Minutes

Texas Bond Review Board

Board Meeting

Thursday, January 17, 2019, 10:00 a.m.

Capitol Extension, Room E2.026

1100 Congress Ave.

Austin, TX 78701

The Texas Bond Review Board (BRB) convened in a Board Meeting at 10:00 a.m., Thursday, January 17, 2019 in the Capitol Extension Room E2.026 in Austin, Texas. Present were Sarah Hicks, 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 and David Gordon with the Office of the Attorney General, Bond Finance Office staff members and others.

1. **Call to Order**

Sarah Hicks, as Chair, called the meeting to order at 10:01 a.m. A quorum was present.

1. **Approval of Minutes**

UPON MOTION BY Joaquin guadarrama AND SECOND BY Piper Montemayor, THE TEXAS BOND REVIEW BOARD APPROVED THE MINUTES FOR THE November 6, 2018 Planning Session, The november 6, 2018 called board meeting and the November 15, 2018 Board Meeting.

1. **Public Comment**

There was no public comment.

1. **Texas Water Development Board State of Texas Water Financial Assistance Bonds Series 2019A and Taxable Series 2019B (Economically Distressed Areas Program)**

Representatives present were: Georgia Sanchez, Development Fund Manager, TWDB; Rebecca Trevino, Chief Financial Officer, TWDB; and Alexis Lorick, Assistant General Counsel, TWDB.

Chairwoman Hicks recessed the meeting at 10:05 a.m. and the Bond Review Board met in an executive session pursuant to Texas Government Code §551.071 to consult with its attorneys concerning this agenda item.

The Board reconvened in open session at 10:27 a.m. The Board took no action in executive session.

UPON MOTION BY Piper montemayor AND SECOND BY Sarah Hicks, THE TEXAS BOND REVIEW BOARD APPROVED the Texas Water Development Board State of Texas General Obligation Bonds Water Financial Assistance Bonds, Series 2019A and Taxable Series 2019B (Economically Distressed Areas Program) in a maximum par amount of $53,490,000 and maximum total proceeds amount of $54,255,883 including premiums used only as permitted by Section 1201.042 of the Texas Government Code, if any, as outlined in the application dated December 13, 2018 and supplements through January 8, 2019.

1. **Texas Department of Housing and Community Affairs Residential Mortgage Revenue Bonds Series 2019A**

Representatives present were: Monica Galuski, Director of Bond Finance and Chief Investment Officer, TDHCA; John Tomme, Senior Financial Analyst, TDHCA, Barton Withrow, Financial Advisor, George K. Baum & Company, and Elizabeth Bowes, Bond Counsel, Bracewell.

UPON MOTION BY JOAQUIN GUADARAMMA AND SECOND BY piper montemayor, THE TEXAS BOND REVIEW BOARD APPROVEd THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS RESIDENTIAL MORTGAGE REVENUE BONDS SERIES 2019A IN A MAXIMUM PAR AMOUNT and maximum total proceeds amount of $175,000,000 including premiums, if any, as outlined in the application dated december 19, 2018 and supplements through january 17, 2019.

1. **Texas Transportation Commission SH 249 System First Tier Toll Revenue Bonds Series 2019A and Taxable Series 2019B (in one or more series)**

The representative present was: Benjamin Asher, Director, Project Finance, TXDOT.

Board member Piper Montemayor stated that while the financing structure for this transaction may meet the objective of the agency, the use of capital appreciation bonds (CABs) and the extent that they are used should always be carefully considered as CABs are not the most prudent form of financing and add significant costs to the projects, costs which are paid by Texans.

UPON MOTION BY piper montemayor AND SECOND BY JOAQUIN GUADARRAMA, AND UPON AFFIRMATIVE VOTE BY SARAH HICKS AND JOAQUIN GUADARRAMA, THE TEXAS BOND REVIEW BOARD APPROVED THE TEXAS TRANSPORTATION COMMISSION SH 249 SYSTEM FIRST TIER TOLL REVENUE BONDS SERIES 2019A and taxable series 2019b, in one or more series, in a total maximum par amount and total proceeds amount of $300,000,000 including premiums, if any, as outlined in the application dated December 18, 2018 and supplements through January 11, 2019 with the direction that the Texas Transportation Commission report to the BOND REVIEW BOARD the transfers made to the General Reserve Fund each fiscal year and amounts paid to the Commission from the General Reserve Fund pursuant to the Master Trust Agreement, Section 514. PIPER MONTEMAYOR OPPOSED APPROVAL.

1. **Date for Next Board Meeting**

The next planning session is scheduled for Tuesday, March 12, 2019. The next Board Meeting is scheduled for Thursday, March 21, 2019. Staff will work to secure a room for the meetings.

1. **Report from the Executive Director**
* Staff has received 554 local government debt issuances so far this fiscal year which represents a 15% decrease from what was received during this time last year.
* There is over $3.01 billion in Private Activity Bond (PAB) authority available for calendar year 2019 and $331 million of that authority has been requested to date.
* Staff has begun working on the February 2019 Debt Affordability Study. Staff plans to send a draft copy of the report to the Board for review by Monday, February 4th. The final version of the report will be posted to the agency website by Friday, February 15th.
* So far staff has received 8 fiscal notes from the Legislative Budget Board (LBB) for bills filed for the 86th Legislative Session. All fiscal notes received have been completed and returned to the LBB.
* The Bonds 101 presentation is scheduled for Wednesday, January 30, 2019 from 10AM to 11:30AM in the Capitol Extension Auditorium. Staff has received 79 RSVPs so far. Rob Latsha, Justin Groll, and Braxton Parsons from BRB as well as Lee Deviney, and John Barton from TPFA are expected to present basic information on debt financing in Texas.
1. **Adjourn**

There being no further business, the Board Meetingwas adjourned at 10:39 a.m.