Minutes

Texas Bond Review Board

Planning Session

Tuesday, September 8, 2020, 10:00 a.m.

Videoconference Meeting

The Texas Bond Review Board (BRB) convened in a planning session at 10:00 a.m., Tuesday, September 8, 2020 via videoconference as authorized under Texas Government Code section 551.127. Present were Brady Franks, Chair and Alternate for Governor Greg Abbott; Bryan Mathew, Alternate for Lieutenant Governor Dan Patrick; Melissa Popkoff, Alternate for Comptroller Glenn Hegar; and Andrew Blifford, Alternate for Speaker Dennis Bonnen. Also, in attendance were Leslie Brock and David Gordon with the Office of the Attorney General, Bond Finance Office staff members and others.

1. **Call to Order**

Rob Latsha, Executive Director, called the meeting to order at 10:00 a.m. A quorum was present. He announced that due to Governor Greg Abbott’s March 13, 2020 proclamation of a state of disaster affecting all counties in Texas due to the Coronavirus (COVID-19) and the Governor’s March 16, 2020 suspension of certain provisions of the Texas Open Meetings Act, this meeting will be held by video webinar, as authorized under Texas Government Code section 551.127. No votes would be taken.

1. **Texas Public Finance Authority Lease Revenue Bonds (Texas Department of Transportation - Austin Campus Consolidation Project), Taxable Series 2020**

Representatives present were John Hernandez, Deputy Director, TPFA; Kevin Van Oort, General Counsel, TPFA; and Rich McMonagle, Chief Administrative Officer, TXDOT.

TPFA is requesting approval to issue its Lease Revenue Bonds (Texas Department of Transportation – Austin Campus Consolidation Project), Taxable Series 2020 in a maximum par amount of $326,000,000 and a maximum total proceeds amount of $328,073,380.05 including premiums, if any.

Proceeds of the Series 2020 bonds will be used to construct and equip the Austin campus consolidation project on land lawfully owned by TXDOT in southeast Austin for such purpose and paying the cost of issuance.

TPFA will issue the lease revenue bonds pursuant to House Bill 1, 86th Legislature, 2019, Regular Session, Article VII TXDOT Rider 42, p VII-29; Chapters 1232 and 1371, Texas Government Code, as amended.

TXDOT adopted a resolution approving the Request for Financing on June 27, 2019.

The TPFA Board has not approved the final resolution for the bonds. The TPFA Board deferred acting until a later meeting date to finalize language in the lease agreement between TPFA and TXDOT.

Legislative Budget Board approval is not required for the issuance of lease revenue bonds for this project.

The Series 2020 bonds will be issued in a negotiated sale as taxable or tax-exempt, revenue, self-supporting, fixed rate securities with an expected 20-year term.

The bonds are supported by lease appropriations made to the lessee agency (TXDOT) for lease payments. As such, the bonds are payable only from certain pledged security, which consists primarily of rent payments made pursuant to a lease agreement between the Authority and the lessee agency. Neither the full faith and credit nor the taxing power of the State of Texas will be pledged to the payment of principal, premiums, if any, or interest on the bonds.

The total cost of issuance is estimated to be approximately $2,073,380 or $6.36 per bond.

The General Appropriations Act (GAA), 2019, appropriated, out of the State Highway Fund, the amounts of $4,200,000 for fiscal year 2020 and $19,600,000 for fiscal year 2021 for the purpose of making lease payments to the Authority for debt service payments on the revenue bonds or other obligation issued to construct the Project.

John Hernandez and Kevin Van Oort answered questions from the Board.

1. **EXEMPT – Texas Water Development Board State Water Implementation Revenue Fund for Texas Revenue Bonds, Series 2020 (Master Trust)**

This transaction was submitted on the BRB EXEMPT track, and the 6-day review period expired on Monday, August 31, 2020.

1. **Public Comment**

There were no public comments.

1. **Date for Next Board Meeting**

The Bond Review Board will continue to work with TPFA and will schedule a Board Meeting for a time after the TPFA application is complete. The next Board Meeting will be on or after Thursday, September 17, 2020.

1. **Items for Future Agendas**

A list of future agenda items was distributed to each member of the Board.

1. **Report from the Executive Director**

* Staff is continuing to process local government debt issues for fiscal year 2020. Staff is working with bond counsel firms to secure all BRB information for each transaction closed during the fiscal year. BRB staff is expected to receive a total of approximately 2,000 local debt issues for processing in fiscal year 2020. That is a 32% increase from last year and the most ever received in one fiscal year.
* It has been a record year for the Private Activity Bond (PAB) program. Staff received over 157 applications for volume cap so far for calendar year 2020, which is a 96% increase from last year. The volume cap dollar amount requested is over $5 billion, which is a 140% increase from last year. Staff allocated over 300% more of volume cap so far in calendar year 2020 compared to last year.
* The 2022-23 Capital Expenditure Plan was sent to the Governor’s Office of Budget, Planning & Policy and the Legislative Budget Board as well as posted to the BRB website on Tuesday, September 1, 2020.
* Staff has started receiving State Debt Issuer Reports for FY 2020. These reports are due by Tuesday, September 15, 2020. With this information staff will begin to reconcile the state debt information for the period ending August 31, 2020. Staff expects a draft of the state debt numbers to be available around mid-October. Final numbers will be published in the agency’s 2020 Annual Debt Report by December 1, 2020.
* The Moody’s analytical team said they are interested in speaking at one of our next Texas Public Finance Webinars. We are planning to hold this webinar sometime in October.

1. **Adjourn**

There being no further business, the planning sessionwas adjourned at 10:11 a.m.