



Texas TIF/TIRZ Bonds Market Overview



CDFA/TEDC Inside Financing



Presented by
Garry R. Kimball
Senior Vice President
First Southwest Company – Austin
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Texas TIF/TIRZ Bonds

- Over 75 issues since 1988
- Approximately \$800 million outstanding
- Slightly more issues structured as stand-alone increment revenue bonds as compared with issues enhanced by City-wide property tax support

TIF/TIRZ Revenue Bond Issuers

- Dallas
- Dupre
- Falcon's Lair
- Houston
- Katy
- Lone Star LGC
- Mission
- Missouri City
- North Padre Island
- Pearland
- Sherman
- Temple

Market Evolution

- Non-Investment Grade
- Investment Grade
- Radian “AA” Insured
- “AAA” Insured
- “AAA” Insured with Reserve Surety and “A” Category Underlying
- Whatever Works

Key Credit Criteria

- Coverage (based on appraisal district values of what is on the ground):
 - 1.10 times = non-investment grade/retail
 - 1.25 times = investment grade
 - 1.40 times = “AAA” insured

Subject to Market Requirements – Currently in Transition

- Reserve Fund: Fully funded (max. annual)

Key Credit Criteria Continued

- Size: Generally a minimum of 200 acres to achieve investment grade unless major story like downtown Houston
- Diversification: Top 10 taxpayers less than 30% of total taxable value. Diversification by sector also helps

Key Credit Criteria Continued

- Leverage Ratio: TIRZ Debt to Increment Value < 10%
- City Sponsorship: Even though direct city support is not pledged, if projects are more city oriented versus developer oriented, viewed differently
- Level of Ultimate Development
- Future bonds