Minutes

Texas Bond Review Board

Planning Session

Friday, March 7, 2014, 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., Friday, March 7, 2014 in the Capitol Extension Room E2.026 in Austin, Texas. Present were Ed Robertson, Chair and Alternate for Governor Rick Perry; Hasan Mack, Alternate for Lieutenant Governor David Dewhurst; Serena Kuvet, Alternate for Comptroller Susan Combs and Andrew Blifford, Alternate for Speaker Joe Straus. Also in attendance were Stephanie Leibe with the Office of the Attorney General, Bond Finance Office staff members and others.

1. **Call to Order**

Robert Latsha, Senior Financial Analyst, called the meeting to order at 10:04 am. 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 Transportation Commission State of Texas Highway Improvement General Obligation Bonds (multiple series)**

Representatives present were: Benjamin Asher, Innovative Financing/Debt Management Officer, TXDOT; Rebecca Bronson, Attorney, Office of General Counsel, TXDOT; Sara Ulbrich, Financial Analyst, TXDOT; Sarah Chapa, Special Projects Coordinator, TXDOT; Carol Polumbo, Bond Counsel, McCall, Parkhurst & Horton, LLP; Andres D. Diamond-Ortiz, Financial Advisor, Estrada Hinojosa.

TTC is seeking approval to issue State Highway Improvement General Obligation Bonds in a maximum par and not to exceed amount of $1,667,468,539, including premiums, if any. The Department may issue the bonds in one or more series. Proceeds from the bonds will be used to: 1) pay or reimburse the State Highway Fund for the costs of highway improvement projects authorized under Section 222.004 Texas Transportation Code, and 2) to pay: a) the costs of administering the projects, b) the cost of issuing the Bonds and c) all or part of a payment owed under a credit agreement.

The bonds are being issued pursuant to the authority granted to the Commission by Article III, Section 49-p of the Texas Constitution; Section 222.004, Texas Transportation Code, as amended; Chapter 1371, Texas Government Code, as amended; and pursuant to the Third Supplement.

The Commission approved a Minute Order on January 30, 2014 authorizing the Department to issue the $2,901,359,953 in authority for highway improvement projects. The authority for the Commission to sell and deliver the Bonds expires at 5:00 p.m. C.S.T. on January 30, 2015. Legislative Budget Board staff stated that per rider 31 in the GAA, TTC has sufficient appropriation authority to issue these bonds.

1. **EXEMPT – Texas Transportation Commission State Highway Fund First Tier Revenue and Refunding Bonds (issued in one or more Series)**

This transaction was approved on the EXEMPT track on Tuesday March 4, 2014.

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

This transaction is on the EXEMPT track and staff is waiting on additional information for the application to be complete.

1. **EXEMPT – Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Patriot’s Crossing Apartments) Series 2014**

This transaction is on the EXEMPT track and staff is waiting on a loan commitment from the US Department of Housing and Urban Development for the application to be complete.

Representatives present were: Jean Latsha, Director of Multifamily Finance, TDHCA;

Teresa Morales, Multifamily Division Manager, TDHCA; Brent Stewart, Director of Underwriting, TDHCA.

1. **Texas Public Finance Authority Texas Workforce Commission Unemployment Compensation Obligation Assessment Revenue Refunding Bonds, Series 2014A & B**

Representatives present were: John Hernandez, Interim Executive Director, TPFA; John Barton, Senior Financial Analyst, TPFA; Chris Allen, Financial Advisor, First Southwest Company; Barron Wallace, Bond Counsel, Bracewell Giuliani; Randy Townsend, Chief Financial Officer, TWC; Warren Collier, Chief Accounting Officer, TWC.

TPFA is seeking approval to issue Unemployment Compensation Obligation Assessment Revenue Refunding Bonds, Series 2014 (in one or more series) in an aggregate par amount of $771,210,000 and maximum total proceeds not to exceed $832,388,775 including premiums, if any. Proceeds from the Series 2014 bonds will be used to refund a portion of the outstanding TPFA Texas Workforce Commission (TWC) Unemployment Compensation Assessment Revenue Bonds, Series 2010A and 2010B and pay the costs of issuance. TWC adopted a resolution at its board meeting on January 21, 2014, authorizing the possible refunding of Unemployment Compensation Obligation Assessment Revenue Bonds.

TPFA approved the request for financing from the TWC to refinance certain outstanding Unemployment Obligation Assessment Revenue Bonds at its board meeting on February 6, 2014. The final bond resolution is expected to be approved by TPFA at its board meeting on April 3, 2014.

The bonds will be issued pursuant to the Texas Labor Code Chapter 203, Subchapters C and F; Chapters 1201, 1207, 1232 and 1371, Texas Government Code.

The bonds will be revenue self-supporting securities. Debt service will be paid from obligation assessment revenue collected by TWC. TPFA will notify TWC of debt-service requirements and bond administrative costs to enable TWC to determine the annual rate for the obligation assessment.

1. **Update on financial aspects of select properties in the Texas State Affordable Housing Corporation Multifamily Program**

Representatives present were: David Long, President, TSAHC; and David Danenfelzer, Manager of Development Finance, TSAHC.

Mr. Danenfelzer updated the board on the financial status of three multifamily tax exempt projects: the refinancing of Aguila Oaks Apartments, the liquidation of the HDSA Portfolio, and the liquidation of the South Texas Portfolio.

1. **Public Comment**

There were no public comments.

1. **Date for Next Board Meeting**

The regular Board Meeting is scheduled for 10 am Thursday, March 20, 2014 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**
* Staff is continuing to work on the Local Annual Report. The report is expected to be completed and posted on the website by April 15, 2014.
* The Debt Affordability Study was distributed and posted on the website on February 14, 2014.
* Staff has been invited to give testimony related to transparency during a meeting of the House Committee on Investments and Financial Services on May 21, 2014.
* MicroAssist commenced work on the database project and it is expected to be completed by August 31, 2014.
1. **Adjourn**

There being no further business to discuss, this planning sessionis adjourned at 10:46 am.