Minutes

Texas Bond Review Board

Planning Session

Tuesday, November 10, 10:00 a.m.

Capitol Extension, Room E2.026

1400 N. Congress Avenue

Austin, Texas

The Texas Bond Review Board convened a planning session at 10:00 a.m., Tuesday, November 10, 2009 in the Capitol Extension, Room E2.026 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 and Andrew Blifford, Alternate for Speaker Joe Strauss. 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 GO Commercial Paper (CP) Notes, Series 2008**

Representatives present were John Hernandez, Deputy Director, TPFA; Susan Durso, General Counsel, TPFA; Victor Moore, Architect, Health and Human Services Commission; Jerry McGinty, Chief Financial Officer; Cherie Townsend, Executive Director, Texas Youth Commission and Robin McKeever, Director of Administrative Services.

Bob Kline gave a brief summary stating that TPFA was seeking approval to issue CP notes under the 2008 Program to finance capital improvement projects for the Texas Department of State Health Services (DSHS), the Texas Department of Aging and Disability Services (DADS), the Texas Department of Criminal Justice (TDCJ) and the Texas Youth Commission (TYC) in a total amount of $135,290,508 plus the costs of issuance and related administrative costs, if any.

TPFA’s Board approved the financing for DSHS, DADS and TDCJ on October 8, 2009 and for TYC on November 13, 2008.

TPFA received Legislative Budget Board (LBB) approvals for TYC on August 31, 2009 and for TDCJ projects on October 5, 2009. As of November 6, 2009 LBB approvals have not been received for DSHS and DADS.

**III. EXEMPT – the Texas State University System Revenue Financing System Revenue Refunding Bonds, Series 2009A (one or more series)**

This transaction was approved on the exempt track on Thursday, November 5, 2009.

1. **Board of Regents of Texas Woman's University (TWU) Revenue Financing System Bonds, Series 2009A**

Representatives present were Robert Tuggle, Associate Vice President, Finance and Administration, TWU; Harold Johnson, Associate Vice President for Facilities and Management & Construction, TWU; and Matt Boles, Managing Director, RBC Capital Markets, Financial Advisor.

Bob Kline gave a brief summary stating that the Board of Regents of Texas Woman’s University (TWU Board) was seeking authorization to issue its Revenue Financing System Bonds, Series 2009 in a par and total proceeds amount not to exceed $15,500,000, including premiums if any. The proceeds of the bonds would be used to construct and equip a new fitness and recreation center (Center) at TWU’s Denton campus and to pay costs of issuance.

The TWU Board received the Higher Education Coordinating Board’s approval for the Center on September 25, 2009. The Fifth Supplement Resolution is expected to be approved by the Board of Regents on November 13, 2009, and as soon as it is approved, TWU staff will notify the Bond Review Board.

1. **Texas Water Development Board Water (TWDB) Financial Assistance Bonds, Series 2009 E, F, and G**

Representatives present were Nancy Banks Marstiller, Development Fund Manager, TWDB; Piper Montemayor, Director of Debt & Portfolio Management, TWDB; Melissa Robbins, Portfolio Analyst, TWDB; and Kristin Haag, Portfolio Analyst, TWDB.

Bob Kline stated that the TWDB was seeking approval to issue its State of Texas General Obligation Water Financial Assistance Bonds in one or more series with a total par and maximum total proceeds amount of $135,000,000 including premiums, if any. The TWDB was expecting to issue in two series (2009E and 2009F) with each series corresponding to one program: the Series 2009E will be used for the Water Infrastructure Fund (WIF) and the Series 2009F will be used for the Economically Distressed Areas Program (EDAP).

TWDB asked that its original request to receive approval for the Series 2009G bonds for its
State Participation Program be removed from the application. Certain municipalities that originally planned to use proceeds from the series 2009G transaction were still in negotiations and were not ready to move forward at this time.

The TWDB approved the bond issuance at its meeting on October 15, 2009.

1. **Texas State Affordable Housing Corporation (TSAHC) Mortgage Revenue Bond Program Series 2009**

Representatives present were: David Long, President, TSAHC; Paige McGilloway, Single Family Programs Manager, TSAHC; and Robin Miller, Senior Vice President, First Southwest Company, Financial Advisor.

Bob Kline stated that TSAHC was seeking approval to issue under the first phase of the New Issue Bond Program (NIBP) which will be sold to the Treasury in a maximum par and total proceeds amount of $75,000,000. TSAHC was anticipating issuing an additional $50,000,000 in bonds in January for a total issuance of $125,000,000. The additional $50,000,000 will be the second phase of the bond issuance and will meet the NIBP’s requirement that 40% of the bonds be publicly offered.

The TSAHC Board approved the transaction at its meeting on October 9, 2009, but TSAHC had yet to receive approval from the Treasury for the participation in the NIBP. The approval is expected the week of November 9th.

1. **Texas Department of Housing and Community Affairs (TDHCA) Residential Mortgage Revenue Bonds, Taxable Series 2009C**

Representatives present were: Billy Dally, Chief of Agency Administration, TDHCA: Matt Pogor, Director of Bond Finance, TDHCA; Peter Weiss, J. P. Morgan Chase, Placement Advisor; Elizabeth Rippy, Vinson & Elkins, Bond Counsel; and Michael Baumrin, Financial Advisor, RBC Capital Markets.

Bob Kline stated that TDHCA was seeking approval for the first phase of the NIBP bond issuance which will be sold to the Treasury in a maximum par and total proceeds amount of $300,000,000. TDHCA is anticipating issuing an additional $200,000,000 in bonds in the second phase of the NIBP in three series in April, August and November 2010 in order to meet the NIBP’s requirement that 40% of the bonds be publicly offered.

TDHCA had yet to receive approval from the Treasury for the participation in the NIBP. The approval is expected the week of November 9th.

The TDHCA Board is scheduled to review and approve the transaction at its meeting on November 9, 2009.

In accordance with Texas Government Code Section 2306.142(m), TDHCA was requesting that the Bond Review Board waive the requirements of Texas Government Code Section 2306.142(l) based on their determination that it is unfeasible or will damage the financial condition of TDHCA to issue the Series 2009C Bonds with the restrictions contained therein.

1. **Texas Department of Housing and Community Affairs - the HFA Initiative: the New Issue Bond Program and the Credit and Liquidity Program**

This transaction was withdrawn.

1. **EXEMPT – Texas Higher Education Coordinating Board State of Texas (General Obligation Bonds) College Student Loan Bonds, in one or more series**

This transaction was withdrawn.

1. **EXEMPT – University of North Texas System Revenue Financing System Refunding and Improvement Bonds, Series 2009A**

This transaction was on the exempt tract with the 6-day review period ending at 5:00 p.m., November 10, 2009.

1. **EXEMPT – Veterans’ Land Board of the State of Texas, State of Texas Veterans’ Housing Assistance Program, Fund II Series 2009C Taxable Refunding Bonds**

This transaction was on the exempt tract with the 6-day review period ending at 5:00 p.m., Friday, November 13, 2009.

1. **EXEMPT – The Texas Private Activity Bond Surface Transportation Corporation Senior Lien Revenue Bonds (NTE Mobility Partners LLC - North Tarrant Express Project) Series 2009**

This transaction was approved on the exempt track on Monday, November 9, 2009.

1. **Recommended changes to Title 34 Texas Administrative Code, Part 9, Chapter 181.1, 181.5 and 181.10 (Providing Interest Rate Management Agreement disclosures to the Bond Review Board**

Staff will seek authority in the called Board meeting to post the recommended changes in the Texas Register for the 30-day comment period.

1. **Recommended changes to Title 34 Texas Administrative Code, Part 9, Chapter 181.9 (Update Exempt Issuer Rules for the Texas Windstorm Insurance Association)**

Staff will seek authority in the called Board meeting to post the recommended changes in the Texas Register for the 30-day comment period.

1. **Public Comments**

There were no public comments.

1. **Adjourn**

There being no further business, the meeting adjourned at 10:48 a.m.