Texas Pitches Market-Losing Debt in Biggest Sale: Muni Deals

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The **Texas (http://topics.bloomberg.com/texas/)** Transportation Commission is offering $1.2 billion in debt, this week's biggest deal, as similar securities trail the broader $3.7 trillion market for the sixth-straight year.

The authority, the Austin-based governing body of the state Transportation Department, is selling $892 million of fixed-rate revenue bonds and $300 million of floating-rate debt to improve highways and refinance existing obligations, according to deal documents. The fixed-rate bonds have a final maturity of 2034.

Moody's Investors Service gives the securities top rank, pointing to bondholder protections, a stream of state and federal money and "strong economic and demographic fundamentals" that support growth in transportation receipts.

The state highway fund received $6.8 billion in taxes, fees and federal dollars in 2013, up from $6.6 billion in 2009, deal documents show. The number of vehicles registered in Texas as of 2013 was 23.2 million, an 8 percent increase from 2009, according to the documents.

Veronica Beyer, a Transportation Department spokeswoman, provided a list of projects to be completed with bond funds such as adding overpasses in Angelina County and new lanes in Williamson.

Slow Roads

A Transportation Commission revenue bond due in April 2020 traded Feb. 28 at an average yield of 0.75 percent with an average yield spread of 0.18 percentage point, data compiled by Bloomberg show. The bonds are callable in April 2017.

Transportation securities are earning 2.1 percent this year, behind the 2.3 percent of the broader market, according to Bank of America Merrill Lynch indexes.

Texas joins issuers offering $4.1 billion in debt this week, up from $3.5 billion last week. Individuals added about $247 million to municipal-bond mutual funds in the week through Feb. 26 for the third-straight period of inflows, Lipper US Fund Flows data show.

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