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## **Texas Water Development Board (State Water Implementation Revenue Fund for Texas): Fitch New Issue Report**

The 'AAA' rating reflects the ability of the State Water Implementation Revenue Fund for Texas (SWIRFT) program's (the program's) financial structure and funding mechanisms to absorb hypothetical pool defaults in excess of Fitch Ratings' 'AAA' stress scenario without causing an interruption in bond payments. Bonds are backed primarily by political subdivision obligation (PSO) repayments and certain pledged accounts tied to each series of bonds. Portfolio Credit Risk: The combined PSO pool credit quality is very strong — approximately 87% of the portfolio is rated at least investment grade — but the pool remains somewhat concentrated. The pool's top 10 concentration is approximately 83%, which is above Fitch's 'AAA' rating category median of 55%. Financial Structure: Fitch's cash flow modeling demonstrates that program resources are sufficient to protect bondholders from losses under various default scenarios.

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