The following information is provided for the benefit of holders of Texas school district bonds and charter district bonds that have been guaranteed by the Texas Permanent School Fund (Fund). In addition to the capacity limits established for the Bond Guarantee Program (Program) by relevant State law, the State Board of Education (SBOE) is also authorized to establish reserves of Program capacity. The most recent Program capacity reserve set by the SBOE is 5% of the permissible State limit for the Program.

<table>
<thead>
<tr>
<th>PROGRAM TOTAL</th>
<th>CHARTER DISTRICTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum Allowable For Guarantee under Federal law ¹</td>
<td>$117,318,653,038</td>
</tr>
<tr>
<td>Maximum Allowable For Guarantee under State law²</td>
<td>$119,701,700,356</td>
</tr>
<tr>
<td>Reserve of 5% of the Maximum Allowable for Guarantee ³</td>
<td>$6,021,417,097</td>
</tr>
<tr>
<td>Charter District Allocation</td>
<td>6,129,899,621</td>
</tr>
<tr>
<td>GUARANTEE CAPACITY AT OCTOBER 2018</td>
<td>$117,318,653,038</td>
</tr>
</tbody>
</table>

Amounts Guaranteed as of OCTOBER 31, 2018

| - School District Bonds | $78,825,126,069 |
| - Charter District Refunding Bonds (≤ 50% of charter capacity) | $(500,973,460) |
| - Charter District Non-Refunding Bonds | $(1,097,641,540) |

New Guarantees In Process

| - School District Bonds | $611,320,000 |
| - Charter District Refunding Bonds (≤ 50% of charter capacity) | - |
| - Charter District Non-Refunding Bonds | $102,100,000 |

Approved OCTOBER 31, 2018

| - School District Bonds | $211,519,494 |
| - Charter District Refunding Bonds (≤ 50% of charter capacity) | - |
| - Charter District Non-Refunding Bonds | - |

Maximum Charter District Refunding Capacity | $1,554,844,454 |

CHARTER DISTRICT RESERVE FUND BALANCE | $11,450,313 |

NUMBER OF ISSUES GUARANTEED

| Number of Issues as of September 1, 2018 | 3,293 |

Fiscal Year Activity:

| District Issues Guaranteed During Fiscal Year | 29 |
| District Issues Refunded or Matured | (4) |
| Number of Issues as of October 31, 2018 | 3,318 |

TOTAL BONDS GUARANTEED

| Balance as of September 1, 2017 | $79,080,901,069 | $1,432,935,000 |

Fiscal Year Activity:

| District Issues Guaranteed During Fiscal Year | $1,384,410,000 | 165,680,000 |
| District Issues Refunded or Matured | (41,570,000) | - |
| Balance as of October 31, 2018 | $80,423,741,069 | $1,598,815,000 |

CUMULATIVE HISTORY OF BOND GUARANTEE PROGRAM

| District Issues Guaranteed: | |
| Amount of Issues Guaranteed from 1985 to August 31, 2018 | $176,394,948,933 | $1,490,325,000 |
| Amount of Issues Guaranteed in Fiscal Year 2019 | $1,384,410,000 | 165,680,000 |
| TOTAL AMOUNT OF ISSUES SINCE INCEPTION | $177,779,358,933 | $1,656,005,000 |
and thereafter on the anniversary of the closing date for until all principal has been paid. For charter districts with a closing date on or
applied against the outstanding bond principal balance, and is to be used for the first payment due, within 30 days of the closing date,
within 30 days of the closing date, and to remit annually to the Agency an amount
multiplier became effective on July 1, 2010. The SBOE changed the reserve from 8% to 5% at its March 2010 meeting. At its meeting
the principal amount on the closing date for the bonds within 30 days of the closing date, and to remit annually to the Agency an amount
after March 1, 2017, the Commissioner will calculate an amount equal to 10% of the savings on the charter district resulting from the
authorized an increase in the capacity multiplier from 2.5 to 3.0 times cost value of the combined PSF and GLO assets. This new
multiplier to 3.75 effective September 1, 2017. The SBOE voted to decrease the capacity multiplier from 3.75 to 3.50 on February 2,
2017, the SBOE voted to increase the capacity multiplier from 3.25 to 3.50, effective March 1, 2017, as well as increasing the capacity
multiplier to 3.75 effective September 1, 2017. The SBOE voted to decrease the capacity multiplier from 3.75 to 3.50 on February 2,
effective March 29, 2018. At October 31, 2018 the Market Value and the Book Value of total Fund assets were $42,538,772,496
and $34,200,485,816 respectively. In determining the Market Value of the PSF, the Agency uses current values for Agency managed
interests managed by the GLO.

The limit of the guarantee utilized here is based on the State Capacity Limit determined on the basis of the cost value of the Fund
multiplied by the capacity multiplier determined annually by the SBOE, but not to exceed a multiplier of five. On May 21, 2010, the SBOE
authorized an increase in the capacity multiplier from 2.5 to 3.0 times cost value of the combined PSF and GLO assets. This new
multiplier became effective on July 1, 2010. The SBOE changed the reserve from 8% to 5% at its March 2010 meeting. At its meeting
on September 11, 2015, the SBOE voted to increase the capacity multiplier from 3.0 to 3.25, effective February 1, 2016. On February 2,
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and $34,200,485,816 respectively. In determining the Market Value of the PSF, the Agency uses current values for Agency managed
interests managed by the GLO.

Per SBOE regulations, codified at Texas Administrative Code Title 19, Part 2, Chapter 33.65, the SBOE shall establish an amount of
capacity to be held in reserve of no less than 5.0% of the fund's capacity.

At its January 2014 meeting the SBOE approved rules governing participation of Charter Districts in the Program. These rules are
codified at Texas Administrative Code Title 19, Part 2, Chapters 33.1001 and 33.67. Chapter 33.67 stipulates that Charter District
guarantee capacity shall be based on a ratio of charter students to total public school students, as annually determined by the
Commissioner of Education (currently 5.50%), applied against the available capacity of the Bond Guarantee Program. The available
capacity is defined in Chapter 33.65 and 33.67 as maximum allowable for guarantee less total amount of outstanding guaranteed bonds,
and less the SBOE-established reserve. Effective 9/1/2017 the Texas 85th Legislature amended the Educational Code 45.0532 related
to the calculation of the capacity of the bond guarantee program through Senate Bill 1480 (SB1480). SB1480 changes the Charter
capacity calculation formula to apply the ratio of Charter students described above directly against the maximum allowable overall
Program guarantee. This methodology is designed to be fully phased in over five years.

Texas Administrative Code Title 19, Part 2, Chapter 33.67 limits guarantees of charter district refunding bonds to no more than 50% of
the available charter district capacity. This percentage is to be re-assessed by the Commissioner of Education annually.

Texas Administrative Code Title 19, Part 2, Chapter 33 Subchapter AA Section 33.1001 establishes rules governing the Charter District
Bond Guarantee Reserve Fund. These rules require charter districts with a closing date before March 1, 2017, to initially remit 0.1% of
the principal amount on the closing date for the bonds within 30 days of the closing date, and to remit annually to the Agency an amount
equal to 0.1% of the principal amount outstanding on the anniversary of the closing date. For charter districts with a closing date on or
after March 1, 2017, the Commissioner will calculate an amount equal to 10% of the savings on the charter district resulting from the
lower interest rate on the bond due to guarantee by the Fund, in accordance with a methodology described in the Rule. This rate is to be
applied against the outstanding bond principal balance, and is to be used for the first payment due, within 30 days of the closing date,
and thereafter on the anniversary of the closing date for until all principal has been paid. For charter districts with a closing date on or
after September 1, 2017, the full amount of savings is to be paid into the reserve in accordance with the formula described at Subchapter
AA sec. 33.1001(c) within 30 days of the closing date. Per Texas Administrative Code Title 19, Part 2, Chapter 33.67(l), this reserve is to
be used to pay charter district principal and interest in the event of a default.

Texas Administrative Code Title 19, Part 2, Chapter 33.67 was amended to require a 5% reserve against total Charter District
guarantee capacity, effective October 19, 2015. This reserve is administrative in nature, and does not impact determination of the total
statutory charter district guarantee capacity.