Minutes

Texas Bond Review Board

Planning Session

Tuesday, May 14, 2013, 10:00 a.m.

R. E. Johnson Building, Central Conference Room

1501 N. Congress Ave.

Austin, TX 78701

The Texas Bond Review Board (BRB) convened in a planning session at 10:00 a.m., Tuesday, May 14, 2013 in the R.E. Johnson Building, Central Conference Room in Austin, Texas. Present were Ed Robertson, Chair and Alternate for Governor Rick Perry; Kenneth Besserman, Alternate for Comptroller Susan Combs; and Hasan Mack, Alternate for Lieutenant Governor David Dewhurst. Also in attendance were Stephanie Leibe 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. **Texas Public Finance Authority Texas Southern University Revenue Financing System Refunding Bonds Series 2013**

TPFA re-submitted its application to be considered on the exempt track under administrative code rule 181.9(a)(6) for refunding transactions. The 6-day review period will expire on Tuesday May 21, 2013.

1. **Texas Transportation Commission State of Texas General Obligation Mobility Fund Refunding Bonds Series 2013 (issued in one or more series)**

Representatives present were: James Bass, Chief Financial Officer, TxDOT; Ben Asher, Innovative Financing/Debt Mgmt Officer, TxDOT; John Munoz, Deputy Director, Innovative Financing/Debt Mgmt Office, TxDOT; Jennifer Wright, Analyst, TxDOT; Carol Polumbo, Bond Counsel, McCall Parkhurst & Horton; Paul Jack, Financial Advisor, Estrada Hinojosa.

The Texas Transportation Commission is seeking approval to issue State of Texas General Obligation Mobility Fund Bonds and Refunding Bonds in a maximum par amount of $2.6 billion of which $1.2 billion will be new money and $1.4 billion will be used for advance refundings. Maximum total proceeds will not exceed $3.151 billion including premiums, if any.

Proceeds from the refunding bonds will be used to advance refund outstanding bonds and proceeds from the new bonds will be used to pay or reimburse the State Highway Fund or Mobility Fund for the costs of constructing, reconstructing, acquiring, and expanding certain state highways and providing participation by the state in the payment of part of the costs of constructing and providing certain publicly-owned toll roads and other public transportation projects including loans authorized by law.

The Commission is authorized to issue the bonds pursuant to the authority granted by Article III, Section 49-k of the Texas Constitution and Subchapter M, Chapter 201, Texas Transportation Code, as amended; Chapters 1207 and 1371, Texas Government Code, as amended.

The Commission approved the refunding issuance and the new money issuance on January 31, 2013. The Department’s Comptroller certification request was submitted on April 5 and is awaiting approval. The bonds are general obligations of the state and are secured by the full faith and credit of the state.

Although the Department has requested $1.4 billion in refunding bond authority, the actual amount will be determined by market conditions at the time of issuance. Currently the amount is expected to be in the $700 million to $1.00 billion range.

To maximize the funds available for its projects in the near-term and maintain the required 1.10 coverage ratio, the proposed amortization schedules indicate that principal payments will not begin until late in the debt’s maturity schedule.

1. **EXEMPT - Grand Parkway Transportation Corporation Grand Parkway System Revenue Obligations (in one or more Series of Bonds, Notes or other Obligations)**

Representatives present were: James Bass, Chief Financial Officer, TxDOT; Ben Asher, Innovative Financing/Debt Mgmt Officer, TxDOT; John Munoz, Deputy Director, Innovative Financing/Debt Mgmt Office, TxDOT; Jennifer Wright, Analyst, TxDOT; Carol Polumbo, Bond Counsel, McCall Parkhurst & Horton; Paul Jack, Financial Advisor, Estrada Hinojosa.

Staff is in the process of reviewing the Grand Parkway NOI received on December 27. James Bass and Ben Asher gave a brief update on the status of this transaction.

1. **Public Comment**

There were no public comments.

1. **Date for Next Board Meeting**

The next Board Meeting is scheduled for Thursday, May 23, 2013 in the R.E. Johnson Conference Center.

1. **Items for Future Agendas**

An updated list detailing future bond transactions was handed out.

1. **Report from the Executive Director**

* SB 14 has been referred to the House Appropriations Committee as of last night.
* The BRB has received 1,052 local government transactions for fiscal year 2013 which is an increase of 10% from this time last year.
* Diane Hopingardner joined the Bond Finance Office as a Financial Analyst II on May 1, 2013.

1. **Adjourn**

There being no further business to discuss, the planning session adjourned at 10:17 a.m.