OFFERING MEMORANDUM
Dated December 19, 2019

Book-Entry-Only

Ratings:
Standard & Poor's: A-1+
Moody's: P-1

TEXAS PUBLIC FINANCE AUTHORITY COMMERCIAL PAPER REVENUE NOTES

SERIES 2019A TAXABLE SERIES 2019B

The Texas Public Finance Authority Commercial Paper Revenue Notes, Series 2019A, and Commercial Paper Revenue Notes, Taxable Series 2019B (collectively, the "Notes"), are being issued by the Texas Public Finance Authority (the "Authority") pursuant to Chapters 1232 and 1371, Texas Government Code, as amended, and Part X, Title 34, Texas Administrative Code (collectively, the "Authorizing Law"). Upon issuance in accordance with the terms of a resolution ("Resolution") adopted by the Board of Directors of the Authority, the Notes are special obligations of the Authority, payable solely from revenues derived by the Authority from leases of equipment, newly renovated or constructed buildings, and other property to various agencies and institutions of the State of Texas (the "State"). Payments to the Authority under the leases are subject to biennial appropriation by the Legislature (the "Legislature") of the State (or, in the event that the lessee is an institution of higher education, by the board of regents thereof) of funds lawfully available for payment. The Legislature or applicable board of regents is not legally obligated to make the appropriations for such payments. See "THE NOTES – Payment and Security."

The Notes are authorized by the Resolution to be issued from time to time in a principal amount not to exceed $300,000,000 outstanding at any one time, provided that the Notes shall not be outstanding in an amount greater than the current commitment under the Liquidity Agreement (as defined herein), as may be amended from time to time. *See* "OFFERING." The Texas Comptroller of Public Accounts has agreed, pursuant to a liquidity agreement (the "Liquidity Agreement") and subject to the terms and conditions specified therein, to purchase any Notes that are not otherwise refunded or paid by the State upon their maturity. Currently, the commitment under the Liquidity Agreement is equal to $200,000,000 plus 270 days of interest at the Maximum Interest Rate, which is currently 10%. The current Liquidity Agreement expires August 31, 2021. *See* "THE NOTES – Liquidity Facility."

The Notes will be issued in whole or in part as Commercial Paper Revenue Notes, Series 2019A (the "Tax-Exempt Notes") and Commercial Paper Revenue Notes, Taxable Series 2019B (the "Taxable Notes"). The forms of Bond Counsel opinions of Orrick, Herrington & Sutcliffe LLP, delivered to the Authority, the Issuing and Paying Agent, and the Dealer (as defined herein), are set forth as Appendix B. Copies of such opinions are available upon request from the Dealer.

The Notes are not a debt of the State, the Authority, or any State Agency (as defined herein), political corporation, or political subdivision of the State. Neither the faith and credit nor taxing power of the State or any State Agency, political corporation or political subdivision of the State is pledged to the payment of the Notes, and none of them is obligated to pay the Notes except as provided by the Authorizing Law. The Notes are special limited obligations of the Authority payable solely from revenues and other security pledged under the Resolution (which includes rent payments under one or more leases described therein) pursuant to the Authorizing Law.

GOLDMAN SACHS & CO. LLC LOOP CAPITAL MARKETS LLC

INFORMATION CONCERNING THE OFFER

Goldman Sachs & Co. LLC and Loop Capital Markets LLC serve as the exclusive co-dealers (collectively, the "Dealer") for the Texas Public Finance Authority Commercial Paper Revenue Notes, Series 2019A, and Commercial Paper Revenue Notes, Taxable Series 2019B (collectively, the "Notes"), offered or to be offered hereby.

No dealer, broker or other person has been authorized to give any information or to make any representation other than as contained in this Offering Memorandum or the other information incorporated herein by reference, and if given or made, such other information or representation must not be relied upon as having been authorized.

This Offering Memorandum does not constitute an offer to sell or a solicitation of an offer to buy any securities other than the Notes offered hereby, nor shall there be any offer or solicitation of such offer or sale of the Notes, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

This Offering Memorandum (including the information relating to the Authority and the State and other information incorporated herein by reference) has been prepared from information furnished by the Authority, and has been reviewed and approved by the Authority, and such information is believed to be reliable. No representation is made as to either the accuracy or completeness of the information herein (including the information incorporated herein by reference). Neither the delivery of this Offering Memorandum nor the sale of any of the Notes implies that the information herein (including the information incorporated herein by reference) is correct as of any time subsequent to the date hereof. The summaries of and references to documents, statutes and agreements in this Offering Memorandum (including the information incorporated herein by reference) do not purport to be complete, comprehensive or definitive, and are qualified by reference to the complete text of each such document, statute or agreement. Copies of such documents, statutes and agreements may be obtained without charge by contacting the Texas Public Finance Authority, 300 West 15th Street, Suite 411, Austin, Texas 78701.

The information concerning the Authority and the State contained in this Offering Memorandum does not purport to cover all aspects of the Authority's and the State's operations and financial position. During the period of the offering of the Notes, reference is made to the Authority's most recent Official Statements for its general obligation bonds and its lease revenue bonds, the most recent State CAFR (as defined herein), and certain information concerning the financial condition of State government provided by the Texas Comptroller of Public Accounts (the "Comptroller") of the general type contained in the quarterly disclosure appendix used in State Agency offerings (herein referred to as the "Bond Appendix"). The Bond Appendix is incorporated herein by reference and is made available to the Municipal Securities Rulemaking Board ("MSRB") or may be obtained by contacting the Texas Public Finance Authority, 300 West 15th Street, Suite 411, Austin, Texas 78701. The current Bond Appendix and the current State CAFR are available via the Internet at https://comptroller.texas.gov/programs/systems/treasury-ops/index.php.

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OFFERING

The Texas Public Finance Authority Commercial Paper Revenue Notes, Series 2019A, and Commercial Paper Revenue Notes, Taxable Series 2019B (collectively, the "Notes"), are being issued by the Texas Public Finance Authority (the "Authority") from time to time in a principal amount not to exceed $300,000,000 outstanding at any one time, and the aggregate amount outstanding at any time shall not exceed the Commitment (as defined herein) under the Liquidity Agreement by and between the Authority and the Texas Comptroller of Public Accounts (the "Comptroller") in the current amount of $200,000,000 plus 270 days of interest at the Maximum Interest Rate, which is currently 10% (the "Commitment"). The Authority will not issue Notes in excess of the Commitment without prior amendment to increase the amount of such Commitment. Additionally, the aggregate value of Outstanding Notes that mature on any single day shall not exceed the daily commitment under the Liquidity Agreement of $100,000,000 plus 270 days interest at the Maximum Interest Rate. *See* "THE NOTES – Liquidity Facility."

The Notes are exempt from registration under Section 3(a)(2) of the Securities Act of 1933, as amended.

Capitalized terms used and not otherwise defined herein have the meanings assigned to them in the Resolution authorizing issuance of the Notes (the "Resolution"), adopted by the Authority on November 8, 2019 and effective as of January 7, 2020 (the "Effective Date"). See "THE NOTES – Prior Notes and the Effective Date."

The Notes are authorized pursuant to Chapters 1232 and 1371, Texas Government Code, as amended, and Part X, Title 34, Texas Administrative Code (collectively, the "Authorizing Law"), to be issued, from time to time in various installments for the purpose of (i) financing or refinancing the acquisition, construction, renovation and repair of buildings and the acquisition of equipment (collectively, the "Projects") for lease to one or more agencies or institutions of the State (the "State Agencies" and each a "State Agency") pursuant to various leases (each, a "Lease") between the Authority and such State Agencies authorized under the Authorizing Law, (ii) paying and refinancing, refunding or renewing the Prior Notes (as defined herein) and Outstanding Notes issued pursuant to the Resolution and (iii) paying obligations incurred under the Liquidity Agreement (as defined herein). Collectively, the Notes are being issued to finance Projects on behalf of various State Agencies (the "Lessee Agencies" and, each, a "Lessee Agency").

The Notes are special obligations of the State of Texas, issued by the Authority, and payable solely from revenues derived from and the proceeds of (i) the Lease(s) identified by the Authority as security for the Notes; (ii) the proceeds of the sale of additional Notes issued to pay or refinance Notes; (iii) disbursements made for the payment of Purchased Notes (as defined herein) in accordance with the terms of the Liquidity Agreement and made available to the Authority for the payment of the Notes; and (iv) amounts in certain funds created by the Authority pursuant to the Resolution.

The obligation of the State Agencies to make rent and other payments under each Lease is subject to appropriation of funds lawfully available for such payment by the Legislature of the State (or, in the event that the lessee is an institution of higher education, by the board of regents thereof). Neither the Legislature of the State nor the board of regents of an institution of higher education is required to make the appropriations that would be necessary to make such rent and other payments. *See* "THE TEXAS PUBLIC FINANCE AUTHORITY – Authority to Issue the Notes" and "THE NOTES – Payment and Security."

THE TEXAS PUBLIC FINANCE AUTHORITY

General

The Authority is a public authority and body politic and corporate created in 1984 by an act of the Texas Legislature (the "Legislature"), when the Authority succeeded the Texas Public Building Authority. The purpose of the Authority is to provide financing for the construction or acquisition of facilities and other projects and programs for State Agencies.

The Authority is currently governed by a board of directors (the "Board") composed of seven members appointed by the Governor of the State with the advice and consent of the Senate. The Authority employs an Executive Director who is charged with managing the affairs of the Authority, subject to and under the direction of the Authority Board.

Before the Authority may issue bonds or other obligations for the acquisition or construction of a building or other project for a State Agency, other than an institution of higher education, the Texas Legislature must have authorized the specific project or type of projects for which the bonds or other obligations are to be issued and the estimated cost of the project or the maximum amount of indebtedness that may be incurred by the issuance of bonds or other obligations. Chapter 1232 of the Texas Government Code is the general enabling law for the Authority to issue general obligation and revenue bonds for designated State Agencies. The Legislature may authorize a bond issue and designate the Authority as the exclusive issuer pursuant to other statutes.

Authority to Issue the Notes

The Authority is authorized to issue obligations pursuant to the Authorizing Law, for the purpose of financing and refinancing the Projects for State Agencies. The Authority will enter into leases (the "Leases") with State Agencies for the use of the Projects.

Other Authority Obligations

The Authority has issued revenue and/or general obligation bonds or other obligations for the following State Agencies: the Texas Department of Agriculture; the Texas School for the Blind and Visually Impaired; the Texas Facilities Commission; the Texas Department of Criminal Justice; the Texas Health and Human Services Commission (which includes the Texas Department of State Health Services and the Texas Department of Health); the Texas Department of Aging and Disability Services; the Texas Historical Commission; the Texas Juvenile Justice Department (formerly Texas Youth Commission and Texas Juvenile Probation Commission); the Texas Department of Public Safety; the Texas Military Department (formerly Adjutant General's

Department and Texas Military Facilities Commission); the Texas Military Preparedness Commission; the Texas National Research Laboratory Commission; the Texas Parks and Wildlife Department; the Texas State Preservation Board; the Texas State Technical College System; the Texas Department of Transportation; the Texas Workers' Compensation Insurance Fund; the Texas Workforce Commission; the Texas Windstorm Insurance Association; the Texas School for the Deaf; the Cancer Prevention and Research Institute of Texas; Midwestern State University; Stephen F. Austin State University; and Texas Southern University.

In addition to the issuance of revenue bonds, general obligation bonds and other obligations, the Authority currently administers four commercial paper programs, namely: the Master Lease Purchase Program (the program pursuant to which the Notes are being issued); the General Obligation Commercial Paper Program, Series 2008 for certain general state government construction projects; the Revenue Commercial Paper Program for the Texas Facilities Commission; and the General Obligation Commercial Paper Program (Cancer Prevention and Research Institute of Texas Project), Series A (Taxable) and Series B (Tax-Exempt) to fund operations and grants for the Cancer Prevention and Research Institute of Texas. In addition, in 2003, the Authority created a nonprofit corporation to finance projects for eligible charter schools pursuant to Chapter 53, Texas Education Code.

THE NOTES

The Notes are being issued pursuant to the Authorizing Law and the Resolution, which authorize the Authority to issue the Notes under the Master Lease Purchase Program on behalf of the State Agencies.

The Notes are authorized to be issued in denominations of $100,000 and integral multiples of $1,000 in excess thereof to mature and become due and payable on such dates as shall be determined by an Authority Representative (as defined in the Resolution) at the time of sale; provided, however that no Notes shall (i) mature after the termination date of the Liquidity Agreement or (ii) have a term in excess of 270 days.

The Notes may be issued as "Tax-Exempt Notes" or "Taxable Notes," as described herein. The interest on Tax-Exempt Notes is intended to be excluded from gross income for purposes of federal income taxation, assuming continuing compliance by the Authority with the provisions of the Resolution. The Authority has taken no action to qualify interest payable on the Taxable Notes as excluded from gross income for purposes of federal income taxation. *See* "TAX MATTERS" herein.

The Authority is required to designate, at the time of or prior to issuance, whether Notes are to be issued as Tax-Exempt Notes or Taxable Notes.

At the direction of an Authority Representative, Notes may be issued in separate subseries as "Lessee's Notes" to finance one or more Projects for a State Agency pursuant to one or more Leases identified to secure such Lessee's Notes. To the extent that a Lease has been pledged to secure Lessee's Notes, any additional Notes issued to provide financing for Project(s) financed pursuant to such Lease or to refinance or refund such Lessee's Notes shall be issued as Lessee's

Notes of the same subseries. The Authority does not currently expect to issue Notes in separate subseries as "Lessee's Notes."

The Notes shall be in fully registered form and will mature in not more than 270 days from the date of issue and will pay par plus interest at maturity. The Notes will be issued as fully registered securities registered in the name of Cede & Co. as described herein. The principal and interest on the Notes will be payable at the office of U.S. Bank National Association, as the Issuing and Paying Agent (the "Issuing and Paying Agent"). Interest on the Notes is payable on an actual/365/366-day basis. Pursuant to the Resolution, the interest rate borne by the Notes may not exceed 10% per annum. By acceptance of a Note, the purchaser thereof agrees that any transfer of such Note may be made only to the Issuing and Paying Agent or through the Issuing and Paying Agent to a purchaser whose purchase is recorded by the Issuing and Paying Agent.

Use of Proceeds

Proceeds of the sale of the Notes will be used to finance and refinance Projects, to pay and refinance, refund or renew the Prior Notes and Outstanding Notes (as defined in the Resolution), or to repay any notes purchased by the Liquidity Provider pursuant to the Liquidity Agreement ("Purchased Notes"), all in accordance with and subject to the terms of the Resolution.

Payment and Security

The Notes are special obligations of the Authority and are payable solely from revenues the Authority obtains from the Leases. Payments to the Authority under the Leases are subject to biennial appropriation by the Legislature (or, in the event that the lessee is an institution of higher education, by the board of regents thereof) of funds available for payment. New Leases may not be entered into unless the leasing State Agency has sufficient appropriations for Lease Payments required in the current biennium. Further, Lessee Agencies are required to specifically include the amounts required for Lease Payments in their legislative appropriation requests for subsequent biennia. The Legislature or applicable board of regents is not legally obligated to make the appropriations for such payments.

Each lease executed to secure repayment of the Prior Notes (as defined below) and effective as of the Effective Date of the Resolution (each "Prior Lease") shall constitute Pledged Security under the Resolution and shall remain in full force and effect until such time as the Note Obligations secured thereby have been paid in full. Pursuant to each Prior Lease, the Authority, in its sole discretion, may determine when and under what circumstances obligations are to be issued to refund or refinance any outstanding obligations issued to finance the construction or acquisition of eligible projects under a Prior Lease. *See* "THE NOTES – Prior Notes and Effective Date" below.

Prior Notes and Effective Date

The Resolution (i) amends and restates the resolution adopted by the Authority in 2002 (the "Prior Resolution") approving a commercial paper revenue note program for the purpose of issuing commercial paper revenue notes (the "Prior Notes") to finance projects for State Agencies, (ii) discontinues issuance of the Prior Notes pursuant to the Prior Resolution, and (iii) provides for the issuance of the Notes to finance and refinance Projects for State Agencies and to defease and

refinance the Prior Notes, which are currently outstanding in the principal amount of $24,490,000 (the "Outstanding Prior Notes") and are scheduled to mature on January 7, 2020 (the "Effective Date").

On the Effective Date, at the direction of the Authority, the Issuing and Paying Agent will issue Tax-Exempt Notes in the amount required (together with amounts previously deposited with the Issuing and Paying Agent) to pay the principal and interest coming due on the maturing Outstanding Prior Notes on such date. By the deposit of such amount with the Issuing and Paying Agent, the Authority will have effected the defeasance of the Outstanding Prior Notes in accordance with applicable laws and pursuant to the terms of the Prior Resolution. As a result of such defeasance, the Outstanding Prior Notes will no longer be payable from the Pledged Security but will be payable solely from the cash held for such purpose by the Issuing and Paying Agent, and the Outstanding Prior Notes will not be considered to be indebtedness of the Authority for any other purpose.

Remedies for Non-Appropriation or an Event of Default

Upon the failure of the Legislature (or, in the event that the Lessee is an institution of higher education, the board of regents thereof) to appropriate for any fiscal period sufficient funds that are lawfully available to pay all Lease Payments that are to come due (or estimated to come due) under the Leases during such fiscal period, or the reduction of any appropriation to an amount insufficient to permit any State Agency to pay Lease Payments (an "Event of Non-appropriation"), the Resolution provides that the Note Owners (acting pursuant to a Note Owners' Direction) shall have the right to enforce remedies of the Authority and that the Authority shall cooperate in the enforcement of such remedies to the extent permitted by law, including the following:

(a) the re-lease or sublease of the applicable Project(s) to any Person; or

(b) the possession of and sale of equipment acquired as part of the applicable Project(s) to any Person.

Upon the occurrence and during the continuation of an Event of Default (as defined in the Resolution and as described below), the Resolution provides that Note Owners (acting pursuant to a Note Owners' Direction) shall have the right to enforce the following remedies of the Authority and that the Authority shall cooperate in the enforcement of such remedies to the extent permitted by law:

(a) in the case of clauses (a), (b), (c), and (d) of the definition of Event of Default, the Note Obligations (or, in the case of Lessee's Notes, the Lessee's Note Obligations therefor) on all Outstanding Notes or Outstanding Lessee's Notes, as the case may be, shall become immediately due and payable, to the extent that the Legislature (or, in the event that the Lessee is an institution of higher education, the board of regents thereof) has appropriated funds that may legally be used for payment; or

(b) in the case of clause (e) of the definition of Event of Default, to the extent that the Legislature (or, in the event that the Lessee is an institution of higher education, the board of regents thereof) has appropriated funds that may legally be used for payment, any then Outstanding Notes (the "Defaulted Notes") shall become due and payable on a date (the "Defaulted Note

Tender Date") determined by the Authority, which date shall not be later than the day before the scheduled maturity date of the next maturing Defaulted Note, and such Defaulted Notes shall share in any deficiency in the payment of Note Obligations on a pro rata basis, as follows: the Authority shall specifically identify the Defaulted Notes and the Lease(s) attributable to the Defaulted Notes, and the Authority shall (i) pay the principal portion of the Note Obligations in respect of the Defaulted Notes solely from the proceeds of Notes issued to repay the Defaulted Notes; provided that the principal amount of such Notes shall not exceed the aggregate principal portion of Rent Payments attributable to the Performing Lease(s) in effect on the date of occurrence of such Event of Default and attributable to the Defaulted Notes, (ii) pay interest in respect of the Defaulted Notes solely from amounts accrued and received prior to the Defaulted Note Tender Date in respect of the interest portion of Rent Payments attributable to the Performing Leases in effect on the date of occurrence of such Event of Default and attributable to the Defaulted Notes, and (iii) issue an instrument (a "Deficiency Instrument") evidencing the right of the Owner(s) of the Defaulted Notes to any receipts derived from the exercise of any rights or remedies of the Authority arising under the Defaulted Lease(s) or any other Transaction Document (including the Intercept Agreement) to the extent necessary to cure the deficiency in the payment of Note Obligations on the Defaulted Notes; or

(c) with or without acceleration of the Note Obligations and termination of the Leases, re-lease or sublease the applicable Project(s) to any Person; or

(d) with or without acceleration of the Note Obligations and termination of the Leases, take possession of and sell equipment acquired as part of the applicable Project(s) or lease or otherwise transfer the applicable Project(s) to any Person; or

(e) take any one or more of the following actions, to the extent permitted by law:

(i) by suit for damages or injunction, or by other action or proceeding at law or in equity, enforce all rights of the Note Owners or require the Authority to carry out any agreements with or for the benefit of the Note Owners and to perform its duties under the Program Documents;

(ii) by action in equity, enjoin any acts that may be unlawful or in violation of the rights of the Note Owners;

(iii) by out-of-court proceeding or by suit, action, or other proceeding at law or in equity, enforce and exercise all rights of the Note Owners under the Program Documents; and

(iv) upon the filing of a suit or commencement of any other action or proceeding to enforce the rights of the Authority or the Note Owners, have a receiver appointed for the Pledged Security or the portion thereof attributable to any Defaulted Lease (or, in the case of Lessee's Notes, the Lessee's Pledged Security therefor) with such powers as are provided by law and such additional powers as the court making such appointment may confer.

Upon the Authority's payment of amounts and issuance of one or more Deficiency Instruments contemplated by clause (b) above, the Authority's pecuniary obligations with respect to the Defaulted Notes shall be fully discharged and satisfied.

In no event shall the exercise of any right or remedy conferred by the Resolution entitle Note Owners or the Authority to obtain fee simple ownership of any real property owned by a Lessee or by the State.

An "Event of Default" is defined in the Resolution as the occurrence of any of the following:

(a) the failure of the Authority to pay when due any Note Obligations (or, in the case of Lessee's Notes, the Lessee's Note Obligations therefor) with respect to which the Legislature (or, in the event that the Lessee is an institution of higher education, the board of regents thereof) has appropriated funds for payment of the Rent Payments from which such Note Obligations (or, in the case of Lessee's Notes, the Lessee's Note Obligations therefor) are authorized to be paid;

(b) the breach of the Authority of any of its obligations (other than its obligation to pay the Note obligations) under the Program Documents, which breach materially and adversely affects the rights of any Note Owner under the Program Documents, and the continuation of such breach for at least 45 days after the date of receipt by the Executive Director of notice of such breach from the owners of not less than 25% in aggregate principal amount of the Outstanding Notes;

(c) the occurrence of any act of bankruptcy of the Authority or the State;

(d) the occurrence of any "Default" under the Liquidity Agreement; or

(e) the occurrence of any act of bankruptcy of a Lessee or any "Event of Default" by a Lessee as defined in a Lease executed by such Lessee, unless the Authority obtains and applies lawfully available funds, pursuant to the Intercept Agreement or otherwise, to the payment of all Rent Payments due from such Lessee prior to the due date of the related Note Obligations.

Liquidity Facility

The Comptroller and the Authority have entered into a Liquidity Agreement dated as of December 19, 2019, as may be amended from time to time (the "Liquidity Agreement"), under Section 404.027 of the Texas Government Code, as amended, pursuant to which the Comptroller will purchase all maturing Notes, up to a maximum, current commitment of $200,000,000 plus 270 days of interest at the Maximum Interest Rate, which is currently 10% (the "Commitment") that are not otherwise refunded or paid by the State. Additionally, the aggregate value of Outstanding Notes that mature on any single day shall not exceed the daily commitment under the Liquidity Agreement of $100,000,000 plus 270 days interest at the Maximum Interest Rate. The Comptroller's obligation to purchase maturing Notes as necessary expires on August 31, 2021. The Liquidity Agreement may be renewed for additional terms at the sole and exclusive discretion of the Comptroller and with ninety (90) days advanced written request by the Authority.

Amounts disbursed by the Comptroller for the payment of Purchased Notes are subject to certain conditions precedent described in the Liquidity Agreement. The Liquidity Agreement is a standby credit agreement and not a direct pay obligation and contains certain provisions which may reduce the available liquidity or release the Comptroller from its obligations. Amounts disbursed by the Comptroller for the payment of Purchased Notes under the Liquidity Agreement must be requested by the Authority or the Issuing and Paying Agent before an obligation of the Comptroller arises.

The Authority may, upon not less than three Business Days' prior notice to the Comptroller, reduce all or any portion of the unused Commitment, provided that (a) any partial reduction of the Commitment must be in the minimum amount of $1,000,000 and in integral multiples of $1,000,000 in excess thereof, and (b) no such reduction shall result in the Commitment being less than the sum of the maturity value of all Notes outstanding at such time. The Authority shall promptly give the Dealer and the Issuing and Paying Agent notice of any such reduction of the Commitment.

The Liquidity Agreement provides that the following events constitute Events of Default thereunder: (i) any interest on any Purchased Notes owed is not paid when due; or (ii) the Authority fails to pay fees, expenses or other amounts payable by it to the Liquidity Provider after receipt of ninety days written notice from the Liquidity Provider that the payment is past due (except as provided in (i) above); or (iii) (1) the Authority (a) applies for or consents to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of itself or of all or of a substantial part of its property or assets, (b) admits in writing its inability to pay its debts as they become due or declares a moratorium for the repayment of its Debt, (c) makes a general assignment for the benefit of creditors, (d) commences a voluntary case under the Bankruptcy Code (as now or hereafter in effect), (e) files a petition seeking to take advantage of any other laws relating to bankruptcy, insolvency, reorganization, liquidation, winding-up or composition or adjustment of debts, or (f) takes any action for the purpose of effecting any of the acts set forth in clauses (a) through (e) of this subsection (iii); or (2) either (a) a case or other proceeding shall be commenced against the Authority and shall remain undismissed for a period of sixty (60) days seeking liquidation, conservation, dissolution, rehabilitation, conservatorship, reorganization or the winding up of its affairs or other relief with respect to it or its debts under any insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, assignee, liquidator, rehabilitator, conservator, custodian, sequestrator or other similar official of it or any substantial part of its property, or (b) an order shall be entered in any such proceeding granting the relief sought in such proceeding; or (iv) the State or any other governmental entity having jurisdiction over the Authority imposes a debt moratorium, debt restructuring, or other comparable extraordinary restriction that results in a restriction on repayment when due and payable of the principal of or interest on the Notes; or (v) the Authority fails to pay when due a final and non-appealable money judgment entered by a court or other regulatory body of competent jurisdiction against the Authority in an amount in excess of $5,000,000, and enforcement of such judgment continues unstayed and in effect for a period of sixty (60) consecutive days after appropriated funds become available to the Authority; or (vi) the Liquidity Agreement in its entirety for any reason ceases to be valid and binding on the Authority in accordance with its terms, or is declared pursuant to a final judgment by a governmental authority with jurisdiction to be null and void, or the validity or enforceability of the Liquidity Agreement or any of the other Transaction Documents as related to the payment of the Notes is

repudiated, rejected or contested through legal procedures by the Authority or a proceeding is commenced by the Authority seeking to establish the invalidity or unenforceability thereof; or (vii) Authority fails to pay when due and payable (whether at maturity), after giving effect to any applicable grace period, the principal of or interest on any of its Debt on parity or senior to the Notes; or (viii) an "Event of Non-appropriation" as defined in the Resolution shall have occurred; or (ix) a breach or failure of performance by the Authority of any covenant, condition or agreement on its part to be observed or performed contained in the Liquidity Agreement and such breach or failure remains uncured for 30 days following notice of such breach, or, if such breach or failure cannot be cured in 30 days and the Authority has commenced curing such breach, then 60 days; or (x) any of the Authority's representations or warranties made or deemed made by the Authority in the Liquidity Agreement or in any other Transaction Document or in any statement or certificate at any time given pursuant to the Liquidity Agreement or any other Transaction Document or in connection with the Liquidity Agreement or any other Transaction Document proves at any time to have been false or misleading in any material respect when made, or any such warranty is breached and may have a Material Adverse Change on the Liquidity Provider; or (xi) any "Event of Default" under the Resolution.

Upon the occurrence of any Event of Default described above, the Liquidity Provider may, by written notice to the Authority and the Issuing and Paying Agent, take one or more of the following actions: (i) give a No-Issuance Notice (as defined herein); (ii) reduce the Commitment to the then outstanding amount of the Notes; (iii) declare all amounts payable by the Authority to the Liquidity Provider under the Liquidity Agreement to be forthwith due and payable, whereupon such amounts shall immediately become due and payable, without presentment, demand, protest or any other notice of any kind, all of which are expressly waived pursuant to the Liquidity Agreement; and/or (iv) pursue any other remedy available to it at law or in equity. Any amount owing under the Liquidity Agreement (whether of principal, interest, fees or otherwise) which is not paid when due shall, to the extent permitted by law, bear interest, payable on demand, at the Default Rate.

Notwithstanding the foregoing, upon an Event of Default described in subsection (v) or (vii) above, the Liquidity Provider may provide written notice of termination of the Liquidity Agreement to the Authority and the Issuing and Paying Agent provided that: (a) the Liquidity Agreement may not be terminated prior to the maturity date(s) of any Notes then outstanding and (b) the termination of the Liquidity Agreement shall be subject to ninety (90) day extensions to allow the Authority to secure an alternate liquidity provider.

Under the Liquidity Agreement, the Comptroller may deliver a notice (a "No-Issuance Notice") at any time that the Comptroller shall have determined that (i) the conditions precedent to the issuance of a Note or Notes set forth therein are not satisfied, or (ii) an Event of Default has occurred. In the event the Comptroller delivers a No-Issuance Notice pursuant to the provisions of the Liquidity Agreement, upon receipt of such notice, the Issuing and Paying Agent must cease authenticating Notes unless and until such No-Issuance Notice is rescinded by the Comptroller in writing. Such No-Issuance Notice in and of itself will not render the liquidity facility ineffective with respect to Notes outstanding prior to the issuance of such No-Issuance Notice. The Comptroller is not required to provide funds under the Liquidity Agreement with respect to Notes issued in violation of a No-Issuance Notice. However, no default under the Liquidity Agreement

or any other document relating to the Notes will eliminate the obligation of the Authority to pay the Notes when they mature.

The Book-Entry-Only System

The Depository Trust Company ("DTC") will act as securities depository for the Notes. The Notes will be issued as fully-registered securities 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 certificate will be issued for each maturity of each series of the Notes, in the aggregate principal amount of such series, 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 issues, 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 certificates. 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. 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 United States Securities and Exchange Commission (the "SEC"). More information about DTC can be found at www.dtcc.com.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("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 Notes 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 Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes 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 Notes with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes 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. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Notes unless authorized by a Direct Participant in accordance with DTC's MMI 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 Notes are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Payments on the Notes 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 Paying Agent/Registrar, on payable 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 Notes 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, Paying Agent/Registrar, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend 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 Paying Agent/Registrar; disbursement of such payments to Direct Participants will be the responsibility of DTC; and reimbursement 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 Notes at any time by giving reasonable notice to the Authority or Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered. The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to DTC.

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

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

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 validity of the Notes. The State is a party to various legal proceedings relating to its operation and government functions, but unrelated to the Notes or the security for the Notes. *See* "Appendix A."

TAX MATTERS

Tax-Exempt Notes

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Tax-Exempt Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Bond Counsel is of the further opinion that interest on the Tax-Exempt Notes is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix B hereto.

To the extent the issue price of any maturity of the Tax-Exempt Notes is less than the amount to be paid at maturity of such Tax-Exempt Notes (excluding amounts stated to be interest and payable at least annually over the term of such Tax-Exempt Notes), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Tax-Exempt Notes which is excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the Tax-Exempt Notes is the first price at which a substantial amount of such maturity of the Tax-Exempt Notes is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The

original issue discount with respect to any maturity of the Tax-Exempt Notes accrues daily over the term to maturity of such Tax-Exempt Notes on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Tax-Exempt Notes to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Tax-Exempt Notes. Beneficial Owners of the Tax-Exempt Notes should consult their own tax advisors with respect to the tax consequences of ownership of Tax-Exempt Notes with original issue discount, including the treatment of Beneficial Owners who do not purchase such Tax-Exempt Notes in the original offering to the public at the first price at which a substantial amount of such Tax-Exempt Notes is sold to the public.

Tax-Exempt Notes purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Tax-Exempt Notes") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of obligations, like the Premium Tax-Exempt Notes, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Tax-Exempt Note, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Tax-Exempt Notes should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Tax-Exempt Notes. The Authority has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Tax-Exempt Notes will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Tax-Exempt Notes being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Tax-Exempt Notes. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Tax-Exempt Notes may adversely affect the value of, or the tax status of interest on, the Tax-Exempt Notes. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Tax-Exempt Notes is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Tax-Exempt Notes may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Tax-Exempt Notes to be subject, directly or indirectly,

in whole or in part, to federal income taxation or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislature proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Tax-Exempt Notes. Prospective purchasers of the Tax-Exempt Notes should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Tax-Exempt Notes for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Authority has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Tax-Exempt Notes ends with the issuance of the Tax-Exempt Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority or the Beneficial Owners regarding the tax-exempt status of the Tax-Exempt Notes in the event of an audit examination by the IRS. Under current procedures, parties other than the Authority and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Authority legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Tax-Exempt Notes for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Tax-Exempt Notes, and may cause the Authority or the Beneficial Owners to incur significant expense.

Taxable Notes

Interest on the Taxable Notes is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Bond Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the Taxable Notes. The proposed form of opinion of Bond Counsel is contained in Appendix B hereto.

The following discussion summarizes certain U.S. federal tax considerations generally applicable to holders of the Taxable Notes that acquire their Taxable Notes in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the U.S. Internal Revenue Service (the "IRS") with respect to any of the U.S. federal tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with U.S. tax consequences applicable to any given investor, nor does it address the U.S. tax considerations applicable to all categories of investors, some of which may be subject to special taxing rules (regardless of whether or not such investors constitute

U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their Taxable Notes as part of a hedge, straddle or an integrated or conversion transaction, or investors whose "functional currency" is not the U.S. dollar. Furthermore, it does not address (i) alternative minimum tax consequences, (ii) the net investment income tax imposed under Section 1411 of the Code, or (iii) the indirect effects on persons who hold equity interests in a holder. This summary also does not consider the taxation of the Taxable Notes under state, local or non-U.S. tax laws. In addition, this summary generally is limited to U.S. tax considerations applicable to investors that acquire their Taxable Notes pursuant to this offering for the issue price that is applicable to such Taxable Notes (i.e., the price at which a substantial amount of the Taxable Notes are sold to the public) and who will hold their Taxable Notes as "capital assets" within the meaning of Section 1221 of the Code.

As used herein, "U.S. Holder" means a beneficial owner of a Taxable Note that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). As used herein, "Non-U.S. Holder" generally means a beneficial owner of a Taxable Note (other than a partnership) that is not a U.S. Holder. If a partnership holds Taxable Notes, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding Taxable Notes, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Taxable Notes (including their status as U.S. Holders or Non-U.S. Holders).

Notwithstanding the rules described below, it should be noted that certain taxpayers that are required to prepare certified financial statements or file financial statements with certain regulatory or governmental agencies may be required to recognize income, gain and loss with respect to the Taxable Notes at the time that such income, gain or loss is recognized on such financial statements instead of under the rules described below (in the case of original issue discount, such requirements are only effective for tax years beginning after December 31, 2018).

Prospective investors should consult their own tax advisors in determining the U.S. federal, state, local or non-U.S. tax consequences to them from the purchase, ownership and disposition of the Taxable Notes in light of their particular circumstances.

U.S. Holders

Interest. Interest on the Taxable Notes generally will be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes.

To the extent that the issue price of any maturity of the Taxable Notes is less than the amount to be paid at maturity of such Taxable Notes (excluding amounts stated to be interest and payable at least annually over the term of such Taxable Notes) by more than a de minimis amount, the difference may constitute original issue discount ("OID"). U.S. Holders of Taxable Notes will

be required to include OID in income for U.S. federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest (which may be before the receipt of cash payments attributable to such income). Under this method, U.S. Holders generally will be required to include in income increasingly greater amounts of OID in successive accrual periods.

Taxable Notes purchased for an amount in excess of the principal amount payable at maturity (or, in some cases, at their earlier call date) will be treated as issued at a premium. A U.S. Holder of a Taxable Note issued at a premium may make an election, applicable to all debt securities purchased at a premium by such U.S. Holder, to amortize such premium, using a constant yield method over the term of such Taxable Note.

Sale or Other Taxable Disposition of the Taxable Notes. Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by the Authority) or other disposition of a Taxable Note will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a Taxable Note will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the Taxable Note, which will be taxed in the manner described above) and (ii) the U.S. Holder's adjusted U.S. federal income tax basis in the Taxable Note (generally, the purchase price paid by the U.S. Holder for the Taxable Note, decreased by any amortized premium and increased by the amount of any OID previously included in income by such U.S. Holder with respect to such Taxable Note). Any such gain or loss generally will be capital gain or loss. In the case of a non-corporate U.S. Holder of the Taxable Notes, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. holder's holding period for the Taxable Notes exceeds one year. The deductibility of capital losses is subject to limitations.

Defeasance of the Taxable Notes. If the Authority defeases any Taxable Note, the Taxable Note may be deemed to be retired for U.S. federal income tax purposes as a result of the defeasance. In that event, in general, a holder will recognize taxable gain or loss equal to the difference between (i) the amount realized from the deemed sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and (ii) the holder's adjusted tax basis in the Taxable Note.

Information Reporting and Backup Withholding. Payments on the Taxable Notes generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate U.S. Holder of the Taxable Notes may be subject to backup withholding at the current rate of 24% with respect to "reportable payments," which include interest paid on the Taxable Notes and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Taxable Notes. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against the U.S. Holder's federal income tax liability, if any, provided that

the required information is timely furnished to the IRS. Certain U.S. holders (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. A holder's failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

Non-U.S. Holders

Interest. Subject to the discussions below under the headings "Information Reporting and Backup Withholding" and "Foreign Account Tax Compliance Act," payments of principal of, and interest on, any Taxable Note to a Non-U.S. Holder, other than (1) a controlled foreign corporation, a such term is defined in the Code, which is related to the Authority through stock ownership and (2) a bank which acquires such Taxable Note in consideration of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business, will not be subject to any U.S. federal withholding tax provided that the beneficial owner of the Taxable Note provides a certification completed in compliance with applicable statutory and regulatory requirements, which requirements are discussed below under the heading "Information Reporting and Backup Withholding," or an exemption is otherwise established.

Disposition of the Taxable Notes. Subject to the discussions below under the headings "Information Reporting and Backup Withholding" and "FATCA," any gain realized by a Non-U.S. Holder upon the sale, exchange, redemption, retirement (including pursuant to an offer by the Authority or a deemed retirement due to defeasance of the Taxable Note) or other disposition of a Taxable Note generally will not be subject to U.S. federal income tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States; or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such holder is present in the United States for 183 days or more in the taxable year of such sale, exchange, redemption, retirement (including pursuant to an offer by the Authority) or other disposition and certain other conditions are met.

U.S. Federal Estate Tax. A Taxable Note that is held by an individual who at the time of death is not a citizen or resident of the United States will not be subject to U.S. federal estate tax as a result of such individual's death, provided that, at the time of such individual's death, payments of interest with respect to such Taxable Note would not have been effectively connected with the conduct by such individual of a trade or business within the United States.

Information Reporting and Backup Withholding. Subject to the discussion below under the heading "FATCA," under current U.S. Treasury Regulations, payments of principal and interest on any Taxable Notes to a holder that is not a United States person will not be subject to any backup withholding tax requirements if the beneficial owner of the Taxable Note or a financial institution holding the Taxable Note on behalf of the beneficial owner in the ordinary course of its trade or business provides an appropriate certification to the payor and the payor does not have actual knowledge that the certification is false. If a beneficial owner provides the certification, the certification must give the name and address of such owner, state that such owner is not a United States person, or, in the case of an individual, that such owner is neither a citizen nor a resident of the United States, and the owner must sign the certificate under penalties of perjury. The current backup withholding tax rate is 24%.

Foreign Account Tax Compliance Act ("FATCA")—U.S. Holders and Non-U.S. Holders

Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of

payments made to foreign financial institutions, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, FATCA imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Under current guidance, failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest on the Bonds. In general, withholding under FATCA currently applies to payments of U.S. source interest (including OID) and, under current guidance, will apply to certain "passthru" payments no earlier than the date that is two years after publication of final U.S. Treasury Regulations defining the term "foreign passthru payments." Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

The foregoing summary is included herein for general information only and does not discuss all aspects of U.S. federal taxation that may be relevant to a particular holder of Taxable Notes in light of the holder's particular circumstances and income tax situation. Prospective investors are urged to consult their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of Taxable Notes, including the application and effect of state, local, non-U.S., and other tax laws.

FINANCIAL AND OTHER INFORMATION

The State is not required to file reports with the Securities Exchange Commission ("SEC"). The Bond Appendix used in State Agency securities offerings is incorporated herein by reference and made a part of this Offering Memorandum. *See* "Appendix A." Reference is made to the Authority's most recent Official Statement for its general obligation bonds and its lease revenue bonds and the State's most recent Comprehensive Annual Financial Report ("State CAFR"). This information is made available to the MSRB, and such information is available through the MSRB's Electronic Municipal Market Access ("EMMA") system online at www.emma.msrb.org.

Continuing Disclosure Exemption

The Authority, in connection with the issuance of the Notes, is exempt from the provisions of Rule 15c2-12 of the SEC (the "Rule") and, therefore, this Offering Memorandum has not been deemed final under the provisions of the Rule. The Authority has not entered into any agreement to provide for continuing disclosure of information in connection with the Notes.

Ratings

Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, has assigned a short-term rating of A-1+ to the Notes, and Moody's Investors Service, Inc. has assigned a short-term rating of P-1 to the Notes. 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 such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by any of such rating companies, if in the judgment of any or all of such companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or any of them, may have an adverse effect on the market price of the Notes.

For Further Information Contact:

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The foregoing information has been obtained from published sources or has been furnished by the Authority. Neither Goldman Sachs & Co. LLC nor Loop Capital Markets LLC warrant the accuracy or completeness of this information. This Offering Memorandum should be considered in conjunction with the Bond Appendix, and further financial information concerning the Authority and the State is available on request.

APPENDIX A

THE STATE OF TEXAS

The Bond Appendix is currently on file with the MSRB and is hereby incorporated by reference and made a part of this Offering Memorandum. The Bond Appendix, including the most recent State CAFR and notices filed with the MSRB by the Comptroller since the end of the fiscal year of the State addressed in the State CAFR, both of which are incorporated by reference into the Bond Appendix, may be obtained by accessing EMMA at https://emma.msrb.org/, using the EMMA Advanced Search function and entering the term "State of Texas Comptroller" in the Issuer Name field within the Security Information search filter. The Bond Appendix may also be accessed on the Comptroller's website at https://comptroller.texas.gov/programs/systems/treasury-ops/index.php. Information in the Bond Appendix, the State CAFR, and any notice incorporated into the Bond Appendix by reference is provided as of the date specified in such document.

APPENDIX B

FORM OF BOND COUNSEL OPINION (TAX-EXEMPT NOTES)

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October 19, 2019

We have acted as Bond Counsel for the TEXAS PUBLIC FINANCE AUTHORITY (the "Authority") in connection with the establishment of the TEXAS PUBLIC FINANCE AUTHORITY COMMERCIAL PAPER REVENUE PROGRAM, SERIES 2019A and TAXABLE SERIES 2019B, as provided in that certain resolution of the Authority adopted by the Authority's Board of Directors on November 8, 2019 (the "Resolution"), and the issuance thereunder from time to time of a principal amount not to exceed $300,000,000 outstanding at any one time of tax-exempt commercial paper notes (the "Tax-Exempt Notes") and taxable commercial paper notes (the "Taxable Notes" and, together with the Tax-Exempt Notes, the "Notes"). Capitalized terms used and not otherwise defined herein have the meanings assigned to them in the Resolution.

We have acted as Bond Counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Tax-Exempt Notes under the Constitution and laws of the State (the "State") and with respect to the exclusion of interest on the Tax-Exempt Notes from gross income under federal income tax law. In such capacity we have examined the Constitution and laws of the State; federal income tax law; and a transcript of certain certified proceedings pertaining to the issuance of the Tax-Exempt Notes. The transcript contains certified copies of certain proceedings of the Authority, including the Resolution; certain certifications and representations and other material facts within the knowledge and control of the Authority, upon which we rely; and certain other customary documents and instruments authorizing and relating to the issuance of the Tax-Exempt Notes, including the Leases, the Liquidity Agreement, the Issuing and Paying Agency Agreement and the Dealer Agreement. We have also examined such applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), court decisions, Treasury Regulations and published rulings of the Internal Revenue Service (the "Service") as we have deemed relevant.

We have not been requested to examine, and we have not investigated or verified, any original proceedings, records, data or other material, but have relied upon the transcript of certified proceedings. We have not assumed any responsibility with respect to the financial condition or capabilities of the Authority or the disclosure thereof in connection with the sale of the Tax-Exempt Notes.

Based on such examination, it is our opinion as follows:

1. The transcript of certified proceedings evidences complete legal authority for the issuance of the Tax-Exempt Notes from time to time in full compliance with the Constitution and laws of the State presently in effect;

2. Upon due execution, authentication, issuance and delivery in compliance with the terms of the Resolution, the Tax-Exempt Notes will constitute legal, valid and binding special obligations of the State, enforceable in accordance with the terms and conditions thereof, except to the extent that the rights and remedies of the owners of the Tax-Exempt Notes may be limited by laws heretofore or hereafter enacted relating to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the rights of creditors of political subdivisions and governmental agencies and the exercise of judicial discretion in appropriate cases; and the Tax-Exempt Notes have been authorized in accordance with law; and

3. Upon due execution, authentication, issuance and delivery in compliance with the terms of the Resolution, the Tax-Exempt Notes will constitute special revenue obligations of the Authority, payable exclusively from Pledged Revenues, including Rent Payments made by the State Agencies pursuant to the Leases and pledged as security for payment of the Tax-Exempt Notes from time to time. Rent Payments are payable solely from appropriations made by the Legislature (or, in the event that the lessee is an institution of higher education, by the board of regents thereof). The Legislature or applicable board of regents is not required to make appropriations for Rent Payments. The Tax-Exempt Notes are not a debt, a pledge of the faith and credit, or secured by the taxing power of the State or any agency, political corporation, or political subdivision thereof.

Also based on such examination, it is further our opinion that, under existing law interest on the Tax-Exempt Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Interest on the Tax-Exempt Notes is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Tax-Exempt Notes.

In providing such opinions, we have relied representations of the Authority with respect to matters solely within the knowledge of the Authority, which we have not independently verified. In addition, we have assumed for purposes of this opinion continuing compliance with the covenants of the Authority in the Resolution and of the State Agencies in the Leases pertaining to those sections of the Code that affect the exclusion from gross income of interest on the Tax-Exempt Notes for federal income tax purposes. In the event that such representations are determined to be inaccurate or incomplete or the Authority or the State Agencies fail to comply with the foregoing covenants of the Resolution or the Leases, respectively, interest on the Tax-Exempt Notes could become includable in gross income from the date of the original delivery of the Notes, regardless of the date on which the event causing such inclusion occurs.

Except as stated above, we express no opinion as to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or the acquisition, ownership or disposition of, the Tax-Exempt Notes.

The opinions set forth above 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 these opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on 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 as to whether or not the Service will commence an audit of the Tax-Exempt Notes. 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 in the Resolution 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 Tax-Exempt Notes as includable in gross income for federal income tax purposes.

Respectfully,

ORRICK, HERRINGTON & SUTCLIFFE LLP

APPENDIX C

FORM OF BOND COUNSEL OPINION (TAXABLE NOTES)

orrick

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October 19, 2019

We have acted as Bond Counsel for the TEXAS PUBLIC FINANCE AUTHORITY (the "Authority") in connection with the establishment of the TEXAS PUBLIC FINANCE AUTHORITY COMMERCIAL PAPER REVENUE PROGRAM, SERIES 2019A and TAXABLE SERIES 2019B, as provided in that certain resolution of the Authority adopted by the Authority's Board of Directors on November 8, 2019 (the "Resolution"), and the issuance thereunder from time to time of a principal amount not to exceed $300,000,000 outstanding at any one time of tax-exempt commercial paper notes (the "Tax-Exempt Notes") and taxable commercial paper notes (the "Taxable Notes" and, together with the Tax-Exempt Notes, the "Notes"). Capitalized terms used and not otherwise defined herein have the meanings assigned to them in the Resolution.

We have acted as Bond Counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Taxable Notes under the Constitution and laws of the State (the "State"). In such capacity we have examined the Constitution and laws of the State and a transcript of certain certified proceedings pertaining to the issuance of the Taxable Notes. The transcript contains certified copies of certain proceedings of the Authority, including the Resolution; certain certifications and representations and other material facts within the knowledge and control of the Authority, upon which we rely; and certain other customary documents and instruments authorizing and relating to the issuance of the Taxable Notes, including the Leases, the Liquidity Agreement, the Issuing and Paying Agency Agreement and the Dealer Agreement.

We have not been requested to examine, and we have not investigated or verified, any original proceedings, records, data or other material, but have relied upon the transcript of certified proceedings. We have not assumed any responsibility with respect to the financial condition or capabilities of the Authority or the disclosure thereof in connection with the sale of the Taxable Notes.

Based on such examination, it is our opinion as follows:

1. The transcript of certified proceedings evidences complete legal authority for the issuance of the Taxable Notes from time to time in full compliance with the Constitution and laws of the State presently in effect;

2. Upon due execution, authentication, issuance and delivery in compliance with the terms of the Resolution, the Taxable Notes will constitute legal, valid and binding special obligations of the State, enforceable in accordance with the terms and

conditions thereof, except to the extent that the rights and remedies of the owners of the Taxable Notes may be limited by laws heretofore or hereafter enacted relating to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the rights of creditors of political subdivisions and governmental agencies and the exercise of judicial discretion in appropriate cases; and the Taxable Notes have been authorized in accordance with law; and

3. Upon due execution, authentication, issuance and delivery in compliance with the terms of the Resolution, the Taxable Notes will constitute special revenue obligations of the Authority, payable exclusively from Pledged Revenues, including Rent Payments made by the State Agencies pursuant to the Leases and pledged as security for payment of the Taxable Notes from time to time. Rent Payments are payable solely from appropriations made by the Legislature (or, in the event that the lessee is an institution of higher education, by the board of regents thereof). The Legislature or applicable board of regents is not required to make appropriations for Rent Payments. The Taxable Notes are not a debt, a pledge of the faith and credit, or secured by the taxing power of the State or any agency, political corporation, or political subdivision thereof.

In providing such opinions, we have relied representations of the Authority with respect to matters solely within the knowledge of the Authority, which we have not independently verified.

The opinions set forth above 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 these opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective.

Respectfully,

ORRICK, HERRINGTON & SUTCLIFFE LLP