPA).

Texas Bond Review Board and Local Government Debt

The Texas Bond Review Board (BRB) has no direct oversight of local government debt issuance. Chapter 1231 of the Texas Government Code requires the BRB to prepare statistical reports on local government debt. This information on debt issued by political subdivisions is primarily prepared by the political subdivision, collected by the OAG as a part of the review and approval procedures as required under Chapter 1202 of the Government Code, and then forwarded to the BRB for its report on local debt statistics. Intergovernmental loans, privately placed loans, and any other debts that are not in the form of a public security are not reflected in this report. Also, conduit debts incurred by nonprofit corporations created by the local governments are not reflected in this report except for data presented in *Appendix B, Conduit Debt* and certain data presented in *Appendix F, Commercial Paper*. The data in this report and on the website is compiled from information provided to the BRB from various sources and has not been independently verified.

All reporting on local debt is presented on the agency's website and the Texas Open Data Portal. Visitors to the BRB website can search databases and access the Data Portal to download spreadsheets that contain debt outstanding, debt issuances, debt ratios, and population data as available by government type at each fiscal year-end. In fiscal year 2019, approximately 16,611 different users of the BRB's website downloaded over 34,700 datasets containing Texas local government debt data. The BRB posts this information to its website and the Data Portal annually within four months after the close of the state's fiscal year. Additionally, this data is supplied to the CPA's office as well as the Legislative Budget Board and the Texas Tribune for publication on their debt pages.

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

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

Local Government Debt Outstanding

As of fiscal year-end 2019, Texas local governments had \$239.98 billion in outstanding debt (Table 1.1), an increase of \$37.63 billion (18.6 percent) over the past five fiscal years. Of that amount, 65.7 percent (\$157.59 billion) is GO debt secured by local ad valorem tax collections, while the remaining 34.3 percent (\$82.39 billion) is secured by revenues generated by various projects such as water, sewer, and electric utility fees. Over the past five fiscal years, tax-supported debt outstanding increased 21.0 percent (\$27.33 billion), and revenue debt outstanding increased 14.3 percent (\$10.31 billion).

School Districts accounted for 36.6 percent (\$87.93 billion) of all local debt outstanding, and Cities accounted for 32.4 percent (\$77.85 billion). WDs held the third highest percentage and accounted for 13.9 percent (\$33.46 billion) of all local debt outstanding. The remaining 17.0 percent (\$40.75 billion) was held by CCDs, Counties, HHDs, and OSDs.

Table 1.1
Texas Local Government
Debt Outstanding as of August 31, 2019
(amounts in millions)

Type of Issuer		Tax-Supported*	Revenue**	Total Debt
Public School Districts	Voter-approved tax	86,550.1		86,550.1
	Maintenance tax (ed. equipment)	1,119.2		1,119.2
	Lease-purchase contracts		257.7	257.7
	Revenue (athletic facilities)		1.0	1.0
	Subtotal	\$ 87,669.3	\$ 258.8	\$ 87,928.1
Cities, Towns, Villages	Tax	34,766.8		34,766.8
	Revenue		42,921.7	42,921.7
	Sales Tax		155.1	155.1
	Lease-purchase contracts		2.6	2.6
	Subtotal	\$ 34,766.8	\$ 43,079.4	\$ 77,846.2
Water Districts and Authorities	Tax	16,179.0		16,179.0
	Revenue		17,260.9	17,260.9
	Sales Tax		17.0	17.0
	Subtotal	\$ 16,179.0	\$ 17,277.9	\$ 33,456.9
Other Special Districts and Authorities	Tax	159.3		159.3
	Revenue		12,349.8	12,349.8
	Sales Tax		4,571.9	4,571.9
	Lease-purchase contracts		59.5	59.5
	Subtotal	\$ 159.3	\$ 16,981.2	\$ 17,140.5
Counties	Tax	12,311.7		12,311.7
	Revenue		2,466.8	2,466.8
	Lease-purchase contracts		19.5	19.5
	Subtotal	\$ 12,311.7	\$ 2,486.3	\$ 14,798.1
Community and Junior Colleges	Tax	4,074.2		4,074.2
	Revenue		1,184.0	1,184.0
	Subtotal	\$ 4,074.2	\$ 1,184.0	\$ 5,258.2
Health/Hospital Districts and Authorities	Tax	2,427.8		2,427.8
	Revenue		1,069.8	1,069.8
	Sales Tax		55.3	55.3
	Subtotal	\$ 2,427.8	\$ 1,125.1	\$ 3,552.9
Total Local Debt Outstanding		\$ 157,588.1	\$ 82,392.6	\$ 239,980.7

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

**Excludes conduit debt.

Source: Texas Bond Review Board - Bond Finance Office

The most recent U.S. Census Bureau data, for census year 2016, showed that Texas continued to be ranked second in population, second among the ten most populous states in terms of Local Debt Per Capita, fourth in Total State and Local Debt Per Capita, and seventh in State Debt Per Capita (Table 1.2).

State	Total State and Local Debt				State Debt				Local Debt			
	Population (thousands)	Amount (millions)	Per Capita Amount	Per Capita Rank	Amount (millions)	% of Total Debt	Per Capita Amount	Per Capita Rank	Amount (millions)	% of Total Debt	Per Capita Amount	Per Capita Rank
New York	19,542	\$356,519	\$18,244	1	\$137,480	38.6%	\$7,035	1	\$219,039	61.4%	\$11,209	1
Illinois	12,741	151,666	11,904	2	65,792	43.4%	5,164	2	85,874	56.6%	6,740	4
California	39,557	433,917	10,969	3	151,308	34.9%	3,825	3	282,609	65.1%	7,144	3
Texas	28,702	279,349	9,733	4	49,357	17.7%	1,720	7	229,992	82.3%	8,013	2
Pennsylvania	12,807	121,864	9,515	5	47,099	38.6%	3,678	4	74,765	61.4%	5,838	5
Ohio	11,689	85,210	7,289	6	33,165	38.9%	2,837	6	52,045	61.1%	4,452	7
Michigan	9,996	72,507	7,254	7	33,745	46.5%	3,376	5	38,762	53.5%	3,878	9
Florida	21,299	139,084	6,530	8	33,469	24.1%	1,571	9	105,615	75.9%	4,959	6
Georgia	10,519	57,938	5,508	9	13,131	22.7%	1,248	10	44,808	77.3%	4,260	8
North Carolina	10,384	47,252	4,551	10	16,919	35.8%	1,629	8	30,333	64.2%	2,921	10
MEAN		\$174,531	\$9,150		\$58,146	34.1%	\$3,208		\$116,384	65.9%	\$5,941	

Note: Numbers may not add to total due to rounding.
Sources: U.S. Census Bureau, *State and Local Government Finances by Level of Government and by State: 2016*, the most recent data available. July 2018 U.S. Census Bureau, Population Division.

Over the past 10 years, local government total debt (tax-supported plus revenue) increased \$67.28 billion (39.0 percent). Over this time, the state’s population increased by an estimated 15.7 percent (3.9 million), based on July 2018 U.S. Census Bureau population estimates. During that same period, local government total debt outstanding per capita increased by 20.1 percent, or \$1,398 per person, from \$6,963 per capita in fiscal year 2010 to \$8,361 per capita in fiscal year 2019 (Figure 1.1).

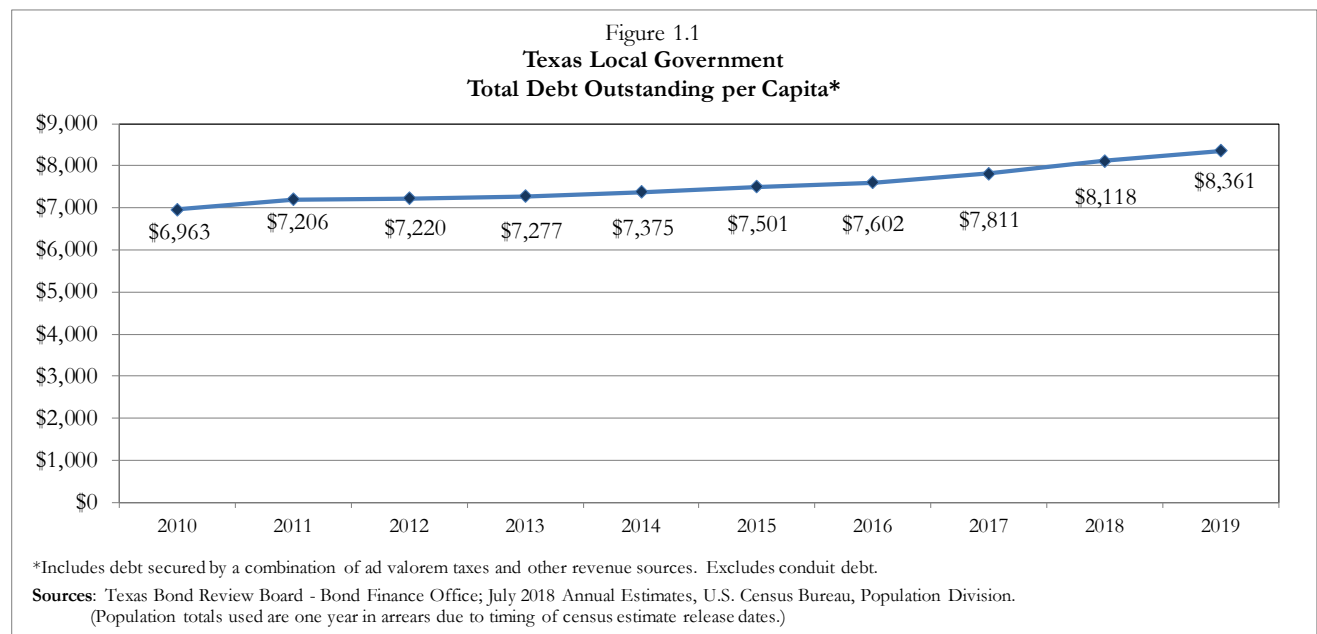


Table 1.3 lists the state's local debt outstanding by category from highest to lowest total amount outstanding.

Table 1.3 Texas Local Government Debt Outstanding by Fiscal Year (amounts in millions)					
	8/31/2015	8/31/2016	8/31/2017	8/31/2018	8/31/2019
Public School Districts					
Tax-Supported*	\$71,962.1	\$74,580.1	\$79,610.2	\$83,895.1	\$87,669.3
Revenue**	340.1	313.3	300.6	268.7	258.8
Total	\$72,302.3	\$74,893.4	\$79,910.7	\$84,163.8	\$87,928.1
Cities, Towns, Villages					
Tax-Supported*	\$29,531.8	\$30,529.1	\$31,262.0	\$33,110.2	\$34,766.8
Revenue**	39,072.9	39,302.5	40,586.0	42,021.5	43,079.4
Total	\$68,604.7	\$69,831.7	\$71,848.0	\$75,131.8	\$77,846.2
Water Districts and Authorities					
Tax-Supported*	\$11,322.8	\$12,524.5	\$13,653.7	\$14,843.4	\$16,179.0
Revenue**	11,718.9	12,807.0	13,392.1	15,338.2	17,277.9
Total	\$23,041.7	\$25,331.5	\$27,045.8	\$30,181.6	\$33,456.9
Other Special Districts and Authorities					
Tax-Supported*	\$191.8	\$175.0	\$178.9	\$166.2	\$159.3
Revenue**	16,217.6	16,889.1	17,145.6	17,221.2	16,981.2
Total	\$16,409.4	\$17,064.1	\$17,324.5	\$17,387.4	\$17,140.5
Counties					
Tax-Supported*	\$11,259.7	\$11,221.3	\$11,699.4	\$11,558.6	\$12,311.7
Revenue**	2,471.5	2,302.2	2,144.9	2,538.8	2,486.3
Total	\$13,731.1	\$13,523.5	\$13,844.3	\$14,097.4	\$14,798.1
Community and Junior Colleges					
Tax-Supported*	\$3,612.4	\$3,676.8	\$3,645.4	\$4,076.6	\$4,074.2
Revenue**	1,153.8	1,105.9	1,225.1	1,184.4	1,184.0
Total	\$4,766.2	\$4,782.6	\$4,870.5	\$5,260.9	\$5,258.2
Health/Hospital Districts and Authorities					
Tax-Supported*	\$2,382.7	\$2,399.0	\$2,302.5	\$2,517.2	\$2,427.8
Revenue**	1,112.4	1,118.8	1,068.1	1,175.9	1,125.1
Total	\$3,495.0	\$3,517.8	\$3,370.6	\$3,693.0	\$3,552.9
Total Tax-Supported*	\$130,263.2	\$135,105.9	\$142,352.0	\$150,167.3	\$157,588.1
Total Revenue**	\$72,087.2	\$73,838.8	\$75,862.4	\$79,748.7	\$82,392.6
Total Debt Outstanding	\$202,350.4	\$208,944.7	\$218,214.4	\$229,915.9	\$239,980.7
*Includes debt secured by a combination of ad valorem taxes and other revenue sources.					
**Excludes conduit debt.					
Source: Texas Bond Review Board - Bond Finance Office					

Figure 1.2 illustrates the local debt outstanding by category over the past 10 fiscal years.

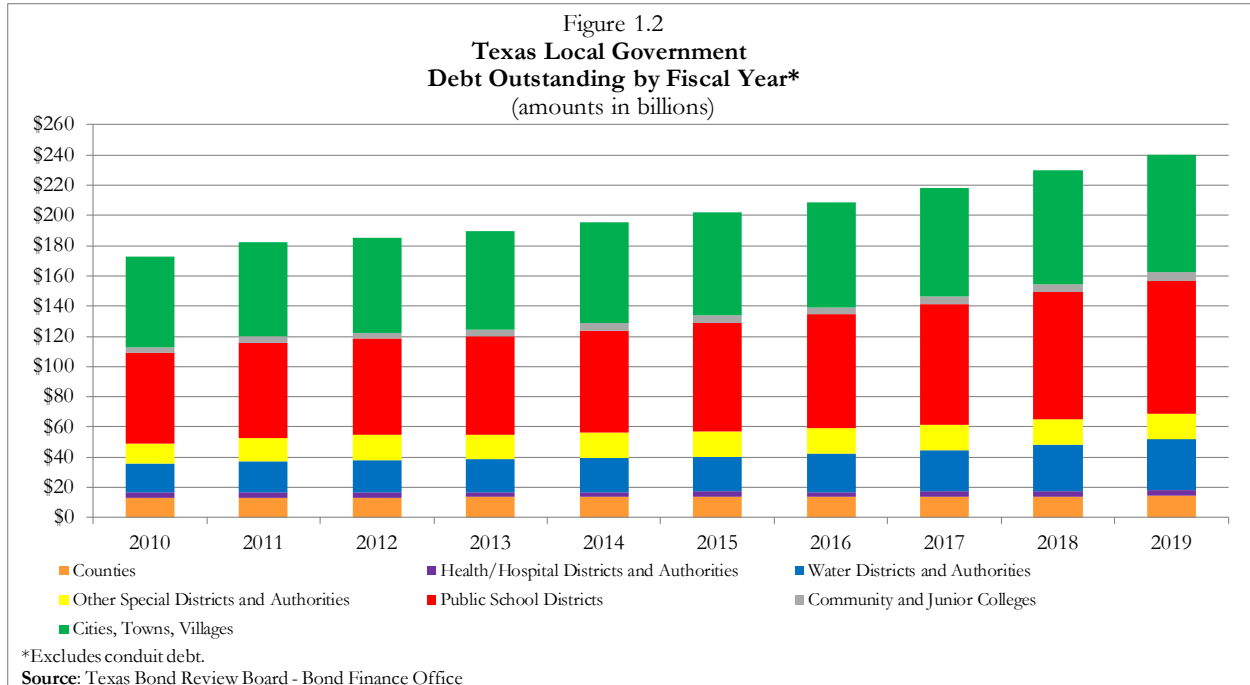
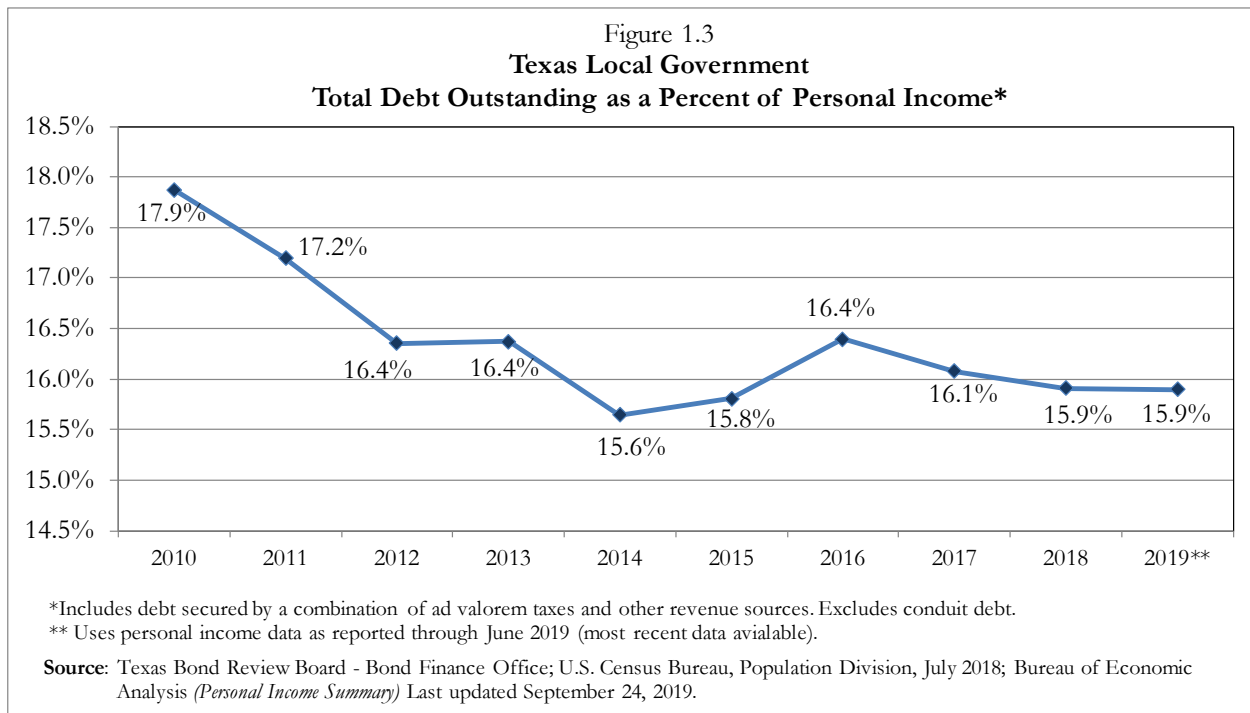


Figure 1.3 illustrates the total local debt outstanding as a percent of personal income over the past 10 years.



Rate of Debt Retirement

Timely repayment of debt is an important factor used by rating agencies to assess a municipal issuer's financial performance. As a guideline, rating agencies look for a repayment schedule that retires 25 percent of principal one quarter through the life of the debt and 50 percent halfway through the life of the debt. Generally, local governments issue debt with varying maturities up to 40 years.

Table 1.4 illustrates the amount of debt retired in the next five-, ten-, and twenty-year periods for both tax-supported and revenue debt outstanding as of fiscal year 2019. Rate of debt retirement for HHD tax-supported debt is low because over half of HHD debt was issued as Build America Bonds (BABs) most of which do not begin principal repayment for 10 years after issuance.

Table 1.4 Texas Local Government* Rate of Debt Retirement (\$ in millions)				
Debt Repaid (Principal Only)	Tax-Supported		Revenue	
	Debt	Percent	Debt	Percent
Within Five Years				
Public School Districts	\$18,521.8	21.1%	\$111.3	43.0%
Cities, Towns, Villages	12,280.7	35.6%	9,058.4	21.4%
Water Districts and Authorities	3,778.9	23.4%	3,614.6	21.1%
Other Special Districts and Authorities	75.7	47.5%	2,511.5	15.0%
Counties	3,825.4	31.5%	407.3	17.4%
Community and Junior Colleges	1,024.9	25.2%	367.0	31.0%
Health/Hospital Districts and Authorities	438.3	18.1%	182.9	16.3%
Within Ten Years				
Public School Districts	\$38,928.6	44.4%	\$201.4	77.8%
Cities, Towns, Villages	22,153.6	64.1%	18,542.9	43.8%
Water Districts and Authorities	7,733.8	48.0%	7,416.5	43.4%
Other Special Districts and Authorities	112.5	70.6%	5,130.0	30.6%
Counties	7,303.8	60.1%	857.9	36.6%
Community and Junior Colleges	1,983.2	48.7%	692.8	58.5%
Health/Hospital Districts and Authorities	928.5	38.2%	386.3	34.3%
Within Twenty Years				
Public School Districts	\$73,886.4	84.4%	\$250.6	96.9%
Cities, Towns, Villages	33,063.7	95.7%	34,948.0	82.5%
Water Districts and Authorities	14,342.3	88.9%	13,815.9	80.8%
Other Special Districts and Authorities	152.8	95.9%	11,070.2	66.1%
Counties	11,411.7	93.8%	1,801.3	76.8%
Community and Junior Colleges	3,515.0	86.3%	1,103.1	93.2%
Health/Hospital Districts and Authorities	2,017.9	83.1%	848.7	75.4%
*Excludes commercial paper and conduit debt. Source: Texas Bond Review Board - Bond Finance Office				

Debt Issuance and Use of Proceeds

Over the past five fiscal years, local government debt issuance decreased by 22.0 percent (\$8.38 billion) from \$38.15 billion in fiscal year 2015 to \$29.77 billion in fiscal year 2019. During that period, new-money issuance increased by 36.5 percent (\$5.61 billion) from \$15.36 billion to a record high of \$20.96 billion. Refundings decreased by 61.4 percent (\$13.99 billion) from \$22.80 billion to \$8.80 billion (*Table 1.5*).

During fiscal year 2019, 29.6 percent of local debt issuance was used to refund debt, 26.8 percent was used to finance educational facilities and equipment, 17.4 percent was used to finance water-related infrastructure, 14.9 percent was used for general purpose debt (such as building or improving city halls and court houses), and 6.3 percent was used to finance transportation projects. Water-related financings are likely understated because some issuers, especially cities, borrow for multiple purposes, over half of which involve financings for water and transportation purposes. The remaining 5.1 percent of local debt issuance was used for multiple purposes, including combined utility systems, commerce, recreation, power, economic development, health-related facilities, public safety, prisons and detention centers, toll roads, and fire safety.

Table 1.5
Texas Local Government
Debt Issuance by Fiscal Year*
(\$ in millions)

	2015	2016	2017	2018	2019
Issuers	1,103	1,152	1,072	921	967
Issuances	1,697	1,709	1,531	1,295	1,394
Public School Districts					
New Money	\$7,487.8	\$6,171.6	\$8,533.3	\$7,753.0	\$7,622.9
Refunding	10,678.9	8,402.1	5,123.1	2,875.2	2,113.2
Total Par Issued	\$18,166.7	\$14,573.7	\$13,656.4	\$10,628.2	\$9,736.2
Cities, Towns, Villages					
New Money	\$4,548.5	\$4,810.1	\$4,890.3	\$6,658.4	\$5,921.4
Refunding	5,898.8	6,169.1	3,137.3	3,580.1	3,420.9
Total Par Issued	\$10,447.3	\$10,979.2	\$8,027.5	\$10,238.5	\$9,342.3
Water Districts					
New Money	\$1,587.2	\$3,192.1	\$2,862.8	\$4,065.1	\$4,259.8
Refunding	2,529.7	2,370.2	1,417.7	1,085.0	1,299.7
Total Par Issued	\$4,116.9	\$5,562.3	\$4,280.6	\$5,150.1	\$5,559.5
Other Special Districts					
New Money	\$224.4	\$1,001.4	\$551.7	\$69.8	\$1,237.5
Refunding	2,068.1	2,997.3	306.9	2,909.4	1,342.7
Total Par Issued	\$2,292.5	\$3,998.7	\$858.7	\$2,979.2	\$2,580.1
Counties					
New Money	\$859.2	\$711.5	\$1,212.8	\$1,123.4	\$1,533.8
Refunding	1,250.5	2,252.6	595.9	1,082.0	303.9
Total Par Issued	\$2,109.7	\$2,964.1	\$1,808.6	\$2,205.4	\$1,837.7
Community and Junior Colleges					
New Money	\$503.4	\$340.7	\$317.9	\$682.7	\$349.7
Refunding	338.4	697.5	362.5	211.3	77.7
Total Par Issued	\$841.8	\$1,038.2	\$680.5	\$894.0	\$427.3
Health/Hospital Districts and Authorities					
New Money	\$144.6	\$160.9	\$87.5	\$497.8	\$39.4
Refunding	32.7	135.3	542.7	52.1	245.3
Total Par Issued	\$177.3	\$296.1	\$630.2	\$549.9	\$284.7
Total New Money	\$15,355.0	\$16,388.2	\$18,456.4	\$20,850.2	\$20,964.4
Total Refunding	\$22,797.1	\$23,024.2	\$11,486.1	\$11,795.0	\$8,803.5
Total Par	\$38,152.2	\$39,412.4	\$29,942.5	\$32,645.2	\$29,767.9

*Excludes commercial paper and conduit issuances.

Source: Texas Bond Review Board - Bond Finance Office

Local Government Rating Changes

In fiscal year 2019, approximately 81 issuers reported a GO debt rating upgrade and 14 issuers have received a GO debt rating downgrade since their previous bond issuance. BRB staff compared the GO rating given to issuers in fiscal year 2019 with their GO rating at the time of their last bond issuance. Rating changes that occur aside from the issuance of new bonds are not considered in *Table 1.6* and *Table 1.7*.

WDs account for over half of the upgrades with 41, followed by Cities and School Districts with 21 and 15 upgrades, respectively (*Table 1.6*). Cities and School Districts accounted for the majority of downgrades with 5 each (*Table 1.7*).

Table 1.6
Texas Local Government
2019 Issuers with GO Rating Upgrade Since Previous Issuance

	Fitch	Moody's	S&P
Public Schools (15)			
Aledo ISD			AA- to AA, 2016-2019
City View ISD			BBB to A, 1999-2019
Flatonia ISD		A2 to A1, 2012-2019	
Forney ISD			A to A+, 2018-2019
Georgetown ISD		Aa2 to Aa1, 2016-2019	AA- to AA, 2016-2019
Johnson City ISD		A1 to Aa3, 2013-2019	
Lake Dallas ISD			AA- to AA, 2016-2019
McKinney ISD			AA to AA+, 2018-2019
Pflugerville ISD			AA to AA+, 2014-2019
Spring ISD		Aa3 to Aa2, 2018-2019	
Stephenville ISD			A+ to AA-, 2012-2019
Sweeny ISD		A1 to Aa3, 2017-2019	
Whitesboro ISD		A1 to Aa3, 2017-2019	
Wink-Loving ISD		A1 to Aa3, 2017-2019	
Wylie ISDa		Aa3 to Aa2, 2012-2019	
Cities (21)			
Addison		Aa1 to Aaa, 2016-2019	
Argyle			A+ to AA+, 2011-2019
Bellville			BBB to AA-, 2005-2019
Celina		A1 to Aa3, 2016-2019	AA- to AA, 2018-2019
Crandall			A to A+, 2011-2019
Frisco			AA+ to AAA, 2018-2019
Grapevine		Aa2 to Aa1, 2018-2019	
Hutchins			A+ to AA-, 2011-2019
Keller		Aa1 to Aaa, 2017-2019	
Lake Jackson		Aa2 to Aa1, 2018-2019	
League City			AA to AA+, 2017-2019
Mont Belvieu		Aa3 to Aa2, 2017-2019	
Northlake			A+ to AA-, 2017-2019
Pharr			A+ to AA-, 2018-2019
Port Lavaca			BBB+ to AA-, 2008-2019
Rhome			A to A+, 2011-2019
Round Rock			AA+ to AAA, 2017-2019
Smithville			A to AA-, 2009-2019
Spearman			A to A+, 2011-2019
Waxahachie		Aa3 to Aa2, 2017-2019	
Westworth Village			A+ to AA, 2013-2019

Table 1.6 (continued)
Texas Local Government
2019 Issuers with GO Rating Upgrade Since Previous Issuance

	Fitch	Moody's	S&P
Water Districts and Authorities (41)			
Collin County MUD 01		Baa1 to A3, 2018-2019	
Denton County FWSD 10		A3 to A2, 2018-2019	
Fort Bend County LID 006		Baa2 to Baa1, 2018-2019	
Fort Bend County LID 010		A3 to A2, 2017-2019	
Fort Bend County LID 017		A2 to Aa3, 2018-2019	
Fort Bend County MUD 128		A2 to A1, 2018-2019	
Fort Bend County MUD 134B		Baa3 to A3, 2018-2019	
Fort Bend County MUD 138		A2 to A1, 2017-2019	
Fort Bend County MUD 143		Baa2 to Baa1, 2018-2019	
Fort Bend County MUD 144		Baa2 to Baa1, 2018-2019	
Fort Bend County MUD 165		Baa2 to Baa1, 2018-2019	
Fort Bend County MUD 182		Baa3 to Baa2, 2017-2019	
Fort Bend County MUD 185		Baa1 to A3, 2017-2019	
Harris County FWSD 51			A- to A+, 2012-2019
Harris County ID 18		A3 to A1, 2017-2019	
Harris County MUD 011		Baa2 to Baa1, 2016-2019	
Harris County MUD 189			BBB to A-, 2011-2019
Harris County MUD 220			BBB- to BBB, 2015-2019
Harris County MUD 239			BBB+ to A-, 2015-2019
Harris County MUD 276			BBB+ to A-, 2013-2019
Harris County MUD 285		A3 to A2, 2017-2019	
Harris County MUD 364			A to A+, 2012-2019
Harris County MUD 410			BBB to BBB+, 2015-2019
Harris County MUD 450		Baa3 to Baa1, 2018-2019	
Harris County WCID 110		Baa1 to A1, 2009-2019	
Kaufman County FWSD 1C			BBB- to BBB, 2017-2019
Kaufman County MUD 07		Baa3 to Baa2, 2019-2019	
Kelly Lane WCID 2		Baa3 to Baa2, 2018-2019	
Lakeside MUD 3		Baa2 to Baa1, 2018-2019	
Lakeside WCID 2C		Baa3 to Baa2, 2017-2019	
Lazy Nine MUD 1B		Baa3 to Baa2, 2018-2019	
Memorial HILLS UD			BBB to BBB+, 2011-2019
Memorial MUD			A to A+, 2012-2019
Montgomery County MUD 112		Baa1 to A3, 2018-2019	
Paloma Lake MUD 2		Baa2 to Baa1, 2017-2019	
Port Freeport		Aa3 to Aa2, 2010-2019	
Rockwall County Cons MUD 1		A3 to A2, 2016-2019	
Rolling Creek UD			BBB to BBB+, 2015-2019

Table 1.6 (continued)			
Texas Local Government			
2019 Issuers with GO Rating Upgrade Since Previous Issuance			
	Fitch	Moody's	S&P
Water Districts and Authorities (41) Cont'd			
Siena MUD 1		Baa3 to Baa1, 2018-2019	
West Harris County MUD 11			A- to A, 2013-2019
Weston MUD		A3 to A2, 2011-2019	
Counties (3)			
Andrews County	AA- to AA, 2011-2019		A to AA-, 2011-2019
Archer County			A to AA-, 2010-2019
Austin County			AA- to AA, 2009-2019
Health/Hospital Districts (1)			
Gainesville Hospital District	A to AA-, 2017-2019		
This table is for informational purposes only and has not been independently verified. Rating changes that occur between bond issuances are not collected by the Bond Review Board and are therefore not reflected in the table.			
Source: Texas Bond Review Board - Bond Finance Office			

Table 1.7			
Texas Local Government			
2019 Issuers with GO Rating Downgrade Since Previous Issuance			
	Fitch	Moody's	S&P
Public School Districts (5)			
Alief ISD		Aa1 to Aa2, 2018-2019	
Alvin ISD		Aa2 to Aa3, 2017-2019	
DeSoto ISD			A+ to A-, 2016-2019
Plemons-Stinnett-Phillips CISD			A+ to A, 2013-2019
West Oso ISD			A+ to A, 2017-2019
Cities (5)			
Elgin		A2 to Baa1, 2017-2019	
Longview			AA+ to AA, 2017-2019
San Antonio	AAA to AA+, 2018-2019		
Sealy			AA- to A+, 2015-2019
Texas City		Aa3 to A1, 2015-2019	
Water Districts and Authorities (2)			
Fort Bend County LID 007			AA- to A+, 2016-2019
Harris County MUD 033		A3 to Baa1, 2016-2019	
Counties (2)			
Nueces County			AA+ to AA, 2018-2019
Potter County			AA to AA-, 2016-2019
This table is for informational purposes only and has not been independently verified. Rating changes that occur between bond issuances are not collected by the Bond Review Board and are therefore not reflected in the table.			
Source: Texas Bond Review Board - Bond Finance Office			

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Chapter 2 Texas Local Government Tax-Supported Debt

Overview

Tax-supported debt includes debt secured by a combination of ad valorem taxes and other revenue sources, even though the debt may be paid in whole or in part from non-tax revenue. Tax-supported debt generally must be voter approved, with the exception for Certificates of Obligation, tax notes, school district maintenance tax notes, certain time warrants, and certain other obligations.

State law sets limitations on certain local government debt issuers by setting maximum ad valorem tax rates per \$100 of assessed property valuation. These rates vary by government type, but all must generate sufficient funds based on annual ad valorem tax collections to provide for the payment of the debt service on outstanding and projected ad valorem tax (General Obligation or GO) debt. Additionally, all public securities issued by local debt issuers must receive approval from the Office of the Attorney General – Public Finance Division (OAG) and be registered with the Texas Comptroller of Public Accounts.

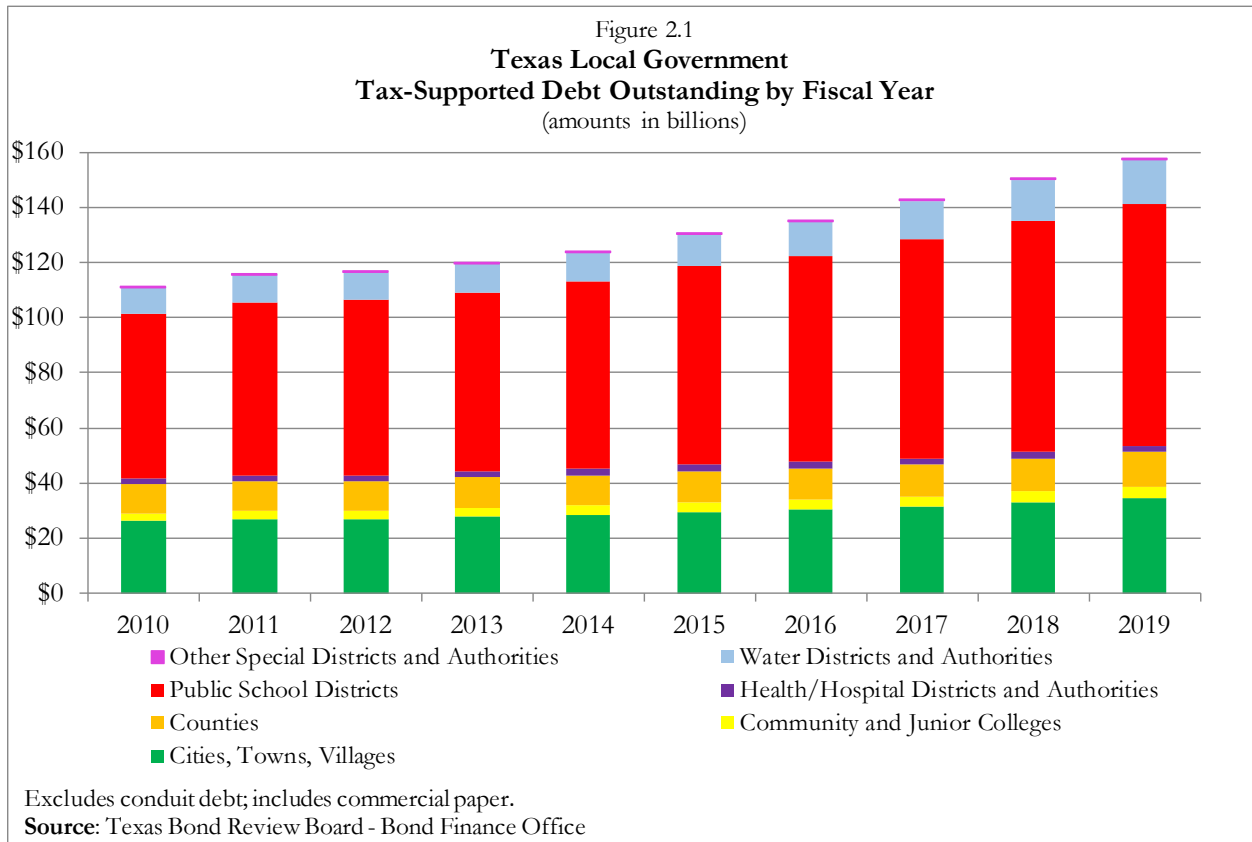
Local Government Tax-Supported Debt Outstanding

As of fiscal year-end 2019, Texas local governments had \$157.59 billion in outstanding tax-supported debt, an increase of \$7.42 billion (4.9 percent) over the 2018 total of \$150.17 billion, and a 21.0 percent (\$27.33 billion) increase over the past five fiscal years, from \$130.26 billion in 2015. (*Table 2.1*)

Table 2.1 Texas Local Government Tax-Supported Debt Outstanding by Fiscal Year (amounts in millions)					
	8/31/2015	8/31/2016	8/31/2017	8/31/2018	8/31/2019
Public School Districts	\$71,962.1	\$74,580.1	\$79,610.2	\$83,895.1	\$87,669.3
Cities, Towns, Villages	29,531.8	30,529.1	31,262.0	33,110.2	34,766.8
Water Districts and Authorities	11,322.8	12,524.5	13,653.7	14,843.4	16,179.0
Other Special Districts and Authorities	191.8	175.0	178.9	166.2	159.3
Counties	11,259.7	11,221.3	11,699.4	11,558.6	12,311.7
Community and Junior Colleges	3,612.4	3,676.8	3,645.4	4,076.6	4,074.2
Health/Hospital Districts and Authorities	2,382.7	2,399.0	2,302.5	2,517.2	2,427.8
Total Tax-Supported Debt Outstanding*	\$130,263.2	\$135,105.9	\$142,352.0	\$150,167.3	\$157,588.1
*Includes debt secured by a combination of ad valorem taxes and other revenue sources. Includes commercial paper; excludes conduit debt. Source: Texas Bond Review Board - Bond Finance Office					

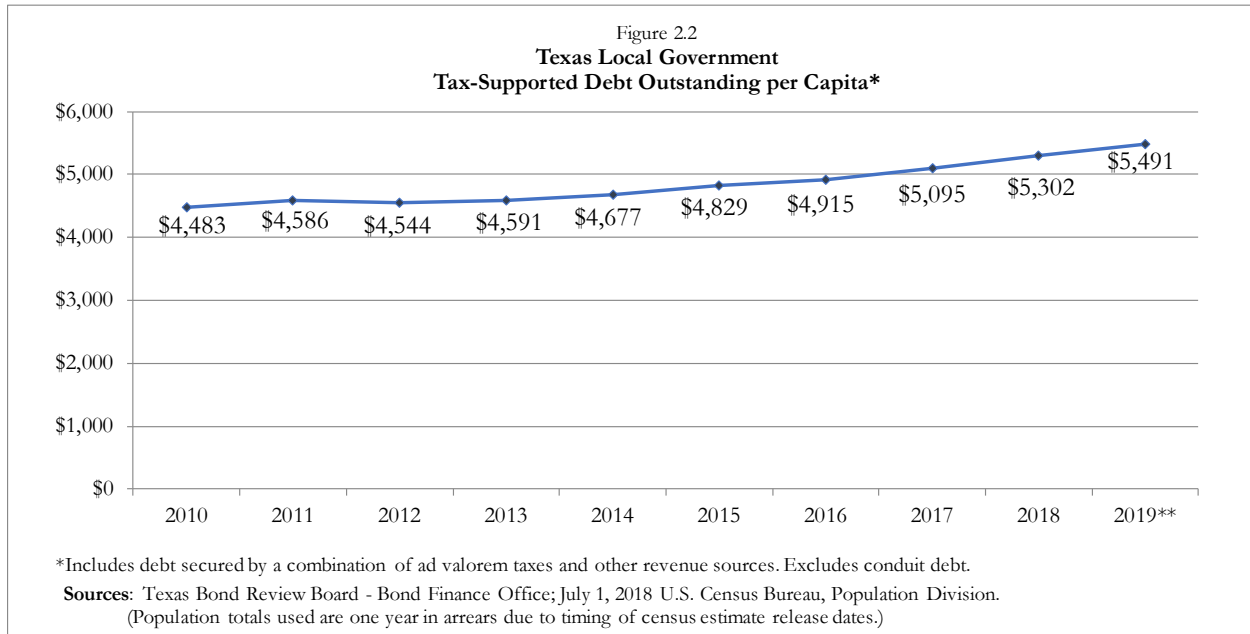
As shown in *Table 2.1* and *Figure 2.1*, Public School Districts have consistently accounted for the highest amount of tax-supported debt outstanding, while Cities and Water Districts accounted for the second and third highest amounts, respectively. Of the total City tax-supported debt outstanding, the “Big 6 Cities” (Houston, Dallas, San Antonio, Austin, El Paso, and Fort Worth) accounted for an average of 33.5 percent over the last five years and 33.8 percent over the last ten years.

Over the past ten fiscal years, tax-supported debt outstanding has increased \$46.41 billion (41.7 percent) from \$111.18 billion in 2010. *Figure 2.1* illustrates local tax-supported debt outstanding by local government type over the past ten fiscal years.



Tax-Supported Debt per Capita

Local government tax-supported debt per capita increased over the past 10 years by 22.5 percent (or \$1,008 per person) from \$4,483 per capita in fiscal year 2010 to \$5,491 per capita in fiscal year 2019. Over this time, the state's population increased by an estimated 15.7 percent (3.9 million), based on July 2018 U.S. Census Bureau population estimates (*Figure 2.2*).

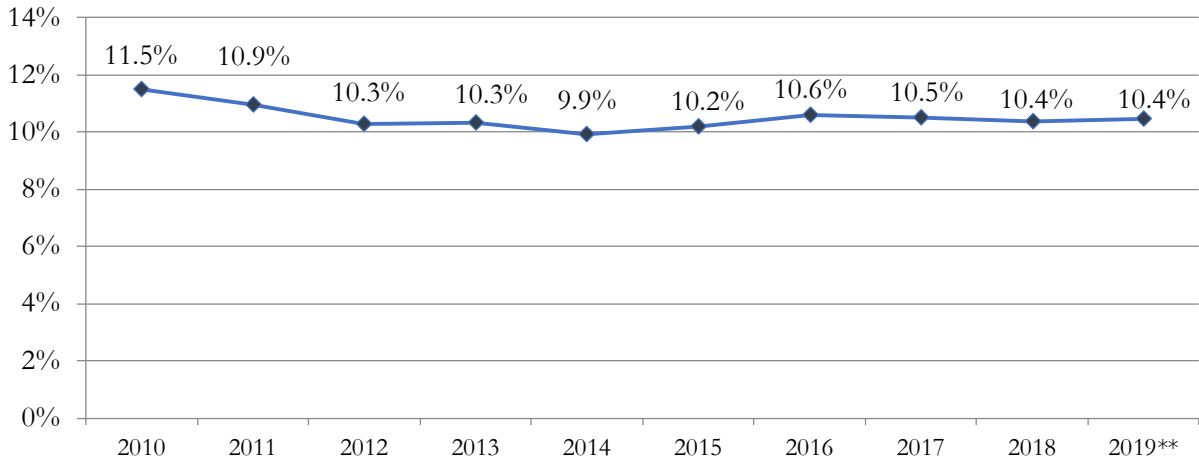


Tax-Supported Debt as a Percentage of Personal Income

As reported by the U.S. Bureau of Economic Analysis, Texas total personal income has grown 56.2 percent in the past 10 years, from \$966.15 billion in 2010 to \$1.51 trillion in 2019 (per the most recent data available). During the past five years, the growth was 17.9 percent, from \$1.28 trillion in 2015. Per capita personal income has shown a 35.0 percent 10-year growth from \$38,955 in 2010 and a 10.8 percent 5-year growth from \$47,457 in 2015 to \$52,595 in 2019.

Per capita tax-supported debt, as a percentage of per capita personal income, has decreased 9.3 percent during the past 10 years from 11.5 percent in 2010. It has risen 2.6 percent during the past five years from 10.2 percent in 2015 to 10.4 percent in 2019 (*Figure 2.3*). Over the 10-year period, the growth of the state's personal income per capita has increased 12.5 percent more than the growth of tax-supported debt per capita.

Figure 2.3
Texas Local Government
Per Capita Tax-Supported Debt as a Percentage of per Capita Personal Income*



*Includes debt secured by a combination of ad valorem taxes and other revenue sources. Excludes conduit debt.
 **Uses personal income estimates as reported through June 2019 (most recent data available).

Sources: Texas Bond Review Board - Bond Finance Office; U.S. Census Bureau, Population Division. July 1, 2018.
 Population estimates used are one year in arrears.
 Bureau of Economic Analysis (*Personal Income Summary*). Last updated September 24, 2019.

Tax-Supported Debt Issuance

New tax-supported debt issued during fiscal year 2019 totaled \$19.41 billion (\$15.23 billion in new money and \$4.18 billion in refunding debt). This was a decrease of 8.1 percent from the total of \$21.12 billion issued in fiscal year 2018 and a decrease of 32.4 percent from the total of \$28.69 billion issued in fiscal year 2015.

During this five-year period, public school districts (School Districts or ISDs) have consistently issued the most tax-supported debt, with over 50 percent of the total tax-supported debt issued each fiscal year (49.9 percent in 2019). In fiscal year 2015, ISDs completed 613 GO issues for a total of \$18.09 billion (63.0 percent of the 2015 total), of which \$7.41 billion was new money debt and \$10.68 billion was refunding debt. In 2019, ISDs completed 249 GO issues for a total of \$9.69 billion (49.9 percent of the 2019 total), of which \$7.60 billion was new money debt and \$2.09 billion was refunding debt.

Tax-supported new money debt issuance over the past five years has risen from \$12.60 billion in 2015 to \$15.23 billion in 2019 (an increase of 20.8 percent).

Tax-supported refunding debt issuance over the past five years has declined steadily from \$16.09 billion in 2015 to \$4.18 billion in 2019, a decrease of 74.0 percent.

Tax-supported debt issued over the past five fiscal years is shown below, excluding commercial paper and conduit debt (*Table 2.2*).

Table 2.2 Texas Local Government Tax-Supported Debt Issuance by Fiscal Year* (\$ in millions)					
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Issuers	1,497	1,482	1,340	1,065	1,189
Issuances	1,030	1,067	996	824	891
Public School Districts					
New Money	\$7,406.1	\$6,171.6	\$8,506.5	\$7,753.0	\$7,604.9
Refunding	10,678.9	8,402.1	5,101.6	2,875.2	2,085.2
Total Par Issued	\$18,085.1	\$14,573.7	\$13,608.1	\$10,628.2	\$9,690.0
Cities, Towns, Villages					
New Money	\$2,878.7	\$3,034.2	\$2,747.2	\$4,105.0	\$3,859.6
Refunding	2,492.8	3,012.7	1,057.0	1,474.0	830.4
Total Par Issued	\$5,371.5	\$6,046.9	\$3,804.3	\$5,579.0	\$4,690.0
Water Districts and Authorities					
New Money	\$1,051.9	\$1,632.4	\$1,707.3	\$1,681.2	\$1,977.3
Refunding	1,401.4	1,405.7	630.4	521.6	782.8
Total Par Issued	\$2,453.3	\$3,038.1	\$2,337.8	\$2,202.8	\$2,760.1
Other Special Districts and Authorities					
New Money	\$9.0	\$1.1	\$23.6	\$13.9	\$11.0
Refunding	2.0	16.0	11.1	0.0	18.2
Total Par Issued	\$11.0	\$17.1	\$34.8	\$13.9	\$29.2
Counties					
New Money	\$764.8	\$711.5	\$1,212.8	\$680.3	\$1,528.7
Refunding	1,250.5	1,482.0	595.9	861.4	167.7
Total Par Issued	\$2,015.2	\$2,193.5	\$1,808.6	\$1,541.7	\$1,696.3
Community and Junior Colleges					
New Money	\$437.7	\$281.1	\$162.2	\$652.4	\$231.1
Refunding	227.5	515.8	258.7	165.3	50.8
Total Par Issued	\$665.2	\$796.9	\$421.0	\$817.7	\$281.9
Health/Hospital Districts and Authorities					
New Money	\$54.6	\$81.3	\$0.0	\$285.1	\$13.8
Refunding	32.7	22.4	371.1	49.4	245.3
Total Par Issued	\$87.3	\$103.7	\$371.1	\$334.5	\$259.1
Total New Money	\$12,602.8	\$11,913.2	\$14,359.7	\$15,170.8	\$15,226.3
Total Refunding	\$16,085.8	\$14,856.7	\$8,025.9	\$5,947.0	\$4,180.3
Total Par	\$28,688.6	\$26,769.9	\$22,385.6	\$21,117.7	\$19,406.7
*Excludes commercial paper and conduit debt.					
Source: Texas Bond Review Board - Bond Finance Office					

The amounts of Gross Cash Savings and Net Present Value Savings earned from tax-supported refunding issuance over the past five years have fluctuated from \$2.41 billion and \$1.79 billion, respectively, in 2015 to \$620.1 million and \$477.4 million, respectively, in 2019.

During that period, Texas local governments issued \$49.10 billion in tax-supported refunding debt to realize \$8.39 billion in Gross Cash Savings and \$6.15 billion in Net Present Value Savings.

Rate of Debt Retirement

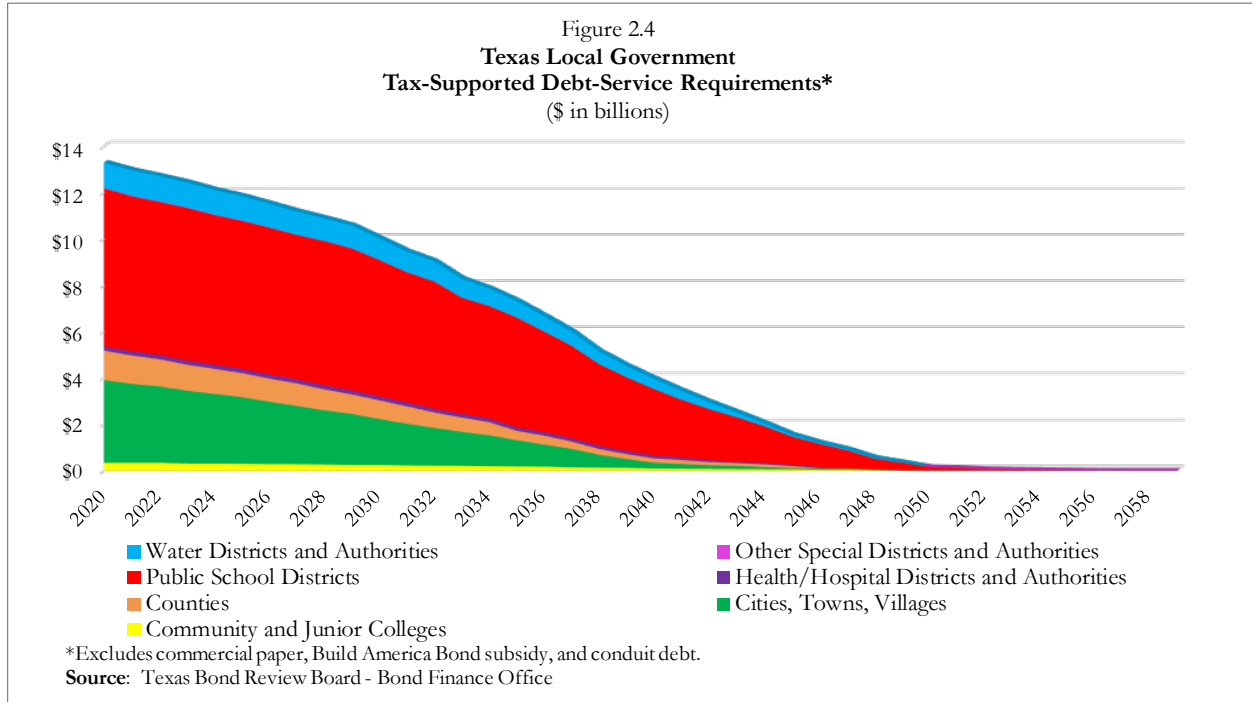
Timely repayment of debt is an important factor used by rating agencies to assess a municipal issuer's financial performance. As a guideline, rating agencies look for a repayment schedule that retires 25 percent of principal a quarter through the life of the debt and 50 percent halfway through the life of the debt. For debt outstanding as of fiscal year-end 2019, Texas local governments will repay 25.4 percent (\$39.95 billion) of tax-supported debt within five years, 50.4 percent (\$79.14 billion) within 10 years, and 88.1 percent (\$138.39 billion) within 20 years (*Table 2.3*). As of August 31, 2019, the final maturity for tax-supported debt was 40 years.

Table 2.3 Texas Local Government* Rate of Tax-Supported Debt Retirement (\$ in millions)						
DEBT REPAID WITHIN:	Percent		Percent		Percent	
	Five Years	of Total	Ten Years	of Total	Twenty Years	of Total
Public School Districts	18,521.8	21.1%	38,928.6	44.4%	73,886.4	84.4%
Cities, Towns, Villages	12,280.7	35.6%	22,153.6	64.1%	33,063.7	95.7%
Water Districts and Authorities	3,778.9	23.4%	7,733.8	48.0%	14,342.3	88.9%
Other Special Districts and Authorities	75.7	47.5%	112.5	70.6%	152.8	95.9%
Counties	3,825.4	31.5%	7,303.8	60.1%	11,411.7	93.8%
Community and Junior Colleges	\$1,024.9	25.2%	\$1,983.2	48.7%	\$3,515.0	86.3%
Health/Hospital Districts and Authorities	438.3	18.1%	928.5	38.2%	2,017.9	83.1%
TOTALS	\$39,945.7	25.4%	\$79,144.0	50.4%	\$138,389.9	88.1%

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

Tax-Supported Debt Service Outstanding

As of August 31, 2019, tax-supported debt-service requirements (principal and interest) projected over the life of the debt totaled \$233.99 billion. *Figure 2.4* illustrates annual tax-supported debt-service requirements for each of the local government types.



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Chapter 3

Texas Local Government Revenue Debt

Overview

Revenue debt includes debt legally secured by a specified revenue source(s). Most revenue debt does not require voter approval and usually has a maturity based on the life of the project to be financed.

Excluding conduit debt, Texas local governments had \$82.39 billion in revenue debt outstanding as of fiscal year-end 2019, an increase of \$2.64 billion (3.3 percent) over the 2018 total of \$79.75 billion, and a 14.3 percent (\$10.31 billion) increase over the past five fiscal years, from \$72.09 billion in 2015 (*Table 3.1*).

Cities, Towns, Villages (Cities) accounted for 52.3 percent (\$43.08 billion) of the total revenue local debt outstanding, water districts and authorities (WDs) accounted for 21.0 percent (\$17.28 billion), other special districts (OSDs) accounted for 20.6 percent (\$16.98 billion) and the remaining 6.1 percent (\$5.05 billion) was attributable to school districts, community college districts (CCDs), counties, and health and hospital districts (HHDs).

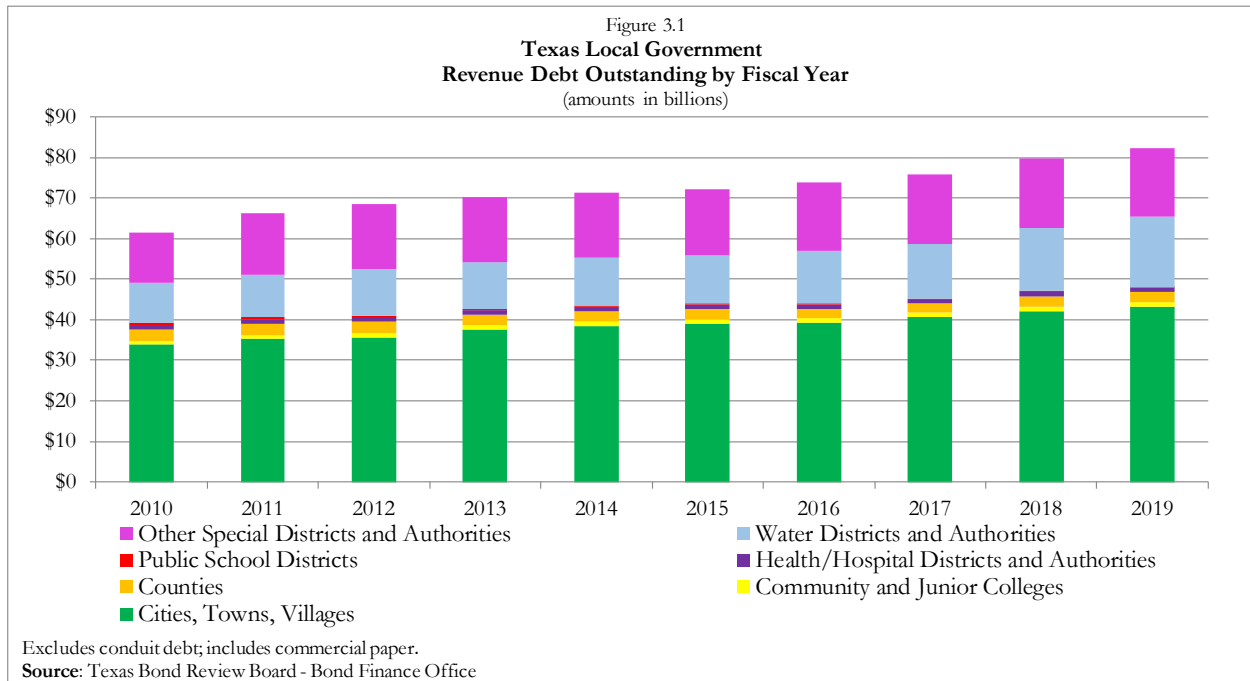
City revenue debt increased by 10.3 percent from \$39.07 billion to \$43.08 billion in the five-year period. Since fiscal year 2015, the state's population increased by an estimated 6.4 percent (1.7 million). Urban areas have experienced particularly rapid growth, creating the need for new infrastructure, including roads, bridges, and new and expanded water and sewer systems. The majority of city revenue debt has been used to finance utility-related projects, including water, wastewater, and in some localities, electric utility systems. Of the total city revenue debt outstanding, the Big 6 Cities (Houston, San Antonio, Dallas, Austin, Fort Worth, and El Paso) accounted for an average of 82.7 percent over the last five years and 83.0 percent over the last 10 years.

Table 3.1 Texas Local Government Revenue Debt Outstanding by Fiscal Year* (amounts in millions)					
	8/31/2015	8/31/2016	8/31/2017	8/31/2018	8/31/2019
Public School Districts	\$340.1	\$313.3	\$300.6	\$268.7	\$258.8
Cities, Towns, Villages	39,072.9	39,302.5	40,586.0	42,021.5	43,079.4
Water Districts and Authorities	11,718.9	12,807.0	13,392.1	15,338.2	17,277.9
Other Special Districts and Authorities	16,217.6	16,889.1	17,145.6	17,221.2	16,981.2
Counties	2,471.5	2,302.2	2,144.9	2,538.8	2,486.3
Community and Junior Colleges	1,153.8	1,105.9	1,225.1	1,184.4	1,184.0
Health/Hospital Districts and Authorities	1,112.4	1,118.8	1,068.1	1,175.9	1,125.1
Total Revenue Debt Outstanding*	\$72,087.2	\$73,838.8	\$75,862.4	\$79,748.7	\$82,392.6

*Includes commercial paper; excludes conduit debt.

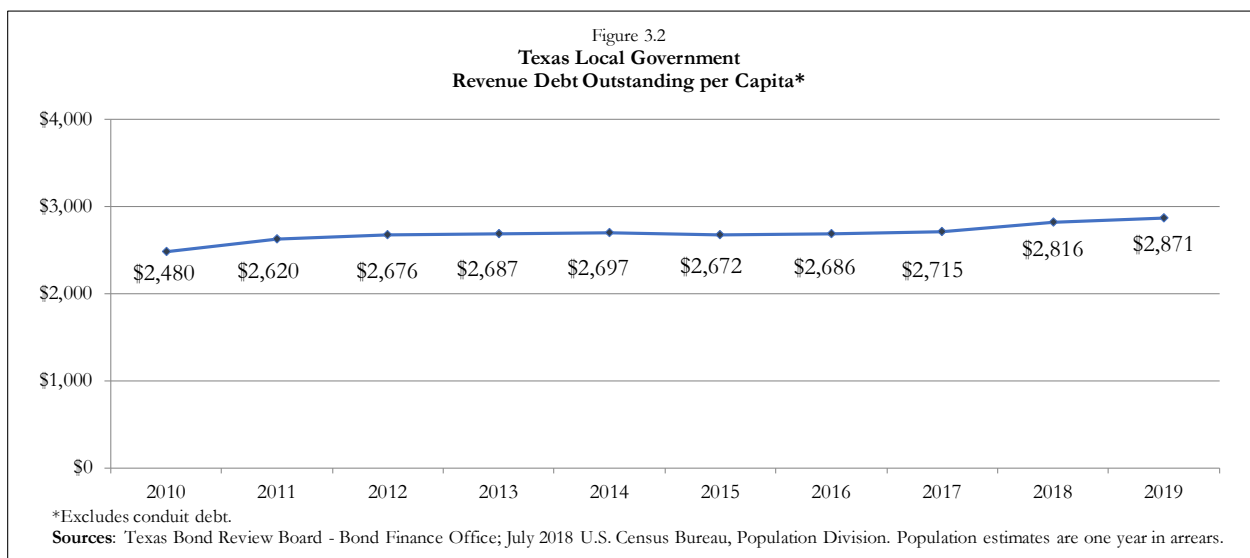
Source: Texas Bond Review Board - Bond Finance Office

Over the past 10 fiscal years, revenue debt outstanding has increased \$20.88 billion (33.9 percent) from \$61.52 billion in 2010. *Figure 3.1* illustrates local revenue debt outstanding by category over the past 10 fiscal years.



Revenue Debt per Capita

Local government revenue debt per capita increased over the past 10 years by 15.7 percent (or \$390 per person) from \$2,480 per capita in fiscal year 2010 to \$2,871 per capita in fiscal year 2019. Over this time, the state's population increased by an estimated 15.7 percent (3.9 million), based on July 2018 U.S. Census Bureau population estimates (*Figure 3.2*).



Revenue Debt Issuance

Excluding conduit debt, new revenue debt issued during fiscal year 2019 totaled \$10.36 billion (\$5.74 billion in new money and \$4.62 billion in refunding debt). This was a decrease of 10.1 percent from the total of \$11.53 billion issued in fiscal year 2018 and an increase of 9.5 percent from the total of \$9.46 billion issued in fiscal year 2015.

During this five-year period, Cities have consistently issued the most revenue debt. In fiscal year 2015, Cities completed 92 issues for a total of \$5.08 billion (53.6 percent of the 2015 total), of which \$1.67 billion was new money debt and \$3.41 billion was refunding debt. In 2019, Cities completed 108 issues for a total of \$4.65 billion (44.9 percent of the 2019 total), of which \$2.06 billion was new money debt and \$2.59 billion was refunding debt.

Revenue debt issued over the past five fiscal years is shown in *Table 3.2* below, excluding commercial paper and conduit debt.

Table 3.2
Texas Local Government
Revenue Debt Issuance by Fiscal Year*
(\$ in millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Issuers	119	136	112	139	121
Issuances	200	227	191	230	205
Public School Districts					
New Money	\$81.7	\$0.0	\$26.8	\$0.0	\$18.0
Refunding	0.0	0.0	21.6	0.0	28.1
Total Par Issued	\$81.7	\$0.0	\$48.3	\$0.0	\$46.1
Cities, Towns, Villages					
New Money	\$1,669.8	\$1,775.9	\$2,143.1	\$2,553.4	\$2,061.8
Refunding	3,406.0	3,156.4	2,080.2	2,106.1	2,590.6
Total Par Issued	\$5,075.8	\$4,932.3	\$4,223.3	\$4,659.5	\$4,652.3
Water Districts and Authorities					
New Money	\$535.3	\$1,559.7	\$1,155.5	\$2,383.9	\$2,282.5
Refunding	1,128.3	964.5	787.3	563.4	516.9
Total Par Issued	\$1,663.6	\$2,524.2	\$1,942.8	\$2,947.3	\$2,799.4
Other Special Districts and Authorities					
New Money	\$215.4	\$1,000.3	\$528.1	\$55.9	\$1,226.5
Refunding	2,066.1	2,981.3	295.8	2,909.4	1,324.5
Total Par Issued	\$2,281.5	\$3,981.6	\$823.9	\$2,965.3	\$2,551.0
Counties					
New Money	\$94.4	\$0.0	\$0.0	\$443.1	\$5.1
Refunding	0.0	770.6	0.0	220.6	136.3
Total Par Issued	\$94.4	\$770.6	\$0.0	\$663.7	\$141.3
Community and Junior Colleges					
New Money	\$65.7	\$59.6	\$155.7	\$30.3	\$118.6
Refunding	110.9	181.7	103.8	45.9	26.9
Total Par Issued	\$176.6	\$241.3	\$259.5	\$76.3	\$145.4
Health/Hospital Districts and Authorities					
New Money	\$90.0	\$79.5	\$87.5	\$212.8	\$25.6
Refunding	0.0	112.9	171.5	2.6	0.0
Total Par Issued	\$90.0	\$192.4	\$259.1	\$215.4	\$25.6
Total New Money	\$2,752.2	\$4,475.0	\$4,096.7	\$5,679.4	\$5,738.0
Total Refunding	\$6,711.3	\$8,167.4	\$3,460.2	\$5,848.1	\$4,623.2
Total Par	\$9,463.5	\$12,642.5	\$7,556.9	\$11,527.4	\$10,361.2

*Excludes commercial paper and conduit debt.

Source: Texas Bond Review Board - Bond Finance Office

Revenue new money debt issuance over the past five years has risen steadily, from \$2.75 billion in 2015 to \$5.74 billion in 2019. This is an increase of 108.5 percent.

Revenue refunding debt issuance over the past five years peaked in 2015 and 2016 at \$6.71 billion and \$8.17 billion, respectively, while showing an overall decrease of 31.1 percent for the five-year period from \$6.71 billion in 2015 to \$4.62 billion in 2019.

The amounts of Gross Cash Savings and Net Present Value Savings earned from revenue refunding issuance over the past five years have fluctuated from \$1.11 billion and \$677.6 million, respectively, in 2015 to \$791.5 million and \$525.1 million, respectively, in 2019.

During that period, Texas local governments issued \$28.81 billion in revenue refunding debt to realize \$4.34 billion in Gross Cash Savings and \$2.89 billion in Net Present Value Savings.

Rate of Revenue Debt Retirement

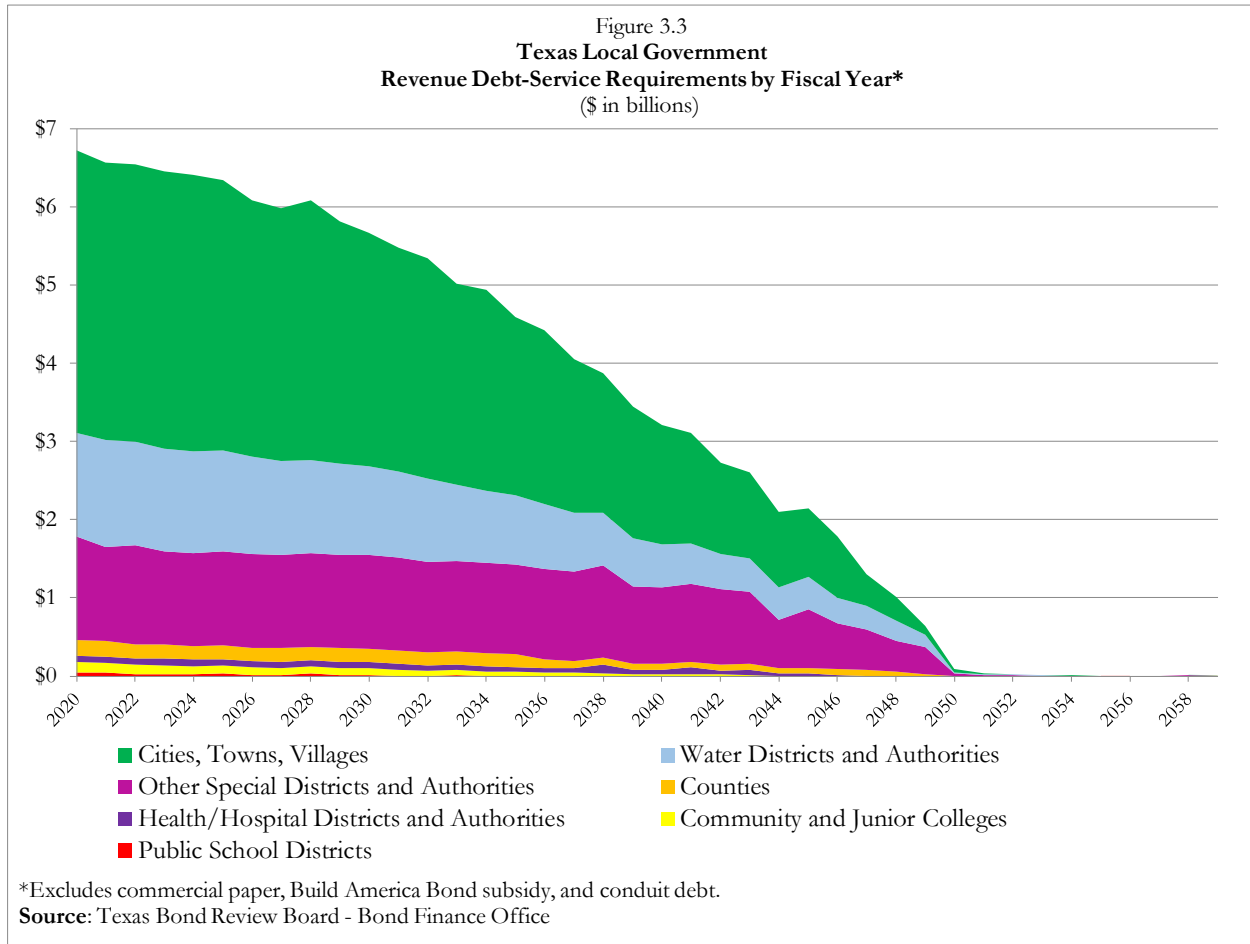
Timely repayment of debt is an important factor used by rating agencies to assess a municipal issuer's financial performance. As a guideline, rating agencies look for a repayment schedule that retires 25 percent of principal a quarter through the life of the debt and 50 percent halfway through the life of the debt. For debt outstanding as of fiscal year-end 2019, Texas local governments will repay 20.0 percent (\$16.25 billion) of revenue debt within five years, 41.0 percent (\$33.23 billion) within 10 years, and 78.7 percent (\$63.84 billion) within 20 years (*Table 3.3*). As of August 31, 2019, the final maturity for revenue debt was 40 years.

Table 3.3 Texas Local Government* Rate of Revenue Debt Retirement (\$ in millions)						
DEBT REPAID WITHIN:	Five Years	Percent of Total	Ten Years	Percent of Total	Twenty Years	Percent of Total
Public School Districts	111.3	43.0%	201.4	77.8%	250.6	96.9%
Cities, Towns, Villages	9,058.4	21.4%	18,542.9	43.8%	34,948.0	82.5%
Water Districts and Authorities	3,614.6	21.1%	7,416.5	43.4%	13,815.9	80.8%
Other Special Districts and Authorities	2,511.5	15.0%	5,130.0	30.6%	11,070.2	66.1%
Counties	407.3	17.4%	857.9	36.6%	1,801.3	76.8%
Community and Junior Colleges	\$367.0	31.0%	\$692.8	58.5%	\$1,103.1	93.2%
Health/Hospital Districts and Authorities	182.9	16.3%	386.3	34.3%	848.7	75.4%
TOTALS	\$16,252.9	20.0%	\$33,227.9	41.0%	\$63,837.8	78.7%

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

Revenue Debt Service Outstanding

As of August 31, 2019, scheduled revenue debt-service requirements (principal and interest) projected over the life of the debt totaled \$130.63 billion. *Figure 3.3* illustrates the scheduled annual revenue debt-service requirements for each of the local government types.



Chapter 4

Capital Appreciation Bonds

Overview

Capital appreciation bonds (CABs) are sold at a discounted price called the par amount. They are often sold in combination with current interest bonds (CIBs). While the debt service for CIBs is paid throughout the life of the obligation, principal and interest on CABs is paid at maturity. Interest on CABs compounds semiannually and accumulates over the life of the bond, and the amount paid at the maturity is called the maturity value. Interest rates for CABs are generally higher than for CIBs, and CABs can be more expensive than CIBs because of the compounding interest. However, CABs can be an effective financing tool if they are used moderately and with reasonable terms.

Premium CABs (PCABs) provide a lower initial stated par amount and are sold with a premium. PCABs are issued to: raise additional proceeds, preserve debt limits, and help local governments reach tax rate targets. Local governments issue more PCABs than non-premium CABs.

Over the past decade, total CAB maturity amounts outstanding have decreased by 44.2 percent from \$16.20 billion in fiscal year 2010 to \$9.04 billion in fiscal year 2019. Additionally, CAB maturity amounts outstanding have decreased 6.4 percent from \$9.65 billion outstanding in fiscal year 2018. The outstanding CAB maturities range from 2020 to 2053.

Heavy use of CABs can result in rating agency downgrades.

CABs are often used to refund existing CAB and CIB debt.

CABs Issued

Table 4.1 shows that the total CAB par issued for Texas local governments during fiscal year 2019 was 0.01 percent (\$1.9 million) of the total CAB and CIB debt issued (\$29.77 billion). School districts issuances accounted for 82.2 percent (\$1.5 million) of the total CABs issued for local governments during fiscal year 2019. Of the total par issued by school districts, 0.02 percent was issued as CAB par. CABs have been used by school districts to enable them to remain under the 50-cent debt ceiling that limits the property taxes assessed for debt service costs to 50 cents per \$100 of assessed value. CAB issuances by school districts are general obligation (tax) debt repaid with ad valorem taxes.

For CAB debt previously issued and outstanding in fiscal year 2019, Texas local governments will owe \$4.26 in interest and principal for every \$1 of principal borrowed.

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

Table 4.1 Texas Local Government Capital Appreciation Bonds Issued in Fiscal Year 2019							
Entity Type	Total Par Issued (CIB and CAB)	CAB Par	CAB Par/ Total Par	% of Total CAB Par Issued	CAB Premium	CAB Maturity Amount	% of Total CAB Maturity Amount
Public School Districts	\$9,736,167,086	\$1,525,779	0.02%	82.22%	\$852,703	\$2,490,000	72.21%
Cities, Towns, Villages	9,342,302,050	-	0.00%	0.00%	-	-	0.00%
Water Districts	5,559,533,000	330,000	0.01%	17.78%	865,341	958,500	27.79%
Other Special Districts	2,580,138,333	-	0.00%	0.00%	-	-	0.00%
Counties	1,837,683,000	-	0.00%	0.00%	-	-	0.00%
Comm Colleges/Junior Colleges	427,345,000	-	0.00%	0.00%	-	-	0.00%
Health/Hospitals	284,715,000	-	0.00%	0.00%	-	-	0.00%
Total	\$29,767,883,469	\$1,855,779	0.01%	100.00%	\$1,718,045	\$3,448,500	100.00%

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

Table 4.2 shows CAB issued amounts for the last five fiscal years. Since 2015, the total amount of CAB par issued has decreased 99.1 percent from \$215.9 million in fiscal year 2015 to \$1.9 million in fiscal year 2019.

Table 4.2 Texas Local Government Capital Appreciation Bonds Par Amount Issued by Fiscal Year (\$ in millions)					
	2015	2016	2017*	2018	2019
Public School Districts	\$214.1	\$70.5	\$38.1	\$16.3	\$1.5
Cities, Towns, Villages	-	0.7	1.2	0.4	-
Water Districts and Authorities	1.8	2.5	11.6	0.6	0.3
Other Special Districts and Authorities	-	-	-	-	-
Counties	-	-	-	-	-
Community and Junior Colleges	-	-	0.0	-	-
Health/Hospital Districts	-	-	-	-	-
Total CAB Par Amount Issued	\$215.9	\$73.8	\$51.0	\$17.3	\$1.9
Total Par Amount Issued**	\$38,152.2	\$39,412.4	\$29,942.5	\$32,645.2	\$29,767.9
CAB Par Amount % of Total	0.57%	0.19%	0.17%	0.05%	0.01%

* CCDs issued \$35,000 of CABs in 2017.
** Includes current interest bonds, excludes commercial paper authorizations and conduit issuances.
Source: Bond Review Board - Bond Finance Office

Three ratios have been developed to compare CAB issuances. The first is the “Maturity Value/Par” ratio which is calculated by dividing the CAB maturity amount by the CAB par amount and represents the total amount to be repaid (principal plus interest) compared to the par amount borrowed. This ratio disregards premiums received on PCABs.

The second is the “Maturity Value/Proceeds” ratio which is calculated by dividing the CAB maturity amount by the total CAB proceeds including the additional proceeds received as premium on PCAB issuances. This ratio represents the total amount to be repaid at maturity (principal plus interest) compared to the total amount of proceeds received (par plus premium).

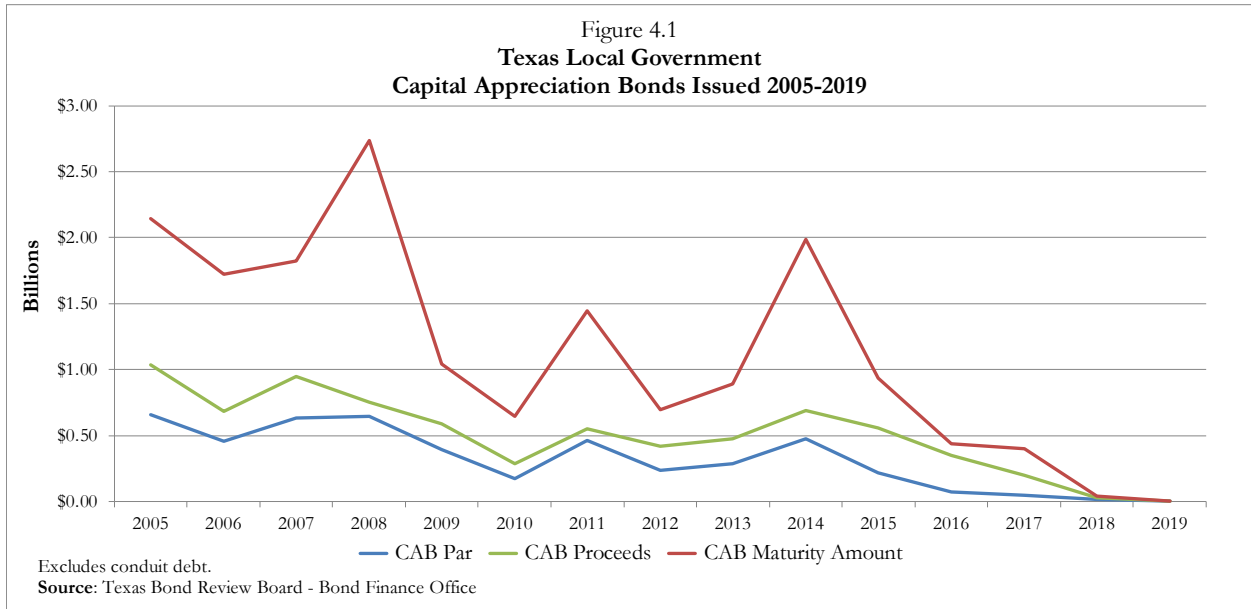
The third is the “Accreted Interest/Proceeds” ratio (AIPR) which is calculated by dividing the CAB maturity amount minus the original par amount by the total proceeds including the CAB premium. This ratio represents the total amount of interest to be paid at maturity compared to the total amount of proceeds received including premium (par plus premium).

Table 4.3 lists the top 20 most expensive CABs issued and outstanding as of fiscal year-end 2019 as defined by the “Maturity Value/Proceeds” ratio. CABs become increasingly more expensive as interest continues to compound with longer term maturities. For comparison, the Maturity Value/Proceeds ratio for CIBs is generally less than 2.0 and the AIPR is generally less than 1.0. The decline in the Maturity Value/Proceeds ratio compared to the Maturity Value/Par ratio shows the effect of including the premiums on PCABs in the comparison.

Table 4.3 Texas Local Government Top 20 Most Expensive Capital Appreciation Bonds Outstanding as of August 31, 2019						
Issuer	Issue	Closing Date	CAB Maturity Date	Maturity Value/Par	Maturity Value/Proceeds	Accreted Interest / Proceeds Ratio
Forney ISD	Unl Tax Ref Bonds Txbl Ser 2014A	2/18/2014	8/15/2053	12.69	10.87	10.01
Forney ISD	Unl Tax Ref Bonds Ser 2014	2/18/2014	8/15/2053	10.17	8.34	7.52
Forney ISD	Unl Tax Ref Bonds Txbl Ser 2013B	8/27/2013	8/15/2043	7.94	6.89	6.03
Hutto ISD	Unl Tax Ref Bonds Ser 2012A	5/3/2012	8/1/2045	249.18	6.71	6.68
Anna ISD	Unl Tax School Bldg Bonds Ser 2010A	9/21/2010	8/15/2046	3,819.06	6.25	6.25
Anna ISD	Unl Tax School Bldg Bonds Ser 2011	6/23/2011	2/15/2051	6.17	5.87	4.92
Anna ISD	Unl Tax School Bldg Bonds Ser 2010	4/8/2010	8/15/2043	12.00	5.82	5.33
Forney ISD	Unl Tax Ref Bonds Ser 2013A	8/27/2013	8/15/2043	9.35	5.49	4.90
Lake Worth ISD	Unl Tax Ref Bonds Ser 1995	9/21/1995	2/15/2024	8.25	5.31	4.66
Robstown ISD	Unl Tax School Bldg & Ref Bonds Ser 1994	1/4/1995	2/15/2022	13.16	5.26	4.86
Anna ISD	Unl Tax School Bldg Bonds Ser 2009	10/15/2009	8/15/2042	7.57	5.26	4.56
Galena Park ISD	Unl Tax School Bldg & Ref Bonds Ser 1996	8/20/1996	8/15/2031	6.09	5.11	4.27
Crowley ISD	Unl Tax Ref & School Bldg Bonds Ser 1993	5/19/1993	8/1/2023	9.87	5.04	4.53
Central Texas Regional Mobility Auth	Sr Lien Rev Bonds Ser 2010	3/11/2010	1/1/2040	5.03	5.03	4.03
Hillsboro ISD	Unl Tax School Bldg & Ref Bonds Ser 2001	2/15/2001	8/15/2031	75.90	4.94	4.88
Alvarado ISD	Unl Tax Ref Bonds Ser 1995	6/29/1995	2/15/2025	14.78	4.83	4.50
Frisco ISD	Unl Tax School Bldg & Ref Bonds Ser 2002	9/24/2002	8/15/2034	11.65	4.79	4.37
Crowley ISD	Unl Tax School Bldg & Ref Bonds Ser 2002	2/19/2002	8/1/2031	47.10	4.78	4.67
Frisco ISD	Unl Tax School Bldg & Ref Bonds Ser 1999	8/10/1999	8/15/2029	59.78	4.73	4.65
Anna ISD	Unl Tax School Bldg & Ref Bonds Ser 1998	3/17/1998	8/15/2028	19.42	4.59	4.36

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

Figure 4.1 illustrates the total CAB par amount issued, the total proceeds received (including premiums on PCABs), and CAB maturity amount (total debt-service owed at maturity) since 2005.



CABs Outstanding

Table 4.4 provides a comparison between the total CAB debt outstanding and total CIB and CAB debt outstanding for each type of local government entity. The CAB maturity amount outstanding (principal plus interest) is 2.5 percent (\$9.04 billion) of total debt-service owed by local governments. School districts owe the most CAB debt service at 56.9 percent of total CAB debt-service owed among all local governments. While CAB par was 0.9 percent of total CIB and CAB par outstanding at fiscal year-end 2019, CAB interest accounted for 5.4 percent of total interest owed.

Table 4.4 Texas Local Government Capital Appreciation Bonds Outstanding as of August 31, 2019											
Entity Type	Total Par Outstanding (CIB+CAB)	CAB Par Outstanding	CAB Par / Total Par	Total Interest Outstanding (CIB+CAB)	CAB Interest	CAB Interest / Total Interest	Total Debt Service (CIB+CAB)	CAB Maturity Amount Outstanding	CAB Maturity Amount / Total Debt Service	% of Total CAB Par Outstanding	% of Total CAB Maturity Amount Outstanding
Public School Districts	\$87,841,012,438	\$1,097,161,400	1.25%	\$50,072,996,185	\$4,046,261,842	8.08%	\$137,914,008,623	\$5,143,423,242	3.73%	51.71%	56.92%
Cities, Towns, Villages	76,899,537,469	217,085,407	0.28%	36,644,511,991	985,731,806	2.69%	113,544,049,460	1,202,817,212	1.06%	10.23%	13.31%
Water Districts	33,219,291,183	94,479,208	0.28%	15,018,421,715	187,247,488	1.25%	48,237,712,898	281,726,697	0.58%	4.45%	3.12%
Other Special Districts	16,915,863,397	645,032,413	3.81%	13,993,278,296	1,552,002,587	11.09%	30,909,141,693	2,197,035,000	7.11%	30.40%	24.31%
Counties	14,505,829,564	36,010,079	0.25%	6,528,118,787	96,154,921	1.47%	21,033,948,351	132,165,000	0.63%	1.70%	1.46%
Comm Colleges / Junior Colleges	5,258,164,980	20,665,742	0.39%	2,535,506,919	20,594,258	0.81%	7,793,671,899	41,260,000	0.53%	0.97%	0.46%
Health & Hospitals	3,552,860,501	11,149,367	0.31%	2,312,093,549	26,756,617	1.16%	5,864,954,050	37,905,984	0.65%	0.53%	0.42%
Total	\$238,192,559,532	\$2,121,583,616	0.89%	\$127,104,927,443	\$6,914,749,520	5.44%	\$365,297,486,974	\$9,036,333,135	2.47%	100.00%	100.00%

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

Figure 4.2 below shows the maturity amount (principal plus interest) for each local government entity with CABs outstanding since 2005.

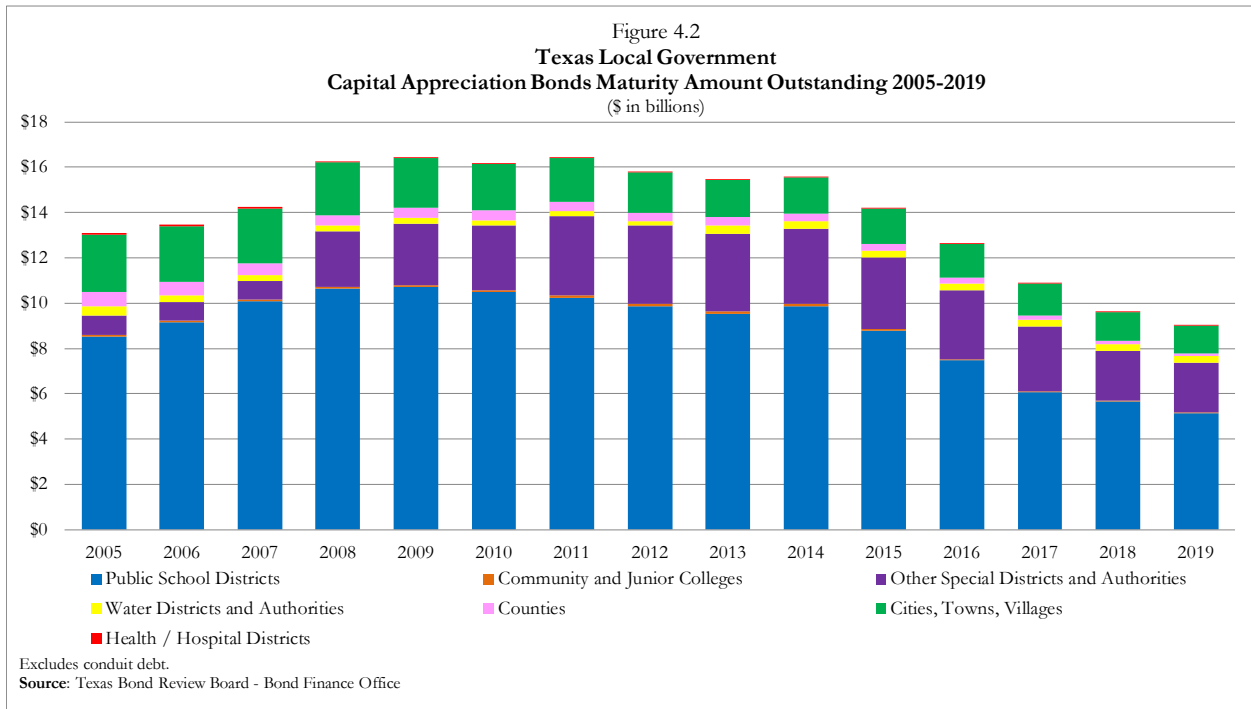


Figure 4.3 shows CIB debt service and CAB debt service for all local governments since 2005. In fiscal year 2019, CAB maturity amounts accounted for 2.5 percent (\$9.04 billion) of the total debt service outstanding.

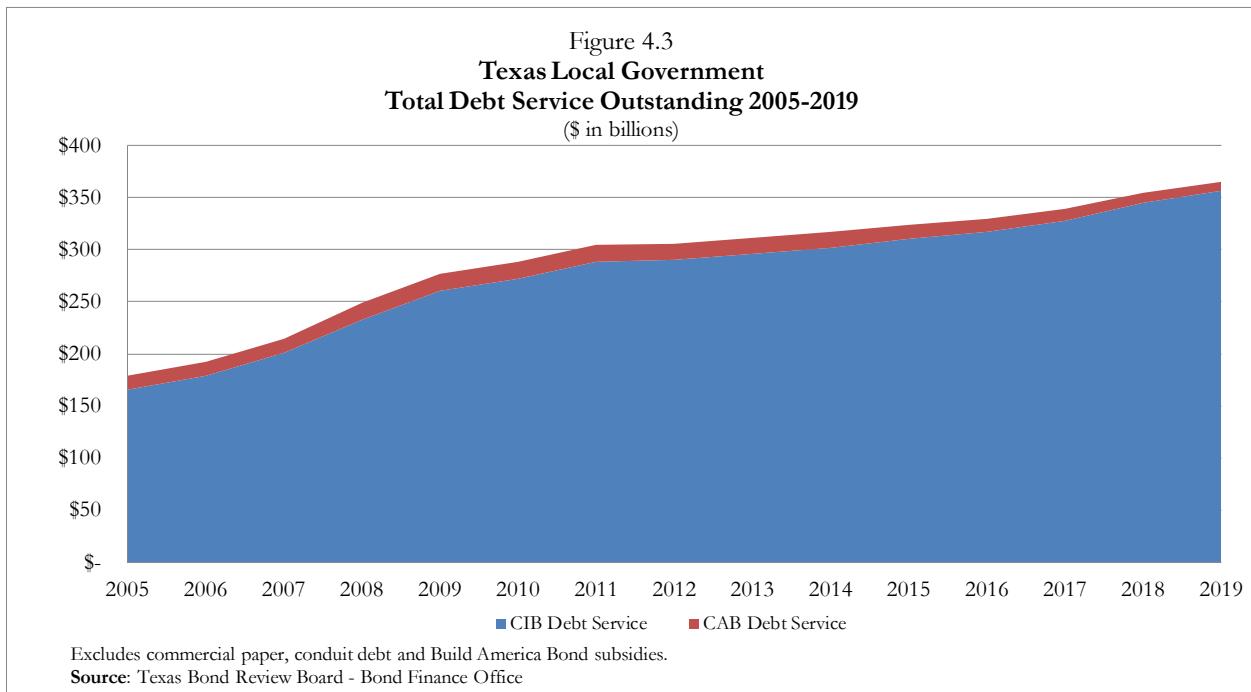


Figure 4.4 compares the ratio of total debt service to total par outstanding for CIB and CAB debt for all local governments. On average, issuers of CAB debt paid \$3.56 in principal and interest for every \$1 of principal borrowed since 2005 compared to \$1.63 for CIB debt.

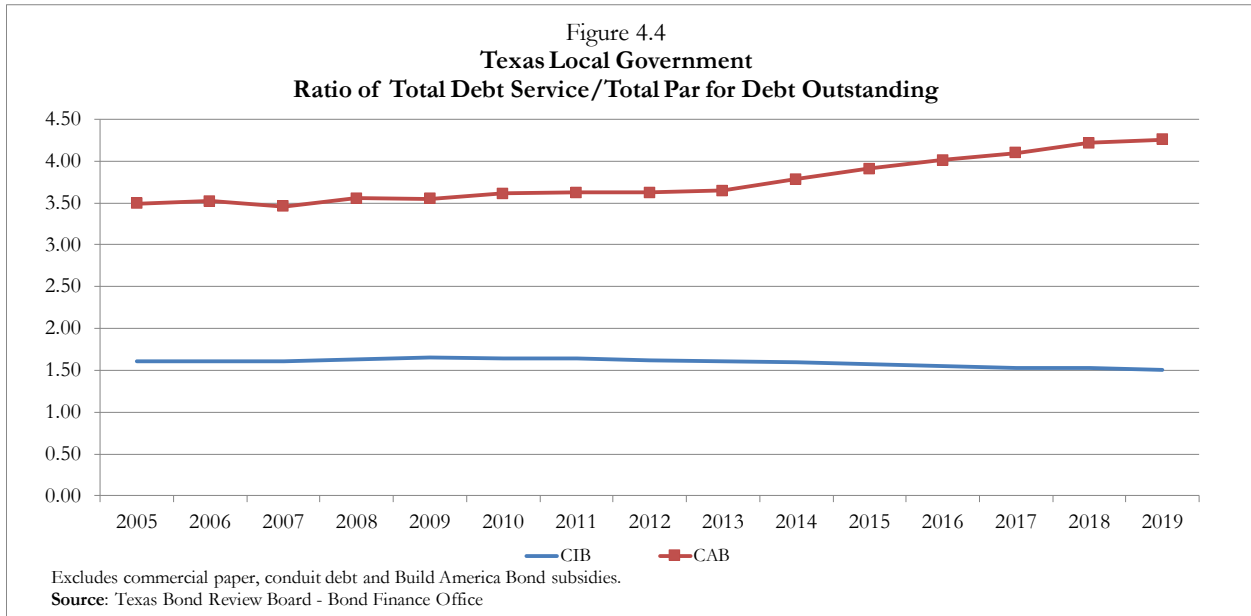
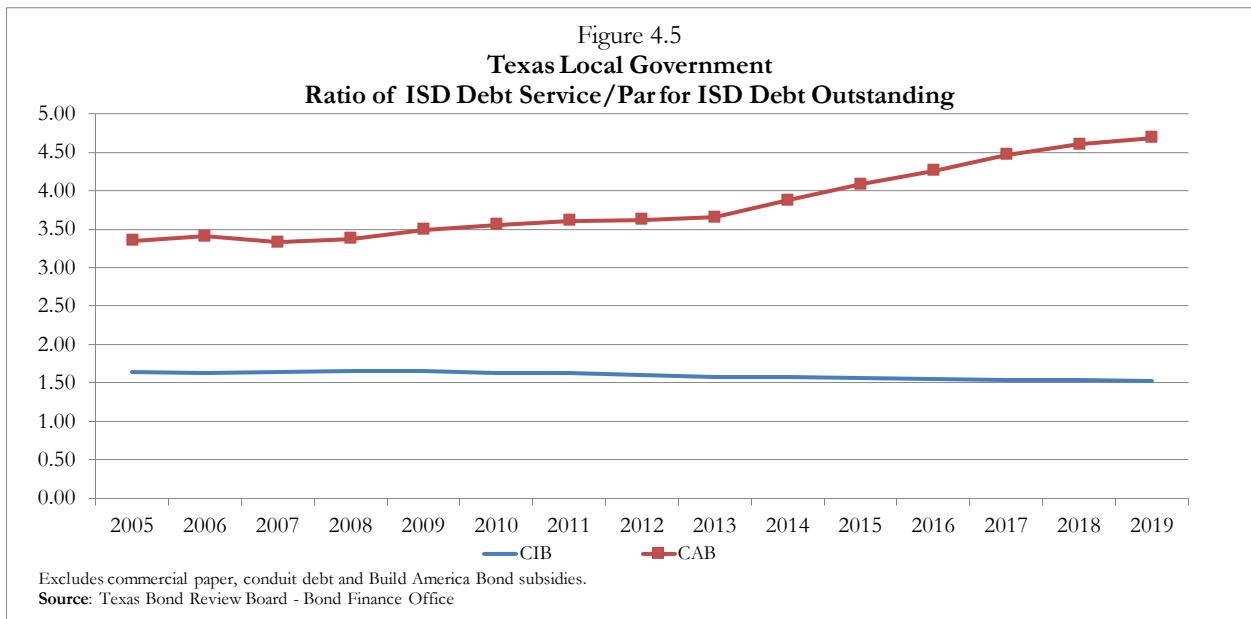


Figure 4.5 compares the ratio of public school district (ISD) debt service to ISD debt outstanding for CIB and CAB debt. On average, school districts paid \$3.82 in principal and interest for every \$1 of principal borrowed since 2005 for CAB debt compared to \$1.60 for CIB debt.



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Chapter 5 Certificates of Obligation

Certificates of Obligation (COs) are authorized by the Certificate of Obligation Act of 1971, Subchapter C of Chapter 271 of the Texas Local Government Code. COs are generally issued as tax-supported debt to pay for the construction of a public work; purchase of materials, supplies, equipment, machinery, buildings, land, and rights-of-way; and to pay for professional services such as engineers, architects, attorneys, and financial advisors. Debt for COs is paid from ad valorem taxes and/or a combination of revenues available from other sources. CO issuance does not require voter approval unless a valid petition of 5 percent of the voters requesting an election is presented.

House Bill 477 passed during the 86th Legislative Session, effective September 1, 2019, added additional requirements for the publishing of notices of intention to issue a CO prior to the date the issuer proposes to pass an order or ordinance authorizing the issuance of a CO. With the passage of House Bill 1378 during the 84th Legislative Session, effective January 1, 2016, a CO may not be issued if the voters rejected a bond proposition for the same purpose within the preceding three years, except in the case of public calamity, public health, unforeseen damage to public property, or to comply with a state or federal regulation. Only counties, certain cities, and health and hospital districts and authorities (HHDs) are authorized to issue COs.

Since fiscal year 2010, CO debt outstanding has increased by 27.6 percent (\$3.47 billion) from \$12.55 billion outstanding in fiscal year 2010 to \$16.02 billion outstanding in fiscal year 2019, and cities accounted for 77.7 percent of the total CO debt outstanding at fiscal year-end 2019 (*Figure 5.1*).

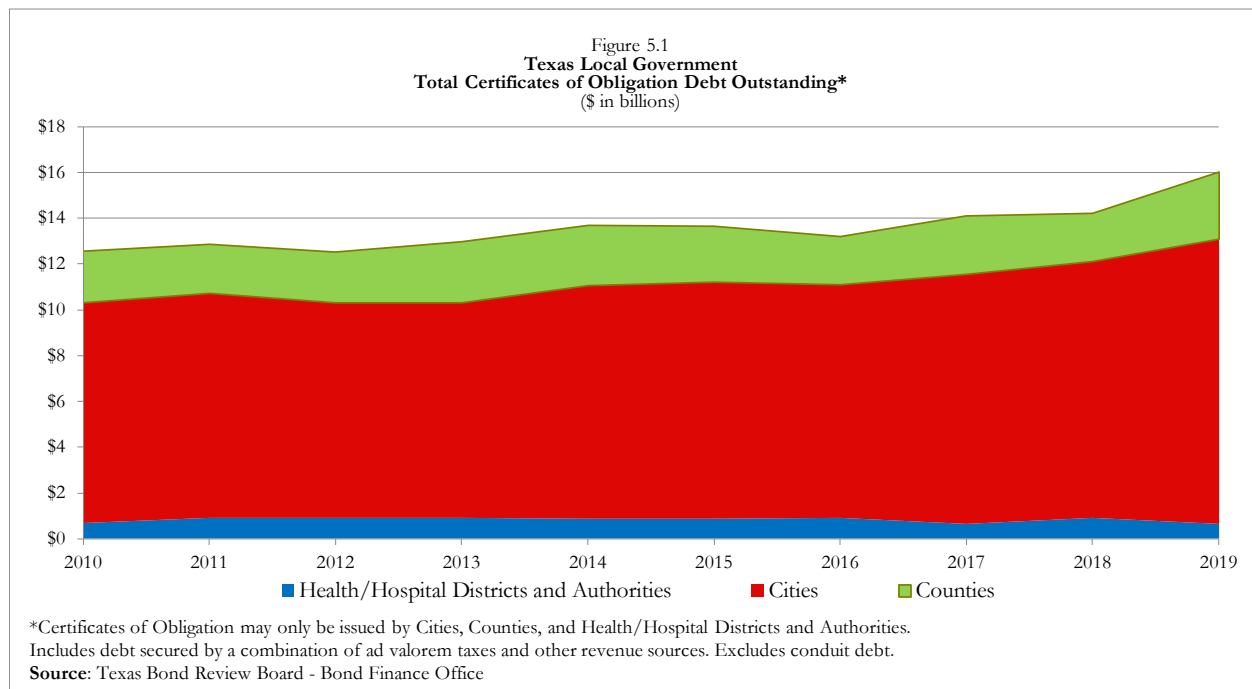
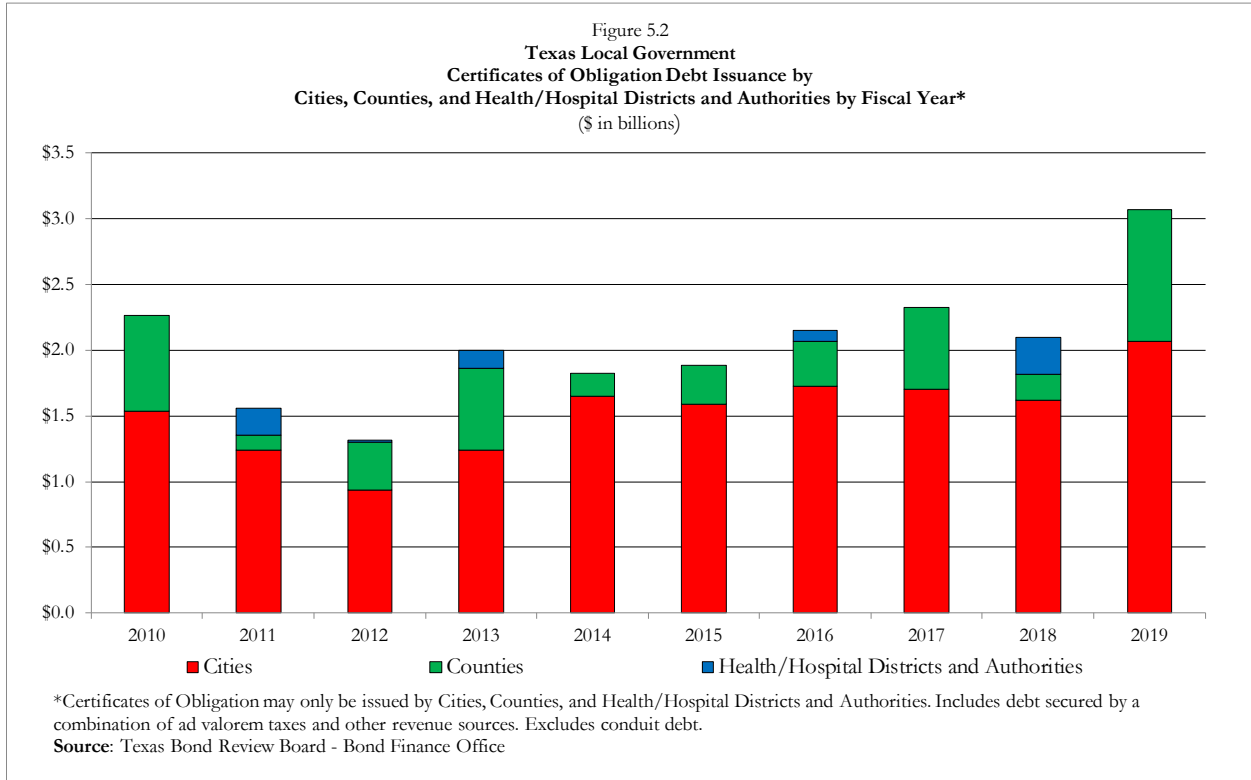


Figure 5.2 illustrates the relative amounts of CO debt issued by cities, counties, and HHDs over the past 10 fiscal years.

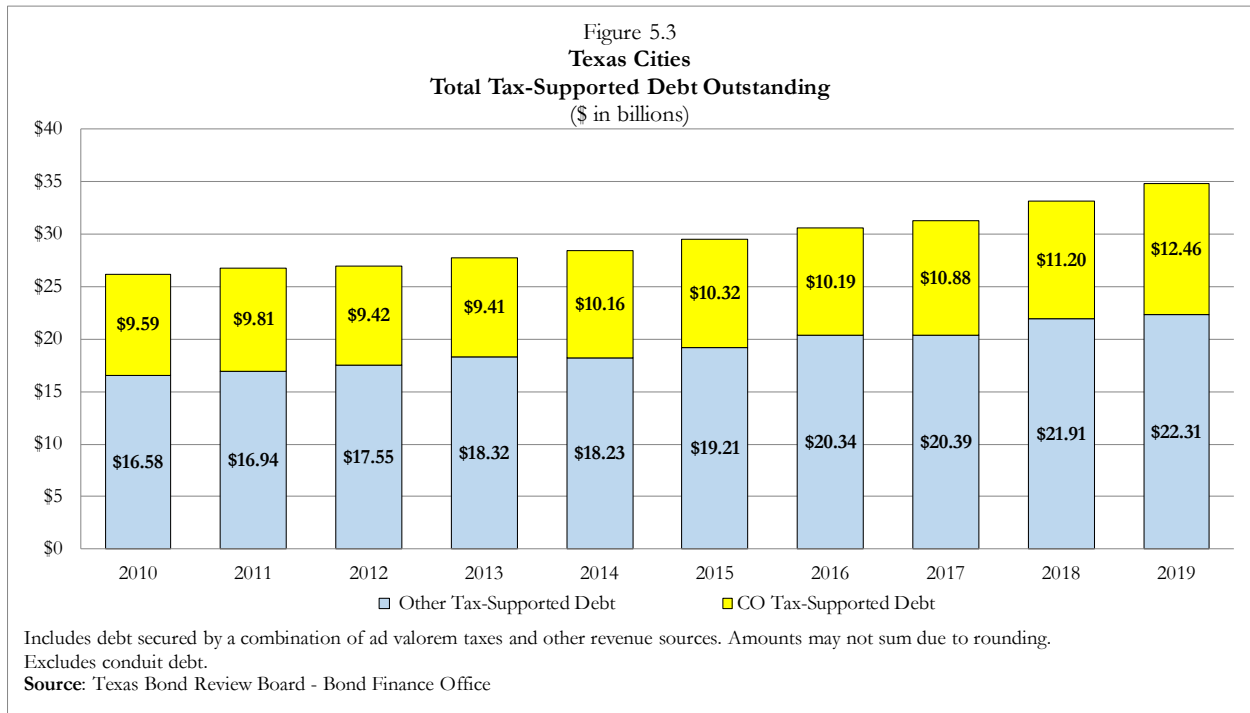


The 20 highest issuers of CO debt accounted for 42.3 percent of all CO debt outstanding (*Table 5.1*).

Table 5.1 Texas Local Government Top 20 Issuers with Certificates of Obligation Debt Outstanding as of August 31, 2019 (\$ in millions)	
Bexar County	\$807.3
El Paso	568.7
Lubbock	562.3
Travis County	548.3
San Antonio	526.9
Denton	498.5
Bexar County Hospital District	447.5
Frisco	300.8
Waco	278.9
Austin	272.8
Grand Prairie	272.5
Hidalgo County	260.4
College Station	239.6
Conroe	234.7
Abilene	194.2
San Marcos	186.5
Fort Worth	169.4
League City	137.4
Dallas County	134.3
Flower Mound	132.6
Subtotal	\$6,773.6
Other CO Issuers	9,250.2
Total	\$16,023.8
Includes debt secured by a combination of ad valorem taxes and other revenue sources. Excludes conduit debt. Source: Texas Bond Review Board - Bond Finance Office	

Cities, Towns, and Villages

Over the past 10 fiscal years, tax-supported CO debt outstanding has increased by 29.9 percent (\$2.87 billion) from \$9.59 billion to \$12.46 billion. As of fiscal year 2019, all outstanding CO debt is tax-supported and represents 35.8 percent of the total cities tax-supported debt outstanding and 16.2 percent of the total cities debt outstanding, including revenue debt. *Figure 5.3* illustrates the portion of total city tax-supported debt attributable to COs. As of fiscal year 2019, 665 cities had CO debt outstanding.



The top 30 cities with CO debt outstanding accounted for 48.7 percent (\$6.07 billion) of the total city CO debt outstanding (*Table 5.2*).

Table 5.2 Texas Cities Top 30 Issuers with Certificates of Obligation Outstanding			
	CO Amount (\$ in millions)	CO Debt per Capita*	CO as % of City Tax-Supported Debt Outstanding
El Paso	\$568.7	\$833	42.0%
Lubbock	562.3	2,197	57.8%
San Antonio	526.9	344	25.8%
Denton	498.5	3,598	66.2%
Frisco	300.8	1,599	35.5%
Waco	278.9	2,019	60.5%
Austin	272.8	283	18.5%
Grand Prairie	272.5	1,400	79.3%
College Station	239.6	2,061	64.4%
Conroe	234.7	2,678	80.3%
Abilene	194.2	1,579	61.4%
San Marcos	186.5	2,937	57.5%
Fort Worth	169.4	189	22.2%
League City	137.4	1,293	63.6%
Flower Mound	132.6	1,715	76.4%
Richardson	129.5	1,070	39.5%
Sugar Land	126.9	1,070	44.0%
Hutto	114.5	4,331	63.2%
Garland	110.6	456	25.2%
Mansfield	101.3	1,427	73.1%
Temple	100.5	1,319	44.6%
Beaumont	98.5	832	49.2%
Celina	96.5	7,552	89.6%
Midland	92.9	653	51.3%
San Angelo	92.3	921	58.2%
Colony, The	88.3	2,034	74.9%
Pflugerville	86.5	1,343	33.5%
Leander	85.2	1,519	52.3%
Laredo	85.0	325	29.7%
Amarillo	84.5	423	59.3%
Subtotal	\$6,068.8		
Other Cities	6,389.0		
Total	\$12,457.8		

Includes debt secured by a combination of ad valorem taxes and other revenue sources.
Excludes conduit debt.
* Population data from the July 2018 U.S. Census Population Division
Source: Texas Bond Review Board - Bond Finance Office

The CO debt for the Big 6 accounted for 12.5 percent (\$1.56 billion) of the total cities' CO debt outstanding (*Table 5.3*).

Table 5.3				
Texas Cities				
Big 6 Cities with Certificates of Obligation Debt Outstanding				
	Amount (\$ in millions)	Debt per Capita	CO as % of Issuer's Tax-Supported Debt Outstanding	Rank by CO Debt Outstanding
El Paso	\$568.7	\$833	42.5%	1st
San Antonio	526.9	344	25.8%	3rd
Austin	272.8	283	18.5%	7th
Fort Worth	169.4	189	22.2%	13th
Houston	14.1	6	0.4%	170th
Dallas	7.6	6	0.4%	245th
Subtotal	<u>\$1,559.6</u>			
Other City CO Issuers	<u>10,898.2</u>			
Total	<u><u>\$12,457.8</u></u>			

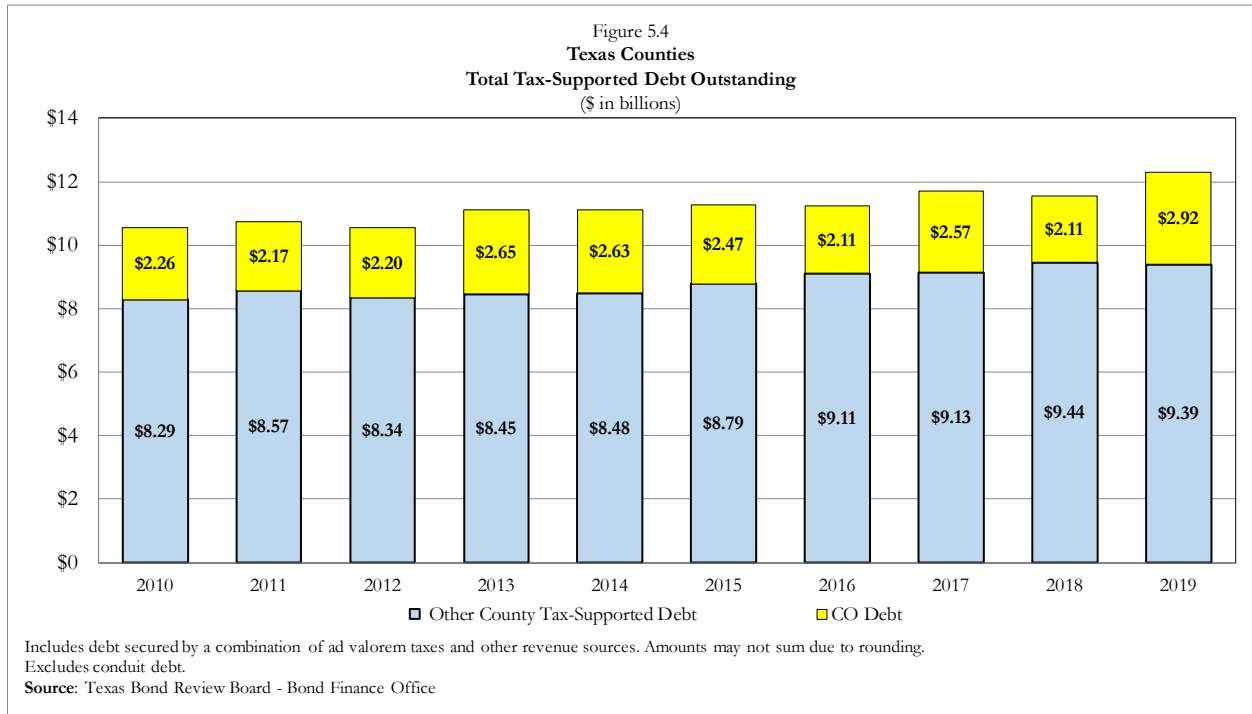
Includes debt secured by a combination of ad valorem taxes and other revenue sources.
Excludes conduit debt.
* Population data from the July 2018 U.S. Census Population Division
Source: Texas Bond Review Board - Bond Finance Office

Counties

As of August 31, 2019, Texas counties had \$2.92 billion of CO debt outstanding which was 23.7 percent of the county tax-supported debt outstanding. Of the 84 counties with CO debt outstanding, the top 20 had \$2.48 billion (84.9 percent) of the total county CO debt outstanding (*Table 5.4*).

Table 5.4 Texas Counties Top 20 Certificates of Obligation Issuers			
	CO Amount (\$ in millions)	Debt per Capita*	% of Issuer's Tax- supported Debt
Bexar County	\$807.3	\$406	43.7%
Travis County	548.3	439	51.4%
Hidalgo County	260.4	301	74.3%
Dallas County	134.3	51	88.7%
Cameron County	76.9	181	48.2%
Potter County	70.0	585	93.9%
Tom Green County	64.0	541	100.0%
Fort Bend County	62.1	79	10.5%
Comal County	54.3	366	36.2%
Bell County	53.9	151	45.6%
Montgomery County	47.4	80	9.1%
Webb County	44.9	163	58.8%
Williamson County	38.8	68	4.7%
Nueces County	38.1	105	36.7%
McLennan County	37.8	149	90.3%
Bastrop County	33.3	383	74.7%
Brazoria County	30.8	83	44.4%
Brazos County	26.9	118	34.2%
Randall County	26.7	196	63.2%
San Patricio County	25.5	382	65.3%
Subtotal of Top 20 CO Issuers	\$2,481.5	\$213	38.7%
Other CO Issuers	441.8	132	46.4%
Total	\$2,923.3	\$195	23.7%
* Population data from the July 2018 U.S. Census Population Division. Total population based on issuers with debt outstanding. Excludes conduit debt.			
Includes debt secured by a combination of ad valorem taxes and other revenue sources.			
Source: Texas Bond Review Board - Bond Finance Office			

Over the past 10 fiscal years ending August 31, 2019, county CO debt outstanding has increased by 29.2 percent from \$2.26 billion to \$2.92 billion. The increase was mainly due to multiple issuances by Bexar County totaling \$1.60 billion over the period for flood control purposes, transportation projects, improvements to the courthouse and jail, and general purposes (*Figure 5.4*).



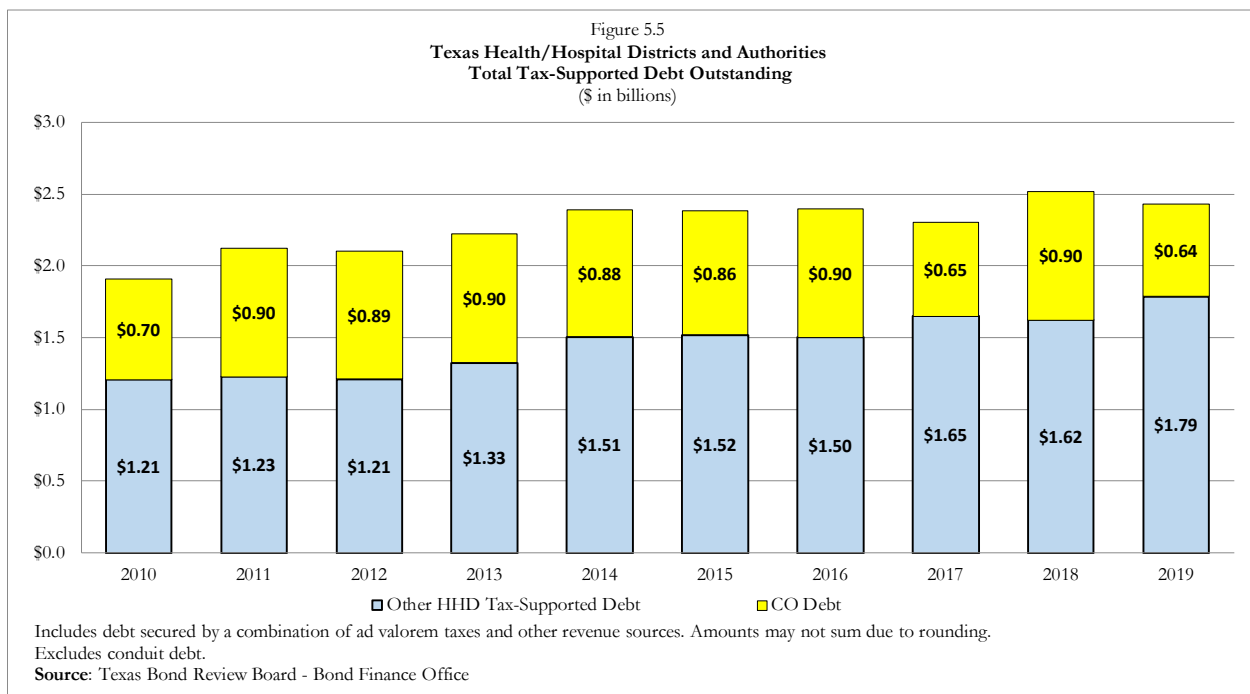
Health/Hospital Districts and Authorities

As of August 31, 2019, four HHDs had CO debt outstanding totaling \$642.7 million (Table 5.5). These issuances accounted for 26.5 percent of total HHD tax-supported debt outstanding (Figure 5.5) and 18.1 percent of total HHD debt outstanding, including revenue debt.

Table 5.5 Texas Health/Hospital Districts and Authorities with Certificates of Obligation Debt Outstanding		
Issuer	Amount* (\$ in millions)	COs as % of Tax-Supported Debt Outstanding
Bexar County Hospital District (University Health System)	\$447.5	53.3%
El Paso County Hospital District	129.6	38.8%
Harris County Hospital District	57.3	100.0%
Travis County Healthcare District	8.4	100.0%
Total	\$642.7	

*Includes debt secured by a combination of ad valorem taxes and other revenue sources. Excludes conduit debt.
Source: Texas Bond Review Board - Bond Finance Office

Figure 5.5 shows HHD CO debt outstanding relative to total tax-supported HHD debt outstanding.



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Appendix A Bond Election Results

Bond elections are required before the issuance of certain debt obligations that pledge unlimited or limited ad valorem taxes of a local government for repayment. Bond elections are generally held on a uniform election date. Section 41.001 of the Election Code states a uniform election date is one of the following: the first Saturday in May in an odd numbered year; the first Saturday in May in an even numbered year (excluding counties); or the first Tuesday after the first Monday in November.

Texas local governments are not required to provide the Bond Review Board (BRB) with bond election information. Such information has been obtained from various sources, including newspaper articles, the Municipal Advisory Council's *Texas Bond Reporter*, official statements, and the U.S. Department of Justice.

Table A.1 shows the number of voter-approved bond elections for the past 5 fiscal years. During fiscal year 2019, a total of 207 local governments held 329 bond elections approving the potential issuance of \$25.31 billion of additional debt.

On November 5, 2019, 97 local governments held 132 bond elections, 105 of which approved debt totaling \$14.57 billion.

	2015		2016		2017		2018		2019		Total Percentage Approved
	Elections Carried	Percent Carried	Elections Carried	Percent Carried	Elections Carried	Percent Carried	Elections Carried	Percent Carried	Elections Carried	Percent Carried	
ISD	116	82%	115	80%	71	70%	97	72%	100	81%	77%
City	64	93%	58	94%	37	82%	67	82%	88	98%	90%
WD	136	99%	116	99%	49	96%	85	94%	93	90%	96%
OSD	0	N/A	0	N/A	0	N/A	0	N/A	0	N/A	N/A
County	4	80%	12	92%	12	92%	8	80%	6	100%	89%
CCD	5	100%	1	50%	4	100%	0	0%	3	100%	87%
HHD	1	33%	0	N/A	1	100%	0	N/A	3	100%	63%
Total	326	90%	302	89%	174	81%	257	81%	293	89%	87%

Source: Bond Buyer, Municipal Advisory Council's *Texas Bond Reporter* and U.S. Department of Justice, Civil Rights Division - Voting Section

Table A.2 shows the voter-approved election amounts for the past five fiscal years for each of the local government categories.

Table A.2 Texas Local Government Estimated Bond Election Results by Fiscal Year (\$ in millions)					
	2015	2016	2017	2018	2019
Public School Districts					
Election Amount	\$8,627.2	\$11,153.7	\$8,707.0	\$13,478.1	\$14,340.6
Amount Approved	7,244.4	10,608.1	7,143.8	11,854.0	11,820.7
Percent Approved	84.0%	95.1%	82.0%	88.0%	82.4%
Cities, Towns, Villages					
Election Amount	\$1,824.7	\$1,026.3	\$3,039.5	\$3,896.4	\$3,153.9
Amount Approved	1,157.7	939.6	2,793.3	3,659.5	3,123.8
Percent Approved	63.4%	91.5%	91.9%	93.9%	99.0%
Water Districts and Authorities					
Election Amount	\$12,631.5	\$8,840.9	\$3,204.5	\$8,444.0	\$7,577.6
Amount Approved	12,470.5	8,830.9	3,184.6	8,215.3	7,254.4
Percent Approved	98.7%	99.9%	99.4%	97.3%	95.7%
Other Special Districts and Authorities					
Election Amount	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Amount Approved	0.0	0.0	0.0	0.0	0.0
Percent Approved	N/A	N/A	N/A	N/A	N/A
Counties					
Election Amount	\$414.0	\$1,557.9	\$551.7	\$707.4	\$917.0
Amount Approved	64.0	1,270.7	543.2	562.4	917.0
Percent Approved	15.5%	81.6%	98.5%	79.5%	100.0%
Community and Junior Colleges					
Election Amount	\$1,047.9	\$513.5	\$1,199.0	\$48.5	\$1,353.7
Amount Approved	1,047.9	425.0	1,199.0	0.0	1,353.7
Percent Approved	100.0%	82.8%	100.0%	0.0%	100.0%
Health/Hospital Districts and Authorities					
Election Amount	\$66.0	\$0.0	\$13.8	\$7.2	\$841.5
Amount Approved	10.0	0.0	13.8	0.0	841.5
Percent Approved	15.1%	N/A	100.0%	0.0%	100.0%
Total Election Amount	\$24,611.3	\$23,092.3	\$16,715.6	\$26,581.6	\$28,184.3
Total Amount Approved	\$21,994.6	\$22,074.2	\$14,877.7	\$24,291.3	\$25,310.9
Total Percent Approved	89.4%	95.6%	89.0%	91.4%	89.8%
Source: Bond Buyer, Municipal Advisory Council's <i>Texas Bond Reporter</i> and U.S. Department of Justice, Civil Rights Division - Voting Section					

The detailed results of the fiscal year 2019 elections are shown in *Tables A.3* through *A.6*.

Table A.3 Texas Local Government Carried Propositions Bond Elections May 04, 2019 (\$ in millions)			
Issuer	County	Purpose	Amount Carried
Public School Districts			
Alice ISD	Jim Wells	School Building	\$20.8
Blanco ISD	Blanco	School Building	1.4
Blue Ridge ISD	Collin	School Building	25.0
Blum ISD	Hill	School Building, Renovations & Athletics	6.0
Brazosport ISD	Brazoria	School Building & Security	267.0
Brownfield ISD	Terry	School Building	40.0
Bryan ISD	Brazos	School Building & Security	12.0
Celina ISD	Collin	School Building	600.0
Channelview ISD	Harris	School Building & Athletic Improvements	195.4
Chillicothe ISD	Hardeman	School Building	7.5
City View ISD	Wichita	School Building	10.0
Crawford ISD	McLennan	School Building	1.9
Culberson County-Allamore ISD	Culberson	School Building	10.0
Culberson County-Allamore ISD	Culberson	Refund	3.0
Cypress-Fairbanks ISD	Harris	School Building & Technology	1,762.0
Eanes ISD	Travis	School Building & Buses	80.0
Follett ISD	Lipscomb	School Building	1.6
Friona ISD	Parmer	School Building & Security	19.0
Goose Creek ISD	Harris-Chambers	School Building	335.7
Hart ISD	Castro	School Building	2.0
Huckabay ISD	Erath	School Building	8.9
Hutto ISD	Williamson	School Building	194.4
Iowa Park CISD	Wichita	School Building & Security	24.5
Irion Co ISD	Irion	School Building	18.0
Lake Dallas ISD	Denton	School Building & Security	105.0
Leggett ISD	Polk	School Building & Buses	2.0
Lingleville ISD	Erath	School Building & Security	6.8
Llano ISD	Llano	School Building & Technology	10.0
Luling ISD	Caldwell	School Building	31.9
Lytle ISD	Atascosa	School Building	8.5
Marion ISD	Guadalupe	School Building	22.0
Medina Valley ISD	Medina	School Building	107.0
Miller Grove ISD	Hopkins-Rains	School Building & Athletic Improvements	2.0
Monahans-Wickett-Pyote ISD	Ward	School Building & Security	140.0

Table A.3 (continued)
Texas Local Government
Carried Propositions
Bond Elections May 04, 2019
(\$ in millions)

Issuer	County	Purpose	Amount Carried
Public School Districts Cont'd			
Moulton ISD	Lavaca	School Building	\$14.0
Mount Pleasant ISD	Titus	School Building	55.0
Nederland ISD	Jefferson	School Building & Security	151.1
Nederland ISD	Jefferson	Stadium	4.5
Palacios ISD	Matagorda	School Building	9.0
Priddy ISD	Mills	Athletic Facilities Improvements	1.2
Princeton ISD	Collin	School Building	237.4
Prosper ISD	Collin	School Building & Buses	1,337.0
Rankin ISD	Upton	School Building & Buses	34.0
Robert Lee ISD	Coke	School Building, Athletic Facility & Transportation	6.0
Seguin ISD	Guadalupe	School Building	64.7
Sudan ISD	Lamb	School Building & Buses	8.3
Sweeny ISD	Brazoria	School Building	28.0
Tahoka ISD	Lynn	School Building & Buses	7.5
Troy ISD	Bell	School Building & Security	18.3
Whitesboro ISD	Grayson	Athletic Facilities Improvements	1.8
Woden ISD	Nacogdoches	School Building & Safety	8.6
Wylie ISDA	Collin	School Building	193.7
Public School Districts Total			\$6,261.2
Cities, Towns, Villages			
Fairview (a)	Collin	Fire Station Improvements	\$7.6
Frisco	Collin	Police & Fire	62.5
Frisco	Collin	Road	155.0
Frisco	Collin	Public Works	12.0
Frisco	Collin	Library	62.0
Frisco	Collin	Park	53.5
Garland	Dallas	Street Improvements - Streets and Sidewalks	122.3
Garland	Dallas	Public Safety Facilities	51.4
Garland	Dallas	Drainage	47.4
Garland	Dallas	Parks & Recreation	117.8
Garland	Dallas	Library	21.0

Table A.3 (continued)
Texas Local Government
Carried Propositions
Bond Elections May 04, 2019
(\$ in millions)

Issuer	County	Purpose	Amount Carried
Cities, Towns, Villages Cont'd			
Garland	Dallas	Economic Development	\$46.0
Garland	Dallas	Municipal Building	6.0
Garland	Dallas	Animal Care & Control	12.0
Greenville	Hunt	Road	15.0
Hearne	Robertson	Public Safety Facilities	8.4
Hurst	Tarrant	Animal Care & Control	7.5
League City	Galveston	Drainage	73.0
League City	Galveston	Mobility Projects	72.0
McKinney	Collin	Public Safety	75.0
McKinney	Collin	Municipal Complex	50.0
McKinney	Collin	Parks & Recreation	91.0
McKinney	Collin	Public Works	34.0
McKinney	Collin	Transportation	100.0
New Braunfels	Comal	Streets & Roads	44.5
New Braunfels	Comal	Parks & Recreation	16.5
New Braunfels	Comal	Public Safety	50.4
New Braunfels	Comal	Library	5.5
Pearland	Brazoria-Fort Bend-Harris	Drainage	28.5
Pearland	Brazoria-Fort Bend-Harris	Street	34.8
Pearland	Brazoria-Fort Bend-Harris	Parks & Recreation	2.5
Pearland	Brazoria-Fort Bend-Harris	Animal Care & Control	12.9
Pearland	Brazoria-Fort Bend-Harris	Fire Station Improvements	1.3
Plano	Collin	Street	18.8
Plano	Collin	Parks & Recreation	17.9
Plano	Collin	Municipal Building	8.0
Richland Hills	Tarrant	Fire Station Improvements	6.7
Richwood	Brazoria	Water & Sewer	4.0
Weslaco	Hidalgo	Drainage	10.0
Cities, Towns, Villages Total			\$1,564.5

Table A.3 (continued)
Texas Local Government
Carried Propositions
Bond Elections May 04, 2019
(\$ in millions)

Issuer	County	Purpose	Amount Carried
Water Districts			
Beeville WSD	Bee	Water Related	\$10.0
Bridgestone MUD	Harris	Water, Sewer, Drainage & Refunding	75.0
Clear Brook City MUD	Harris	Water, Sewer & Drainage	45.5
Clear Brook City MUD	Harris	Fire Station Improvements	2.9
Cypress-Klein UD	Harris	Water, Sewer & Drainage	7.0
Cypress-Klein UD	Harris	Water, Sewer, Drainage & Refunding	7.0
East Montgomery County MUD 4	Montgomery	Parks & Recreation	20.0
East Montgomery County MUD 4	Montgomery	Road	9.5
Fort Bend County LID 002	Fort Bend	Levee	88.0
Fort Bend County MUD 002	Fort Bend	Water, Sewer & Drainage	20.0
Fort Bend County MUD 002	Fort Bend	Recreation	10.0
Fort Bend County MUD 025	Fort Bend	Water, Sewer & Drainage	30.0
Fort Bend County MUD 134E*	Fort Bend	Refinance	460.5
Fort Bend County MUD 142	Fort Bend	Water, Sewer & Drainage	79.5
Fort Bend County MUD 142	Fort Bend	Recreation	7.0
Fort Bend County MUD 152	Fort Bend	Water, Sewer & Drainage	49.4
Fort Bend County MUD 152	Fort Bend	Road	14.4
Fort Bend County MUD 215*	Fort Bend	Road & Refunding Roads	39.0
Galveston County WCID 12	Galveston	Water, Sewer & Drainage	6.0
Grand Lakes MUD 1**	Fort Bend	Water, Sewer & Drainage	20.8
Harris County FWSD 58	Harris	Water, Sewer & Drainage	12.0
Harris County MUD 005	Harris	Water, Sewer & Drainage	44.0
Harris County MUD 026	Harris	Water, Sewer & Drainage	96.5
Harris County MUD 026	Harris	Refunding	96.5
Harris County MUD 044	Harris	Water, Sewer & Drainage	10.0
Harris County MUD 044	Harris	Water, Sewer, Drainage & Refunding	10.0
Harris County MUD 055	Harris	Water, Sewer & Drainage	32.2
Harris County MUD 165	Harris	Water, Sewer & Drainage	191.1
Harris County WCID 109	Harris	Water, Sewer & Drainage	26.0
Harris County WCID 109	Harris	Refunding	26.0
Katy Management District 1	Fort Bend +	Water, Sewer & Drainage	20.0
Katy Management District 1	Fort Bend +	Recreation	25.0
Katy Management District 1	Fort Bend +	Road	25.0
* Bond election occurred on May 9, 2019			
** Bond election occurred on May 20, 2019			

Table A.3 (continued)
Texas Local Government
Carried Propositions
Bond Elections May 04, 2019
(\$ in millions)

Issuer	County	Purpose	Amount Carried
Water Districts Cont'd			
Magnolia Pointe MUD 1*	Collin, Hunt	Road	\$114.7
Magnolia Pointe MUD 1*	Collin, Hunt	Road & Refunding Roads	172.1
Magnolia Pointe MUD 1*	Collin, Hunt	Water, Sewer & Drainage	131.4
Magnolia Pointe MUD 1*	Collin, Hunt	Water, Sewer, Drainage & Refunding	197.2
Montgomery County MUD 106	Montgomery	Water, Sewer & Drainage	200.5
Montgomery County MUD 106	Montgomery	Road	111.7
Montgomery County MUD 106	Montgomery	Parks & Recreation	51.5
Montgomery County MUD 106	Montgomery	Water, Sewer, Drainage & Refunding	300.8
Montgomery County MUD 106	Montgomery	Road & Refunding Roads	167.7
Montgomery County MUD 106	Montgomery	Parks & Recreation Refunding	77.2
Montgomery County MUD 158	Montgomery	Water, Sewer & Drainage	136.5
Montgomery County MUD 158	Montgomery	Road	78.0
Montgomery County MUD 158	Montgomery	Parks & Recreation	49.5
Montgomery County MUD 158	Montgomery	Water, Sewer, Drainage & Refunding	204.8
Montgomery County MUD 158	Montgomery	Road & Refunding Roads	117.0
Montgomery County MUD 158	Montgomery	Parks & Recreation Refunding	74.3
Pecan Grove MUD	Fort Bend	Water, Sewer & Drainage	33.6
Roman Forest PUD 3	Montgomery	Water, Sewer & Drainage	26.5
Roman Forest PUD 3	Montgomery	Water, Sewer & Refunding	26.5
San Leon MUD	Galveston	Water & Sewer	39.8
Spring Creek UD	Montgomery	Water, Sewer & Drainage	140.0
Spring Creek UD	Montgomery	Refunding	140.0
Williamson County MUD 19B	Williamson	Water, Sewer & Drainage	74.0
Williamson County MUD 19B	Williamson	Parks & Recreation	28.0
Williamson County MUD 19B	Williamson	Water, Sewer, Drainage	153.0
Water Districts Total			\$4,461.9
Community College Districts			
Amarillo JCD	Potter-Randall-Moore	College Facilities	\$89.2
Dallas County CCD	Dallas	College Facilities	1,102.0
Community College Districts Total			\$1,191.2
Hospital Districts			
Hunt Memorial Hospital District	Hunt	Hospital	\$28.0
Mitchell County Hospital District	Mitchell	Nursing Home	13.5
Hospital Districts Totals			\$41.5
Counties			
Lubbock County	Lubbock	Transportation	\$99.7
Counties Total			\$99.7
Total Carried			\$13,619.9

* Bond election occurred on May 15, 2019

Table A.4
**Texas Local Government
Defeated Propositions
Bond Elections May 04, 2019**
(\$ in millions)

Issuer	County	Purpose	Amount Defeated
Public School Districts			
Allen ISD	Collin	School Building, Athletic Facility & Transportation	\$422.8
Bridge City ISD	Orange	School Building	46.1
Cleveland ISD	Liberty	School Building	250.0
Conroe ISD	Montgomery	School Building	807.0
Devine ISD	Medina	School Building & Security	14.0
Edinburg CISD	Hidalgo	School Building	220.7
Lindsay ISD	Cooke	School Building	19.9
Louise ISD	Wharton	School Building	10.0
Peaster ISD	Parker	School Building, Athletics & Renovations	16.0
Pecos-Barstow-Toyah ISD	Reeves	School Building & Buses	400.0
Prairie Lea ISD	Caldwell	School Building	8.0
Robinson ISD	McLennan	School Building	31.5
Westwood ISD	Anderson	School Building & Security	39.0
Zapata County ISD	Zapata	School Building & Buses	30.0
Public School Districts Total			\$2,314.9
Cities, Towns, Villages			
Farmers Branch	Dallas	Library	\$24.0
Fredericksburg	Gillespie	Sports Complex	6.1
Cities, Towns, Villages Total			\$30.1
Water Districts			
Encanto Real UD	Harris	Water, Sewer & Drainage	\$75.0
Fort Bend County MUD 047	Fort Bend	Water, Sewer & Drainage	\$30.0
Harris County MUD 005	Harris	Parks & Recreation	\$7.5
Travis County MUD 14	Travis	Water, Sewer & Drainage	\$41.0
Travis County MUD 14	Travis	Parks & Recreation	\$2.9
Travis County MUD 14	Travis	Parks, Recreation & Refunding	\$61.5
Water Districts Total			\$217.9
Total Defeated			\$2,562.9

Table A.5
Texas Local Government
Carried Propositions
Bond Elections November 06, 2018
(\$ in millions)

Issuer	County	Purpose	Amount Carried
Public School Districts			
Abilene ISD	Taylor	School Building & Technology	\$138.7
Alpine ISD	Brewster	School Building	22.6
Alvin ISD	Brazoria	School Building & Security	480.5
Birdville ISD	Tarrant	School Building & Security	252.8
Brady ISD	McCulloch	School Building & Security	3.4
Caldwell ISD	Burleson	School Building	36.2
Caldwell ISD	Burleson	Refunding	3.8
Canadian ISD	Hemphill	School Building & Buses	15.0
Canyon ISD	Randall	School Building	196.7
Carrollton-Farmers Branch ISD	Dallas	School Building	350.9
Charlotte ISD	Atascosa	School Building	5.0
Corpus Christi ISD	Nueces	School Building	210.8
Crockett County Cons CSD	Crockett	Refunding	1.9
Dallas ISD	Dallas	Buses	75.0
Dallas ISD	Dallas	Refinance	75.0
Eustace ISD	Henderson	School Building & Buses	38.6
Flatonina ISD	Fayette	School Building	14.0
Florence ISD	Williamson	School Building & Security	7.5
Fort Bend ISD	Fort Bend	School Building & Security	992.6
Frisco ISD	Collin	School Building & Security	691.0
Georgetown ISD	Williamson	School Building & Technology	150.5
Georgetown ISD	Williamson	Natatorium	15.5
Hereford ISD	Deaf Smith	School Building & Security	22.4
Iraan-Sheffield ISD	Pecos	School Building	9.0
Jim Hogg County ISD	Jim Hogg	School Building & Buses	6.0
Johnson City ISD	Blanco	School Building	10.9
Kerrville ISD	Kerr	School Building & Security	89.0
Liberty Hill ISD	Williamson	School Building	98.6
Lindale ISD	Smith	School Building & Security	32.4
Lubbock ISD	Lubbock	School Building & Security	130.0
Marble Falls ISD	Burnet	School Building & Security	55.0
Mathis ISD	San Patricio	School Building	13.5
Nacogdoches ISD	Nacogdoches	School Building	78.0

Table A.5 (continued)
Texas Local Government
Carried Propositions
Bond Elections November 06, 2018
(\$ in millions)

Issuer	County	Purpose	Amount Carried
Public School Districts Cont'd			
Natalia ISD	Medina	School Building	\$10.7
New Braunfels ISD	Comal	School Building	118.3
Petersburg ISD	Hale	School Building	27.1
Pflugerville ISD	Travis	School Building & Technology	332.0
Reagan County ISD	Reagan	School Building & Buses	13.2
Round Rock ISD	Williamson	School Building	508.4
Saint Jo ISD	Montague	School Building	6.6
San Benito CISD	Cameron	School Building	40.0
Sonora ISD	Sutton	School Building & Buses	1.6
Southwest ISD	Bexar	School Building & Buses	75.0
Stockdale ISD	Wilson	School Building & Security	5.5
West Orange-Cove CISD	Orange	School Building & Security	25.8
West Oso ISD	Nueces	School Building	12.0
Wharton ISD	Wharton	School Building & Security	59.0
Whitharral ISD	Hockley	School Building	1.7
Public School Districts Total			\$5,559.4
Cities, Towns, Villages			
Arlington	Tarrant	Street	\$137.8
Arlington	Tarrant	Parks & Recreation	19.2
Arlington	Tarrant	Public Safety Facilities	24.5
Arlington	Tarrant	Public Facility	8.0
Austin	Williamson	Affordable housing.	250.0
Austin	Williamson	Cultural Arts Facilities	128.0
Austin	Williamson	Parks & Recreation	149.0
Austin	Williamson	Flood Control	184.0
Austin	Williamson	Health & Human Services	16.0
Austin	Williamson	Public Safety Facilities	38.0
Austin	Williamson	Street & Bridge	160.0
Chandler	Henderson	Streets and Roads	1.6
Cibolo	Guadalupe	Municipal Building	2.5
Cibolo	Guadalupe	Public Safety	0.5
Cibolo	Guadalupe	Streets & Sidewalks	1.1
Cibolo	Guadalupe	Parks & Recreation	0.8

Table A.5 (continued)
Texas Local Government
Carried Propositions
Bond Elections November 06, 2018
(\$ in millions)

Issuer	County	Purpose	Amount Carried
Cities, Towns, Villages Cont'd			
Corpus Christi	Nueces	Street	\$52.0
Corpus Christi	Nueces	Street	22.0
Corpus Christi	Nueces	Parks & Recreation	5.6
Corpus Christi	Nueces	Library	3.9
Corpus Christi	Nueces	Public Safety	11.3
Corpus Christi	Nueces	Public Health	1.1
Duncanville	Dallas	Parks & Recreation	6.6
Duncanville	Dallas	Streets & Sidewalks	6.6
Duncanville	Dallas	Fire Station Improvements	6.0
Duncanville	Dallas	Municipal Building	2.4
Edinburg	Hidalgo	Drainage Improvements	20.0
Edinburg	Hidalgo	Road	10.0
Hutto	Williamson	Road	70.0
Hutto	Williamson	Communication System	5.0
Hutto	Williamson	Parks & Recreation	50.0
Keller	Tarrant	Senior Citizen Center	8.0
Longview	Gregg, Harrison	Police & Fire	52.4
Longview	Gregg, Harrison	Road	27.1
Longview	Gregg, Harrison	Parks & Recreation	24.7
Pflugerville	Travis	Transportation	21.1
Pilot Point	Denton	Public Safety	4.5
Pilot Point	Denton	Street Improvements	4.0
Pilot Point	Denton	Drainage	0.5
Pilot Point	Denton	Sidewalks	0.5
Port Isabel	Cameron	Streets & Drainage	4.1
Port Isabel	Cameron	City Building	0.8
Port Isabel	Cameron	Parks & Recreation	1.1
Rhome	Wise	Water & Sewer	2.8
Richwood	Brazoria	Streets & Roads	3.0
Richwood	Brazoria	Drainage	1.5
Richwood	Brazoria	Sidewalks	0.5
Windcrest	Bexar	Streets & Sidewalks	7.4
Windcrest	Bexar	Fire Station Improvements	2.0
Cities, Towns, Villages Total			\$1,559.3

Table A.5 (continued)
Texas Local Government
Carried Propositions
Bond Elections November 06, 2018
(\$ in millions)

Issuer	County	Purpose	Amount Approved
Water Districts			
Bammel UD	Harris	Water, Sewer & Drainage	\$19.8
Cypress Hill MUD 1	Harris	Infrastructure	50.0
East Montgomery County MUD 4	Montgomery	Water, Sewer & Drainage	57.0
East Montgomery County MUD 4	Montgomery	Refunding	57.0
Fort Bend County MUD 026	Fort Bend	Water, Sewer & Drainage	58.6
Fort Bend County MUD 189	Fort Bend	Road	6.0
Harris County MUD 105	Harris	Water, Sewer & Drainage	6.4
Harris County MUD 105	Harris	Road	5.0
Harris County MUD 149	Harris	Water, Sewer & Drainage	34.0
Harris County MUD 149	Harris	Refunding	34.0
Harris County MUD 166	Harris	Water, Sewer & Drainage	22.5
Harris County MUD 166	Harris	Refunding	22.5
Hidalgo County DD 1	Hidalgo	Drainage Improvements	190.0
Montgomery County MUD 09	Montgomery	Water, Sewer & Drainage	19.0
Montgomery County MUD 152	Montgomery	Water, Sewer & Drainage	172.4
Montgomery County MUD 152	Montgomery	Recreation	15.3
Montgomery County MUD 152	Montgomery	Road	120.7
Montgomery County MUD 152	Montgomery	Water, Sewer, Drainage & Refunding	187.7
Montgomery County MUD 152	Montgomery	Road & Refunding Roads	120.7
Northwest Harris County MUD 16	Harris	Water, Sewer & Drainage	24.0
Northwest Harris County MUD 16	Harris	Parks, Recreation & Refunding	5.5
Parkway UD	Harris	Parks, Recreation & Refunding	9.8
Post Wood MUD	Harris	Water, Sewer & Drainage	10.1
Post Wood MUD	Harris	Water, Sewer, Drainage & Refunding	10.1
Roman Forest Consolidated MUD	Montgomery	Water, Sewer & Drainage	16.1
Sienna Plantation LID	Fort Bend	Flood Control	139.0
The Lakes FWSD	Denton	Road	219.7
The Lakes FWSD	Denton	Road & Refunding Roads	329.5
The Lakes FWSD	Denton	Utility	202.5
The Lakes FWSD	Denton	Refunding	303.7
Williamson County MUD 16	Williamson	Water	90.0
Williamson County MUD 16	Williamson	Road	18.8
Williamson County MUD 16	Williamson	Park	7.0
Williamson County MUD 16	Williamson	Refunding	180.0
Williamson County MUD 16	Williamson	Refunding	28.1
Water Districts Total			\$2,792.5

Table A.5 (continued)
Texas Local Government
Carried Propositions
Bond Elections November 06, 2018
(\$ in millions)

Issuer	County	Purpose	Amount Carried
Counties			
Austin County	Austin	Justice Center	\$17.0
Collin County	Collin	Road	600.0
Collin County	Collin	Road	140.0
Collin County	Collin	Park	10.0
Rockwall County	Rockwall	Jail	50.3
Counties Total			\$817.3
Community Colleges			
College of the Mainland	Galveston	College Facilities	\$162.5
Community Colleges Total			\$162.5
Hospital Districts			
Tarrant County Hospital District	Tarrant	Hospital	\$800.0
Hospital Districts Totals			\$800.0
Total Carried			\$11,691.0

Table A.6
Texas Local Government
Defeated Propositions
Bond Elections November 06, 2018
(\$ in millions)

Issuer	County	Purpose	Amount Defeated
Public School Districts			
Brady ISD	McCulloch	School Building & Auditorium	\$6.8
Brady ISD	McCulloch	Baseball Park	3.3
Christoval ISD	Tom Green	School Building	11.6
Forestburg ISD	Montague	School Building	1.8
Harleton ISD	Harrison	School Building	10.5
Laneville ISD	Rusk	School Building & Security	4.3
San Angelo ISD	Tom Green	School Building & Security	111.5
San Angelo ISD	Tom Green	Improvements	34.0
Savoy ISD	Fannin	School Building & Security	4.3
Southside ISD	Bexar	Renovations	17.0
Public School Districts Total			\$205.0
Water Districts			
Harris County MUD 105	Harris	Recreation	\$1.0
Travis County MUD 14	Travis	Water, Sewer & Drainage	41.0
Travis County MUD 14	Travis	Parks & Recreation	1.9
Travis County MUD 14	Travis	Refunding	61.5
Water Districts Total			\$105.4
Total Defeated			\$310.4

Appendix B

Texas Local Government Conduit Debt

Conduit, component, and related organization debt has been excluded from this report, except for data presented in this appendix and certain data presented in *Appendix F, Commercial Paper*. A conduit issuer is usually a government agency or a creation of the agency (such as a nonprofit corporation sponsored by a local government) that issues municipal securities to finance revenue-generating projects. The funds generated are used by a third party (known as the "conduit borrower" or "obligor") for debt-service payments.

Most conduit debt is issued for projects that benefit the public or segments of the public within the geographical area of the sponsoring agency. Some conduit issuers can issue debt for projects that benefit the Texas public at large. The purposes and locations of projects funded by conduit debt are governed by the Texas law used to establish the conduit issuer. The projects include transportation, airports, ports, housing, utilities, culture, higher education, recreation, and health, as well as industrial and economic development.

Not all Texas local government conduit issuers are required to provide issuance information to the Bond Review Board (BRB) pursuant to Texas Government Code, Chapter 1202.008. However, basic information on all conduit issuances that require approval by the Office of the Attorney General (OAG) is forwarded by the OAG to the BRB. In prior years, this data was retained but not included in the BRB Debt Database. Beginning in fiscal year 2017, the BRB has added current conduit issuances into the database. There is an ongoing BRB project to enter conduit issuance data from prior years into the database as well. At the end of this project, all conduit debt outstanding from 2003 onwards will be included, based on data provided to the BRB in those years.

Conduit Debt Issuance

Currently, only fiscal years 2017 through 2019 have conduit debt issuance information available (*Table B.1*). Conduit debt outstanding and debt service outstanding information will be reported once the BRB project has been completed.

In fiscal year 2019, 41 local government conduits issued 92 new debt instruments for a total of \$3.91 billion, an increase of 37.8 percent from the \$2.83 billion issued in fiscal year 2018. New money debt issuance increased 44.5 percent (from \$1.75 billion in 2018 to \$2.52 billion in 2019), and refunding debt issuance increased 27.0 percent (from \$1.09 billion in 2018 to \$1.38 billion in 2019).

Conduit debt is generally backed by revenue. All the conduit debt issued in the past three years was revenue debt, except for \$83.5 million of toll road combination tax/revenue bonds issued in 2017 by the Brazoria County Toll Road Authority.

Conduit entities also issue commercial paper. Commercial paper outstanding balances reported by conduits over the past 10 years are presented at the end of *Appendix F, Commercial Paper*.

Table B.1 shows conduit debt issuance by local government conduit types with a New Money/Refunding breakdown.

Table B.1				
Texas Local Government				
Conduit Debt Issuance by Fiscal Year*				
(\$ in millions)				
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>TOTAL</u>
Issuers	74	50	41	165
Issuances	147	100	92	339
Public School Districts				
New Money	\$0.0	\$0.0	\$0.0	\$0.0
Refunding	0.0	0.0	0.0	0.0
Total Par Issued	\$0.0	\$0.0	\$0.0	\$0.0
Cities, Towns, Villages				
New Money	\$1,522.8	\$955.4	\$1,332.0	\$2,478.2
Refunding	1,038.8	542.0	475.8	1,580.8
Total Par Issued	\$2,561.5	\$1,497.5	\$1,807.9	\$4,059.0
Water Districts and Authorities				
New Money	\$40.0	\$100.0	\$315.0	\$140.0
Refunding	0.0	0.0	315.0	0.0
Total Par Issued	\$40.0	\$100.0	\$630.0	\$140.0
Other Special Districts and Authorities				
New Money	\$246.2	\$375.0	\$345.9	\$621.3
Refunding	0.0	0.0	0.0	0.0
Total Par Issued	\$246.2	\$375.0	\$345.9	\$621.3
Counties				
New Money	\$676.8	\$209.9	\$530.3	\$886.7
Refunding	1,083.4	546.0	591.4	1,629.4
Total Par Issued	\$1,760.2	\$755.9	\$1,121.7	\$2,516.1
Community and Junior Colleges				
New Money	\$0.0	\$106.4	\$0.0	\$106.4
Refunding	0.0	0.0	0.0	0.0
Total Par Issued	\$0.0	\$106.4	\$0.0	\$106.4
Health/Hospital Districts and Authorities				
New Money	\$0.0	\$0.0	\$0.0	\$0.0
Refunding	0.0	0.0	0.0	0.0
Total Par Issued	\$0.0	\$0.0	\$0.0	\$0.0
Total New Money	\$2,485.8	\$1,746.8	\$2,523.3	\$4,232.6
Total Refunding	\$2,122.2	\$1,088.0	\$1,382.2	\$3,210.2
Total Par	\$4,608.0	\$2,834.8	\$3,905.5	\$7,442.8

*Excludes commercial paper.

Source: Texas Bond Review Board - Bond Finance Office

City conduit entities issued \$1.81 billion in debt in fiscal year 2019, 46.3 percent of the total 2019 conduit debt issued. \$1.33 billion was new money debt and \$475.8 million was refunding debt. Such revenue debt is often issued as a loan to third parties to finance the acquisition of land, and to construct or expand, furnish, and equip certain cultural, educational, housing, health-related, or correctional facilities.

County conduit entities can issue revenue and lease-revenue debt. Some can issue tax-supported debt. Historically, county conduit revenue debt has been issued for pollution control and residential rental projects. Many county conduit lease-revenue obligations are issued by nonprofit corporations formed by counties to finance the acquisition of land and to construct or expand, furnish, and equip county projects, including adult or juvenile correctional facilities that may house county, state, or federal prisoners. In fiscal year 2019, counties issued \$1.12 billion in conduit debt, 28.7 percent of the total issued in 2019. \$530.3 million was revenue new money debt, and \$591.4 million was revenue refunding debt.

Other Special Districts issued \$345.9 million in new money conduit debt, 8.9 percent of the total fiscal year 2019 conduit debt issued.

Many Water Districts and Authorities (WDs) create conduit issuers to raise funds for pollution and solid waste disposal facilities. In fiscal year 2019, WDs issued \$630.0 million in conduit debt, 16.1 percent of the total 2019 conduit debt issuance; \$315.0 million was new money debt and \$315.0 million was refunding debt.

CCDs can execute lease-purchase agreements that provide security for lease-revenue obligations issued by nonprofit corporations formed by CCDs. No new conduit debt was issued by CCDs in fiscal year 2019.

No conduit debt was issued in fiscal year 2019 by Health/Hospital Districts. (HHD conduit debt was last issued in 1985 and matured in 2011.)

The conduit debt issued by Public School Districts is not included in this appendix. Public School Districts create Public Facility Corporations (PFCs) to issue debt on behalf of the school district. The BRB has historically included this PFC debt as lease purchase revenue debt of the school district, and this revenue debt is included in the total debt outstanding of school districts as illustrated in Chapter 1 of this report.

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Appendix C

Texas Charter Schools

History

Local government education finance corporations (EFCs) issue the majority of charter school debt in Texas. These conduit corporations are created by Texas municipalities to issue debt on behalf of charter school borrowers. Debt issued by EFCs is secured by the revenues of the borrower and is not an obligation of the municipality. (Because debt issued by local government EFCs is not reported to the Bond Review Board (BRB), staff relied on multiple sources to compile the data used in this Appendix.)

Public charter schools were authorized by the legislature in 1995 to offer publicly funded alternate education options to parents within the public school system. The Texas Education Code Chapter 12 provides for four types of charter schools: Home-Rule Charters, Campus or District Charters, Open-Enrollment Charters, and University Charters. Most charters in Texas are open enrollment.

Open-enrollment charter schools function like public school districts in that they provide tuition-free instruction and must accept any student that applies, subject to enrollment constraints. Charter schools have no taxing authority and receive most of their funding from the state based on their enrollment. Charter schools are subject to fewer restrictions than public schools, but they must meet certain requirements for financial, governing, and operating standards adopted by the Texas Commissioner of Education (Commissioner). State law requires fiscal and academic accountability for charter schools, and the state monitors and accredits charter schools in the same manner as public school districts.

Pursuant to Texas Education Code, Section 53.351, the Texas Public Finance Authority (TPFA) established the Texas Public Finance Authority Charter School Finance Corporation (Corporation) to act as a conduit to facilitate the issuance of revenue bonds for the acquisition, construction, repair, or renovation of educational facilities for authorized open-enrollment charter schools. All issuances of charter school debt issued by the Corporation must be approved by the BRB.

Permanent School Fund Bond Guarantee Program

The Texas Permanent School Fund (PSF) was created in 1854 by the 5th Legislature expressly for the benefit of public schools. In addition, the Constitution of 1876 stipulated that certain lands and proceeds from the sale of those lands would also be dedicated to the PSF. The Constitution requires that distributions from the returns on the PSF be made to the Available School Fund to be used for the benefit of public schools, and it allows the PSF to be used to guarantee bonds issued by public schools.

The PSF Bond Guarantee Program (BGP) was created in 1983 as an alternative for school districts to avoid the cost of private bond insurance by obtaining a PSF guarantee for voter-approved public school bond issuances.

The Texas Education Agency (TEA) reviews each BGP applicant for financial soundness, accreditation status, and complaints from the public regarding misconduct and rules violations. Applicants for the BGP must have an investment grade rating below triple-A from at least one of the top credit rating agencies. Bonds guaranteed by the BGP are rated AAA from all three credit rating agencies.

Texas Education Code, Section 12.135, passed by the 82nd Legislature, permits charter schools to participate in the BGP, but they must apply and be approved by the Commissioner to participate in the program. In January 2014, the State Board of Education adopted rules for charter school participation in the BGP, and the program was opened to them in March 2014.

The BGP capacity for all schools is currently set at the lower of a multiple of 3.50 times the PSF book value or the Internal Revenue Service-set limitation of \$117.3 billion, minus a 5 percent reserve. The State Board of Education has also required an additional 5 percent of charter capacity to be set aside as a reserve. Prior to fiscal year 2018, the capacity for charter schools was calculated using the available PSF capacity multiplied by the ratio of the number of charter school students to public school students determined annually by the Commissioner (currently set at 5.50 percent), applied against the available capacity of the BGP. The available capacity is defined as maximum allowable for guarantee, less total amount of outstanding guaranteed bonds, and less the State Board of Education established reserve on the total program. Effective September 1, 2017, the 85th Legislature amended the Educational Code, Section 45.0532 related to the calculation of the capacity of the bond guarantee program through Senate Bill 1480 (SB 1480). SB 1480 changes the charter capacity calculation formula to apply the ratio of charter students described above directly against the maximum allowable overall program guarantee net of the 5 percent reserve on the total program. This methodology is designed to be fully phased in over five years.

Charter School Closures

Senate Bill 2 passed in the 83rd Legislature in 2013 requires the mandatory revocation of a charter by the Commissioner if a charter school fails to meet academic or financial accountability performance ratings for the preceding three school years. As a result of this legislation, 21 charter school revocations have occurred between 2014 and 2019.

As of October 31, 2019, a total of \$4.65 billion of debt had been issued for charter schools by EFCs and other higher education authorities of which an estimated \$3.78 billion is currently outstanding. *Table C.1* shows total EFC issuances since the inception of the BGP.

Table C.1			
Total Charter School Debt by Issuer			
As of October 31, 2019			
Issuer	Par Issued	Par Outstanding	% Outstanding
Clifton Higher Education Finance Corporation	\$ 1,709,800,213	\$ 1,587,115,213	92.8%
Arlington Higher Education Finance Corporation	1,428,384,000	1,370,060,000	95.9%
Houston Higher Education Finance Corporation, City of	407,366,600	320,066,600	78.6%
Texas Public Finance Auth Charter School Finance Corporation	353,320,000	144,082,407	40.8%
La Vernia Higher Education Finance Corporation	192,920,000	28,300,000	14.7%
Newark Higher Education Finance Corporation	138,235,000	133,765,000	96.8%
Danbury Higher Education Auth, Inc.	98,457,000	72,557,000	73.7%
North Texas Education Finance Corporation	80,780,000	13,750,000	17.0%
Pottsboro Higher Education Finance Corporation	43,560,000	41,475,000	95.2%
San Juan Higher Education Finance Authority	41,455,000	8,560,000	20.6%
Pharr Higher Education Finance Authority, City of	29,625,000	-	0.0%
Beasley Higher Education Finance Corporation	25,405,000	-	0.0%
Cameron Education Corporation, City of	16,640,000	12,845,000	77.2%
Heart of Texas Education Finance Corporation	14,835,000	8,170,000	55.1%
Anson Education Facilities Corporation	14,465,000	12,310,590	85.1%
Orchard Higher Education Finance Corporation	11,330,000	-	0.0%
Waxahachie Education Finance Corporation	6,515,000	6,515,000	100.0%
Northeast Higher Education Facilities Corporation	6,330,000	5,740,000	90.7%
Clyde Education Facilities Corporation	6,240,000	5,145,000	82.5%
Milford Higher Education Facilities Corporation	5,337,500	1,188,270	22.3%
Austin Achieve Public Schools Inc.	5,160,000	5,160,000	100.0%
Hilshire Village Higher Education Finance Corporation	4,123,000	3,688,000	89.4%
Trinity Higher Education Facilities Corporation	3,993,005	335,201	8.4%
Ames Higher Education Facilities Corporation	2,600,000	2,310,532	88.9%
Bryan Higher Education Auth, Inc., City of	2,500,000	-	0.0%
Total	\$ 4,649,376,318	\$ 3,783,138,813	81.4%

Source: Municipal Advisory Council of Texas; Texas Education Agency

Of the \$3.78 billion of charter school debt outstanding as of October 31, 2019, an estimated \$2.09 billion was guaranteed by the PSF. *Table C.2* shows charter school debt guaranteed by the PSF.

Table C.2 Charter School Debt Outstanding Guaranteed by the Permanent School Fund as of October 31, 2019			
Charter School	Total Par Outstanding	PSF Guaranteed Debt Outstanding	% PSF Guaranteed
IDEA Academy, Inc.	\$ 937,965,000	\$ 802,500,000	85.6%
International Leadership of Texas	521,150,213	-	0.0%
Uplift Education	407,405,000	228,855,000	56.2%
KIPP Texas, Inc.	388,778,000	282,593,000	72.7%
Harmony Public Schools	369,575,000	296,765,000	80.3%
Riverwalk Education Foundation, Inc.	180,292,000	7,657,000	4.2%
Responsive Education Solutions	121,480,000	121,480,000	100.0%
Great Hearts America - Texas	93,350,000	93,350,000	100.0%
LIFESCHOOL of Dallas	86,680,000	86,680,000	100.0%
YES Prep Public Schools	81,211,600	-	0.0%
Golden Rule Schools, Inc.	55,855,000	27,605,000	49.4%
LTTS Charter School, Inc. d/b/a Universal Academy	46,535,000	-	0.0%
Austin Achieve Public Schools, Inc.	45,370,000	-	0.0%
Orenda Education	42,990,000	37,740,000	87.8%
Village Tech Schools	28,570,000	-	0.0%
Meridian World School, LLC	28,300,000	-	0.0%
Trinity Basin Preparatory	26,745,000	26,745,000	100.0%
A.W. Brown Fellowship Charter School	26,205,000	26,205,000	100.0%
Eagle Advantage Schools, Inc.	23,560,000	19,350,000	82.1%
UMEP Inc	22,490,000	-	0.0%
Imagine International Academy of North Texas, LLC	21,585,000	-	0.0%
Leadership Prep School	18,150,000	-	0.0%
A+ Charter Schools, Inc.	17,810,000	-	0.0%
Newman International Academy	17,620,000	-	0.0%
Odyssey Academy	16,640,000	11,640,000	70.0%
Wayside Schools	16,315,000	-	0.0%
Compass Academy Charter School, Inc.	15,715,000	15,715,000	100.0%
Faith Family Academy Charter School	12,845,000	-	0.0%
Ser-Ninos, Inc.	11,480,590	-	0.0%
Aristoi Classical Academy	11,130,000	-	0.0%
Winfree Academy Charter School	9,350,000	-	0.0%
Educational Resource Center, Inc.	9,045,000	-	0.0%
Arlington Classics Academy	8,300,000	-	0.0%
Shekinah Learning Institute Project	8,250,000	-	0.0%
Gateway Charter Academy	8,170,000	-	0.0%
Austin Discovery School, Inc.	8,010,000	-	0.0%
School of Excellence in Education Project	6,920,000	-	0.0%
Evolution Academy Charter School	5,760,000	-	0.0%
New Frontiers Public Schools	5,620,000	-	0.0%
Coram Deo Academy	5,260,000	-	0.0%
Nova Academy	5,145,000	5,145,000	100.0%
South Texas Educational Technologies, Inc.	3,892,407	-	0.0%
TLC Academy	2,310,532	-	0.0%
El Paso Education Initiative, Inc.	1,785,000	-	0.0%
Heritage Christian Academy Project	783,270	-	0.0%
Allen Academy Project	405,000	-	0.0%
Vanguard College Prep School Project	335,201	-	0.0%
Total	\$ 3,783,138,813	\$ 2,090,025,000	55.2%

Source: Municipal Advisory Council of Texas; Texas Education Agency

Appendix D Cost of Issuance

For fiscal year 2019, the total aggregated cost of issuance (COI), including underwriter's spread for both competitive and negotiated bond sales among Texas local government debt issuers, was \$437.7 million. It was comprised of total direct bond costs of \$279.7 million and total underwriter's spread of \$158.1 million (*Table D.1*).

The largest components of total direct bond costs are fees for financial advisor, bond counsel, and rating agencies, which totaled \$90.1 million, \$86.2 million, and \$28.8 million, respectively. Other direct bond related costs were \$74.6 million and include fees for bond insurance, paying agent, trustee and escrow verification, miscellaneous bond program fees, and various smaller fees.

Total underwriter's spread is comprised of the takedown fee, management fee, underwriter's counsel fee, and spread expenses, which totaled \$123.0 million, \$14.7 million, \$10.6 million, and \$9.8 million, respectively.

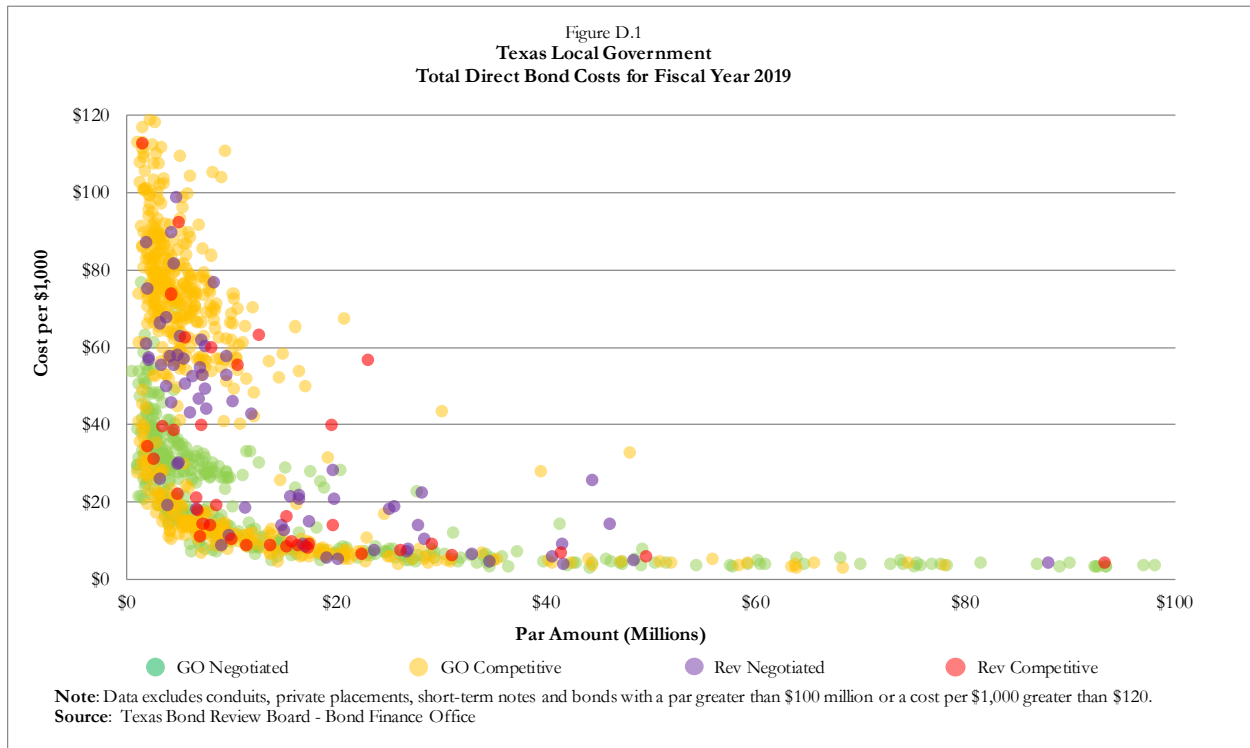
Table D.1 Texas Local Government Total Cost of Issuance for Fiscal Year 2019		
Financial Advisor Fees	\$	90,109,332
Bond Counsel Fees		86,183,456
Ratings Fees		28,814,198
Other Direct Bond Related Costs		74,551,478
Total Direct Bond Related Costs	\$	279,658,464
Takedown Fee		122,994,254
Management Fee		14,705,616
Underwriter's Counsel Fee		10,615,383
Spread Expenses Fee		9,757,973
Total Underwriter's Spread*	\$	158,073,226
Total COI including UW Spread	\$	437,731,690
Note: Excludes conduits, private placements, and short-term notes.		
Source: Texas Bond Review Board - Bond Finance Office.		

Trends in Issuance Costs for Texas Local Government Bonds in 2019

Total direct bond costs include all cost of issuance fees except the underwriter's spread. To analyze these fees on a cost per \$1,000 basis for fiscal year 2019, each major cost of issuance component has been compared by bond type (general obligation vs. revenue) and by method of sale (negotiated vs. competitive) (*Figures D.1, D.2, D.3, D.4, and D.5*).

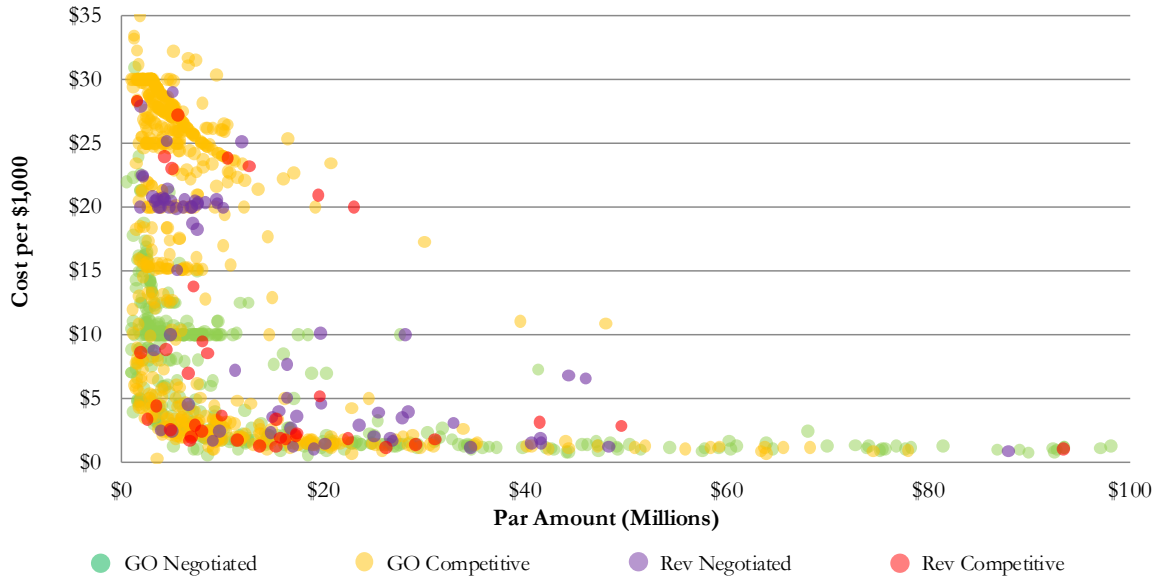
Excluding issuances of conduit debt, private placement debt, and short-term notes, data was collected from 1,116 transactions for fiscal year 2019 of which 605 were competitive and 511 were negotiated.

Of the competitive transactions, 566 were general obligation and 39 were revenue issuances. Of the negotiated transactions, 423 were general obligation and 88 were revenue transactions. The data indicates that cost per \$1,000 for all transactions declined as transaction size increased. General Obligation (GO) competitive transactions had the highest cost per \$1,000 for transactions less than \$50.0 million — 546 of the 566 GO competitive transactions were issued for less than \$50.0 million in fiscal year 2019. Generally speaking, cost per \$1,000 decreased as transaction size increased. GO negotiated and GO competitive transactions mostly had lower cost per \$1,000 for transaction sizes over \$20.0 million (*Figure D.1*).



Data for bond counsel cost per \$1,000 for fiscal year 2019 indicates that GO competitive transactions had the highest cost per \$1,000 for smaller transaction sizes. Revenue negotiated and revenue competitive transactions generally had the lowest cost per \$1,000 for transaction sizes larger than \$50.0 million (*Figure D.2*).

Figure D.2
Texas Local Government
Bond Counsel Fees for Fiscal Year 2019

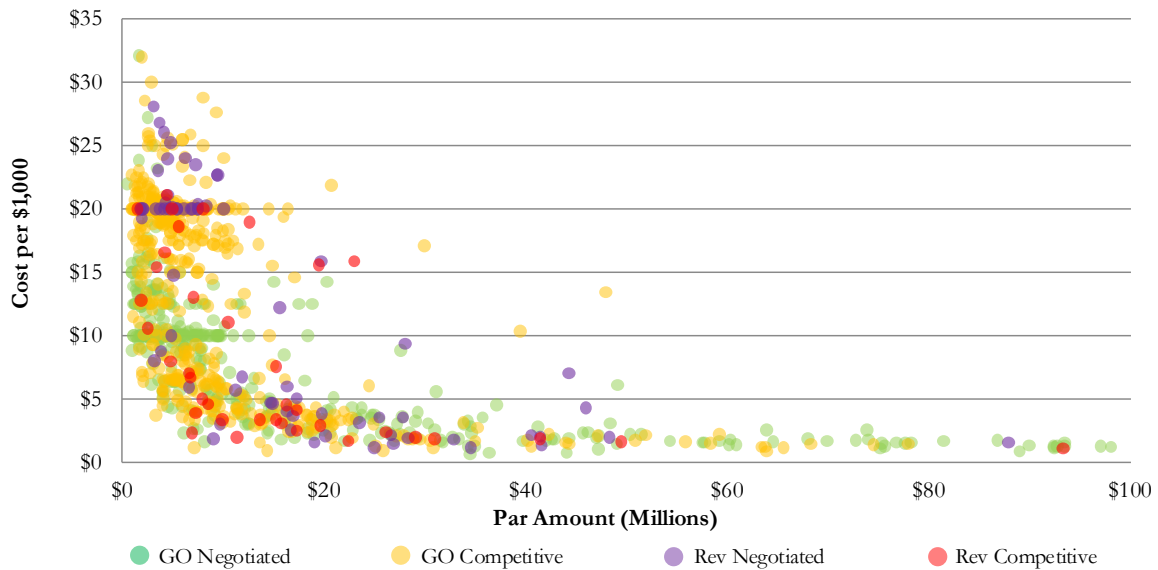


Note: Data excludes conduits, private placements, short-term notes and bonds with a par greater than \$100 million or a cost per \$1,000 greater than \$35.

Source: Texas Bond Review Board - Bond Finance Office

Data for financial advisor cost per \$1,000 indicates that GO competitive transactions had the highest cost per \$1,000 for smaller transaction sizes. GO negotiated had the highest cost per \$1,000 for transaction sizes larger than \$50.0 million (*Figure D.3*).

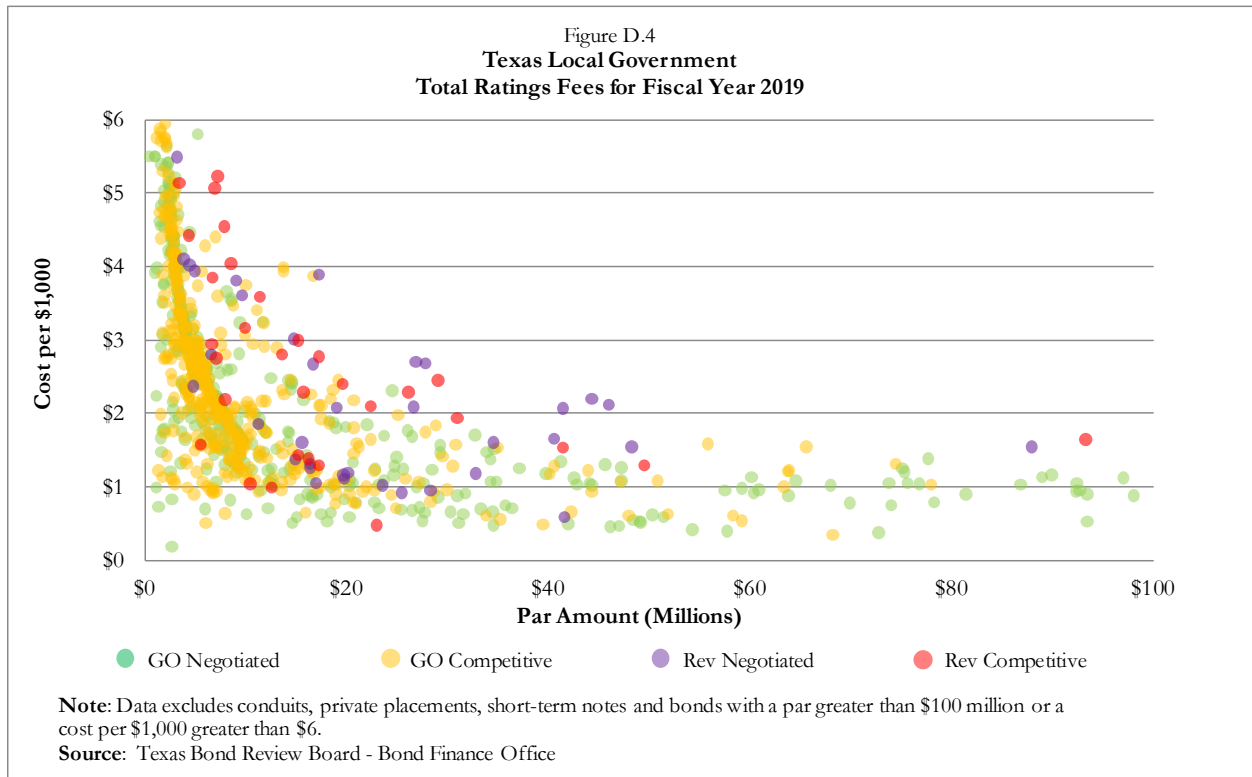
Figure D.3
Texas Local Government
Financial Advisor Fees for Fiscal Year 2019



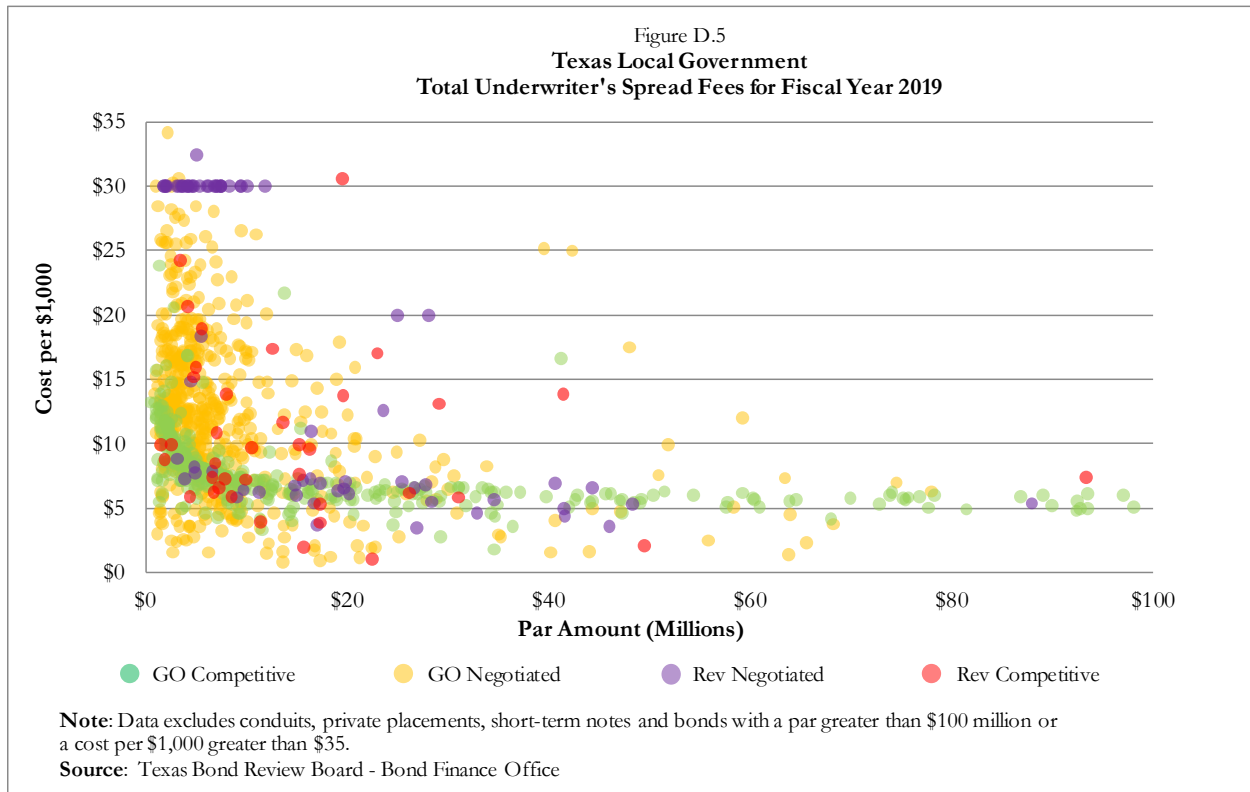
Note: Data excludes conduits, private placements, short-term notes and bonds with a par greater than \$100 million or a cost per \$1,000 greater than \$35.

Source: Texas Bond Review Board - Bond Finance Office

Data for total ratings cost per \$1,000 indicates that GO negotiated transactions had the lowest cost per \$1,000 for smaller transaction sizes. Both GO negotiated and revenue negotiated transactions had the lowest cost per \$1,000 for larger transaction sizes (*Figure D.4*).



Data for total underwriter's spread cost per \$1,000 indicates that revenue negotiated transactions had the highest cost per \$1,000 for smaller transaction sizes. GO negotiated transactions had the lowest cost per \$1,000 for transaction sizes less than \$50.0 million (*Figure D.5*).



2019 Local Texas Governments Cost of Issuance Statistical Information

Table D.2 provides COI statistical information for GO and revenue transactions completed during fiscal year 2019.

The weighted average for Total COI, including underwriter's spread, increased to \$17.50 per \$1,000 in 2019 from \$14.97 per \$1,000 in 2018. The average transaction size and average fee decreased to \$22.4 million and \$392,233 in 2019 from \$28.9 million and \$433,048 in 2018, respectively.

Table D.2

**Texas Local Government
Cost of Issuance Statistics Summary for Fiscal Year 2019**

	Total Direct Bond Costs	Bond Counsel Fees	Financial Advisor Fees	Total Ratings Fees	Total UW Spread Fees	Total COI Including UW Spread
GO Negotiated						
Count	423	423	421	415	422	423
Average Par	\$ 28,761,999	\$ 28,761,999	\$ 28,854,147	\$ 29,246,905	\$ 28,824,113	\$ 28,761,999
Average Fee	\$ 185,230	\$ 54,216	\$ 72,991	\$ 31,636	\$ 159,563	\$ 344,415
Minimum (\$ per 1,000)	2.18	0.35	0.65	0.19	1.79	5.01
Maximum (\$ per 1,000)	76.96	30.89	32.10	11.69	23.85	89.63
Median (\$ per 1,000)	17.23	3.67	8.22	1.79	7.15	24.63
Average (\$ per 1,000)	6.44	1.88	2.53	1.08	5.54	11.97
GO Competitive						
Count	566	564	566	463	566	566
Average Par	\$ 10,714,655	\$ 10,735,328	\$ 10,714,655	\$ 12,233,132	\$ 10,714,655	\$ 10,714,655
Average Fee	\$ 268,053	\$ 85,375	\$ 80,631	\$ 19,255	\$ 94,752	\$ 362,805
Minimum (\$ per 1,000)	2.70	0.27	0.61	0.35	0.83	4.02
Maximum (\$ per 1,000)	145.10	40.00	31.96	8.65	63.00	159.01
Median (\$ per 1,000)	58.31	17.62	18.08	2.21	11.90	75.39
Average (\$ per 1,000)	25.02	7.95	7.53	1.57	8.84	33.86
Rev Negotiated						
Count	88	88	86	54	88	88
Average Par	\$ 68,512,080	\$ 68,512,080	\$ 68,787,244	\$ 107,432,037	\$ 68,512,080	\$ 68,512,080
Average Fee	\$ 441,982	\$ 133,977	\$ 122,689	\$ 98,692	\$ 353,283	\$ 795,265
Minimum (\$ per 1,000)	2.07	0.43	0.50	0.37	2.78	4.85
Maximum (\$ per 1,000)	141.28	43.26	28.09	20.00	32.46	171.28
Median (\$ per 1,000)	19.92	4.57	5.82	1.46	7.19	28.36
Average (\$ per 1,000)	6.45	1.96	1.78	0.92	5.16	11.61
Rev Competitive						
Count	39	39	39	36	39	39
Average Par	\$ 19,380,256	\$ 19,380,256	\$ 19,380,256	\$ 20,198,056	\$ 19,380,256	\$ 19,380,256
Average Fee	\$ 274,203	\$ 84,834	\$ 81,840	\$ 40,021	\$ 154,345	\$ 428,548
Minimum (\$ per 1,000)	3.35	0.83	0.80	0.48	1.09	6.20
Maximum (\$ per 1,000)	112.92	28.30	21.11	8.58	30.59	122.83
Median (\$ per 1,000)	14.44	3.13	4.61	2.60	8.82	24.20
Average (\$ per 1,000)	14.15	4.38	4.22	1.98	7.96	22.11
Total						
Count	1,116	1,114	1,112	968	1,115	1,116
Average Par	\$ 22,415,514	\$ 22,446,987	\$ 22,377,360	\$ 25,134,159	\$ 22,433,331	\$ 22,415,514
Average Fee	\$ 250,590	\$ 77,364	\$ 81,034	\$ 29,767	\$ 141,770	\$ 392,233
Minimum (\$ per 1,000)	2.07	0.27	0.50	0.19	0.83	4.02
Maximum (\$ per 1,000)	145.10	43.26	32.10	20.00	63.00	171.28
Median (\$ per 1,000)	27.59	8.00	10.00	2.05	8.79	35.58
Average (\$ per 1,000)	11.18	3.45	3.62	1.18	6.32	17.50

Note: Data excludes conduits, private placements and short-term notes.

Source: Texas Bond Review Board - Bond Finance Office

Appendix E

Build America Bonds

Build America Bonds (BAB) were created by the American Recovery and Reinvestment Act of 2010 and could be issued as Tax Credit BABs or Direct-Payment BABs. Tax Credit BABs provide a tax credit subsidy to investors equal to 35 percent of the interest payable by the issuer. Direct-Payment BABs provide a direct federal subsidy payment to state and local governmental issuers equal to 35 percent of the interest payable. Authority to issue BABs expired in December 2010.

Under the Budget Control Act of 2011, across-the-board sequestration took effect on March 1, 2013, and direct-pay bonds such as BABs experienced a 8.7 percent reduction of the original 35 percent federal subsidy on BABs interest payments. The Internal Revenue Service reported that effective October 1, 2014, issuers of BABs and other direct-pay bonds would have their subsidy payments processed in federal fiscal year 2015 reduced by 7.3 percent. In federal fiscal years 2016, 2017, and 2018, the subsidy payments were further reduced by 6.8 percent, 6.9 percent, and 6.6 percent, respectively. In federal fiscal year 2019 and 2020, the subsidy payments are expected to be reduced by 6.2 percent and 5.9 percent, respectively.

During fiscal years 2010–2011, 63 local government issuers issued \$10.58 billion in Direct-Payment BABs. Of that amount, \$9.85 billion was issued for new-money purposes and \$728.5 million was issued for refunding purposes. Local governments in Texas accounted for approximately 5.8 percent of the total national BAB issuance of \$181.26 billion. As of August 31, 2019, BAB debt outstanding was \$7.93 billion or 3.3 percent of total local debt outstanding (*Table E.1*).

Table E.1 Texas Local Government Build America Bond Debt Outstanding (\$ in millions)	
Government Type	Amount
Public School Districts	\$2,551.6
Other Special Districts and Authorities	2,153.9
Cities, Towns, Villages	1,768.4
Health/Hospital Districts and Authorities	938.5
Counties	295.4
Water Districts and Authorities	224.8
Community and Junior Colleges	-
Total	\$7,932.5
Excludes conduit debt.	
Source: Texas Bond Review Board - Bond Finance Office	

The top five local governments with outstanding BABs account for over 50 percent of the total BAB debt outstanding (*Table E.2*).

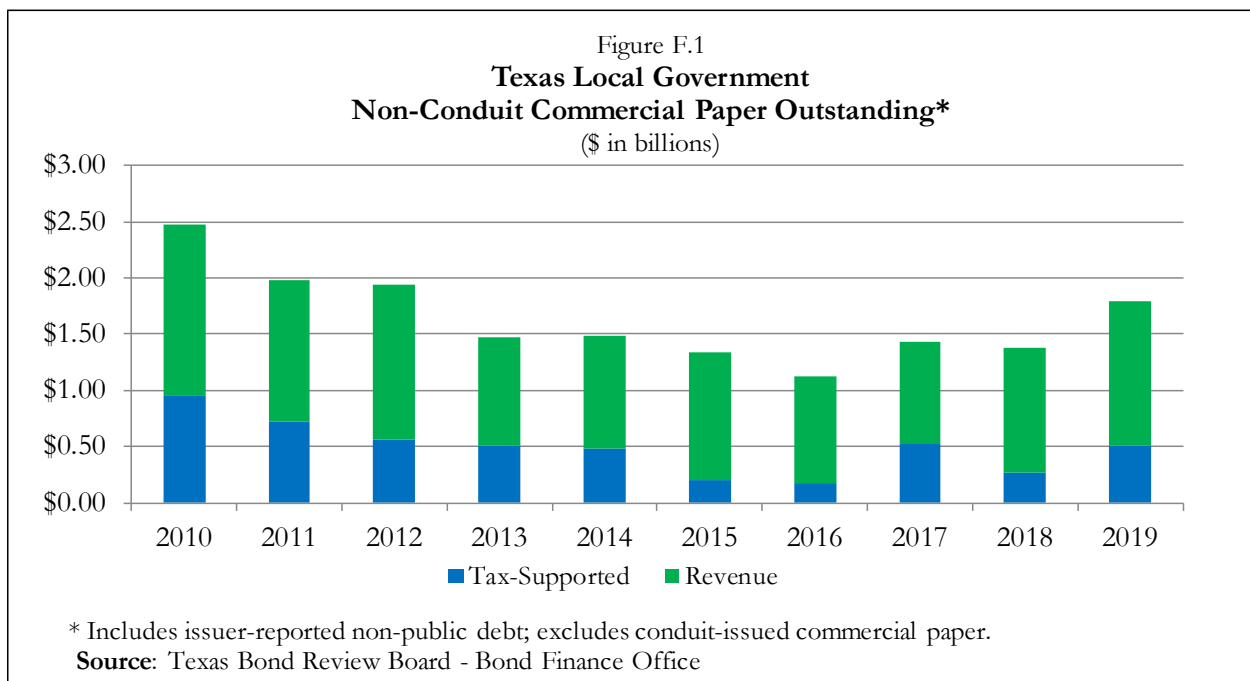
Table E.2 Texas Local Government Top 5 Issuers With Build America Bond Debt Outstanding (\$ in millions)	
Issuer	Principal
Dallas Area Rapid Transit	\$ 1,196.4
San Antonio	1,047.5
Dallas ISD	920.6
North Texas Tollway Authority	875.0
Dallas County Hospital District	634.9
Top 5 Total	\$ 4,674.3
Total BAB Debt Outstanding	\$ 7,932.5
Top 5 Issuers % of Total BAB Debt Outstanding	58.9%
Excludes conduit debt.	
Source: Texas Bond Review Board - Bond Finance Office	

Appendix F Commercial Paper

Commercial Paper (CP) is an unsecured debt instrument that matures within 270 days and is backed by a liquidity provider, usually a bank, that stands by to provide liquidity in the event CP notes are not remarketed or redeemed at maturity. Debt that matures in less than 270 days does not require registration with the SEC, so it is less costly to the issuer. Since CP is not backed by collateral, only issuers with solid ratings from the major credit rating agencies are able to offer their CP at reasonable prices. CP generally carries lower interest repayment rates than bonds due to the shorter maturities of CP.

Local governments and their conduit corporations issue CP to provide interim financing for projects for which revenues are not yet available. Texas local governments are not required to provide the BRB with CP issuance information but are required to report new CP programs to the Office of the Attorney General, which forwards such information to the BRB. Current CP balances are obtained by contacting local governments who have had CP programs in prior years or who have opened new CP programs in 2019. Because some local governments reported in the past that they terminated or inactivated their CP programs in favor of various revolving credit, direct purchase agreements, or lines of credit with banking institutions, the BRB has asked all CP contacts to report such non-public debt outstanding along with their CP outstanding balances, starting in 2017. CP data provided in this Appendix includes any reported non-public debt outstanding.

Non-conduit issued CP can be supported by pledges of tax or revenue. The 2019 reported non-conduit CP total of \$1.79 billion showed a 10-year decrease of 27.8 percent from \$2.48 billion in 2010, a five-year increase of 34.0 percent from \$1.33 billion in 2015, and a 29.0 percent increase from the 2018 total of \$1.37 billion (*Figure F.1*).



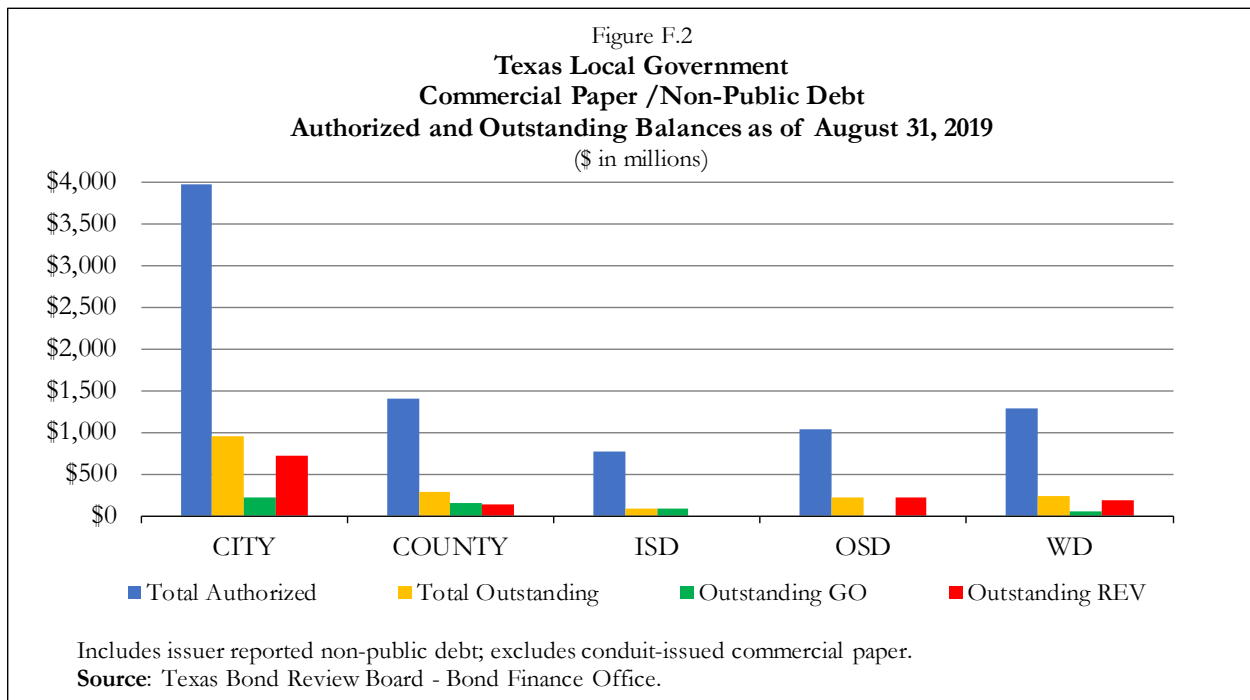
Local government CP outstanding is shown by pledge type for each of the last five fiscal years in Table F.1.

Table F.1					
Texas Local Government					
Commercial Paper Outstanding by Fiscal Year*					
(\$ in millions)					
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Public School Districts					
Tax-Supported GO	\$8.1	\$0.0	\$144.5	\$72.1	\$87.1
M&O (Tax-Supported)	20.0	0.0	0.0	0.0	0.0
Total Commercial Paper Balance	\$28.1	\$0.0	\$144.5	\$72.1	\$87.1
Cities, Towns, Villages					
Tax-Supported GO	\$156.9	\$144.9	\$285.2	\$109.5	\$226.4
Revenue	499.5	369.5	334.4	540.9	716.9
Sales Tax Revenue	0.0	0.0	9.7	6.6	3.3
Total Commercial Paper Balance	\$656.4	\$514.4	\$629.3	\$657.0	\$946.7
Water Districts and Authorities					
Tax-Supported GO	\$0.0	\$0.0	\$0.0	\$0.0	\$52.9
Revenue	218.7	192.3	182.9	246.7	184.7
Total Commercial Paper Balance	\$218.7	\$192.3	\$182.9	\$246.7	\$237.6
Other Special Districts and Authorities					
Tax-Supported GO	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Revenue	86.0	89.1	100.1	19.5	23.4
Sales Tax Revenue	321.3	287.4	286.4	241.1	201.2
Total Commercial Paper Balance	\$407.3	\$376.5	\$386.5	\$260.6	\$224.6
Counties					
Tax-Supported GO	\$24.2	\$36.7	\$93.7	\$83.2	\$150.9
Revenue	0.0	0.0	0.0	66.5	141.4
Total Commercial Paper Balance	\$24.2	\$36.7	\$93.7	\$149.7	\$292.2
Community and Junior Colleges					
Tax-Supported GO	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Revenue	0.0	0.0	0.0	0.0	0.0
Total Commercial Paper Balance	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Health/Hospital Districts and Authorities					
Tax-Supported GO	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Revenue	0.0	0.0	0.0	0.0	0.0
Total Commercial Paper Balance	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total Tax-Supported GO	\$189.2	\$181.6	\$523.4	\$264.8	\$517.2
Total Tax-Supported M&O	20.0	0.0	0.0	0.0	0.0
Total Revenue	804.3	650.9	617.4	873.7	1,066.4
Total Sales Tax Revenue	321.3	287.4	296.1	247.7	204.5
Total Commercial Paper Balance	\$1,334.7	\$1,119.9	\$1,437.0	\$1,386.1	\$1,788.2

*Includes issuer-reported non-public debt; excludes conduit debt.
Source: Texas Bond Review Board - Bond Finance Office

As of 2019 fiscal year-end, eight cities reported CP and/or non-public debt authorized, with seven reporting CP outstanding. One county reported both authorized and outstanding CP. Of five public school districts (ISDs) reporting CP authorized, three reported CP outstanding. Six water districts reported CP authorized; four of those districts reported CP outstanding. Four other special districts (OSDs) reported CP authorized with three reporting CP outstanding. No community/junior college districts (CCDs) or hospital districts and authorities (HHDs) reported authorized or outstanding balances as of year-end. Additionally, three city conduit issuers and one water district conduit issuer reported both authorized and outstanding balances.

Figure F.2 shows the difference between the total amount of non-conduit authorized CP and the reported outstanding balances for each government type as of 2019 fiscal year-end.



Of the Big 6 Texas Cities (Austin, Dallas, El Paso, Fort Worth, Houston, and San Antonio), five had outstanding non-conduit CP balances as of August 31, 2019. The Big 6 Texas Cities' CP outstanding accounted for 95.4 percent of the total City CP Outstanding in 2015, 83.5 percent in 2016, 88.9 percent in 2017, 94.9 percent in 2018, and 86.3 percent in 2019.

Table F.2 shows outstanding CP balances for the Big 6 Cities over the past five years.

Table F.2 Texas Local Government Texas BIG 6 Cities Commercial Paper Outstanding* (\$ in millions)						
		2015	2016	2017	2018	2019
Austin	Tax-Supported	\$ -	\$ -	\$ -	\$ -	\$ -
	Revenue	200.6	103.7	141.4	243.2	82.3
Dallas	Tax-Supported	-	-	9.7	-	3.5
	Revenue	74.2	43.8	10.0	163.7	242.8
El Paso	Tax-Supported	-	-	30.7	23.5	16.9
	Revenue	-	-	-	-	-
Fort Worth	Tax-Supported	-	-	-	-	-
	Revenue	-	-	-	-	-
Houston	Tax-Supported	146.9	134.9	244.9	80.0	190.0
	Revenue	179.5	147.0	107.0	100.5	272.5
San Antonio	Tax-Supported	-	-	-	-	-
	Revenue	25.2	-	15.8	12.7	9.4
Total Tax-Supported		\$ 146.9	\$ 134.9	\$ 285.2	\$ 103.5	\$ 210.4
Total Revenue		\$ 479.5	\$ 294.5	\$ 274.2	\$ 520.1	\$ 607.0
Total Outstanding		\$ 626.4	\$ 429.4	\$ 559.4	\$ 623.6	\$ 817.4

*Does not reflect total authorization amount; includes issuer-reported non-public debt; excludes conduit CP.
Source: Texas Bond Review Board - Bond Finance Office

As conduit issuers generally have no taxing authority, most conduit issued CP is revenue-supported. The fiscal year 2019 reported conduit CP total of \$943.0 million showed a 10-year increase of 49.7 percent from \$630.1 million in 2010, a five-year increase of 77.0 percent from 532.8 million in 2015, and an increase of 31.3 percent from the 2018 total of \$718.0 million (*Figure F.3*).

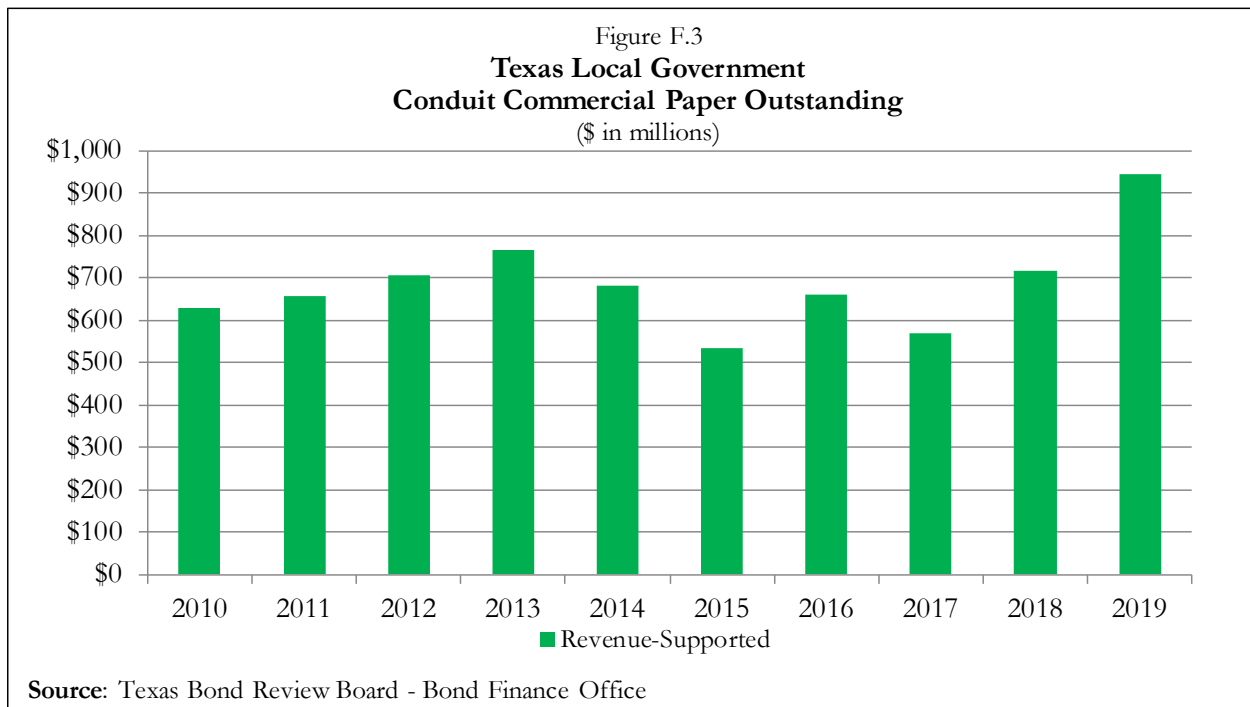


Table F.3 shows the issuers of conduit CP outstanding over the past five years.

Table F.3
**Texas Local Government
Conduit Commercial Paper Outstanding***
(\$ in millions)

		2015	2016	2017	2018	2019
Cities, Towns, Villages						
Brownsville Public Utilities Board	Revenue	\$ -	\$ 7.0	\$ 7.0	\$ 14.0	\$ 30.0
El Paso Water Utilities	Revenue	10.0	17.5	28.0	30.0	50.0
San Antonio CPS Energy	Revenue	360.0	385.2	155.2	320.2	375.0
San Antonio Water System (SAWS)	Revenue	135.3	250.6	238.1	168.7	271.8
Water Districts and Authorities						
Lower Colorado River Authority	Revenue	\$ 27.5	\$ -	\$ 142.7	\$ 185.1	\$ 216.2
Total Conduit CP Outstanding		\$ 532.8	\$ 660.3	\$ 570.9	\$ 718.0	\$ 943.0

*Does not reflect total authorization amount.
Source: Texas Bond Review Board - Bond Finance Office

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Appendix G

Overview of Texas Local Governments with Debt Outstanding

Debt Outstanding totals shown in this Appendix and in the annual report include commercial paper issued by local governments but do not include debt issued by conduit entities created by local governments. See *Appendix B, Conduit Debt* for conduit debt information.

Texas Community and Junior College Districts

Community and Junior College Districts (CCDs) are two-year institutions that primarily serve local taxing jurisdictions and offer vocational, technical, and academic courses for certifications or associates degrees. CCDs are governed under the Texas Education Code, Chapter 130. As of August 31, 2019, total CCD debt outstanding was 2.2 percent (\$5.26 billion) of total local debt outstanding.

CCDs issue both tax-supported and revenue debt. Proceeds from CCD debt issuances are used to construct, equip, renovate, expand, and improve facilities, acquire information technology equipment, and refund outstanding debt. Debt service is paid from either an ad valorem tax or various revenue streams such as tuition, technology, and miscellaneous fees or lease revenue. Additionally, CCDs create nonprofit conduit entities to issue debt on behalf of, and for projects to benefit, the CCDs. Most of CCD new obligations are authorized under Chapters 45 and 130 of the Texas Education Code.

Texas Cities, Towns, Villages

Texas cities, towns and villages (Cities) issue both tax-supported and revenue debt. Revenue debt also includes sales tax and lease-revenue obligations. As of August 31, 2019, total city debt outstanding was 32.4 percent (\$77.85 billion) of total local debt outstanding.

Tax-supported debt financing is used for authorized municipal purposes, such as the acquisition of vehicles, road maintenance equipment, road construction, and maintenance materials; construction of road and bridge improvements; maintaining public safety (police, fire, and EMS); renovation, equipping, and construction of city buildings and utility systems; acquisition of real property; and the acquisition of computer equipment and software. Most of Cities new ad valorem tax debt is authorized under Chapters 1331 and 1502 of the Government Code and Chapter 271 of the Local Government Code.

Revenue debt financing is used for such purposes as acquiring, constructing, enlarging, remodeling, and renovating authorized municipal systems and infrastructure, such as wastewater and sewer systems, toll roads, and airports.

Cities also issue debt that is supported by a combination of tax and revenue for similar purposes listed above. Such debt is categorized as tax-supported.

Sales tax revenue debt is issued by certain cities for such purposes as constructing and improving municipal parks and recreation facilities/entertainment centers as well as hike and bike trails.

Cities can form nonprofit conduit entities to issue debt for the benefit of the city, as well as to finance the acquisition of land and construction of certain correctional facilities. Pursuant to Texas

Government Code, Chapter 1202.008, the BRB does not receive issuance information for all lease-revenue obligations or conduit issuances. Reported data only reflects the amount of debt issued for certain municipalities.

Texas Counties

Counties issue two types of debt, tax-supported and revenue, which also includes lease-revenue. As of August 31, 2019, county debt was 6.2 percent (\$14.80 billion) of total local debt outstanding.

Tax-supported debt is used for authorized county purposes such as the acquisition of vehicles, road maintenance equipment, road construction, and maintenance materials; construction of road and bridge improvements; renovation, equipping, and construction of county buildings and jails; acquisition of real property; and the acquisition of computer equipment and software. Most of county new ad valorem tax debt is authorized under Chapters 1301 and 1473 of the Government Code and Chapter 271 of the Local Government Code.

Revenue debt is used for authorized county purposes such as acquiring, constructing, enlarging, remodeling, and renovating wastewater and sewer systems, toll roads, and hospitals.

Counties create nonprofit conduit entities to issue debt for projects that benefit the county.

Texas Health/Hospital Districts and Authorities

Health/hospital districts and authorities (HHDs) provide a legal framework to create hospital systems to provide hospital and medical care facilities, emergency services, and mental health services to district residents. As of August 31, 2019, HHD debt outstanding was 1.5 percent (\$3.55 billion) of total local debt outstanding.

HHD tax-supported and revenue debt is used to construct, acquire, and/or improve buildings for hospital, fire, emergency, and mental health facilities. HHDs can create conduit entities to issue debt on their behalf.

The BRB collects debt information on four types of hospital, health, and public safety districts: hospital districts (HD), hospital authorities (HA), emergency services districts (ESD), and mental health mental retardation centers (MHMR). They are described as follows:

District	Purpose	Voter Approved /Taxing Authority	Authorizing Texas Health and Safety Code Chapter
Hospital Districts	Creates hospital systems to provide hospital and medical care facilities. HDs must be voter approved and have taxing authority.	Yes/Yes	Chapters 281, 282, or 283
Hospital Authorities	Creates hospital systems to provide hospital and medical care facilities. HAs are created by a municipality's governing board, do not require voter approval and do not have taxing authority.	No/No	Chapter 262

Emergency Service Districts	Provides rural fire prevention and emergency medical services. ESDs must be voter approved and have taxing authority.	Yes/Yes	Chapter 775
Mental Health & Mental Retardation	Provides child, adolescent, and adult mental health services; substance abuse recovery services; and skills training. MHMRs do not require voter approval, and do not have taxing authority.	No/No	Chapter 534

Texas Public School District Debt

Much of school district debt is authorized under Chapter 45 of the Texas Education Code. School districts issue four types of debt: voter-approved, maintenance and operations (M&O), lease-revenue, and revenue. Charter school debt issued by nonprofit corporations is not included in school district debt. As of August 31, 2019, total school district debt outstanding was 36.6 percent (\$87.93 billion) of total local debt outstanding.

Over 98.4 percent of school district debt outstanding is voter-approved. The proceeds from voter-approved debt can be used for school capital projects such as buildings, renovations, technology, athletic facilities, school transportation, and performing arts, or to refund M&O debt. Voter-approved debt is subject to the 50-cent test that limits debt service (interest and sinking fund payments) to a maximum of \$0.50 per \$100 of valuation as described in the Texas Education Code, Section 45.0031. This debt must be approved by the voters prior to a school district issuing new debt.

M&O debt proceeds can be used for administration and operational costs of schools (teachers, buses, classrooms, etc.) but cannot be used for the new construction of school facilities. Tax rates for M&O debt are generally limited to a maximum of \$1.50 per \$100 valuation under Chapter 45 of the Texas Education Code. For M&O debt, only the maintenance tax is approved by the voters; once the voters approve the maintenance tax and the maximum rate, the maintenance tax debt may be issued without an election.

Lease-revenue obligations are issued by a public facility corporation created by a school district and used for acquiring, constructing, and equipping school facilities.

Proceeds from revenue debt issuances are mainly used to build and maintain sports facilities. Revenue and lease-revenue debt do not require voter approval.

Texas Other Special Districts and Authorities

Other Special Districts and Authorities (OSD) include tollway authorities, transit authorities, housing authorities, regional mobility authorities, power agencies, public utility agencies, road districts, events venue districts, education districts, and various economic and community development districts. As of August 31, 2019, total OSD debt outstanding was 7.1 percent (\$17.14 billion) of total local debt outstanding.

OSDs issue both tax-supported and revenue debt including sales tax revenue and lease-revenue debt. OSD tax-supported and revenue debt are both used primarily for road improvements, economic and community development, water and sewer improvements, and developing and maintaining mass transportation systems. OSDs create conduit entities to issue debt on their behalf and for their benefit.

The table below shows the various types of OSDs in the state.

District	Purpose
Economic and Community Development District	Community development, redevelopment, and strategic planning; public improvements necessary to serve the district.
Education Districts	Provide services to the school districts and are funded by education taxes at the county and the school district levels.
Events Venue Districts	Items related to creating and maintaining venues.
Housing Authorities	Programs to provide affordable housing.
Power Agencies	Improvements to the electric transmission service.
Public Utility Agencies	An agency created by two or more public entities to plan, finance, construct, own, operate, or maintain facilities.
Regional Mobility Authorities	Constructing and maintaining highways, tollways, ferries, airports, bikeways, and all-purpose transportation centers.
Road Districts	Constructing and maintaining roads.
Tollway Authorities	Develop, construct, and maintain toll roads.
Transit Authorities	Public transportation.

Texas Water Districts and Authorities

Texas Water Districts and Authorities (WDs) are local governmental entities that provide limited water-related services to customers and residents. WDs can be created by the Texas Commission on Environmental Quality, a county commissioner's court, or the legislature. WDs issue both tax-supported and revenue debt. (See generally, Texas Water Code, Chapters 49, 51, 54, 65, and Subtitle G of the Special District Local Laws Code). As of August 31, 2019, total WD debt outstanding was 13.9 percent (\$33.46 billion) of total local debt outstanding.

Texas has many types of WDs. The five most common types that provide services to residential customers are: municipal utility districts (MUD), water control and improvement districts (WCID), special utility districts (SUD), river authorities (RA), and Utility & Reclamation District (U&RD). The function of each is described below.

District	Purpose	Authorizing Water Code Chapter
Municipal Utility Districts	Provides waterworks systems, sanitary sewer systems, and drainage systems	Chapters 49 and 54
Water Control and Improvement Districts	Supplies and stores water for domestic, commercial, and industrial use; operates wastewater systems; and provides irrigation, drainage, and water quality controls	Chapters 49 and 51
Special Utility Districts	Provides water, wastewater, and fire-fighting services	Chapters 49 and 65
River Authorities	Operates major reservoirs and sells untreated water on a wholesale basis. Provides for flood control, soil	Chapter 30

	conservation, and water quality protection	
Utility and Reclamation Districts	Provides conservation and development of all the natural resources within the district	

Tax-supported and revenue debt issued by WDs is used to pay capital costs to engineer, construct, acquire, and/or improve water plants, wastewater treatment facilities, and sewer system drainage. Certain WDs can also issue tax debt for road and park construction and create conduit entities to issue conduit revenue debt for pollution control facilities for private entities.

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Appendix H Glossary

Ad Valorem Tax – A tax based on the assessed value of real estate or personal property. Property ad valorem taxes are a major source of revenue for local governments.

Advance Refunding – A refunding in which the refunded obligation remains outstanding for a period of more than 90 days after the issuance of the refunding issue. The Tax Cuts and Jobs Act of 2017 eliminated the option of issuing a tax-exempt advanced refunding of a tax-exempt municipal debt after December 31, 2017.

Allotment – Amount of securities distributed to each member of the underwriting syndicate to fill orders.

Assessed Valuation – A municipality's worth in dollars based on real estate and/or other property for the purpose of taxation, sometimes expressed as a percent of the full market value of the community.

Authorized but Unissued – Debt that has been authorized for a specific purpose by the voters and/or the legislature but has not yet been issued. Authorized but unissued debt can be issued without the need for further legislative action.

Average Daily Attendance (ADA) – The number of students in ADA can be found by adding the number of students who are in attendance each day of the school year for the entire school year and then dividing that number by the number of instructional days in the school year.

Bond – A debt instrument in which an investor loans money to the issuer that specifies when the loan is due (“term” or “maturity” such as 20 years), the interest rate the borrower will pay (such as 5 percent), when the debt-service payments will be made (such as monthly, semi-annually, annually), and the revenue source pledged to make the payments.

Bond Counsel – Attorney retained by the issuer to give a legal opinion that the issuer is authorized to issue the proposed securities, the legal requirements necessary for issuance have been met, and the proposed securities will be exempt from federal income taxation and state and local taxation where applicable.

Bond Insurance – A legal commitment by an insurance company to make timely payments of principal and interest in the event that the issuer of the debt is unable to make the payments.

Bond Proceeds – The money paid to the issuer by the purchaser or underwriter of a new issue of municipal securities. These funds are used to finance the project or other purpose for which the securities were issued and to pay certain costs of issuance as may be provided in the bond contract or bond purchase agreement. An issuer's net proceeds equal the issue price less the issuance fees. An investor's proceeds equal the maturity or sale value plus interest earned up to the maturity date or point of sale.

Build America Bonds (BABs) – A debt instrument created by the American Recovery and Reinvestment Act of 2009 (ARRA) that could be issued as Tax Credit BABs or Direct-Payment BABs. Tax Credit BABs provide a tax credit to investors equal to 35 percent of the interest payable by the issuer. Direct-Payment BABs provide a direct federal subsidy payment to state and local governmental issuers equal to 35 percent of the interest payable. With the implementation of the Budget Control Act of 2011, the BAB subsidies have been reduced. Authority to issue BABs expired in December 2010. See *Appendix E* for a discussion on BABs.

Federal Fiscal Year (October 1 thru September 30)	Sequestration Rate Reduction	Effective BAB Federal Subsidy Payment Percentage
2020	5.9%	32.94%
2019	6.2%	32.83%
2018	6.6%	32.69%
2017	6.9%	32.59%
2016	6.8%	32.62%
2015	7.3%	32.45%
2014	7.2%	32.48%
2013	8.7%	31.96%

Capital Appreciation Bonds (CABs) – A municipal security in which the investment return on an initial principal amount is reinvested at a stated compounded rate until maturity. At maturity, the investor receives a single payment (the “maturity value”) representing both the initial principal amount and the total investment return. CABs are distinct from traditional zero coupon bonds because the investment return is considered to be in the form of compounded interest rather than accreted original issue discount. For this reason, only the initial principal amount of a CAB is counted against a municipal issuer’s statutory debt limit, rather than the total par value, as in the case of a traditional zero coupon bond. See Chapter 4 for a discussion on CABs.

CAB Maturity Amount – The single payment for a capital appreciation bond an investor receives at maturity representing both the initial principal amount and interest. For capital appreciation bonds, compound accreted values are calculated as interest in the year of maturity.

CAB Par Amount – The face amount assigned to a capital appreciation bond at issuance and paid to the investor at maturity.

CAB Premium – The amount by which the price paid for a CAB security exceeds par value.

Certificate of Obligation (CO) – An obligation issued by a city, county, or certain hospital districts without the approval of voters to finance public projects. Although voter approval is not required, the sale can be stopped if 5 percent of the total voters in the taxing area sign a petition and submit it prior to approval of the ordinance to sell such certificates. See *Chapter 5* for a discussion on COs.

Certificate of Participation (COP) – A tax-exempt lease-financing agreement used by a municipality or local government in which an investor buys a share or participation in the revenue generated from the lease-purchase of the property or equipment to which the COP is tied. COPs do not require voter approval.

Charter School – Charter schools were created by the Texas Legislature in 1995 as part of the public school system. Under Texas Education Code Chapter 12, the purpose of charter schools is to improve student learning, to increase the choice of learning opportunities within the public-school system, to create professional opportunities that will attract new teachers to the public-school system, to establish a new form of accountability for public schools, and to encourage different and innovative learning methods. See *Appendix C* for a discussion on charter schools.

Commercial Paper (CP) – Short-term, unsecured promissory notes that mature within 270 days and are backed by a liquidity provider, usually a bank, that stands by to provide liquidity in the event the notes are not remarketed or redeemed at maturity. See *Appendix F* for a discussion on CP.

Competitive Sale – A sale in which the issuer solicits bids from underwriting firms and sells the securities to the underwriter or syndicate offering the most favorable bid that meets the specifications of the notice of sale.

Component Unit (CU) – A legally separate entity for which the elected officials of the primary government (PG) are financially accountable. The nature and significance of the CUs relationship with the PG is such that exclusion from the PG's financial reports would be misleading or create incomplete financial statements.

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

Conduit Issuer – An issuer, usually a government agency, that issues municipal securities to finance revenue-generating projects in which the funds generated are used by a third party (known as the "conduit borrower" or "obligor") for debt-service payments.

Costs of Issuance – The expenses associated with the sale of a new issue of municipal securities, including underwriting costs, legal fees, rating agency fees, and other fees associated with the transaction.

Coupon – The interest rate paid on a security.

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

Current Interest Bond (CIB) – A bond in which interest payments are made on a periodic basis throughout the life of the bond as opposed to a bond (such as a capital appreciation bond) that pays interest only at maturity. This term is most often used in the context of a combination issuance of bonds that includes both capital appreciation bonds and current interest bonds.

Current Refunding – A refunding transaction in which the municipal securities being refunded will mature or be redeemed within 90 days or less from the date of issuance of the refunding issue.

Committee on Uniform Securities Identification Procedures (CUSIP) – A unique nine-character identification for each class of security approved for trading in the United States. CUSIPs are used to facilitate clearing and settlement for market trades.

Dealer Fee – Cost of underwriting, trading, or selling securities.

Debt Outstanding – The amount of unpaid principal on a debt that will continue to generate interest until paid off.

Debt per Capita – A measurement of the value of a government's debt expressed in terms of the amount attributable to each citizen under the government's jurisdiction. The formula is the debt outstanding as of August 31 divided by the estimated residential population of the issuer.

Debt Service – The amount that is required to cover the repayment of principal and interest on a debt for a particular period.

Defeasance – A provision that voids a debt when the borrower sets aside cash, securities, or investments sufficient to service the borrower's debt.

Derivative – A financial instrument whose value is based on one or more underlying assets. An example is a swap contract between two counterparties that specifies conditions (especially the dates, underlying variables and notional amounts) under which payments are to be made between the parties.

Disclosure – The act of releasing accurately and completely all material information to investors and the securities markets for outstanding or to be issued securities.

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

Discount – The amount by which the price paid for a security is less than its par value.

Escrow – Fund established to hold monies or securities pledged to pay debt service.

Escrow Agent – Commercial bank or trust company retained to hold the investments purchased with the proceeds of an advance refunding and to use the invested funds to pay debt service on the refunded debt.

Financial Advisor – A securities firm that assists an issuer on matters pertaining to a proposed issue such as structuring, timing, marketing, fairness of pricing, terms, and debt ratings.

Fiscal Year – Information is sorted on the fiscal year of the state, September 1 through August 31. Debt-service adjustments have been made for local governments with different fiscal years. Information is provided on cash, not accrual, basis.

Fixed Rate – An interest rate that does not change during the entire term of the obligation.

General Obligation (GO) Debt – Debt backed by the credit and taxing power of the issuing jurisdiction.

Home Rule City – Cities are classified as either "general law" or "home rule." A city may elect home rule status (i.e., draft an independent city charter) once it exceeds 5,000 population and the voters agree to home rule. Otherwise, it is classified as general law and has very limited powers. One example of the difference in the two structures regards annexation. General law cities cannot annex adjacent unincorporated areas without the property owner's consent; home rule cities may annex without consent but must provide essential services within a specified period (generally within three years), or the property owner may file suit to be disannexed and reimbursed. Once a city adopts home rule, it may continue to keep this status even if the population later falls below 5,000.

I&S Debt – Interest & sinking fund debt is the debt-service outstanding on bonds issued by public schools for school capital projects such as buildings, renovations, technology, athletic facilities, school transportation, and performing arts or to refund M&O debt. I&S bonds are backed by revenue from the I&S tax rate.

I&S Tax Rate – A public school district's property tax rate consists of an M&O tax rate and an I&S (interest and sinking fund) tax rate. The I&S tax rate provides funds for debt-service payments on debt that finances a district's facilities.

Indenture – Deed or contract, which may be in the form of a resolution, that sets forth the legal obligations between the issuer and the securities holders. The indenture also names the trustee that represents the interests of the securities holders.

Issuer – A legal entity that sells securities for the purpose of financing its operations. Issuers are legally responsible for the obligations of the issue and for reporting financial conditions, material developments, and any other operational activities.

Lease Purchase – Financing the purchase of an asset over time through lease payments that include principal and interest. Lease purchases can be financed through a private vendor.

Lease-Revenue Bonds – Bonds issued by a nonprofit corporation or government issuer, which are secured by lease payments made by the local government or third-party borrower for use of specified property.

Letter of Credit – A credit enhancement used by an issuer to secure a higher rating for its securities. A Letter of Credit is usually a contractual agreement between a major financial institution and the issuer consisting of an unconditional pledge of the institution's credit to make debt-service payments in the event of a default.

Limited Tax General Obligation Bonds – A type of municipal bond that is guaranteed by the municipal government's pledge to use all legal resources, including the levying of property taxes, up to a set statutory limit. If a municipality exhausts the property tax resources for bond repayment within that limit, other revenue sources must be used for bond repayment.

Liquidity – The relative ability of a security to be readily traded or converted into cash without substantial transaction costs or loss in value.

Liquidity Provider – A financial institution that facilitates the trading of a security by insuring that it will be purchased if tendered to the issuer or its agent because it cannot be immediately remarketed to new investors.

Local Government Names – The names of governments used in this report are taken from the *Texas Property Tax Appraisal District Directory* published by the Texas State Comptroller of Public Accounts.

M&O Debt – Maintenance & operations debt is the debt-service outstanding on bonds issued by public schools to be used for administration and operational costs of schools (teachers, buses, classrooms, etc.) but cannot be used for the new construction of school facilities. M&O bonds are backed by revenue from the M&O tax rate.

M&O Tax Rate – A public school district’s property tax rate consists of an M&O tax rate and an I&S tax rate. The M&O tax rate provides funds for the General Operating Fund, which pays for salaries, supplies utilities, insurance, equipment, and other costs of day-to-day operations.

Maintenance Tax – Funds the maintenance and operation costs of a school district but cannot be used for new construction of school facilities.

Management Fee – A component of the underwriting spread that compensates the underwriters for assistance in creating and implementing the financing.

Maturity Date – The date principal is due and payable to the security holder.

Mortgage Credit Certificate – A certificate issued by certain state or local governments that allows a taxpayer to claim a tax credit for some portion of the mortgage interest paid during a given tax year.

Municipal Bond – A debt security issued to finance projects for a state or local government issuer. Municipal securities are typically exempt from federal taxes and from most state and local taxes.

Negotiated Sale – A sale in which an issuer selects an underwriting firm or syndicate to assist with the issuance process. At the time of sale, the issuer negotiates a purchase price for its securities with that underwriting firm or syndicate.

Notice of Sale – Publication by an issuer describing the terms of sale of an anticipated new offering of municipal securities.

Official Statement – The document published by the issuer that provides complete and accurate material information to investors on a new issue of municipal securities, including the purposes of the issue, repayment provisions, and the financial, economic, and social characteristics of the issuing government.

Par – The face value of a security that is due at maturity. A “par bond” is a bond selling at its face value.

Paying Agent – The entity responsible for processing debt-service payments from the issuer to the security holders.

Permanent School Fund – The Texas Permanent School Fund (PSF) was created in 1854 by the 5th Legislature expressly for the benefit of public schools. In addition, the Constitution of 1876 stipulated that certain lands and proceeds from the sale of those lands would also be dedicated to the PSF. The Constitution requires that distributions from the returns on the PSF be made to the

Available School Fund to be used for the benefit of public and charter schools and allows the PSF to be used to guarantee bonds issued by public and charter schools.

Permanent School Fund Bond Guarantee (BGP) – The BGP was created in 1983 as an alternative for school districts to avoid the cost of private bond insurance by obtaining a PSF guarantee for voter-approved public school bond issuances. To qualify for the BGP guarantee, school districts and charter schools must be accredited by the state, have investment grade bond ratings (but below AAA), and have their applications approved by the Commissioner of Education. Bonds guaranteed by the BGP are rated AAA.

Premium – The amount by which the price paid for a security exceeds par value.

Premium Capital Appreciation Bond (PCAB) – A type of CAB that has a stated yield or accretion rate that is higher than its actual current yield to investors. This difference results in a lower initial stated par amount which preserves debt capacity. See Chapter 4 for a discussion on PCABs.

Principal – The face value of a bond, exclusive of interest.

Printer – A business that produces the official statement, notice of sale, and any bonds required to be transferred between the issuer and purchasers of the bonds. The costs associated with a printer are typically rolled into the Costs of Issuance.

Private Placement – A securities sale in which an issuer sells its securities directly to investors through a placement agent without a public offering.

Put Bond – A bond that allows the holder to force the issuer to repurchase the security at specified dates before maturity. The repurchase price is set at the time of issue and is usually par value.

Qualified Energy Conservation Bonds (QECB) – A bond that enables qualified state, tribal, and local government issuers to borrow money at attractive rates to fund energy conservation projects. While not a grant, a QECB is among the lowest-cost public financing tools available because the U.S. Department of the Treasury subsidizes the issuer's borrowing costs.

Qualified School Construction Bonds (QSCB) – QSCBs must meet three requirements: 1) all of the bond proceeds must be used for the construction, rehabilitation, or repair of a public school facility or for the acquisition of land on which such a bond financed facility is to be constructed; 2) the bond is issued by a state or local government within which such school is located; and 3) the issuer designates such bonds as a qualified school construction bond. For more information regarding QSCBs, contact the Texas Education Agency.

Qualified Zone Academy Bonds (QZAB) – QZABs are tax credit bonds where the proceeds are used for renovating school buildings, purchasing equipment, developing curricula, and/or training school personnel. QZABs may not be issued for new construction. To qualify to issue QZABs, school districts must create a Zone Academy that is comprised of empowerment zones or enterprise communities comprised of public schools with 35 percent or more of their student body on the free and/or reduced lunch programs. For more information regarding QZABs, contact the Texas Education Agency.

Rating Agency – An entity that provides publicly available ratings of the credit quality of securities issuers, measuring the probability of the timely repayment of principal and interest on municipal securities.

Refunding Bond – Bonds issued to retire or defease all or a portion of outstanding bonds.

Registrar – An entity responsible for maintaining ownership records on behalf of the issuer.

Remarketing Fee – Compensation to an agent for remarketing a secondary offering of short-term securities, usually for a mandatory or optional redemption or put (return of the security to the issuer).

Revenue Debt – Debt that is legally secured by a specified revenue source(s). Most revenue debt does not require voter approval and usually has a maturity based on the life of the project to be financed.

Sales Tax – A tax imposed by the government at the point of sale on retail goods and services. It is collected by the retailer and passed on to the state. Statutes, such as the Development Corporation Act, authorize certain issuers to pledge certain sales taxes to the repayment of debt for certain projects.

Sales Tax Revenue – Debt that is legally secured by a specified sales tax issued by certain cities for such purposes as constructing and improving municipal parks and recreation facilities/entertainment centers as well as hike and bike trails.

Selling Group – Group of municipal securities brokers and dealers that assist in the distribution of a new issue of securities.

Serial Bond – A bond issue in which a portion of the outstanding bonds matures at regular intervals until all of the bonds have matured.

Spread Expenses – A component of the underwriting spread representing the costs of operating the syndicate such as financial advisors, legal counsel, travel, printing, day loans, wire fees, and other associated fees.

Structuring Fee – A component of the underwriting spread that compensates the underwriters for assistance with developing a marketable securities offering within the issuer's legal and financial constraints.

Swap – A derivative in which counterparties exchange cash flows of one party's financial instrument for those of the other party's financial instrument.

Syndicate – A group of underwriters formed to purchase a new issue of securities from the issuer and offer it for resale to investors.

Takedown – A component of the underwriting spread representing the discount that the members of the syndicate receive when they purchase the securities from the issuer. Takedown is also known as the selling concession.

Tax and Revenue Anticipation Notes (TRAN) – Short-term loans that the issuer uses to address cash flow needs created when expenditures must be incurred before tax or other revenues are received.

Tax-Supported Debt – For local governments, tax-supported debt (sometimes called tax debt) is generally secured by a pledge of the issuer's ad valorem taxing power. Tax-supported debt can have either a limited or an unlimited authority pledge of tax revenues for repayment. For reporting purposes, when the public security contains both a tax and revenue pledge, the public security is categorized as tax-supported debt.

Term Bond – A bond issue in which all or a large part of the issue comes due in a single maturity. Term bond issuers make periodic payments into a sinking fund for mandatory redemption of term bonds before maturity or for payment at maturity.

Trustee – A bank or trust company designated by the issuer or borrower under the indenture or resolution as the custodian of funds. The trustee represents the interests of the security holders including making debt-service payments.

Underwriter – An investment banking firm that purchases securities directly from the issuer and resells them to investors.

Underwriting Risk Fee – A portion of the underwriting spread designed to compensate the underwriter for the risk associated with market shifts and interest rate fluctuations.

Underwriting Spread – The amount representing the difference between the price at which securities are bought from the issuer by the underwriter and the price at which they are reoffered to the investor. The underwriting spread generally includes the takedown, management fee, expenses, and underwriting risk fee.

Underwriter's Counsel – Attorney who prepares or reviews the issuer's offering documents on behalf of the underwriter and prepares documentation for the underwriting agreement and the agreement among underwriters.

Underwriter's Risk – The risk of loss that could arise due to overestimated demand for an issuance or due to sudden fluctuations in market conditions borne by the underwriters until resale.

Unlimited Tax General Obligation Bond – A municipal bond that is backed by the pledge of the issuer to raise taxes, without limit, to service the debt until it is repaid.

Variable Rate – An interest rate that fluctuates based on market conditions or a predetermined index or formula. (Fixed rates do not change during the life of the obligation.)

Years to Maturity – The period of time for which a financial instrument remains outstanding. Maturity refers to a finite time period at the end of which the financial instrument will cease to exist and the principal is repaid with interest.

Yield – The investor's rate of return.

Zero Coupon Bond – A bond that is issued at a deep discount to its face value but pays no interest.

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