

OFFICIAL STATEMENT DATED DECEMBER 4, 2013

NEW ISSUE - Book-Entry-Only

RATINGS: Fitch: "AAA"
Moody's: "Aaa"
Standard & Poor's: "AAA"
(See "RATINGS" herein)

In the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, interest on the Bonds, defined below, will be excludable from gross income for federal income tax purposes under statutes, regulations, court decisions, and published rulings existing on the date thereof subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax consequences on corporations.



\$40,370,000
TEXAS PUBLIC FINANCE AUTHORITY
State of Texas
General Obligation Refunding Bonds,
Series 2013

Interest Accrues from Date of Delivery **CUSIP Prefix: 882723** **Due: October 1, as shown on inside cover page**

The Texas Public Finance Authority State of Texas General Obligation Refunding Bonds, Series 2013 (the "Bonds") are general obligations of the State of Texas (the "State") being issued by the Texas Public Finance Authority (the "Authority") under the authority of the Constitution and general laws of the State, including Article III, Sections 49-h and 50-f of the Texas Constitution and Chapters 1201, 1207, 1232, 1371 and 1401 of the Texas Government Code. Proceeds of the Bonds will be used for (i) refunding a portion of certain outstanding general obligation bonds of the State issued by the Authority, to achieve present value savings, (the "Refunded Bonds"), as further identified on Schedule I attached hereto and (ii) paying the costs associated with the issuance of the Bonds. See "PLAN OF FINANCE" herein.

Interest on the Bonds will accrue from the Date of Delivery, will be payable commencing on April 1, 2014, and on each April 1 and October 1 thereafter until maturity or prior redemption, and will be calculated on the basis of a 360-day year composed of twelve 30-day months. The Bonds will be issued in principal denominations of \$5,000 or any integral multiple thereof within a maturity. The Bonds are initially issuable only to Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to the book-entry-only system described herein. No physical delivery of the Bonds will be made to the initial purchasers named below (the "Underwriters") or the beneficial owners of the Bonds. Interest on and principal of the Bonds will be payable by the Authority (which will act as the initial Paying Agent/Registrar) to Cede & Co., which will make distribution of the amounts so paid to the beneficial owners of the Bonds. See "DESCRIPTION OF THE BONDS - Book-Entry-Only System."

The Bonds are not subject to redemption prior to maturity.

The Bonds are general obligations of, and are secured by the full faith and credit of, the State. See "DESCRIPTION OF THE BONDS - Source of Payment of the Bonds" herein. For general information regarding the State, including information concerning outstanding general obligation debt of the State, see the Bond Appendix described in Appendix A hereto.

MATURITY SCHEDULE – SEE INSIDE COVER PAGE

The Bonds are offered for delivery when, as and if issued and received by the Underwriters, subject to approval of legality by the Attorney General of the State and the approving opinion of McCall, Parkhurst & Horton L.L.P., Austin, Texas, Bond Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, Bracewell & Giuliani LLP, Houston, Texas. See "LEGAL MATTERS." The Bonds are expected to be available for initial delivery through the facilities of DTC on or about December 17, 2013 (the "Date of Delivery").

PIPER JAFFRAY & CO.

FIDELITY CAPITAL MARKETS

RAMIREZ & Co., INC.

MATURITY SCHEDULE
\$40,370,000
TEXAS PUBLIC FINANCE AUTHORITY
STATE OF TEXAS
GENERAL OBLIGATION REFUNDING BONDS,
SERIES 2013

<u>Maturity (October 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Initial Yield</u>	<u>CUSIP No.⁽¹⁾</u>
2014	\$3,810,000	2.00%	0.17%	882723 DR7
2015	4,195,000	4.00	0.34	882723 DS5
2016	4,120,000	4.00	0.53	882723 DT3
2017	1,125,000	1.75	0.84	882723 GK9
2017	2,930,000	5.00	0.84	882723 DU0
2018	4,005,000	5.00	1.24	882723 DV8
2019	3,975,000	5.00	1.62	882723 DW6
2020	3,950,000	5.00	2.01	882723 DX4
2021	3,915,000	5.00	2.38	882723 DY2
2022	3,890,000	5.00	2.65	882723 DZ9
2023	4,455,000	5.00	2.85	882723 EA3

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- (1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. None of the Authority, the Financial Advisor, or the Underwriters shall be responsible for the selection or the correctness of the CUSIP numbers shown herein.

The Bonds are not subject to redemption prior to maturity.

STATE OF TEXAS

Rick Perry
Governor

David Dewhurst
Lieutenant Governor

Greg Abbott
Attorney General

Susan Combs
Comptroller of Public Accounts

TEXAS PUBLIC FINANCE AUTHORITY

BOARD OF DIRECTORS

Billy M. Atkinson, Jr. – Chair
Ruth C. Schiermeyer – Vice-Chair
Gerald Alley – Secretary
Mark W. Eidman – Member
Walker N. Moody – Member
Rodney K. Moore – Member
Robert T. Roddy, Jr. – Member

CERTAIN APPOINTED OFFICERS

Robert P. Coalter, Executive Director
John Hernandez, Deputy Director

Financial Advisor

Coastal Securities, Inc.
San Antonio, Texas

Bond Counsel

McCall, Parkhurst & Horton L.L.P.
Austin, Texas

For additional information regarding the Authority, please contact:

Mr. Jorge Rodriguez
Mr. Daniel Rodriguez
Coastal Securities, Inc.
2526 N. Loop 1604 West, Suite 150
San Antonio, TX 78248
(210) 487-7000

USE OF INFORMATION

No dealer, broker, salesman or other person has been authorized by the Authority to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Authority. All other information contained herein has been obtained from the Authority, DTC and other sources which are believed to be reliable. Such other information is not guaranteed as to accuracy or completeness by, and is not to be relied upon as, or construed as a promise or representation by, the Authority or the Underwriters.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor will there be any sale of, any Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of the Authority or other matters described herein since the date hereof. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the undertakings of the Authority and the Comptroller of Public Accounts of the State of Texas (the "Comptroller") to provide certain information on a continuing basis.

Marketability

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL WHICH MIGHT NOT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

All of the summaries of the statutes, resolutions, contracts, financial statements, reports, agreements, and other related documents set forth in this Official Statement are qualified in their entirety by reference to such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from the Authority.

Securities Laws

No registration statement relating to the Bonds has been filed with the Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon an exemption provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities laws of any other jurisdiction. The Authority assumes no responsibility for registration or qualification for sale or other disposition of the Bonds under the securities laws of any jurisdiction in which the Bonds may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds should not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

THIS OFFICIAL STATEMENT CONTAINS "FORWARD-LOOKING" STATEMENTS WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT FROM FUTURE RESULTS, PERFORMANCE AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS.

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SUMMARY STATEMENT

This Summary Statement is subject in all respects to the more complete information contained in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement, including the Appendices hereto. No one is authorized to detach this Summary Statement from this Official Statement or to otherwise use it without this entire Official Statement (including the Appendices). Certain defined terms used in this Summary Statement are defined elsewhere in this Official Statement.

- Issuer**..... Texas Public Finance Authority (the “Authority”).
- Offering** State of Texas General Obligation Refunding Bonds, Series 2013 (the “Bonds”) in the aggregate principal amount of \$40,370,000.
- Maturity**..... October 1 of each of the years 2014 through 2023.
- Interest**..... Interest on the Bonds will accrue from the Date of Delivery, will be payable commencing on April 1, 2014, and on each April 1 and October 1 thereafter until maturity or prior redemption, and will be calculated on the basis of a 360-day year composed of twelve 30-day months. The Bonds will be issued in principal denominations of \$5,000 or any integral multiple thereof within a maturity.
- Redemption** **The Bonds are not subject to optional redemption.**
- Book-Entry-Only System** The Bonds are initially issuable only to Cede & Co., the nominee of The Depository Trust Company, New York, New York (“DTC”), pursuant to a book-entry-only system (as described herein). No physical delivery of the Bonds will be made to the beneficial owners of the Bonds. Interest on and principal of the Bonds will be paid to Cede & Co., which will distribute the payments to the participating members of DTC for remittance to the beneficial owners of the Bonds. See “DESCRIPTION OF THE BONDS – Book-Entry-Only System.”
- Use of Proceeds** Proceeds from the Bonds are being issued for (i) refunding a portion of the outstanding general obligation bonds of the State issued by the Authority as shown on Schedule I (the “Refunded Bonds”) for the purpose of achieving present value savings and (ii) paying the costs associated with the issuance of the Bonds. See “PLAN OF FINANCE.”
- Source of Payment**..... The Bonds are general obligations of the State, issued under the applicable Authorizing Law (defined herein). See “DESCRIPTION OF THE BONDS – Source of Payment of the Bonds.”
- Ratings**..... Moody’s Investors Service, Inc., Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, and Fitch Ratings have assigned ratings of “Aaa”, “AAA” and “AAA”, respectively, to the Bonds. See “RATINGS.”
- Legality**..... The issuance of the Bonds is subject to the approval of the Attorney General of the State and the opinion of McCall, Parkhurst & Horton L.L.P., Austin, Texas, Bond Counsel, as to the validity of the issuance of the Bonds under the Constitution and laws of the State. See “LEGAL MATTERS.”

OFFICIAL STATEMENT

relating to

\$40,370,000
TEXAS PUBLIC FINANCE AUTHORITY
State of Texas
General Obligation Refunding Bonds,
Series 2013

INTRODUCTION

The purpose of this Official Statement is to furnish information concerning the offering of \$40,370,000 Texas Public Finance Authority State of Texas General Obligation Refunding Bonds, Series 2013 (the "Bonds") which are being issued by the Texas Public Finance Authority (the "Authority") pursuant to Article III, Sections 49-h and 50-f of the Texas Constitution (the "Constitutional Provisions"); and Chapters 1201, 1207, 1232, 1371 and 1401, Texas Government Code, as amended (the Constitutional Provisions, the statutes cited above, Part 10, Title 34 of the Texas Administrative Code, and any regulations promulgated by the Authority thereunder, together constituting the "Authorizing Law"), and pursuant to the Bond Resolution (defined below).

This Official Statement contains summaries and descriptions of the plan of finance, the Bonds, the Authority, and other related matters. All references to and descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of documents relating to the Authority may be obtained from the Executive Director, Texas Public Finance Authority, 300 West 15th Street, Suite 411, Austin, Texas 78701, (512) 463-5544.

This Official Statement speaks only as to its date, and the information contained herein is subject to change. A copy of the final Official Statement pertaining to the Bonds will be submitted to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access ("EMMA") system. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the Authority's and the Comptroller's respective undertakings to provide certain information on a continuing basis.

PLAN OF FINANCE

Authority for Issuance of the Bonds

The Bonds are being issued in accordance with the Authorizing Law, and pursuant to the bond resolution (the "Resolution") adopted by the Board of Directors of the Authority (the "Board") on November 7, 2013. As permitted by Chapter 1207, Texas Government Code, as amended, the Board, in the Resolution, delegated to certain designated officials (the "Pricing Committee") the authority to establish and approve the final terms of sale of the Bonds through the execution of a "Pricing Certificate" (the Resolution and the Pricing Certificate are jointly referred to herein as the "Bond Resolution").

Purpose of the Bonds

The Bonds are being issued for the purpose of (i) refunding a portion of the outstanding general obligation bonds of the State issued by the Authority as shown on Schedule I (the "Refunded Bonds") for the purpose of achieving present value savings and (ii) paying the costs associated with the issuance of the Bonds.

Payment of Refunded Bonds

The Refunded Bonds. All of the proceeds of the Bonds, along with the Authority contribution, if any, will be deposited in the escrow fund held by the Escrow Agent, which will, upon deposit, be sufficient to pay, when due, the principal of and interest on the Refunded Bonds (the "Escrow Amount").

Cash on deposit in the escrow fund held by the Escrow Agent will not be available to pay debt service on the Bonds.

By the deposit of the Escrow Amount with the Escrow Agent pursuant to the Escrow Agreement, the Authority will have entered into firm banking and financial arrangements for the discharge, defeasance and final payment of the Refunded Bonds in accordance with applicable law and the terms of the resolutions authorizing their issuance. Bond Counsel will render an opinion on the date of issuance of the Bonds to the effect that, in reliance upon a sufficiency certificate of the Financial Advisor, and as a result of such firm banking and financial arrangements, the Refunded Bonds will be deemed to be fully paid and no longer outstanding except for the purpose of being paid from the funds provided in escrow therefor.

Sources and Uses of Funds

The proceeds from the sale of the Bonds will be applied approximately as follows:

Sources of Funds	
Principal Amount of the Bonds	\$ 40,370,000.00
Original Issue Premium	<u>\$ 5,649,105.05</u>
Total	<u>\$ 46,019,105.05</u>
Uses of Funds	
Deposit to Escrow Fund	\$ 45,569,481.60
Costs of Issuance ⁽¹⁾	<u>\$ 449,623.45</u>
Total	<u>\$ 46,019,105.05</u>

⁽¹⁾ Includes Underwriters' Discount and fees associated with the Financial Advisor, Bond Counsel, Rating Agencies, Escrow Agent, and other miscellaneous expenses.

THE AUTHORITY

The Authority is a public authority and body politic and corporate originally created in 1984 by an act of the Texas Legislature (the "Legislature") as the Texas Public Building Authority. The Authority succeeded to the ownership of all property of and all lease and rental contracts entered into by the Texas Public Building Authority, and all of the obligations contracted or assumed by the Texas Public Building Authority became obligations of the Authority.

Authority's Enabling Act

Under Texas Government Code Chapter 1232, as amended (the "TPFA Enabling Act"), the Authority's power is limited to financing and refinancing project costs for State agencies and institutions and does not affect the power of the relevant State agency or institution to carry out its statutory authority, including its authority to construct buildings. The TPFA Enabling Act directs State agencies and institutions to carry out their authority regarding projects financed by the Authority as if the projects were financed by legislative appropriation.

Pursuant to the TPFA Enabling Act and Chapters 1401 and 1403, Texas Government Code, as amended, the Authority issues general obligation bonds and revenue bonds for designated State agencies (including certain institutions of higher education). In addition, the Authority currently administers five commercial paper programs, namely: the Master Lease Purchase Program, which primarily finances equipment acquisitions; two general obligation commercial paper programs for certain general State government construction projects; a general obligation commercial paper program for the Colonia Roadway program; and a general obligation commercial paper program for the Cancer Prevention and Research Institute of Texas (the "CPRIT"). In addition, in 2003, the Authority created a nonprofit corporation to finance projects for eligible charter schools pursuant to Chapter 53, Texas Education Code, as amended.

The Authority has issued revenue bonds on behalf of the Texas Parks & Wildlife Department, the Texas Facilities Commission, the State Preservation Board, the Texas Department of Criminal Justice, the Texas Health & Human Services Commission (which includes the Texas Department of State Health Services and the Texas Department of Health), the Texas Department of Agriculture, the Texas Workforce Commission, the Texas State Technical College System, the Texas Military Department (formerly Adjutant General's Department and Texas Military Facilities Commission), the Texas Historical Commission, Midwestern State University, Texas Southern University, the Stephen F. Austin State University and the Texas Windstorm Insurance Association. It has also issued general

obligation bonds for the Texas Parks & Wildlife Department, the Texas Facilities Commission, the Texas Department of State Health Services, the Texas Department of Criminal Justice, the Texas Department of Aging and Disability Services, the Texas Department of Public Safety, the Texas Juvenile Justice Department (formerly Texas Youth Commission and Texas Juvenile Probation Commission), the Texas National Research Laboratory Commission, the Texas Historical Commission, the Texas School for the Blind and Visually Impaired, the Texas School for the Deaf, the Texas Department of Agriculture, the Texas Military Department (formerly Adjutant General's Department), the Texas Department of Transportation, the Texas Military Preparedness Commission, and the CPRIT.

Before the Authority may issue bonds for the acquisition or construction of a building, the Legislature must have authorized the specific project for which the bonds are to be issued and the estimated cost of the project or the maximum amount of bonded indebtedness that may be incurred by the issuance of bonds. The Texas Supreme Court, in *Texas Public Building Authority v. Mattox*, 686 S.W.2d 924 (1985), ruled that revenue bonds issued by the Authority do not constitute debt of the State within the meaning of the State Constitution. As set forth in the TPFA Enabling Act, revenue obligations issued thereunder are not a debt of the State or any State agency, political corporation or political subdivision of the State and are not a pledge of the full faith and credit of any of them.

Authority Executives

The Authority is currently governed by the Board, which is composed of seven members appointed by the Governor with the advice and consent of the State Senate. The Governor designates one member to serve as Chair at the will of the Governor. Board members whose terms have expired continue to serve on the Board until a successor therefor has qualified for office. The current members of the Board, the office held by each member and the date on which each member's term expires are as follows:

<u>Name</u>	<u>Position</u>	<u>Term Expires (February 1)</u>
Billy M. Atkinson, Jr.	Chair	2017
Ruth C. Schiermeyer	Vice-Chair	2019
Gerald Alley	Secretary	2019
Mark W. Eidman	Member	2015
Walker N. Moody	Member	2019
Rodney K. Moore	Member	2015
Robert T. Roddy, Jr.	Member	2017

Robert P. Coalter, Executive Director. Mr. Coalter began serving as the Authority's Executive Director in March 2012. Previously, Mr. Coalter served as Assistant Director of Treasury Operations for the Comptroller of Public Accounts for 16 years. He has been employed in various positions within State government working with senior officials in the legislative and executive branches as well as their staffs, and has been responsible for some major accomplishments in State government for over 20 years. Mr. Coalter holds an MBA in Finance and has been accountable for the issuance, payment, and compliance of over \$84 billion in various municipal instruments during his career.

John Hernandez, Deputy Director. Mr. Hernandez has served as Deputy Director of the Authority since 1999. He leads the Finance and Accounting Team, which is responsible for debt service budgeting, arbitrage rebate compliance, the State of Texas Master Lease Program, general ledgers, financial reporting, and information technology. Mr. Hernandez and his team also provide support for new debt issuance of fixed rate and variable rate debt. Mr. Hernandez holds a B.A. in finance from St. Edwards University in Austin.

Status of Executive Positions. On November 20, 2013, Mr. Coalter was offered the position of chief executive officer with a state agency outside of Texas. Subject to negotiations and approval by the board of that state agency, it is possible that Mr. Coalter may accept the position in early 2014. To the extent that Mr. Coalter accepts the position, the Authority expects to appoint an interim executive director and expeditiously seek a replacement to fill the position of Executive Director. Additionally, the Authority has a vacancy in the position of General Counsel, which it also expects to fill by the first quarter of 2014.

Authority Budget and Personnel

The Texas Comptroller has certified the 2014-2015 Texas Appropriations Act, adopted by the 83rd Legislature, which maintains the Authority's funding at approximately \$1.6 million and \$1.1 million respectively per fiscal year of the biennium with 14 full time employees, including an Executive Director, Deputy Director and other professionals relating to the purposes of the Authority.

Sunset Review

In 1977, the Legislature enacted the Texas Sunset Act (Chapter 325, Texas Government Code, as amended) which provides that almost all State agencies, including the Authority, are subject to periodic legislative review. Unless the Legislature specifically determines to continue its existence, each agency subject to sunset review will be abolished. Legislation authorized by the 82nd Legislature provided that the Authority continue as an independent agency through September 1, 2023.

Other State General Obligation Bonds

Various State entities, including the Authority, have issued general obligation bonds or other obligations of the State. In some instances, such State entities have authority to issue additional general obligation debt. See Bond Appendix - "State Debt" referenced in Appendix A. For additional information regarding other debt of the State and the issuance of additional state debt, see "GENERAL INFORMATION REGARDING THE STATE OF TEXAS."

Bond Review Board Approval of the Bonds

With certain exceptions, bonds issued by State agencies and institutions, including bonds issued by the Authority, must be approved by the Texas Bond Review Board prior to their issuance. The Texas Bond Review Board is composed of the Governor, the Lieutenant Governor, the Speaker of the House of Representatives, and the Comptroller. The Governor is the Chairman of the Texas Bond Review Board. Each member of the Texas Bond Review Board may, and frequently does, act through a designee. An application for approval of Bonds was submitted to the Texas Bond Review Board and approved on November 21, 2013.

Retirement Plan of the Authority

The Authority participates in joint contributory retirement plans of the State (collectively the "Plan") administered by the Employees Retirement System of Texas ("ERS"), which is operated by the State and covers State employees and law enforcement and custodial officers. For more detailed information on the ERS and other State sponsored retirement plans, their respective funding and liabilities, see Bond Appendix referenced in Appendix A.

DESCRIPTION OF THE BONDS

General

The Bonds mature on October 1 in each of the years and in the amounts and will bear interest at the per annum rates shown on page i hereof. Interest on the Bonds will initially accrue from their Date of Delivery, will be payable on April 1 and October 1 of each year, commencing April 1, 2014, until maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Bonds will be issued only as fully registered bonds, without coupons, in any integral multiple of \$5,000.

If the specified date for any payment on the Bonds is not a Business Day, such payment may be made on the next succeeding Business Day without additional interest and with the same force and effect as if made on the specified date for such payment. "Business Day" means any day that is a day on which the Comptroller is open for business and (1) while the Authority is the Paying Agent/Registrar, a day on which the Authority is open for business at its principal business office; or (2) while a Person other than the Authority is the Paying Agent/Registrar, a day on which financial institutions in a city where the principal corporate trust office of the Paying Agent/Registrar is located are not authorized by law or executive order to close.

Source of Payment of the Bonds

The Bonds are a general obligation of the State payable solely from money made available for such purpose pursuant to the Constitutional Provisions. The Bonds are issued under the applicable Authorizing Law, including the Constitutional Provisions. The Refunded Bonds were issued pursuant to the authority of Article III, Section 49-h (“Section 49-h”) and Section 50-f (“Section 50-f”) of the Texas Constitution.

The following excerpts set forth the appropriation language of the Constitutional Provisions:

Section 49-h:

While any of the bonds or interest on the bonds is outstanding and unpaid, there is appropriated out of the first money coming into the treasury in each fiscal year, not otherwise appropriated by this constitution, the amount sufficient to pay the principal of and interest on the bonds that mature or become due during the fiscal year, less any amount in any sinking fund at the end of the preceding fiscal year that is pledged to payment of the bonds or interest.

Section 50-f:

While any of the bonds or interest on the bonds authorized by this section is outstanding and unpaid, from the first money coming into the state treasury in each fiscal year not otherwise appropriated by this constitution, an amount sufficient to pay the principal and interest on the bonds that mature or become due during the fiscal year and to make payments that become due under a related credit agreement during the fiscal year is appropriated, less the amount in the sinking fund at the close of the previous fiscal year.

Security

Under the terms of the Bond Resolution, the Authority will create for the Bonds: (i) an Interest and Sinking Fund, (ii) a Costs of Issuance Fund, and (iii) a Rebate Fund (if such Fund is determined to be necessary). The Funds will be maintained by the Comptroller in the Treasury of the State, separate from any other funds and held in trust for application as provided in the Bond Resolution. The Authority may create additional funds or accounts within any fund from time to time as necessary or convenient to accomplish the purposes of the Bond Resolution.

Pursuant to the Bond Resolution, the Authority will deposit or cause to be deposited into the Interest and Sinking Fund an amount that is sufficient (together with any other funds on deposit therein) to provide for the timely payment of the Bond Obligations, from money that is available for such purpose under the Constitutional Provisions, not later than the second Business Day preceding each date on which any Bond Obligations come due. The Authority may make any such deposit on an earlier date so long as such date is not earlier than the 50th day before the date that the Bond Obligations for which such deposit is made come due. If, on any date that money in the Interest and Sinking Fund is required (pursuant to the Bond Resolution) to be withdrawn for the payment of Bond Obligations, the Interest and Sinking Fund does not contain sufficient money for such purpose, an amount of immediately available money sufficient (together with the money then on deposit in the Interest and Sinking Fund) to pay such Bond Obligations will be transmitted to the appropriate payee(s) for such purpose from money made available under the Constitutional Provisions, at such time as will cause such Bond Obligations to be timely paid.

The costs of issuance for the Bonds will be paid from the Costs of Issuance Fund. Any money on deposit in the Costs of Issuance Fund after all Costs of Issuance have been paid will be deposited into the Interest and Sinking Fund for application to the next payment coming due on the Bonds.

The Rebate Fund is to be established for purposes of complying with provisions of the Internal Revenue Code of 1986, as amended (the “Code”), that require the Authority to pay to the federal government any excess earnings (generally, the portion of investment income attributable to a yield on investments that is higher than the yield on the Bonds) received from investment of the proceeds of the Bonds, and certain money held in connection with the Bonds. The Rebate Fund will be established only if it is necessary in accordance with the provisions of the Bond Resolution. The Rebate Fund will be for the sole benefit of the United States of America and will not be subject to the claim of any Bond Owner. From time to time the Authority will transfer to the Rebate Fund the amounts (if any) to be paid to the federal government pursuant to the Code.

Money held in the Funds pursuant to the Bond Resolution may be invested and reinvested by the Comptroller in Eligible Investments.

Redemption

The Bonds are not subject to redemption prior to maturity.

Purchase in Lieu of Redemption

Any money held in the Interest and Sinking Fund for application to the redemption of the Bonds may instead be applied, at the Authority's discretion, to purchase one or more Bonds of the same maturity as those Bonds for the redemption of which such money is held if:

- (1) the total cost to effect such purchase that is to be paid with such money (including brokerage and other charges) is less than the amount of the Bond Obligations owing on the purchased Bonds on the purchase date;
- (2) such purchase is consummated before notice of such redemption is given to the Bond Owners; and
- (3) upon such purchase, the Bond(s) so purchased are surrendered to the Paying Agent/Registrar for cancellation.

An amount of money equal to the principal amount of Bonds so purchased shall be credited toward the particular redemption of Bonds for which such money was held.

Tax Covenants

In the Bond Resolution, the Authority states its intention that the interest on the Bonds be excludable from gross income for federal income tax purposes pursuant to the Code and applicable regulations. The Authority covenants and agrees not to take any action, or knowingly omit to take any action within its control, that if taken or omitted, respectively, would cause the interest on the Bonds to be includable in gross income, as defined in section 61 of the Code, for federal income tax purposes. In particular, the Authority covenants and agrees in the Bond Resolution to comply with each requirement of the Bond Resolution relating to the treatment of interest on the Bonds for federal income tax purposes; provided, however, that the Authority will not be required to comply with any particular requirement if the Authority has received an opinion of nationally recognized bond counsel that such noncompliance will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or that compliance with some other requirement set forth in the Bond Resolution will satisfy the applicable requirements of the Code, in which case compliance with such other requirement specified in such counsel's opinion will constitute compliance with the corresponding requirement specified in the Bond Resolution.

Defaults and Remedies

If the Authority defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any Fund or Funds created in the Bond Resolution, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Resolution, the Bond Owners may seek a writ of mandamus to compel Authority officials to carry out their legally imposed duties with respect to the Bonds, if there is no other available remedy at law to compel performance of the Bonds or Bond Resolution and the Authority's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles and such remedy rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from time to time. The Bond Resolution does not provide for the appointment of a trustee to represent the interest of the Bond Owners upon any failure of the Authority to perform in accordance with the terms of the Bond Resolution or upon any other condition; accordingly, all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Bond Owners. The opinion of Bond Counsel will note that the rights of the Bond Owners are subject to applicable provisions of federal bankruptcy laws and other similar laws affecting the rights of creditors generally, and may be limited by general principles of equity that permit the exercise of judicial discretion.

Transfer, Exchange, and Registration

The Bonds are issuable only as fully registered instruments as to principal, premium (if any), and interest. The Register shall be maintained by the Paying Agent/Registrar, as registrar for the Bonds, at its principal office. A transfer of a Bond is not effective until entered in the Register. The transfer of a Bond shall be made by the Paying Agent/Registrar upon the surrender to the Paying Agent/Registrar of the Bond by the Bond Owner (or such owner's duly authorized representative), together with such endorsement or other evidence of transfer as is satisfactory to the Authority and the Paying Agent/Registrar. To effect a transfer, the Authority shall execute and the Paying Agent/Registrar shall authenticate and deliver to the transferee a new Bond or Bonds (each in an authorized denomination) of the same tenor and aggregate principal amount and interest rate as the Bond surrendered for transfer. A transfer of a Bond shall be made without any charge to the Bond Owner, except that any tax or other governmental charge imposed with respect to the transfer shall be paid by the Bond Owner requesting the transfer.

Any Bond(s) may be exchanged for a new Bond or Bonds (each in an authorized denomination) of the same tenor and aggregate principal amount and interest rate upon the surrender to the Paying Agent/Registrar by the Bond Owner (or such owner's duly authorized representative) of the Bond(s) as to which the exchange is desired. To effect an exchange, the Authority shall execute and the Paying Agent/Registrar shall authenticate and deliver to the Bond Owner the new Bond or Bonds in exchange for the surrendered Bond(s). A Bond Owner exchanging any Bond(s) shall pay: (1) an amount sufficient to reimburse any out-of-pocket expenses incurred by the Authority and the Paying Agent/Registrar in connection with making the exchange; and (2) any tax or other governmental charge imposed with respect to the exchange.

Limitation on Transfer

The Paying Agent/Registrar will not be required to transfer or exchange any Bond: (i) between a Record Date and the related Interest Payment Date; (ii) during the 30-day period preceding the maturity date of such Bond; or (iii) which has been selected for redemption in whole or in part.

Record Date for Interest Payment

Interest on each Bond will be payable to the Person who is the Bond Owner at the close of business on the fifteenth day of the month immediately preceding the applicable interest payment date (each a "Record Date").

Book-Entry-Only System

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and accredited by DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The Authority and the Underwriters believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

The Authority and the Underwriters cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond will be issued for each maturity of the Bonds in the aggregate principal amount of each such maturity and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds

and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities Bonds. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices will be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMF procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Paying Agent/Registrar, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. All payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC; and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Authority or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bonds are required to be printed and delivered. The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC, but the Authority takes no responsibility for the accuracy thereof.

Use of Certain Terms in Other Sections of this Official Statement. In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Bond Resolution will be given only to DTC.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the Authority, the Financial Advisor, or the Underwriters.

Effect of Termination of Book-Entry-Only System; Notices. In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the Authority, printed Bonds will be issued to the holders and the Bonds will be subject to transfer, exchange and registration provisions as set forth in the Bond Resolution and summarized under "DESCRIPTION OF THE BONDS – Transfer, Exchange, and Registration" herein.

THE PAYING AGENT/REGISTRAR AND THE AUTHORITY, SO LONG AS THE DTC BOOK-ENTRY SYSTEM IS USED FOR THE BONDS, WILL SEND ANY NOTICE OF PROPOSED AMENDMENT TO THE BOND RESOLUTION OR OTHER NOTICES WITH RESPECT TO SUCH BONDS ONLY TO DTC. ANY FAILURE BY DTC TO ADVISE ANY DTC PARTICIPANT OR OF ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT TO NOTIFY THE BENEFICIAL OWNERS, OF ANY NOTICES AND THEIR CONTENTS OR EFFECT WILL NOT AFFECT ANY ACTION PREMISED ON ANY SUCH NOTICE. NEITHER THE AUTHORITY NOR THE PAYING AGENT/REGISTRAR WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS, OR THE PERSONS FOR WHOM DTC PARTICIPANTS ACT AS NOMINEES, WITH RESPECT TO THE PAYMENTS ON THE BONDS OR THE PROVIDING OF NOTICE TO DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS, OR BENEFICIAL OWNERS.

DESCRIPTION OF THE TRANSACTION DOCUMENTS

Selected Definitions

The following terms that appear as capitalized terms in this Official Statement shall have the following meanings, unless the context otherwise requires. A reference to any of such terms in the singular number shall include the plural and vice versa.

Authority Regulations - the regulations of the Authority in Part 10, Title 34, Texas Administrative Code.

Authorizing Law - the Constitutional Provisions, the Texas Public Finance Authority Act (Chapter 1232, Texas Government Code, as amended), the Authority Regulations and any regulations promulgated by the Authority thereunder, the Public Security Procedures Act (Chapter 1201, Texas Government Code, as amended), and Chapters 1207, 1371 and 1401, Texas Government Code, as amended.

Beneficial Owner - each Person in whose name a Book-Entry Bond is recorded as the owner of a beneficial interest in such Bond by a participant in such book-entry system.

Blanket Letter of Representations - any representation letter of, or agreement delivered by, the Authority pursuant to the Bond Resolution or a prior bond resolution providing for administration of a book-entry system for

the Bonds and any successive arrangements under which the Authority provides for the administration of a book-entry system for the Bonds or any other bonds.

Bond Counsel - any law firm or firms experienced in matters relating to the issuance of tax-exempt obligations, which firm or firms are engaged by the Board to render services to the Authority as bond counsel.

Bond Enhancement Agreement - any loan agreement, revolving credit agreement, agreement establishing a line of credit, letter of credit, reimbursement agreement, insurance contract, commitment to purchase, purchase or sale agreement, interest rate swap agreement, or commitment or other agreement authorized by the Authority in connection with the authorization, issuance, sale, resale, security, exchange, payment, purchase, remarketing, or redemption of such Bonds, interest on the Bonds, or both, or as otherwise authorized by Chapter 1371, Texas Government Code, as amended.

Bond Obligations - the principal, premium, if any, and interest payment obligations of the Authority on any of the Bonds.

Bond Owner - the Person who is the registered owner of any Bond, as such ownership appears in the Register.

Bond Resolution - the Resolution and the Pricing Certificate.

Business Day - any day that is a day on which the Comptroller is open for business and:

(1) while the Authority is the Paying Agent/Registrar, on which the Authority is open for business at its principal business office; or

(2) while a Person other than the Authority is the Paying Agent/Registrar, on which financial institutions in the city where a principal corporate trust office of the Paying Agent/Registrar is located are not authorized by law or executive order to close.

Closing - the concurrent delivery of the Bonds to or upon the order of the Purchaser in exchange for payment therefor.

Code - the Internal Revenue Code of 1986, as amended.

Comptroller - the Comptroller of Public Accounts of the State of Texas or any successor thereto.

Constitutional Provisions - Article III, Sections 49-h and 50-f of the Texas Constitution.

Continuing Disclosure Agreement - the Continuing Disclosure Agreement dated August 17, 1995, as amended, between the Comptroller and the Texas Bond Review Board, as further amended from time to time.

Costs of Issuance - the "costs of issuance," as provided in the Authorizing Law, incurred in connection with the issuance of the Bonds.

Costs of Issuance Fund - the "Texas Public Finance Authority State of Texas General Obligation Refunding Bonds, Series 2013 Costs of Issuance Fund(s)."

Eligible Investments - any securities or obligations in which the Comptroller is authorized by law to invest the money on deposit in the Funds.

Event of Taxability - any act or omission that could cause any amount payable with respect to any of the Bonds that is treated as interest under the Code not to be excludable under section 103(a) of the Code from the gross income of the Bond Owner.

Executive Director - the Executive Director of the Authority, or any member of the staff of the Authority authorized by the Board to perform the duties of the Executive Director.

Fund - any of the Funds.

Funds - the Interest and Sinking Fund, the Costs of Issuance Fund, and the Rebate Fund, if any.

Government Obligations - any of the following:

(1) direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by the United States;

(2) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the Board of the Authority adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent;

(3) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the Board of the Authority adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent; and

(4) such other investments now or hereafter authorized by Chapter 1207, Texas Government Code, as amended, for the investment of escrow deposits.

Interest and Sinking Fund - the "Texas Public Finance Authority State of Texas General Obligation Refunding Bonds, Series 2013 Interest and Sinking Fund(s)" created pursuant to the Bond Resolution.

Interest Payment Date - April 1 and October 1 of each year commencing April 1, 2014.

Legislature - the Legislature of the State.

Paying Agent/Registrar - initially, the Authority, or any financial institution appointed by the Authority in accordance with the Bond Resolution as the paying agent/registrar for the Bonds.

Person - any individual, partnership, corporation, trust, or unincorporated organization or any governmental entity.

Pricing Certificate - the certificate(s) executed by the Pricing Committee that set(s) forth the final terms of the Bonds.

Pricing Committee - the members of the Board who are authorized to act on behalf of the Board in selling and delivering the Bonds.

Purchase Contract - the bond purchase contract among the Authority and the representative of the Purchasers pursuant to which the Bonds are sold to the Purchasers.

Purchase Price - the proceeds of the sale of the Bonds (including any accrued interest and premium that is paid to the Authority upon the Closing) less the underwriters' discount and any original issue discount.

Purchasers or Underwriters - the Persons who initially purchase the Bonds from the Authority pursuant to the Purchase Contract.

Rebate Fund - the "Texas Public Finance Authority State of Texas General Obligation Refunding Bonds, Series 2013 Rebate Fund" created pursuant to the Bond Resolution.

Record Date - the 15th day of the month immediately preceding each Interest Payment Date.

Refunded Bonds - the portion of the Authority's outstanding general obligation bonds set forth in Schedule I attached to this Official Statement that are refunded with proceeds of the Bonds.

Register - the official registration records for the Bonds maintained by the Paying Agent/Registrar for the Bonds pursuant to the Bond Resolution.

Resolution – the bond resolution authorizing the issuance of the Bonds adopted by the Authority on November 7, 2013.

Securities Depository - initially The Depository Trust Company, or any Person acting as a securities depository for the Book-Entry Bonds.

State - the State of Texas.

Sufficient Assets - with respect to the Bond Obligations for any Bond or Bonds, any combination of the following:

- (1) an amount of money sufficient, without investment, to pay such Bond Obligations when due; and
- (2) Government Obligations that (a) are not redeemable prior to maturity; and (b) mature as to principal and interest in such amounts and at such times as will provide, without reinvestment, money sufficient to pay such Bond Obligations when due.

Transaction Documents - as used in the Bond Resolution, collectively, the Bond Resolution, the Escrow Agreement, the Purchase Contract, and the Bonds.

The Bond Resolution

The Bonds will be issued pursuant to the Bond Resolution and the following is a summary of certain provisions of the Resolution, adopted by the Authority on November 7, 2013, and the Pricing Certificate. This summary does not purport to be comprehensive or definitive and is qualified in its entirety by reference to the Bond Resolution. Copies of the Bond Resolution are available for examination at the offices of the Authority.

Security for the Bonds. The Authority, pursuant to the Bond Resolution, has pledged as the sole security for the Bonds the funds that become available for payment of the Bonds pursuant to the Constitutional Provisions.

Ownership. A Bond Owner is deemed to be the absolute owner of such Bond Owner's Bond(s) for all purposes of determining the obligations of the Authority with respect to such Bond(s) and the Authority is not bound to recognize the interest (beneficial or otherwise) of any other Person, notwithstanding any notice to the Authority of such Person's interest. While the Bonds are in book-entry form, the Securities Depository or its nominee will be treated as the Bond Owner for all purposes under the Bond Resolution, and all required notices to Bond Owners will be given only to the Securities Depository.

Transfer, Exchange, and Replacement of Bonds. For so long as the Bonds are Book-Entry Bonds, the Securities Depository will be treated as the Bond Owner for all purposes and any transfer, exchange, or replacement of a Bond will occur on the books and records of the Securities Depository.

In the event the book-entry-only system is discontinued, the transfer of a Bond will be made upon surrender of the Bond by the Bond Owner (or the Bond Owner's duly authorized attorney) to the Paying Agent/Registrar together with an endorsement or other evidence of transfer satisfactory to the Authority and the Paying Agent/Registrar. The Paying Agent/Registrar will authenticate and deliver to the transferee a new Bond (or Bonds) of the same tenor and aggregate principal amount of the Bonds and interest rate as the surrendered Bond. A transfer will be made without charge, except that any tax or other governmental charge imposed with respect to the transfer will be paid by the transferring Bond Owner.

A Bond may be exchanged by the Bond Owner for a new Bond or Bonds (each in an authorized denomination) of the same tenor and aggregate principal amount and interest rate of the Bonds upon surrender to the Paying Agent/Registrar by the Bond Owner (or the Bond Owner's duly authorized attorney) of the Bond(s) as to which the exchange is desired. The Paying Agent/Registrar will authenticate and deliver to the surrendering Bond Owner the

new Bond(s) in exchange for the surrendered Bond(s). The out-of-pocket expenses incurred by the Authority and the Paying Agent/Registrar in connection with making an exchange of Bonds and any tax or other governmental charge imposed with respect to the exchange will be paid by the Bond Owner.

The Paying Agent/Registrar is not required to transfer or exchange any Bond: (1) between a Record Date and the related Interest Payment Date, (2) during the 30-day period preceding the maturity date of the Bond, or (3) which has been selected for redemption in whole or in part.

At the request of the Bond Owner of a mutilated, lost, stolen, or destroyed Bond, the Bond will be replaced if, in the case of a mutilated Bond, the Bond Owner (or its duly authorized representative) surrenders the mutilated Bond to the Paying Agent/Registrar, or in the case of a lost, stolen, or destroyed Bond, the Bond Owner (1) furnishes the Authority and the Paying Agent/Registrar with evidence satisfactory to the Authority and the Paying Agent/Registrar that the loss, theft, or destruction has occurred, (2) provides indemnity or security satisfactory to the Authority and the Paying Agent/Registrar to save the Paying Agent/Registrar and the Authority harmless from any loss or damage with respect thereto, and (3) satisfies such other requirements as may reasonably be imposed by the Authority and the Paying Agent/Registrar. If a mutilated, lost, stolen, or destroyed Bond has matured or will mature within the 30-day period following the Bond Owner's request for a replacement Bond, the Bond (at the Authority's direction) may, if indemnity or security is provided as described above, be paid instead of delivering a replacement Bond. The out-of-pocket expenses incurred by the Authority and the Paying Agent/Registrar in connection with replacement of a Bond and any tax or other governmental charge imposed with respect to the replacement will be paid by the Bond Owner.

Creation of Funds. The Authority will create the following funds for the Bonds: (i) the Interest and Sinking Fund, (ii) the Costs of Issuance Fund and (iii) the Rebate Fund (if the Rebate Fund is determined to be necessary).

Application of Constitutionally Appropriated Funds. The Authority will cause to be deposited into the Interest and Sinking Fund an amount of money that is sufficient (together with any other money on deposit therein) to provide for the timely payment of the Bond Obligations, from money that is available for such purpose under the Constitutional Provisions, not later than the second Business Day preceding each date on which any Bond Obligations come due. The Authority may make any such deposit on an earlier date so long as such date is not earlier than the 50th day before the date the Bond Obligations for which such deposit is made come due. If, on any date that money in the Interest and Sinking Fund is required to be withdrawn for the payment of Bond Obligations, the Interest and Sinking Fund does not contain sufficient money for such purpose, an amount of immediately available money sufficient (together with money then on deposit in the Interest and Sinking Fund) to pay such Bond Obligations will be transmitted to the appropriate payee(s) for such purpose from money made available under the Constitutional Provisions, at such time as will cause such Bond Obligations to be timely paid.

Application of Interest and Sinking Fund. Amounts on deposit in the Interest and Sinking Fund will be applied at such times and in such amounts as required for the timely payment of Bond Obligations.

Investment of Funds. The money on deposit in any Fund may be invested and reinvested only in Eligible Investments by the Comptroller. The investments of each Fund will be made under conditions that will timely provide amounts sufficient to satisfy the purpose(s) for which such Fund is intended. The proceeds received from the disposition of any investment acquired with money from any Fund, and any income received from any such investment, are to be deposited into such Fund. Uninvested money (if any) in any Fund is to be secured in the manner and to the extent required by law.

Unclaimed Payments. Any money held for the payment of Bond Obligations due on any Bond, which money is unclaimed by the Bond Owner, will be set aside in an escrow fund, uninvested, and held for the exclusive benefit of the Bond Owner, without liability for any interest thereon. Any such money remaining unclaimed for three years after such Bond Obligations became due (or such other period as specified by applicable law) will be transferred to the Authority, which will dispose of such money pursuant to Title 6 of the Texas Property Code or other applicable law. After such disposal, all liability of the Authority and the Paying Agent/Registrar for the payment of such funds will cease. The Authority and the Paying Agent/Registrar will comply with the reporting

requirements of Chapter 74 of the Texas Property Code, as amended, or other applicable law with respect to such unclaimed money.

Tax-Exempt Status. The Authority has covenanted in the Bond Resolution that it will not take any action or omit to take any action within its control, that could cause the interest on the Bonds to become includable in the gross income of the Bond Owners thereof for federal income tax purposes. Noncompliance with the provisions of the Bond Resolution relating to the tax-exempt status of the Bonds under the Code will only be permitted to the extent that, in the opinion of nationally recognized bond counsel, such noncompliance will not adversely affect the excludability of interest on the Bonds from the gross income of the Bond Owners thereof for federal income tax purposes.

Amendment. Except as provided below, the Bond Resolution may not be amended without the consent of the Bond Owners of at least a majority in aggregate principal amount of the outstanding Bonds affected by such amendment. The consent of the Bond Owners of all outstanding Bonds is required for any proposed amendment to the Bond Resolution that would:

- (1) permit a preference or priority of any Bond over another Bond; or
- (2) reduce the percentage of Bond Owners that is required to consent to an amendment of the Bond Resolution.

The consent of the Bond Owner of each affected outstanding Bond is required for any proposed amendment to the Bond Resolution that would:

- (1) change the time of any regularly scheduled payment of Bond Obligations, the principal amount of any Bond, the interest rate on any Bond, the currency in which Bond Obligations are required to be paid, or any of the other terms of the Bond Resolution governing the time, place, or manner of payment of Bond Obligations;
- (2) impair the security for any Bond; or
- (3) result in a reduction of any then existing rating on the Bonds.

Except as provided above, no Bond Owner consent is required for an amendment to the Bond Resolution if the amendment, in the opinion of nationally recognized bond counsel will not constitute an Event of Taxability and, if the amendment, in the opinion of nationally recognized bond counsel, will not adversely affect the rights of any Bond Owner under the Transaction Documents, including without limitation, amendments, changes, or modifications to facilitate the utilization of Bond Enhancement Agreements.

No amendment to the Bond Resolution will take effect until the Executive Director obtains an opinion of Bond Counsel to the effect that such amendment will not adversely affect the excludability of interest on any Bond from the gross income of the Bond Owner thereof for federal income tax purposes, and an opinion of Bond Counsel to the effect that such amendment will not violate the Bond Resolution, the Authorizing Law or other applicable law and, upon obtaining the required Bond Owner consent (if any), will comply with the requirements of the Bond Resolution for such amendment.

Discharge of Claim Against Constitutional Provisions. The claim of the Bond Resolution against funds provided under the Constitutional Provisions will be deemed discharged and of no further force and effect when the Bond Obligations on all Bonds have been discharged and all other amounts of money payable under the Bond Resolution have been paid or arrangements satisfactory to the Person to whom any such payment is due for making such payment have been made. The Bond Obligations on any Bond or Bonds will be deemed discharged when (i) such Bond Obligations have: (a) been paid pursuant to the terms of such Bonds or (b) become due and money sufficient for the payment thereof has been deposited into the Interest and Sinking Fund or with the Paying Agent/Registrar; (ii) such Bonds have been canceled or surrendered to the Paying Agent/Registrar for cancellation; or (iii) such Bond Obligations have been discharged by a deposit of Sufficient Assets as described below.

Defeasance. The benefits of the Bond Resolution, and the covenants of the Authority contained therein in support of any Bond (or Bonds), will be deemed redeemed and discharged with respect to such Bond (or Bonds) when the following requirements have been satisfied:

- (1) the payment of the Bond Obligations with respect thereto has been provided for by irrevocably depositing Sufficient Assets into the Interest and Sinking Fund or with the Paying Agent/Registrar or a financial institution or trust company designated by the Authority, which will be held in trust in a separate escrow account and applied exclusively to the payment of such Bond Obligations;
- (2) the Authority has received an opinion of Bond Counsel to the effect that: (a) such deposit of Sufficient Assets complies with State law and will not adversely affect the excludability of interest on any Bond from the gross income of the Bond Owner thereof for federal income tax purposes; and (b) all conditions precedent to such Bond Obligations being deemed discharged have been satisfied;
- (3) all amounts of money (other than Bond Obligations) due, or reasonably estimated by the Paying Agent/Registrar to become due, under the Bond Resolution with respect to such Bond(s) have been paid, or provision satisfactory to the Person to whom any such payment is or will be due for making such payment has been made; and
- (4) the Paying Agent/Registrar has received such other documentation and assurance as the Paying Agent/Registrar reasonably may request.

If a deposit of Sufficient Assets is to provide for the payment of Bond Obligations on less than all of the outstanding Bonds, the particular maturity or maturities of Bonds (or, if less than all of a particular maturity, the principal amounts) will be as specified by the Authority, and the particular Bonds (or portions thereof) within such maturities will be selected by the Paying Agent/Registrar by lot in such manner as the Paying Agent/Registrar determines (provided that a portion of a Bond may be redeemed only in an integral multiple of \$5,000 principal amount).

No Individual Liability. No obligation imposed under the Bond Resolution, the Bonds, or any document executed by the Authority or the Comptroller in connection therewith will be deemed to be the obligation, in an individual capacity, of any director, officer, employee, or agent of the Authority or the Comptroller, and no such director, officer, employee, or agent or any individual executing the Bonds or any such other document on behalf of any such entity will be subject to any personal liability with respect thereto.

Bond Enhancement Agreement. Pursuant to the Bond Resolution, to the extent permitted by law, the Authority may execute one or more Bond Enhancement Agreements for the Bonds. The Board has authorized the Executive Director to act on behalf of the Authority from time to time in negotiating and approving the details of any Bond Enhancement Agreements. The execution and delivery of any Bond Enhancement Agreement is subject to the approval of the Attorney General of Texas. Bond Owner consent is not necessary for the Authority to adopt a Bond Enhancement Agreement. Payments due under one or more Bond Enhancement Agreements will be made from funds made available for such purpose pursuant to the Constitutional Provisions.

GENERAL INFORMATION REGARDING THE STATE OF TEXAS

The Comptroller prepares a quarterly appendix (the "Bond Appendix") that sets forth certain information regarding the State including its government, finances, retirement plans, economic profile, and other matters. The Bond Appendix is dated November 2013 and is incorporated herein as described in Appendix A. See "CONTINUING DISCLOSURE OF INFORMATION." With respect to evaluating the ability of the State to make timely payment of debt service on the Bonds based on the information contained in the Bond Appendix, no representation is made that such information contains all factors material to such an evaluation or that any specific information should be accorded any particular significance.

The Texas 2012 Comprehensive Annual Financial Report for the year ended August 31, 2012 (the "2012 CAFR") is currently on file with the Municipal Securities Rulemaking Board's (the "MSRB") Electronic Municipal Market Access ("EMMA") system. The 2012 CAFR is incorporated by reference and made a part of this Official Statement as if set forth herein. The 2012 CAFR may be found (i) using the MSRB's internet website, www.emma.msrb.org,

by using the muni search function and entering the term “State of Texas Comptroller” and (ii) at www.window.state.tx.us/fm/pubs/cafr.

Article III, Section 49-j of the Texas Constitution prohibits the Legislature from authorizing additional State debt payable from general revenues, including authorized but unissued bonds and lease purchase contracts in excess of \$250,000, if the resulting annual debt service exceeds 5% of an amount equal to the average amount of general revenue for the three immediately preceding years, excluding revenues constitutionally dedicated for purposes other than payment of debt service. Prior to the Date of Delivery of the Bonds, the Bond Review Board is expected to certify that the maximum annual debt service in any fiscal year on debt payable from the general revenue fund, including debt service on the Bonds, does not exceed 5% of an amount equal to the average of the amount of general revenue fund revenues, excluding revenues constitutionally dedicated for purposes other than payment of state debt, for the three immediately preceding fiscal years. See the Bond Appendix as described in Appendix A.

LEGAL MATTERS

General

The delivery of the Bonds is subject to the Authority furnishing the Underwriters a complete transcript of proceedings incident to the authorization and issuance of the Bonds and the approval of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the Authority, and the approving legal opinion of McCall, Parkhurst & Horton L.L.P., Austin, Texas, Bond Counsel, to the effect that the Bonds, issued in compliance with the provisions of the Bond Resolution, are valid and legally binding obligations of the Authority, subject to applicable provisions of bankruptcy, reorganization and other similar matters affecting the rights of creditors or by general principles of equity which permit the exercise of judicial discretion, and, subject to the qualifications set forth herein under “TAX MATTERS,” the interest on the Bonds is exempt from federal income taxation under existing statutes, published rulings, regulations, and court decisions. The form of Bond Counsel’s opinion is attached hereto as Appendix B. Bond Counsel was engaged by, and only represents, the Authority. In its capacity as Bond Counsel, such firm has reviewed the statements and information appearing under captions “PLAN OF FINANCE—Payment of Refunded Bonds”, “DESCRIPTION OF THE BONDS” (except for the information under the subcaption “Book-Entry-Only System,” as to which no opinion will be expressed), “DESCRIPTION OF THE TRANSACTION DOCUMENTS,” “TAX MATTERS,” and “CONTINUING DISCLOSURE OF INFORMATION” (except for the information under the subcaptions “Continuing Disclosure Undertaking of the Comptroller” and “Compliance with Prior Undertakings,” as to which no opinion will be expressed), and such firm is of the opinion that the statements and information contained under such captions and subcaptions provides an accurate and fair description of the Bonds, the Escrow Agreement and the Bond Resolution and are correct as to matters of law. The legal fee to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds. Certain legal matters will be passed upon for the Underwriters by their counsel, Bracewell & Giuliani LLP, Houston, Texas, whose legal fee is contingent on the sale and delivery of the Bonds. Bracewell & Giuliani LLP represents the Authority from time to time on matters unrelated to the Bonds.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Legal Investments in Texas

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Bonds are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking fund of municipalities or other political subdivisions or public agencies of the State of Texas. For political subdivisions in Texas that have adopted investment policies and guidelines in accordance with the Public Funds Investment Act, the Bonds may have to be assigned a rating of at least “A” or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds of such political subdivision.

No representation is made that the Bonds will be acceptable to public entities to secure their deposits or for investment purposes. The Authority has not made any investigation of other laws, rules, regulations or investment criteria that might apply to such institutions or entities or that might limit the suitability of the Bonds for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Bonds for such purposes. The Authority has not made any review of laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

Registration and Qualification of Bonds for Sale

No registration statement relating to the Bonds has been filed with the United States Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2). The Bonds have not been approved or disapproved by the United States Securities and Exchange Commission, nor has the United States Securities and Exchange Commission passed upon the accuracy or adequacy of the Official Statement. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; and have not been registered or qualified under the securities acts of any other jurisdiction. The Authority does not assume any responsibility for registration or qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated, or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

Forward Looking Statements

The statements contained in this Official Statement, and in any other information provided by the Authority and the State, that are not purely historical, are forward-looking statements, including statements regarding the Authority's and the State's expectations, hopes, intentions, or strategies regarding the future.

Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the Authority and the State on the date hereof, and the Authority and the State assume no obligation to update any such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement would prove to be accurate.

TAX MATTERS

Opinion

On the date of initial delivery of the Bonds, McCall, Parkhurst & Horton L.L.P., Austin, Texas, Bond Counsel to the Authority, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Bonds will not be treated as "specified private activity Bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated above, Bond Counsel to the Authority will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds. See "Appendix B - Form of Bond Counsel Opinion."

In rendering its opinion, Bond Counsel to the Authority will rely upon (a) the Authority's federal tax certificate, and (b) covenants of the Authority with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Bonds and certain other matters. Failure of the Authority to comply with these

representations or covenants could cause the interest on the Bonds to become includable in gross income retroactively to the date of issuance of the Bonds.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel to the Authority is conditioned on compliance by the Authority with the covenants and the requirements described in the preceding paragraph, and Bond Counsel to the Authority has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinion is not a guarantee of a result. The Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that such Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Bonds.

A ruling was not sought from the Internal Revenue Service by the Authority with respect to the Bonds or the projects refinanced by the Bonds. Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the representations of the Authority that it deems relevant to render such opinion and is not a guarantee of a result. No assurances can be given as to whether or not the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an audit is commenced, under current procedures the Internal Revenue Service is likely to treat the Authority as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on existing statutes, regulations, published rulings and court decisions, all of which are subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with Subchapter C earnings and profits, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

Interest on the Bonds will be includable as an adjustment for "adjusted current earnings" to calculate the alternative minimum tax imposed on corporations by section 55 of the Code.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Bonds, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount Bonds" to the extent such gain does not exceed the accrued market discount of such Bonds; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one

which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

Future and Proposed Legislation

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price or marketability of the Bonds. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

State, Local and Foreign Taxes

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

RATINGS

Moody's Investors Service, Inc., Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business and Fitch Ratings have assigned ratings of "Aaa", "AAA" and "AAA", respectively, to the Bonds. An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such organizations and the Authority makes no representation as to the appropriateness of the ratings. There is no assurance that the ratings of the Bonds will continue for any given period of time or that they will not be revised downward or withdrawn entirely if, in the judgment of any one or more of these companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the market price of the Bonds.

CONTINUING DISCLOSURE OF INFORMATION

Continuing Disclosure Undertaking of the Authority

General. In the Bond Resolution, the Authority has made the following agreement for the benefit of the Owners and Beneficial Owners of the Bonds. The Authority is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the Authority will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the MSRB. The information will be available to investors from the MSRB through its EMMA system, free of charge at www.emma.msrb.org.

Annual Reports. The Authority, acting by and through the Comptroller, will provide certain updated financial information and operating data to the MSRB, in an electronic format as prescribed by the MSRB, annually. The information to be updated includes all quantitative financial information and operating data with respect to the State of the general type included in the Bond Appendix described in Appendix A. The Authority, acting by and through the Comptroller, will update and provide this information within 195 days after the end of each Fiscal Year ending in and after 2013. The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the Securities and Exchange Commission (the "SEC"), as permitted by SEC Rule 15c2-12 (the "Rule").

Event Notices. The Authority also will provide to the MSRB, with respect to the Bonds, notice not in excess of ten business days after the occurrence of any of the following events: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue

Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes, (12) bankruptcy, insolvency, receivership, or similar event of an Obligated Person; (13) the consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of an Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) the appointment of a successor or additional trustee or the change in the name of the trustee, if material. No provisions for credit enhancement, credit facilities or optional redemption are included in the Resolution authorizing the Bonds. In addition, the Authority will provide timely notice of any failure by the Authority to provide information, data, or financial statements in accordance with its agreement described above under "CONTINUING DISCLOSURE OF INFORMATION - Continuing Disclosure Undertaking of the Authority - *General*."

As used in this section "Obligated Person" means any person who is either generally or through an enterprise fund or account of such person committed by contract or other arrangement to support payments of all or part of the obligation on the Bonds (other than providers of municipal bond insurance, letters of credit or liquidity facilities). For the purposes of the event numbered 12 in the preceding paragraph, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

In addition, the Authority will provide timely notice of any failure by the Authority to provide information, data, or financial statements in accordance with its agreement described above under "CONTINUING DISCLOSURE OF INFORMATION - Continuing Disclosure Undertaking of the Authority - *Annual Reports*."

Continuing Disclosure Undertaking of the Comptroller

General. The Comptroller currently provides and intends to continue to provide current information concerning the financial condition of State government, and the Comptroller has agreed for the benefit of the holders of the Bonds to provide certain updated information and notices while the Bonds remain outstanding. The Authority and the legal and beneficial owners of the Bonds are third-party beneficiaries of the Comptroller's agreement. The Comptroller is required to observe this agreement for so long as the Bonds may be paid from money drawn on the State's General Revenue Fund. Under the agreement, the Comptroller will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the MSRB in an electronic format as prescribed by the MSRB. This information will be available to the public at no charge using the MSRB's Electronic Municipal Market Access System via the MSRB's internet website www.emma.msrb.org.

In addition to the information that the Comptroller has agreed to provide annually as described below, the Comptroller currently prepares an updated disclosure appendix quarterly for use in State agency securities offerings. This disclosure appendix is incorporated herein as described in "Appendix A – The State of Texas." The Comptroller intends to continue to prepare or supplement such an appendix quarterly, with the next quarterly update expected to be in February 2014, and to provide annual information in accordance with her disclosure agreement.

Annual Reports. The Comptroller will provide, at least annually, certain updated financial information and operating data as described in this paragraph to the MSRB, in an electronic format as prescribed by the MSRB. The information to be updated includes all quantitative financial information and operating data with respect to the State of the general type incorporated in the Bond Appendix referenced in Appendix A to this Official Statement. The Comptroller will update and provide this information within 195 days after the end of each Fiscal Year ending in or after 2013.

The Comptroller currently complies with such reporting requirements under its continuing disclosure agreement by filing an updated Bond Appendix on a quarterly basis with the MSRB. Additionally, certain tables within the Bond Appendix, as currently prepared by the Comptroller, are updated on a quarterly basis while other tables within such appendix are updated on an annual basis. Under its continuing disclosure agreement, the Comptroller is not obligated to provide such financial and operating data more frequently than on an annual basis.

The Comptroller may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by the Rule. The updated information provided by the Comptroller will be provided on a cash basis and will not be audited, but the Comptroller will provide audited financial statements of the State prepared in accordance with generally accepted accounting principles for governmental entities when the State Auditor completes its statutorily required audit of such financial statements. The accounting principles pursuant to which such financial statements must be prepared may be changed from time to time to comply with State law.

The State's Fiscal Year end is August 31. Accordingly, it must provide updated information by March 15 in each year unless the State changes its Fiscal Year. If the State changes its Fiscal Year, the Comptroller will notify the MSRB of the change.

Event Notices. The Comptroller will also provide timely notice of any failure to provide information, data, or financial statements in accordance with its agreement described above under "CONTINUING DISCLOSURE OF INFORMATION - Continuing Disclosure Undertaking of the Comptroller - *Annual Reports*." Each notice described in this paragraph will be provided to the MSRB, in an electronic format as prescribed by the MSRB.

Availability of Information

The Authority and the Comptroller have agreed to provide the foregoing financial and operating information only as described above. The Authority and the Comptroller will be required to file their respective continuing disclosure information using the MSRB's EMMA system. Investors will be able to access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

Limitations and Amendments

The Authority and the Comptroller may amend their continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Authority, but only if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the registered owners of a majority in aggregate principal amount of the Bonds then outstanding consent to the amendment or (b) any person unaffiliated with the Authority (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the registered owners and beneficial owners of the Bonds. If the Comptroller and the Authority so amend the agreement, they have agreed to include with the next statistical information and operating data provided in accordance with the agreement described above under "Annual Reports" an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of statistical information and operating data so provided.

The Authority and the Comptroller may also amend or repeal the provisions of the continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, and the Authority may also amend the provisions in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not have prevented an underwriter from lawfully purchasing or selling the Bonds in the primary offering of the Bonds, giving effect to (1) such provisions as so amended and (2) any amendments or interpretations of the Rule. If the Authority and the Comptroller so amend the provisions of their continuing disclosure agreement, they shall include with any amended statistical information or operating data next provided in accordance with this continuing disclosure agreement an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of statistical information or operating data so provided.

Compliance With Prior Undertakings

The Comptroller. During the last five years, the Comptroller has complied in all material respects with all continuing disclosure agreements made by them in accordance with the Rule.

The Authority. During the last five years, the Authority has complied in all material respects with all continuing disclosure agreements made by them in accordance with the Rule, except as follows: in certain limited instances, the Authority has agreed to file information provided by State agencies for whom the Authority has issued bonds (“client agencies”). The Authority’s ability to make such filings in a timely manner is dependent on the Authority’s receipt of information from the client agency. The Authority has determined that, during the past five years, information was not provided in a timely manner by two client agencies, the Texas Military Facilities Commission and the Texas Department of Health, which resulted in late filings by the Authority. The Authority has since filed the required information and developed procedures to reduce the likelihood of such late filings in the future.

NO LITIGATION

There is no litigation, proceeding, inquiry, or investigation pending by or before any court or other governmental authority or entity (or, to the best knowledge of the Authority, threatened) that affects the obligation of the Authority to deliver the Bonds or the validity of the Bonds. The State is a party to various legal proceedings relating to its operation and government functions, but unrelated to the Bonds or the security for the Bonds. See Appendix A of this Official Statement. On the Date of Delivery of the Bonds to the Underwriters, the Authority will execute and deliver to the Underwriters a certificate to the effect that no litigation of any nature has been filed or is pending against the Authority, as of that date, to restrain or enjoin the issuance or delivery of the Bonds or that would affect the provisions made for their payment or security, or in any manner questioning the validity of the Bonds.

UNDERWRITING

Piper Jaffray & Co. as the authorized representative of a group of underwriters (the “Underwriters”), has agreed, subject to certain conditions, to purchase the Bonds at a price equal to the par amount of the Bonds shown on the inside cover page of this Official Statement, plus a premium of \$5,649,105.05, less an underwriting discount of \$198,120.89. The Underwriters will be obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Bonds into investment trusts) at prices lower than the public offering prices of the Bonds and such public offering prices may be changed, from time to time, by the Underwriters.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the Federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Piper Jaffray & Co. and Pershing LLC, a subsidiary of The Bank of New York Mellon Corporation, entered into an agreement (the “Agreement”) which enables Pershing LLC to distribute certain new issue municipal securities underwritten by or allocated to Piper Jaffray & Co., including the Bonds. Under the Agreement, Piper Jaffray & Co. will share with Pershing LLC a portion of the fee or commission paid to Piper Jaffray & Co.

FINANCIAL ADVISOR

Coastal Securities, Inc. is acting as Financial Advisor to the Authority in connection with the issuance of the Bonds. The Financial Advisor’s fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. Coastal Securities, Inc., in its capacity as Financial Advisor, has not verified and does not assume any responsibility for the information, covenants, and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending, or future actions taken by any legislative or judicial bodies.

The Financial Advisor has provided the following sentence for inclusion in this Official Statement: The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the Authority and, as applicable, to investors under the federal securities laws as applied to the

facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION

The financial data and other information contained herein have been obtained from the Authority and other sources that are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes and documents contained in this Official Statement are made subject to all of the provisions of such statutes and documents. These summaries do not purport to be complete statements of such provisions and reference is made to such statutes and documents for further information.

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SCHEDULE I

TABLE OF REFUNDED BONDS

General Obligation and Refunding Bonds Series 2003		Call Date
10/1/2014	\$4,000,000	1/21/2014
10/1/2015	\$2,050,000	1/21/2014
10/1/2016	\$2,050,000	1/21/2014
10/1/2017	\$2,045,000	1/21/2014
10/1/2018	\$2,045,000	1/21/2014
10/1/2019	\$2,045,000	1/21/2014
10/1/2020	\$2,045,000	1/21/2014
10/1/2021	\$2,045,000	1/21/2014
10/1/2022	\$2,045,000	1/21/2014
	<hr/>	
	\$20,370,000	

General Obligation and Refunding Bonds Series 2003A		
10/1/2015	\$2,435,000	1/21/2014
10/1/2016	\$2,430,000	1/21/2014
10/1/2017	\$2,430,000	1/21/2014
10/1/2018	\$2,430,000	1/21/2014
10/1/2019	\$2,430,000	1/21/2014
10/1/2020	\$2,430,000	1/21/2014
10/1/2021	\$2,425,000	1/21/2014
10/1/2022	\$2,425,000	1/21/2014
10/1/2023	\$5,065,000	1/21/2014
	<hr/>	
	\$24,500,000	

Total Refunded **\$44,870,000**

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APPENDIX A

THE STATE OF TEXAS

The Bond Appendix dated November 2013 is currently on file with the MSRB and is hereby incorporated by reference and made a part of this Official Statement. The Bond Appendix may also be obtained (i) using the MSRB's internet website, www.emma.msrb.org, by using the muni search function and entering the term "State of Texas Comptroller" and (ii) from the Comptroller's website at: <http://www.window.state.tx.us/treasops/bondapp.html> and will be updated from time to time by the Comptroller.

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APPENDIX B
FORM OF BOND COUNSEL OPINION

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LAW OFFICES

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*[An opinion in substantially the following form will be delivered by McCall,
Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the
Bonds, assuming no material changes in facts or law.]*

**TEXAS PUBLIC FINANCE AUTHORITY
STATE OF TEXAS
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2013
IN THE AGGREGATE PRINCIPAL AMOUNT OF \$40,370,000**

WE HAVE ACTED AS BOND COUNSEL for the Texas Public Finance Authority (the "Authority") in connection with the issuance of the State of Texas (the "State") general obligation bonds described above (the "Bonds"). We have examined into the legality and validity of the Bonds, which bear interest from the dates specified in the text of the Bonds, until maturity or redemption, at the rates and payable on the dates specified in the text of the Bonds, in the resolution of the Authority adopted on November 7, 2013, authorizing the issuance of the Bonds and the Pricing Committee's Pricing Certificate as authorized in such resolution (the resolution and Pricing Certificate, collectively, the "Resolution"). Capitalized terms used and not otherwise defined herein have the meanings assigned to them in the Resolution.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State, certified copies of the proceedings of the Authority, and other pertinent documents authorizing and relating to the issuance of the Bonds, including one of the executed Bonds (Bond Number R-1).

BASED ON SAID EXAMINATION, IT IS OUR OPINION that said Bonds have been authorized, issued and delivered in accordance with law; and that except as may be limited by laws applicable to the Authority and the State relating to sovereign immunity, bankruptcy, reorganization and other similar matters affecting creditors' rights generally, the Bonds constitute valid and legally binding general obligations of the State payable solely from money made available for such purpose pursuant to Article III, Sections 49-h and 50-f of the State Constitution.

IT IS FURTHER OUR OPINION, that, except as discussed below, that the interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes under the statutes, regulations, published rulings and court decisions existing on the date of this opinion. We are further of the opinion that the Bonds are not "specified private activity bonds" and that, accordingly, interest on the Bonds will not be included as an individual or corporate alternative minimum tax preference item under the section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on certain representations, including a sufficiency certificate of the Authority's financial advisor, the accuracy of which we have not independently verified, and assume compliance by the Authority with certain covenants, regarding the use and investment of the proceeds of the Bonds and the use of the property financed or refinanced therewith. We call your attention to the fact that if such representations are determined to be inaccurate or upon a failure by the Authority to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of a result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment

based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Authority as the taxpayer. We observe that the Authority has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Bonds. In particular, but not by way of limitation, we express no opinion with respect to the federal, state or local tax consequences arising from the enactment of any pending or future legislation.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Bonds, is included in a corporation's alternative minimum taxable income for purposes of determining the alternative minimum tax imposed on corporations by section 55 of the Code.

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as Bond Counsel for the Authority, and, in that capacity, we have been engaged by the Authority for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes, and for no other reason or purpose. We have not been requested to investigate or verify, and have not independently investigated or verified any records, data, or other material relating to the financial condition or capabilities of the Authority or the State, or the disclosure thereof in connection with the sale of the Bonds, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds and have relied solely on certificates executed by officials of the Authority and the Comptroller of Public Accounts as to the current outstanding indebtedness of the Authority and the State, and the sufficiency of the general obligation revenues pledged to the Bonds. Our role in connection with the Authority's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

THE FOREGOING OPINIONS represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result.

Respectfully,