Minutes

Texas Bond Review Board

Planning Session

Tuesday, September 8, 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, September 8, 2009 in the Capitol Extension, Room E2.026 in Austin, Texas. Present were Ed Robertson, Chair and Alternate for Governor Rick Perry; Frank Battle, 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 10:07 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.

1. **Texas Public Finance Authority (TPFA) - State of Texas GO Commercial Paper Notes, Series 2002A and Series 2008**

Representatives present were: Dwight Burns, Executive Director, TPFA; John Hernandez, Deputy Director, TPFA; and Jorge Ramirez, Director of Energy Management and Operations, Texas Facilities Commission (TFC).

Bob Kline gave a brief summary saying that TPFA was seeking approval to issue CP notes for the Texas Facilities Commission in a total amount of $28,942,000 plus the costs of issuance and related administrative costs, if any. TPFA expects to issue $23,155,747 under the 2002A Program and $5,786,253 under the 2008 Program. This CP application represents a portion of the second set of necessary maintenance projects included in TFC’s ten-year plan.

TFC’s Board approved a resolution authorizing TPFA to issue short-term obligations to finance the cost of the projects on July 15, 2009. TPFA’s Board approved the financing on August 3, 2009.

Legislative Budget Board (LBB) approval will be required for these projects prior to the issuance of CP.

1. **Texas A&M System (A&M) - Authorized but Unissued Tuition Revenue Bond Projects**

Representative present was Mary Williams, Senior Vice President, First Southwest Company, Financial Advisor.

Bob stated that the Texas A&M University System is seeking approval to issue authorized but unissued Tuition Revenue Bonds (TRBs) with a total par and not to exceed amount of $5,000,000 including premium, if any. The Texas A&M University at Galveston will use the proceeds to install systems to control erosion, to strengthen marine terminal docks and vessel anchoring facilities, and to repair/modify shore-side utilities and boilers serving the terminal dock operations and training vessels.

Mary Williams stated that the projects are on the Higher Education Coordinating Boards October meeting agenda.

1. **University of North Texas (UNT)- Authorized but Unissued Tuition Revenue Bond Projects**

Representative present was Mary Williams, Senior Vice President, First Southwest Company, Financial Advisor.

Bob Kline stated that the University of North Texas System was seeking approval for two authorized but unissued TRB projects for a total amount of $75,000,000. Total project costs are $112,000,000 with an additional $37,000,000 of project costs to be funded through other sources.

The Bond Review Board approved these TRB projects in this application at its July Board meeting, but the System did not issue bonds for these projects before the end of FY 2009 and now is required to receive a new approval for FY 2010.

The Higher Education Coordinating Board approved the Business Leadership Building on May 19, 2008 and the Building II on June 6, 2009.

1. **Texas State Technical College System (TSTCS) - Revenue Financing System Bonds, Series 2009**

Representatives present were: Paul Woodfin, Associate Vice Chancellor for Facilities and Vice President for Financial and Administrative Services, TSTCS Waco; Deborah Sanders, Vice President for Financial and Administrative Services, TSTC Marshall; Terri Zamora, Vice President for Financial and Administrative Services, TSTC Harlingen; Susan Willis, Vice President for Financial Services, TSTC West Texas; Ray Fried, Vice President for Administrative Services, TSTC West Texas; Tom Spurgeon, Bond Counsel, Partner, McCall, Parkhurst & Horton; and Mary Williams, Senior Vice President, First Southwest Company, Financial Advisor.

Bob Kline stated that TSTCS was seeking approval to issue its Texas State Technical College System Revenue Finance System Bonds, Series 2009 in a par and a not to exceed amount of $31,555,000. These proceeds will be used to acquire, construct, improve, renovate, enlarge or equip property, buildings, structures, facilities, roads or related infrastructure at Texas State Technical College campuses, and pay the associated costs of issuance.

Mr. Hendricks commented that TSTCS had to turn students away from a number of programs this fall due to an increase of student enrollment and lack of space to accommodate them.

Mr. Hendricks stated that TSTC has been working with the Higher Education Coordinating Board for approval on these projects. TSTC will notify the Bond Review Board once the approvals have been received.

1. **Texas State Technical College Waco - Energy Savings Performance Contract**

The transaction was withdrawn.

1. **EXEMPT – Board of Regents of The University of Texas (UT) System Revenue Financing System Bonds, in one or more series**

This transaction received exempt approval on September 3, 2009.

1. **Update on Veteran’s Land Board Swap Program**

This item will be presented at the Board meeting on Thursday, September 17, 2009.

1. **Memorandum of Understanding (MOU) or interagency agreement with the Governor’s Office relating to the administration of Qualified Hurricane Ike Disaster Area Bond Authority**

Tom Griess mentioned that the MOU still needed to be reviewed by the Governor’s Office. Mr. Griess continued by saying this MOU it is a straight-forward agreement that simply acknowledges that the Bond Review Board will act as the administrator of certain tax-exempt bond financing programs implemented by the Governor’s Office.

1. **Memorandum of Understanding (MOU) with the Texas Department of Housing and Community Affairs (TDHCA) relating to maximum issuance and disclosures of 501c(3) projects**

The Bond Review Board is required to review and approve annually its MOU with TDHCA.

1. **Discussion of the interagency agreement with the Comptroller's office regarding continuing disclosures under SEC Rule 15(c)2-12**

Representatives present were Lita Gonzalez and Kenneth Besserman with the Comptroller’s Office.

Lita Gonzalez provided the Board with a historical perspective on the existing disclosure agreement that was signed August 17, 1995 to be effective for 40 years.

Ms. Gonzalez stated that in July 1, 2009, the SEC adopted amendments to Rule 15c2-12 that were intended to improve transparency and access to information about municipal securities. As a result, the Comptroller’s Office requests that the Board give Mr. Kline the authority to sign an updated interagency agreement between the Comptroller’s Office and the Board Review Board to reflect recent amendments to 15(c)2-12.

1. **Final Approval of recommended changes to Title 34 Texas Administrative Code (TAC), Part 9, Chapter 190 (Implementation of Provisions in Senate Bill 2064 related to the Private Activity Bond Program)**

The Board was provided with a chart that explained the suggestions and changes to Title 34 TAC, Part 9, Chapter 190. Bond Review Board received no comments from the public.

1. **Final Approval of recommended changes to Title 34 Texas Administrative Code, Part 9, Chapter 181 (Providing disclosures under SEC Rule 15(c)2-12 to the Bond Review Board)**

The Bond Finance Office received one comment during the comment period from TDHCA.

Representatives present were Robbye Meyer and Teresa Morales with Texas Department of Housing and Community Affairs (TDHCA).

TDHCA commented that it was concerned about complying with the proposed rule because it is a conduit issuer for multifamily transactions, and the borrower is responsible for filing material event notices with the MSRB. Often the department is unaware that the filings have been made.

Tom Griess made appropriate revisions to the rule’s language to respond to the department’s concerns, and TDHCA’s bond counsel reviewed and approved Mr. Griess’ suggestions.

1. **Public Comment**

There were no public comments.

1. **Date for Next Board Meeting**

Mr. Kline stated that the Comptroller of Public Accounts will be requesting Bond Review Board approval to enter into a licensing agreement with Oracle Corporation during a Planning Session prior to the regularly scheduled Board meeting on Thursday September 17, 2009.

The next Board meeting is scheduled for next Thursday, September 17, 2009 after the Planning Session.

1. **Items for Future Agendas**

A list of the items for future agendas was distributed to Alternates.

1. **Report from the Executive Director**

BRB will meet with SECO and the Coordinating Board on energy savings performance contracts to coordinate an approach to address the issues raised in the SAO’s Report.

John Barton talked about changes to the Private Activity Bond Program and HERA. Mr. Barton stated that SB 2064 gives BRB the authority to assign state issuers any remaining unencumbered volume cap at the end of the program year. A letter outlining the procedures has been drafted and will be sent to state issues. Relative to HERA volume cap, emergency rules were created in August, 2008. After BRB adopted its rules, the IRS released a notice that was less restrictive than the BRB’s adopted rules. Staff has drafted a letter to issuers explaining procedural changes to accommodate the less restrictive IRS notice.

**Adjourn**

There being no further business, the meeting was adjourned at 11:04 a.m.