Minutes

Texas Bond Review Board

Planning Session

Tuesday, May 12, 2009, 10:00 a.m.

R. E. Johnson Building, Central Conference Room

1501 N. Congress Avenue

Austin, Texas

The Texas Bond Review Board convened a planning session at 10:00 a.m., Tuesday, May 12, 2009, in the R. E. Johnson Building, Central Conference Room, in Austin, Texas. Present were Ed Robertson, Chair and Alternate for Governor Rick Perry; Don Green, Alternate for Lt. Governor David Dewhurst; Kenneth Besserman, Alternate for Comptroller Susan Combs. Also in attendance were Tom Griess with the Office of the Attorney General, Bond Finance Office staff members and others.

**I. Call to Order**

Bob Kline, Executive Director of the Bond Review Board, called the meeting to order at 10:10 a.m. He announced that this was a planning meeting of Board staff to receive and discuss information relative to the applications before the Board. No votes would be taken.

**II. Texas Public Finance Authority (TPFA) State of Texas General Obligation Commercial Paper Notes, Series 2008**

Representatives present were: Dwight Burns, Executive Director, TPFA; Judith Porras, General Counsel, TPFA; Rich McMonogle, Director, Infrastructure Division, Texas Parks and Wildlife Department (TPWD); and Joe Molis, Infrastructure, TPWD.

Bob Kline stated that TPFA was seeking approval to issue commercial paper notes under its Series 2008 Commercial Paper Program for the Texas Parks and Wildlife Department (TPWD) in a total amount of $25,000,000. This issuance is authorized under Proposition 4 approved by voters at the November 2007 general election.

TPWD passed a resolution authorizing the financing for the project on August 23, 2007. TPFA’s Board approved the financing requests on April 2, 2009.

Ms. Elizabeth Whitlow, Advocacy Committee Chair, representing the Friends of the San Jacinto Battleground, gave public testimony. Ms. Whitlow spoke in opposition. Mr. Steven K. Howell, Executive Director of the Battleship TEXAS Foundation passed out his written testimony to the Board and delivered a few statements in support of the transaction.

**III. EXEMPT – The Board of Regents of the University of Houston System Consolidated Revenue and Refunding Bonds, Series 2009A**

This transaction was approved through the Board’s exempt process on Friday, May 8, 2009.

1. **Texas State Technical College (TSTC) Marshall Lease-Purchase of up to 22.29 acres of Land with two Buildings**

Representatives present were: Dr. J. Gary Hendricks, Vice Chancellor for Financial and Administrative Services, TSTC; Paul Woodfin, Associate Vice Chancellor for Administrative Services, TSTC; and Deborah L. Sanders, Vice President of Financial Services, TSTC Marshall.

Bob Kline stated that the Board of Regents of TSTC submitted an application for a lease purchase in the amount of $2.2 million for the acquisition of buildings and land to be financed through the TSTCS Regents Circle Foundation.

The project is a lease purchase of up to 22.29 acres of land with two buildings by TSTC Marshall. TSTC has been offered the option to purchase 5.71 acres north of the South Campus property with a 34,000 sq. ft. metal building and a 4,000 sq. ft. brick building located on the property.

The Board of Regent approved the lease purchase on May 8th. Approval from the THECB and the Governor’s Office is expected to be received prior to the Bond Review Board’s voting meeting on May 21, 2009.

1. **Texas State University System (TSUS) Revenue Financing System Revenue Bonds, Series 2009 (one or more series)**

Representatives present were: Dr. Roland Smith, Vice Chancellor for Finance, TSUS; Mike Ferguson, Vice President for Finance and Operations, Lamar University; and Bill Nance, Vice President for Finance and Support Services, Texas State University – San Marcos.

Bob Kline stated that The Board of Regents of the Texas State University System (TSUS Board) seeks approval to issue its TSUS Revenue Financing System Revenue Bonds, Series 2009 in a maximum par amount of $150,000,000 and not to exceed amount of $155,000,000 including premiums, if any, of which $4,500,000 will be issued as tuition revenue bonds.

The TSUS Board approved the issuance of $150,000,000 in bonds at its meeting on April 20, 2009.

The Texas Higher Education Coordinating Board approved all projects listed in the application with the last approval provided on April 29, 2009.

**At this point Mr. Bob Kline informed the Board that the order of the agenda would be changed and the next item on the agenda to be discussed would be Item VIII, Texas Transportation Commission State of Texas GO Mobility Fund.**

**VIII. Texas Transportation Commission (Commission) State of Texas General Obligation Mobility Fund Bonds (one or more series)**

Representatives present were: James Bass, CFO, TXDOT; Jose Hernandez, Debt Management Director, TXDOT; and Carol Polumbo, Bond Counsel, McCall, Parkhurst & Horton.

Bob Kline stated that the Bond Review Board authorized $4,000,000,000 in Mobility Fund authority on May 5, 2005. As of September 1, 2007 the Commission had issued $3,946,606,000 in principal with $53,394,000 remaining in unissued authority. The Bond Review Board authorized an additional $2,400,000,000 in Mobility Fund obligations on November 29, 2007. To date, the Commission has utilized $5,107,714,369 in total principal amount of such authorizations leaving $1,292,285,631 in remaining unissued authority.

Jose Hernandez stated that the Commission wants to have the option: 1) to issue taxable bonds so it can take advantage of the Build America Bond program and 2) the ability to increase the underwriting spread authorized by the BRB in November, 2007 as a result of the increased underwriting costs associated with the issuance of taxable debt.

1. **Texas Department of Housing and Community Affairs (TDHCA) Costa Mariposa Multifamily Housing Revenue Bond Series 2009**

Representatives present were: Robbye Meyer, TDHCA; Teresa Morales, TDHCA; Brent Stewart, TDHCA; Raquel Morales, TDHCA; Cameron Dorsey, TDHCA; Debra Guerrero, NRP Group, Borrower; Dan Markerson, NRP Group; Gary Machak, Financial Advisor, RBC Capital Markets; and Elizabeth Rippy, Bond Counsel, Vinson & Elkins.

Bob Kline gave a brief summary stating that TDHCA submitted an application to issue its Multifamily Housing Revenue Bonds (Costa Mariposa Apartments) Series 2009 in a maximum par and total proceeds amount of $15,000,000 including premiums, if any. The proceeds of the bonds will be used for the acquisition and construction of a 252-unit multifamily residential rental development to be known as Costa Mariposa, Ltd. to be located in Texas City, Texas.

The TDHCA Board approved the Costa Mariposa Apartments project at its April 23, 2009 Board meeting.

1. **Texas Department of Housing and Community Affairs Woodmont Apartments Multifamily Housing Revenue Bonds Series 2009**

Representatives present were: Robbye Meyer, TDHCA; Teresa Morales, TDHCA; Brent Stewart, TDHCA; Raquel Morales, TDHCA; Cameron Dorsey, TDHCA; Debra Guerrero, NRP Group, Borrower; Dan Markerson, NRP Group; Gary Machak, Financial Advisor, RBC Capital Markets; and Elizabeth Rippy, Bond Counsel, Vinson & Elkins.

Bob Kline stated that TDHCA submitted an application to issue its Multifamily Housing Revenue Bonds (Woodmont Apartments) Series 2009 in maximum par and total proceeds amount of $15,000,000 including premiums if any. The proceeds of the bonds will be used for the acquisition and construction of a 252-unit multifamily residential rental development to be known as Woodmont Apartments located in Fort Worth, Texas.

The TDHCA Board approved the Woodmont Apartments project at its April 23, 2009 Board meeting.

1. **Public Comment**

No public comments.

1. **Date for Next Board Meeting**

The next Board meeting is scheduled for May 21, 2009 at 10:00 a.m. in the Clements Building, Room 103.

1. **Items for Future Agendas**

A list of future items was distributed to the Alternates.

1. **Report from the Executive Director**

Rob Latsha met with representatives from the Governor’s Office and TPFA to discuss financing plans for the Cancer Prevention and Research Institute. He provided an update to the Alternates on TPFA’s plans.

John Barton updated the Alternates on the status of SB 2064.

1. **Adjourn**

There being no further business, the meeting was adjourned at 11:40 a.m.