Minutes

Texas Bond Review Board

Planning Session

Tuesday, September 8, 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, September 8, 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; 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 10:03 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. **Texas Water Development Board State Water Implementation Revenue Fund for Texas Revenue Bonds Series 2015A & 2015B**

Representatives present were: Bech Bruun, Chairman, TWDB; Lauren Graber, Chief of Staff for Bech Bruun, TWDB; Les Trobman, General Counsel, TWDB; Cindy Demers, Chief Financial Officer, TWDB; David Duran, Financial Analyst, TWDB; Anne Burger-Entrekin, Financial Advisor, First Southwest Company; Paul Jack, Financial Advisor, Estrada Hinojosa & Co.

TWDB is seeking approval to issue its State Water Implementation Revenue Fund for Texas Revenue Bonds Series 2015A (Master Trust) and Taxable Series 2015B (Master Trust) in a maximum par and maximum proceeds amount of $996,905,000 and $15,595,000, respectively, including premiums, if any. TWDB is seeking a maximum proceeds amount and will offset par by any amount of premium received.

The Series 2015A and taxable Series 2015B bonds will be issued to fund certain projects within the program and to pay costs of issuance.

The bonds will be issued pursuant to Article III, Sections 49-d-12 and 49-d-13, Texas Constitution, Subchapter H of Chapter 15 of the Texas Water Code.

On July 22, 2015 the LBB approved the TWDB’s request to transfer between $155.0 and $175.0 million from SWIFT to SWIRFT to enhance the issuance of up to $1.03 billion in SWIRFT revenue bonds.

The TWDB adopted the resolutions for the issuance of the Series 2015A and 2015B bonds on July 23, 2015.

The bonds do not constitute indebtedness of the state and the state's credit is not pledged.

Chairman Bech Bruun answered questions from the Board.

1. **EXEMPT – Texas Transportation Commission State of Texas General Obligation Mobility Fund Refunding Bonds (issued in one or more series)**

Representatives present were: Benjamin Asher, Innovative Financing & Debt Program Officer, TTC; Jennifer Wright, Innovative Financing & Debt Program Manager, TTC; Paul Jack, Financial Advisor, Estrada Hinojosa & Co.; Carol Polumbo, Bond Counsel, McCall Parkhurst & Horton.

This application was submitted on the exempt track. The 6-day review period expires at COB on September 8, 2015.

Benjamin Asher answered questions from the Board.

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

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

1. **Texas State Technical College Fort Bend County and Legacy Equipment Financing**

Representatives present were: Jonathan Hoekstra, Vice Chancellor & CFO, TSTC; Karen Waller, Vice President of Financial Strategic Initiatives, TSTC; Nikki Gonzales, Director of External Relations, TSTC.

TSTC is seeking approval to finance $10,000,000 of the costs for furnishings and equipment for the Industrial Technology Center (ITC) in Fort Bend County as well as other campuses in the TSTC system through TPFA’s Master Lease Purchase Program (MLPP).

Proceeds will be used to acquire furnishings and equipment, primarily industrial-instructional equipment, for various TSTC projects including the ITC at Fort Bend Campus to accommodate future programs in industrial maintenance, electronics, information technology, transportation and engineering technology.

Texas Government Code, Section 1232 authorizes TPFA to finance the purchase of equipment for state agencies.

The TSTC Board approved the financing on August 13, 2015.

TPFA Board approval is not required for MLPP financings.

Jonathan Hoekstra gave an overview of the transaction to the Board.

1. **Texas Public Finance Authority State of Texas General Obligation and Refunding Bonds, Taxable Series 2015C**

Representatives present were: Lee Deviney, Executive Director, TPFA; John Hernandez, Deputy Executive Director, TPFA; John Barton, Senior Financial Analyst, TPFA; Jorge Rodriguez, Financial Advisor, Coastal Securities.

TPFA is seeking approval to issue its State of Texas General Obligation and Refunding Bonds, Taxable Series 2015C in a maximum par and total proceeds amount of $445,000,000 including premiums, if any. The new money portion is estimated to be $141,900,000, and the refunding portion is estimated to be $300,000,000. The par amount of new money issued will be determined by market conditions at the time of issuance.

The proceeds will be used to fund cancer prevention and research grants, pay operating costs for CPRIT, and refund all or a portion of the outstanding General Obligation Commercial Paper CPRIT Series A (Taxable) Notes.

TPFA will issue the bonds pursuant to Article III, Section 67 of the Texas Constitution; Chapters 1201, 1207, 1232 and 1371 of the Texas Government Code; Chapter 102 of the Texas Health and Safety Code.

The CPRIT Oversight Committee approved the Request for Financing on May 20, 2015.

The TPFA Board approved the financing on September 3, 2015.

The bonds are general obligations of the state.

Lee Deviney and Jorge Rodriguez answered questions from the Board.

1. **Texas Department of Housing and Community Affairs Single Family Mortgage Revenue Refunding Bonds 2015 Series A (Taxable) and Single Family Mortgage Revenue Bonds 2015 Series B**

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 for its Single Family Mortgage Revenue Refunding Bonds 2015 Series A (Taxable) and Single Family Mortgage Revenue Bonds Series B in an aggregate par amount of $69,740,000 and maximum proceeds amount of $71,832,200 including premiums, if any. The Department anticipates issuing the Series A bonds with a maximum par amount of $34,740,000 and total proceeds amount of $35,782,200. The Series B bonds will be issued with a maximum par amount of $35,000,000 and total proceeds amount of $36,050,000.

The Series 2015A bonds will be used for a current refunding of all of the Department’s outstanding Single Family Variable Rate Mortgage Revenue Bonds Series 2006H in the amount of $34,740,000, to pay the termination payment due to Bank of New York Mellon Trust Co. as counterparty with respect to the 2006H swap contract and to pay costs of issuance.

The Series 2015B 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 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 Bonds will be issued under Chapter 1371, Chapter 2306 and Chapters 1207, Texas Government Code, as amended.

The Bonds are special, limited obligations of TDHCA, payable solely out of the revenues, receipts, and security pledged under the Single Family Indenture..

Monica Galuski 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, September 17, 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 Bond Review Board continues to work on the database upgrade project.
* Local government processing is expected to be completed by September 18, 2015 and then staff will begin reconciliation. The Local Government Report should be completed by mid December
* Rob Latsha spoke about the available capacity in the Private Activity Bond program.
* Staff is currently working on upgrading the agency’s website. The upgrade will make it more user friendly and efficient.

1. **Adjourn**

There being no further business, the planning sessionwas adjourned at 10:46 a.m.