Minutes

Texas Bond Review Board

Planning Session

Tuesday, September 14, 2010, 10:00 a.m.

Capitol Extension, Room E1.028

1400 N. Congress Avenue

Austin, Texas

The Texas Bond Review Board (BRB) convened in a planning session at 10:00 a.m., Tuesday, September 14, 2010 in the Capitol Extension, Room E1.028 in Austin, Texas. Present were Ed Robertson, Chair and Alternate for Governor Rick Perry; 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.

1. **Call to Order**

Rob Latsha, Senior Financial Analyst of the BRB, called the meeting to order at 10:00 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 General Obligation Commercial Paper Notes Series 2008**

Representatives present were:Dwight Burns, Executive Director, TPFA; Susan Durso, General Counsel, TPFA; Duane Waddill, Executive Director, Adjutant General’s Department; Pam Darden, Chief Fiscal Officer, Adjutant General’s Department; and Cheryl MacBride, Deputy Director for Services, Texas Department of Public Safety.

Rob Latsha stated that TPFA issues commercial paper (CP) for client agency projects that have legislative authorization and appropriations. TPFA established its General Obligation CP Program, Series 2008 (2008 Program) with a maximum authority of $1,000,000,000 in March, 2008 pursuant to the Texas Constitution, Article III, Section 50-g, approved by voters as Proposition 4 in the November 2007 general election. The 2008 Program was approved by the BRB in January 2008.

TPFA is seeking approval to issue CP Notes under the 2008 Program to finance maintenance, repair and renovation projects for certain facilities of the Texas Department of Public Safety (DPS) and the Adjutant General’s Department (AGD) in amounts of $10,000,000 and $6,535,000, respectively, plus the costs of issuance and related administrative costs, if any.

The governing Boards for DPS and AGD approved resolutions authorizing TPFA to issue short-term obligations to finance the cost of various projects on July 15, 2010 and May 10, 2010, respectively.

TPFA’s Board approved the financing for DPS and AGD on August 5, 2010. DPS and AGD received LBB approval for their projects on August 18, 2010 and August 20, 2010, respectively.

Under the 2008 Program, the Notes will be sold periodically on a tax-exempt basis as the agencies require funds.

The Texas State Treasury Operations, Comptroller of Public Accounts is the liquidity provider for the 2008 Program. This Liquidity Agreement is in effect through August 31, 2011.

As of August 24, 2010 TPFA had authority for $84,695,000 and $13,062,712 of authorized but unissued debt for DPS and ADG, respectively.

Rob Latsha asked for some additional details related to the deferred maintenance projects for DPS.

Cheryl MacBride stated that DPS commissioned an engineering study about six or eight months ago which noted that life safety issues needed to be corrected. Many of the buildings are in very poor condition and are in need of repairs and renovations. The other items needing repair were communications and security systems. The total for needed repairs is $155 million, and the total needed for deferred maintenance items within the next six or seven years is an additional $167 million.

1. **Texas Water Development Board (TWDB) State of Texas Water Financial Assistance Bonds, Series 2010D**

Representative present was Melanie Callahan, Chief Financial Officer, TWDB.

Rob Latsha stated that TWDB’s Economically Distressed Areas Program (EDAP) was established in 1989 by the 71st Texas Legislature to provide grants, loans or a combination of loans/grants for water and wastewater services in economically distressed areas whose current facilities do not meet residents' minimal needs.

The TWDB seeks approval to issue its State of Texas Water Financial Assistance Bonds, Series 2010D (Economically Distressed Areas Program) with a par amount and maximum total proceeds amount of $50,000,000 including premiums, if any.

The proceeds of the Series 2010D Bonds will be used to finance new loans and grants to provide financial assistance to certain political subdivisions for water and wastewater related projects and to pay the cost of issuance.

The TWDB approved the bond issuance at its meeting on August 9, 2010.

Prior to the submission of this application, the TWDB had approximately $263,853,902 of authorized but unissued authority within EDAP. In December, 2010 TWDB expects to issue up to $385,000,000 in Water Financial Assistance Bonds for the Water Infrastructure Fund and the State Participation Program.

1. **EXEMPT - Board of Regents of The Texas A&M University System Revenue Financing System Bonds Series 2010 and Revenue Financing System Bonds Series 2011 (in one or more series)**

This transaction was approved on the EXEMPT track on Friday, September 10.

1. **EXEMPT - Texas Public Finance Authority Charter School Finance Corporation Education Revenue Bonds (New Frontiers Charter School) Series 2010A, Taxable Education Revenue Bonds Series 2010B, and Taxable Education Revenue Bonds Series 2010Q (Qualified School Construction Bonds)**

TPFA resubmitted an exempt NOI on Monday September 13, 2010. Staff is expecting additional data from TPFA on this transaction.

Alfredo Segura commented that this morning New Frontiers Charter School had received confirmation of its investment grade rating that will be provided to the BRB.

1. **Public Comment**

There were no public comments.

1. **Date for Next Board Meeting**

The next Board meeting is scheduled for Thursday September 23, 2010.

1. **Items for Future Agendas**

The Board received an updated list detailing future bond transactions.

1. **Report from the Executive Director**

* BRB’s Capital Expenditure Plan was completed and distributed September 1, 2010.
* BRB staff is collecting the annual issuer reports and will be reconciling the debt-service database as of August 31, 2010. All issuer reports are due September 15, 2010.
* BRB staff presented the agency’s LAR to the LBB and GOBPP on September 8, 2010.
* Last Tuesday BRB submitted a memo regarding BABs to each Alternate.

1. **Adjourn**

There being no further business to discuss, the planning session adjourned at 10:18 a.m.