



# Debt Reduction Report

---

Rider 31, TxDOT Bill Pattern, General Appropriations  
Act FY 2022-2023, 87<sup>th</sup> Legislature

August 31, 2023

## **Introduction**

Through several debt financing programs provided by the Texas Legislature, the Texas Transportation Commission (Commission) and the Grand Parkway Transportation Corporation (GPTC) have been able to deliver additional transportation projects throughout the State of Texas. The Texas Department of Transportation (TxDOT) continually monitors its financing programs for opportunities to reduce debt service costs through refunding, restructuring, refinancing and defeasing existing debt.

In accordance with Rider 31 of TxDOT's bill pattern (General Appropriations Act, HB 1, 87<sup>th</sup> Legislature, 2021) TxDOT hereby submits its "Debt Reduction Report" outlining the results of its efforts to capture savings on bond indebtedness and reduce debt during fiscal year 2023. Rider 31 states:

*"It is the intent of the Legislature that the Texas Transportation Commission and the Department of Transportation look for any and all opportunities for savings that may be accomplished for the department and the state from efforts to refinance the outstanding bond indebtedness issued for its transportation programs under terms and conditions that the commission finds to be in the best interest of the state. The department shall report to the Governor, Lieutenant Governor, Speaker of the House, and the Legislature annually on the outcomes of these efforts with the report due on or before August 31 of each fiscal year in which the Texas Transportation Commission finds opportunities to refinance its debt."*

## **Debt Savings Efforts in FY 2023**

In fiscal year 2023, GPTC had a mandatory tender on its short term debt and was also able to take advantage of debt service savings through issuing the following GPTC refunding bonds.

### *Grand Parkway Transportation Corporation Subordinate Tier Toll Revenue Refunding Put Bonds, Series 2023*

In August 2023, GPTC refinanced approximately \$263 million in existing Grand Parkway System toll revenue bonds. The refunding resulted in total interest rate savings of approximately \$17.5 million (or approximately \$3.5 million on a present value basis) which would have been paid from fiscal years 2024 to 2044. The savings represents 7.3% of the bonds refunded, a savings level well in excess of the Corporation's guideline of 3%. This refinancing also included \$18.2 million in existing reserves to pay down debt.

## Cumulative Debt Savings Since FY 2014

The table below presents cumulative debt service savings since the inception of this report in FY 2014.

Cumulative Debt Service Savings Since the Inception of the Debt Reduction Report						
Program	Prior Fiscal Years <sup>1</sup>		FY 2023		Total	
	Gross Savings	PV Savings <sup>2</sup>	Gross Savings	PV Savings <sup>2</sup>	Gross Savings	PV Savings <sup>2</sup>
Texas Mobility Fund Bonds	\$938 million	\$655 million	-	-	<b>\$938 million</b>	<b>\$655 million</b>
State Highway Fund/ Prop 14 Bonds	\$307 million	\$247 million	-	-	<b>\$307 million</b>	<b>\$247 million</b>
Highway General Obligation/ Prop 12 Bonds	\$327 million	\$225 million	-	-	<b>\$327 million</b>	<b>\$225 million</b>
Central Texas Turnpike System Bonds	\$1.09 billion	\$479 million	-	-	<b>\$1.09 billion</b>	<b>\$479 million</b>
Grand Parkway Transportation Corporation System Bonds	\$690 million	\$396 million	\$18 million	\$4 million	<b>\$708 million</b>	<b>\$400 million</b>
<b>Total</b>	<b>\$3.35 billion</b>	<b>\$2.00 billion</b>	<b>\$18 million</b>	<b>\$4 million</b>	<b>\$3.37 billion</b>	<b>\$2.01 billion*</b>

<sup>1</sup> Activity since inception of the Debt Reduction Report requirement under TxDOT Rider 31 which includes FY 2014 -FY 2022.

<sup>2</sup> PV Savings as of the date of the refinancing.

\* Amounts may not sum due to rounding.

## Conclusion

It is the policy of the Commission to ensure that all debt programs and municipal bond transactions are undertaken in the most efficient manner and with the expectation of achieving the lowest cost of capital. The Commission will continue to monitor its debt programs to look for opportunities to capture debt service savings.