

TEXAS STATE INFRASTRUCTURE BANK (SIB) INTEREST RATES

Background

The State Infrastructure Bank (SIB) utilizes the Municipal Market Data Index (MMD) to set interest rates for the program. Interest rates are set based on:



Length of the loan term requested by the borrower



Credit rating of the borrower



Economically disadvantaged county status

How It Works

- The rate is locked in the week the applicant submits a completed application.
- Rate is reset if the loan is not approved within 12 months of the application.
- The rate, once approved, is fixed for the life of the loan.

The below inputs are used to calculate the rate a borrower would receive for a new SIB loan.

AAA MMD rate (Based on requested term)	AAA rate %
Rate spread (Based on credit rating and term)	+ Rate spread
EDC Reduction (Convert percentage to basis points)	(EDC reduction)
Final Rate	Final rate %

SIB Rate Spread Scale

Rating	1-10 years	11+ years
AAA	0	0
AA	+5 bps	+10 bps
A	+10 bps	+20 bps
BAA	+15 bps	+30 bps
BBB-/Not Rated	+20 bps	+40 bps

Have questions?

☎ 512-463-9958

✉ TexasSIB@txdot.gov

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Interest Rate Calculation Examples

Scenario 1 – A rated applicant located in Dallas County

Borrower credit rating: A	AAA MMD Rate: 3.50%
Requested term: 20 years	Rate Spread: .20%
Sample 20 year AAA MMD rate: 3.50%	EDC Reduction: (.95%)
FY 2024 EDC status: Dallas County – 95 bps reduction	Final Rate: 2.75%

Scenario 2 – Unrated applicant located in Travis County

Borrower credit rating: Not rated	AAA MMD Rate: 3.50%
Requested term: 20 years	Rate Spread: .40%
Sample 20 year AAA MMD rate: 3.50%	EDC Reduction: (0)
FY 2024 EDC status: Travis County – 0 bp reduction	Final Rate: 3.90%

Scenario 3 – AA rated applicant located in Harris County

Borrower credit rating: AA	AAA MMD Rate: 3.00%
Requested term: 15 years	Rate Spread: .10%
Sample 15 year AAA MMD rate: 3.00%	EDC Reduction: (.95%)
FY 2024 EDC status: Harris County – 95 bps reduction	Final Rate: 2.15%

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