TEXAS PUBLIC FINANCE AUTHORITY

Debt Management Policies and Guidelines

Adopted July 9, 2026

Structure of Bond Issues

1. For bonds to be repaid from general revenue, the final maturity of the bond issue should equal the lesser of the useful life of the assets being financed or 20 years.

2. A level principal structure should be used for bonds to be repaid from general revenue. A level debt service structure should be reserved for bonds repaid from a dedicated revenue stream, if necessary or appropriate.

3. Refundings should be structured to maximize net present value savings and achieve level debt service savings when appropriate.

4. The Board should establish savings criteria for each refunding appropriate to existing market conditions and outstanding debt. As a guideline, a minimum savings criteria of 3% present value savings for maturities with more than one year from the call date and at least positive savings for maturities with less than a year to the call date, and bonds that have reached their call date, should be considered for refunding or refinancing purposes.

Variable Rate Exposure

5. The Authority hereby establishes a target of maintaining no more than 20 percent of its total outstanding general revenue supported debt in a variable rate mode.

6. Short-term variable rate debt should be considered for conversion to long-term fixed rate debt when approximately 70% of the associated liquidity commitment is reached.

7. When evaluating whether to convert short-term variable rate debt to fixed rate debt, the Authority shall consider the particular needs of the specific financing program, as well as maintenance of the variable rate target. The Authority shall also monitor opportunities to lock in low fixed interest rates.

Method of Sale

8. The Authority will consider direct placement, competitive sales, and negotiated sales.

   a. In general, negotiated sales may be used in the following circumstances:
      - complex transactions that require extensive financial modeling, credit analysis, or pre-marketing efforts, or that are interest rate sensitive
      - volatile financial markets
      - the par amount allows the Authority to achieve the goals of its underwriting policy[1]

   b. Competitive sales may be used in the following circumstances:
      - well known credit, such as a general obligation pledge or annual appropriation of general revenue
      - simple structure and financial analysis
      - stable financial market
      - moderate par amount

   c. Direct Placements may be used to achieve the following objectives:
      - cost savings
      - efficiency (shorter time to close)
      - covenant flexibility

Swaps and Derivatives

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

Credit Rating Maintenance

10. The Authority will manage its debt portfolio in accordance with this policy and make prompt and accurate payments of debt obligations to support the maintenance of the highest possible general obligation credit rating.

Continuing Disclosure

11. The Board designates the General Counsel of the TPFA to serve as the Chief Compliance Officer, responsible for ensuring agency compliance with ongoing disclosure obligations.

Adopted on the affirmative vote of a majority of the Board present on this 9th day of July 2026, which vote is confirmed by the signature of the officer of the Board affixed below.

Billy M. Atkinson
Chair, Board of Directors

ATTEST:

Ramon Manning
Vice-Chair, Board of Directors

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