Minutes

Texas Bond Review Board

Planning Session

Tuesday May 8, 2012, 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., Tuesday May 8, 2012 in the Capitol Extension, Room E2.026 in Austin, Texas. Present were Ed Robertson, Chair and Alternate for Governor Rick Perry; Kenneth Besserman, Alternate for Comptroller Susan Combs; David Duran, Alternate for Lieutenant Governor David Dewhurst; 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**

Bob Kline, Executive Director of the BRB, called the meeting to order at 10:06 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 Water Development Board State of Texas Water Financial Assistance Bonds, Series 2012F (Economically Distressed Areas Program)**

This transaction has been withdrawn and is expected to be resubmitted in July.

1. **Texas Transportation Commission State Highway Fund First Tier Revenue and Revenue Refunding Bonds Series 2012 (issued in one or more series)**

Representatives present were: John Munoz, Deputy Director, Finance Division, TXDOT; Jennifer Wright, Analyst, Innovative Finance & Debt Management Office, TXDOT; and Jerry Kyle, Bond Counsel, Andrews Kurth.

The Commission is seeking approval to issue State Highway Fund First Tier Revenue and Revenue Refunding Bonds, Series 2012, in one or more series, in an aggregate par amount not to exceed $3,100,667,126 and a total maximum proceeds amount not to exceed $3,464,960,758 including premiums. The total requested par amount consists of up to $1,400,667,128 in remaining new money authority and $1.7 billion to advance refund outstanding bonds. The Commission currently expects to issue $1,228,640,000 in par amount for the new money portion and based its costs per $1,000 COI accordingly.

Proceeds from the bonds will be used to finance state highway improvement projects, advance refund outstanding debt and pay associated costs of issuance. At present no TxDOT projects have been allocated funds from this financing.

The bonds will be issued through a negotiated sale as revenue, self-supporting senior obligation, tax-exempt and/or taxable, variable and/or fixed-rate securities in denominations of $5,000 or any integral multiple thereof with a maturity of not more than twenty (20) years.

John Munoz stated that based on current rates the Commission expects to refund $500 million in bonds but has the flexibility to refund additional bonds if a minimum 3% net present value savings can be achieved.

Mr. Munoz also stated that based on current market rates the expected true interest cost will be 3.71%.

1. **EXEMPT – Texas Department of Housing and Community Affairs Multifamily Housing Mortgage Revenue Refunding Bonds (Parkview Townhomes) Series 2003**

Representatives present were: Cameron Dorsey, Director of Multifamily Finance, TDHCA; Elizabeth Bowes, Bracewell & Giuliani LLP; Gary Machak, Raymond James; Barton Withrow, Morgan Keegan; Megan Goodfellow, Centerline; and Cynthia Bast, Locke Lord.

This transaction, along with the other two TDHCA exempt transactions (see below) is part of a portfolio of properties to be restructured to bifurcate the interest rate into two separate components and redeem a portion of outstanding debt to provide sufficient cash flow for debt service and operations.

TDHCA and the Office of the Attorney General (OAG) have determined that the modifications are sufficiently material to constitute a reissuance under state law that requires approval by TDHCA, BRB and OAG.

1. **EXEMPT – Texas Department of Housing and Community Affairs Multifamily Housing Mortgage Revenue Refunding Bonds (Providence at Veteran’s Memorial) Series 2004**

Representatives present were: Cameron Dorsey, Director of Multifamily Finance, TDHCA; Elizabeth Bowes, Bracewell & Giuliani LLP; Gary Machak, Raymond James; Barton Withrow, Morgan Keegan; Megan Goodfellow, Centerline; and Cynthia Bast, Locke Lord.

1. **EXEMPT – Texas Department of Housing and Community Affairs Multifamily Housing Mortgage Revenue Refunding Bonds (Timber Oaks Apartments) Series 2003**

Representatives present were: Cameron Dorsey, Director of Multifamily Finance, TDHCA; Elizabeth Bowes, Bracewell & Giuliani LLP; Gary Machak, Raymond James; Barton Withrow, Morgan Keegan; Megan Goodfellow, Centerline; and Cynthia Bast, Locke Lord.

1. **Public Comment**

There was no public comment.

1. **Date for Next Board Meeting**

The next scheduled Board Meeting is Thursday, May 17, 2012.

1. **Items for Future Agendas**

An updated list detailing future bond transactions was handed out.

1. **Report from the Executive Director**
* The Local Debt Report was distributed to the Board Alternates on Friday May 4.
* Hurricane Ike authority expires at the end of this calendar year and to date $1.17 billion of the $1.86 billion in authority has been allocated.
* The next Capital Expenditure Plan training session is on May 10. The CEP is due September 1.
1. **Adjourn**

 There being no further business to discuss, the planning session adjourned at 10:42 a.m.