Minutes

Texas Bond Review Board

Planning Session

Monday, January 9, 2017, 2:00 p.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 2:00 p.m., Monday, January 9, 2017 in the Capitol Extension, Room E2.026 in Austin, Texas. Present were Steven Albright, 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 and David Gordon with the Office of the Attorney General, Bond Finance Office staff members and others.

1. **Call to Order**

Rob Latsha, Interim Executive Director, called the meeting to order at 2:00 p.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 State Technical College Fort Bend County Brazos Center and TSTC Harlingen Engineering Center Equipment Financing**

Representatives present were: Jonathan Hoekstra, Chief Financial Officer, TSTC; Shari Anz, Finance Chief of Staff, TSTC; Roger Miller, Senior Vice Chancellor for Government Relations, TSTC.

TSTC is seeking approval to finance $3,800,000 of the costs for furnishings and equipment for the Fort Bend County and Harlingen campuses through Texas Public Finance Authority’s (TPFA) Master Lease Purchase Program (MLPP).

Proceeds will be used to purchase initial furnishings and equipment for the Brazos Center at TSTC in Fort Bend County and Phase II of the Engineering Center at TSTC Harlingen.

Texas Government Code, Section 1232 authorizes TPFA to finance the purchase of equipment for state agencies and institutions of higher education, and the TSTC Board of Regents has a standing resolution adopted and effective as of April 18, 2013 authorizing the Chancellor or his designee to use the MLPP from time to time.

The TSTC Board approved the financing on November 17, 2016.

The purchase amount of $3,800,000 for the furnishings and equipment will be financed through the TPFA’s MLPP with a 5-year term.

Lease purchases under the MLPP are financed with proceeds of commercial paper notes issued by TPFA ("Notes"). The Notes are a special and limited obligation of the State of Texas, repaid from lease payments to TPFA from the lessee state agency or institution of higher education in an amount sufficient to pay the principal and interest on the Notes that mature or become due during the fiscal year.

As of August 31, 2016 the principal balance owed by the TSTC System for MLPP financing and HEF bonds totaled $6,804,907 and $24,111,637, respectively.

Jonathan Hoekstra gave an overview of TSTC and answered questions from the Board.

1. **Texas Public Finance Authority State of Texas General Obligation and Refunding Bonds, Taxable Series 2017**

Representatives present were: John Hernandez, Deputy Executive Director, TPFA; John Barton, Senior Financial Analyst, TPFA; Wayne Roberts, Chief Executive Officer, CPRIT; Heidi McConnell, Chief Operating Officer, CPRIT.

The TPFA seeks approval to issue its State of Texas General Obligation and Refunding Bonds, Taxable Series 2017 in a maximum par and total proceeds amount of $375,000,000 including premiums, if any. The new money portion is estimated to be $106,000,000, and the refunding portion is estimated to be $269,000,000.

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 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 18, 2016.

The TPFA Board approved the financing on December 8, 2016.

The bonds will be issued in a negotiated sale as taxable, fixed-rate securities with a maximum maturity not to exceed 25 years. TPFA anticipates structuring the bonds with a 20-year maturity and level-principal amortization beginning on October 1, 2017.

The bonds are expected to have an average life of 10.14 years and a true interest cost of 5.07%.

The bonds are general obligations of the state. As such, the state’s full faith and credit are pledged to repayment of the bonds. The first monies coming into the State Treasury, not otherwise appropriated by the Constitution, are dedicated to pay debt service.

To date CPRIT has issued $1.19 billion in debt under its $3.0 billion in GO authority and has $1.81 billion remaining in unissued authority.

John Hernandez 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 10:00 a.m. on Thursday, January 19, 2017 in the Capitol Extension, Room E2.026.

1. **Report from the Executive Director**

* BRB staff is solely using the new database and continues to run data integrity checks. The agency has talked with DIR about using the open data portal.
* Local government processing is slightly delayed but staff expects to meet performance measure goals.
* PAB 2016 carryforward has been reconciled and we expect to notify recipients this week. Staff expects to receive THECB approval for the Texas A&M project.
* Staff expects to have a draft of the DAS to the Board on February 3, 2017.

1. **Adjourn**

There being no further business, the planning sessionwas adjourned at 2:20 p.m.