Minutes

Texas Bond Review Board

Planning Session

Thursday, November 18, 2010, 10:00 a.m.

Capitol Extension, Room E2.026

1400 N. Congress Avenue

Austin, Texas

The Texas Bond Review Board (BRB) convened in a planning session at 10:00 a.m., Thursday, November 18, 2010 in the Capitol Extension, Room E2.026 in Austin, Texas. Present were Ed Robertson, Chair and Alternate for Governor Rick Perry; Kenneth Besserman, Alternate for Comptroller Susan Combs; Jessie Ancira, Alternate for Speaker Joe Straus; and Don Green, Alternate for Lieutenant Governor David Dewhurst. Also in attendance were Tom Griess with the Office of the Attorney General, Bond Finance Office staff members and others.

1. **Call to Order**

Bob Kline, Executive Director of the BRB, 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. There was a quorum.

1. **Texas Water Development Board (TWDB) Debt Reclassification from Not-Self Supporting to Self Supporting for the Water Infrastructure Fund (WIF) State of Texas Water Financial Assistance (WFA)Bonds, Series 2008A and Series 2009A**

Representatives present were Nancy Marstiller, Development Fund Manager, TWDB and Piper Montemayor, Director, Debt and Portfolio Management, TWDB.

Bob Kline gave a brief summary of the transaction stating that TWDB was seeking to reclassify $230,125,000 in par amount of its outstanding WIF debt from not self-supporting to self-supporting: TWDB WIF State of Texas Water Financial Assistance Bonds Series 2008A (par $101,585,000) and 2009A (par $128,540,000). The combined debt service for these two series is $364,628,525.

The subject reclassification is permitted pursuant to Texas Constitution, Article III, Section 49-j which allows for debt included in the CDL calculation to be removed if: (1) the bonds or agreements are backed by insurance or another form of guarantee that ensures payment from a source other than general revenue; or (2) the issuer demonstrates to the satisfaction of the BRB or its successor designated by law that the bonds no longer require payment from general revenue and the BRB so certifies to the Legislative Budget Board.

Piper Montemayor stated that in August 2010 five series of bonds from the State Participation Program were removed from the CDL and that TWDB was now requesting that two series of bonds from the WIF program be removed from the CDL.

Kenneth Besserman asked how often TWDB will review issues to determine if they are self supporting once they are removed from the CDL. Ms. replied that TWDB does cash flow updates quarterly and as prepayments occur in the program.

Ed Robertson asked if TWDB foresees any other opportunities to remove other debt from the CDL. Ms. Montemayor responded that the TWDB is receiving significant prepayments including $28 million in the State Participation Program (SPP) with $6 million more expected. TWDB may have a completely self-supporting SPP by next year because of these prepayments.

Bob Kline asked Tom Griess to describe 49-j (b) in the event this debt becomes not self-supporting later. Tom Griess said that the constitutional provision states that if bonds that are currently not included in the CDL calculation subsequently require use of the state’s general revenue for their payment, then those bonds will hence forth be included in the CDL calculation.

Bob Kline reminded the Board that the process is that BRB receives a certification from the TWDB stating that the revenues are sufficient for the debt to no longer require general revenue. After review and approval by the BRB, Mr. Kline as the Executive Director is authorized to sign a separate certification to the Legislative Budget Board stating that the WIF bonds are now self supporting.

1. **Public Comment**

There were no public comments.

1. **Adjourn**

There being no further business to discuss, the planning session adjourned at 10:25 a.m.