Minutes

Texas Bond Review Board

Planning Session

Tuesday, November 10, 2015, 10:00 a.m.

Capitol Extension, Room E2.026

1400 N. Congress Ave.

Austin, TX 78701

The Texas Bond Review Board (BRB) convened in a planning session at 10:00 a.m., Tuesday, November 10, 2015 in the Capitol Extension, Room E2.026 in Austin, Texas. Present were Ky Ash, Chair and Alternate for Governor Greg Abbott; Joaquin Guadarrama, Alternate for Lieutenant Governor Dan Patrick; Andrew Blifford, Alternate for Speaker Joe Straus; and Piper Montemayor, Alternate for Comptroller Glenn Hegar. Also in attendance were Leslie Brock with the Office of the Attorney General, Bond Finance Office staff members and others.

1. **Call to Order**

Bob Kline, Executive Director, called the meeting to order at 10:02 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. A quorum was present**.**

1. **Midwestern State University Lease Purchase Through the Texas Public Finance Authority Master Lease Purchase Program**

Representatives present were: Dr. Marilyn Fowle, VP of Business Affairs, MWSU; Lee Deviney, Executive Director, TPFA.

MWSU is seeking approval to finance $499,999 to replace the grass at Mustangs Park with artificial turf through the Texas Public Finance Authority (TPFA) Master Lease Purchase Program (MLPP).

Texas Government Code, Section 1232 authorizes TPFA to finance the purchase of equipment for state agencies, and the MWSU Board of Regents (Board) has a standing resolution signed on November 5, 2004 authorizing the President or his designee to use the MLPP from time to time.

Section 2.24 of MWSU Policies and Procedures authorizes the President of the University to approve contracts up to $500,000 per year. This approval was received by the Bond Review Board on September 29, 2015.

TPFA Board approval is not required for MLPP financings.

Lease purchases under the MLPP are financed with proceeds of commercial paper notes issued by TPFA.

Marilyn Fowle answered questions from the Board.

1. **Texas Southern University Revenue Financing System Bonds, Series 2016**

Staff is waiting on a completed application.

1. **Texas Department of Housing and Community Affairs Single Family Mortgage Revenue Bonds, 2015 Series C (Taxable & Tax-Exempt) and Single Family Mortgage Revenue Refunding Bonds, 2015 Series D (Taxable)**

Representatives present were: Monica Galuski, Director of Bond Finance, TDHCA; Heather Hodnett, Manager of Single Family Finance, TDHCA; Gary Machak, Financial Advisor, George K. Baum; Barton Withrow, Financial Advisor, George K. Baum; Elizabeth Bowes, Bond Counsel, Bracewell & Giuliani.

TDHCA is seeking approval to issue its Single Family Mortgage Revenue Bonds 2015 Series C (Tax-Exempt and Taxable) and Single Family Mortgage Revenue Refunding Bonds 2015 Series D (Taxable) in an aggregate par amount of $115,000,000 and maximum proceeds amount of $118,450,000 including premiums, if any.

The Department is seeking approval to issue its Series 2015C bonds with a maximum par amount of $50,000,000 and total proceeds amount of $51,500,000.

The Department is seeking approval to issue its Series 2015D refunding bonds with a maximum par amount of $65,000,000 and total proceeds amount of $66,950,000.

The Series 2015C bonds will be used to provide funds to finance the purchase of low-interest rate mortgage loans made by lenders to first time home buyers (with certain exceptions) of low, very low and moderate income, who are acquiring moderately priced residences, to fund capitalized interest and to pay a portion of the costs of issuance. The mortgage loans will be pooled into mortgage certificates that will be purchased at closing of the Series 2015C bonds.

The Series 2015D bonds will be used for a current refunding of all or a portion of the Department’s outstanding Single Family Mortgage Revenue Refunding Bonds Series 2006A, 2006B, 2006D, and 2006E and Single Family Mortgage Revenue Bonds 2006C, and pay cost of issuance.

The Bonds will be issued under Chapter 1371, Chapter 2306 and Chapters 1207, Texas Government Code, as amended.

The final resolution is expected to be approved by the TDHCA Board at its meeting on November 12, 2015.

The Private Activity Bond reservation was issued to TDHCA on August 5, 2015 and expires on February 1, 2016.

The Bonds are special, limited obligations of TDHCA, payable solely out of the revenues, receipts, and security pledged under the Single Family Indenture. The Bonds do not constitute a general obligation of the state of Texas.

Monica Galuski answered questions from the Board.

1. **EXEMPT – Texas Higher Education Coordinating Board College Student Loan Bonds Series 2016**

Representatives present were: Ken Martin, Assistant Commissioner for Financial Services, THECB.

This application has been submitted on the Exempt track with the 6-day review period ending on Monday, November 16.

Ken Martin gave an overview of the transaction and answered questions from the Board.

1. **EXEMPT – Texas State Affordable Housing Corporation Multifamily Housing Revenue Bonds (Woodside Village Apartments), Series 2015**

This application has been submitted on the Exempt track and staff is waiting for a completed application.

Representatives present were: David Long, President, TSAHC; Liz Bayless, Executive Vice President, TSAHC; David Danenfelzer, Manager of Development Finance, TSAHC; Tim Nelson, Financial Advisor, First Southwest Company; Tim Fleutsch, Developer, DHI.

David Danenfelzer gave an overview of the transaction and answered questions from the Board.

1. **EXEMPT - Texas Department of Housing and Community Affairs Multifamily Housing Mortgage Revenue Bonds (Pass-Through – Williamsburg Apartments), Series 2015**

This application has been submitted on the Exempt track and staff is waiting for a completed application.

Representatives present were: Teresa Morales, Manager of Multifamily Finance, TDHCA; Brent Stewart, Director of Real Estate Analysis, TDHCA.

Teresa Morales gave an overview of the transaction and answered questions from the Board.

1. **Public Comment**

There was no public comment.

1. **Date for Next Board Meeting**

The next Board Meeting is scheduled for Thursday, November 19, 2015 at 10:00 a.m. in the Capitol Extension Room E2.026.

1. **Items for Future Agendas**

Board members received an updated list of future agenda items.

1. **Report from the Executive Director**

* The database upgrade project continues to move along. We are at the point of data conversion.
* Local government processing is continuing as expected. Staff will have a draft of the state debt annual report to the Board on November 20, 2015 and a draft of the Local Government Report by December 9, 2015.
* Rob Latsha spoke about the available capacity in the Private Activity Bond program.
* The agency’s website upgrade is in Beta testing and 95% complete. It is expected to go live on November 30, 2015.

1. **Adjourn**

There being no further business, the planning sessionwas adjourned at 10:36 a.m.