Minutes

Texas Bond Review Board

Planning Session

Tuesday, July 11, 2017, 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, July 11, 2017 in the Capitol Extension, Room E2.026 in Austin, Texas. Present were Steven Albright, Chair and Alternate for Governor Greg Abbott; Mike Morrissey, 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 Benita Prol 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 10:01 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 State of Texas General Obligation Commercial Paper Notes (Cancer Prevention and Research Institute of Texas Project) Series A (Taxable) and B (Tax-Exempt)**

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

TPFA is seeking authorization to issue CP notes under its State of Texas General Obligation Commercial Paper Program (Cancer Prevention and Research Institute of Texas), Series A (Taxable) and Series B (Tax-Exempt) (collectively, the CPRIT CP Program) in a maximum amount of $300,000,000 during fiscal year 2018 including the costs of issuance and related administrative costs, if any.

The proceeds will be used to fund cancer prevention and research grants, pay operating costs as dictated by the 85th Legislature and pay costs of issuance.

TPFA will issue the notes pursuant to Article III, Section 67 of the Texas Constitution; Chapters 1232 and 1371 of the Texas Government Code; Section 102.202 of the Texas Health and Safety Code; GAA Article I, p. I-13 to I-16.

The CPRIT Oversight Committee approved the Request for Financing on May 17, 2017.

The TPFA Board approved the financing on June 23, 2017.

The CPRIT Program will issue taxable and tax-exempt notes to mature on dates chosen by TPFA at the time of each sale; however, no maturity shall exceed 270 days.

The notes are general obligations of the state. As such, the state’s full faith and credit are pledged to repayment of the notes.

As of July 1, 2017, at the request of TPFA, the Comptroller decreased its liquidity agreement from $300 million to $285 million for the CPRIT CP program. This agreement is in effect until August 31, 2019 with the option to renew for additional terms.

Effective September 1, 2017, Senate Bill 81, 85th Legislature, extends CPRIT’s sunset date by two years to August 31, 2023. It also extends the period that CPRIT’s Oversight Committee can make grant awards by two years to August 31, 2022.

While CPRIT is requesting a CP authorization amount of $300.0 million, CPRIT staff estimates that a total of $250.4 million of CP will be issued for fiscal 2018.

To date CPRIT has issued $1.29 billion in debt under its $3.0 billion in GO authority and has $1.71 billion remaining in unissued authority. CPRIT currently has $1.14 billion in bonds outstanding and no outstanding commercial paper.

The 85th Legislature appropriated general obligation proceeds in the amounts of $13,747,082 for fiscal year 2018 with UB authority and $13,689,100 for fiscal year 2019 to fund the operations of CPRIT.

As not self-supporting GO debt, CPRIT debt is included in the Constitutional Debt Limit (CDL).

Lee Deviney answered questions from the Board.

1. **Texas Department of Housing and Community Affairs Request for Annual Waiver of the Section 2306.142(l) Requirements pursuant to Texas Government Code 2306.142(m)**

Representatives present were: Monica Galuski, Director of Bond Finance, TDHCA; Ed Morris, Senior Bond Finance Analyst, TDHCA; Elizabeth Bowes, Bond Counsel, Bracewell LLP; Barton Withrow, Financial Advisor, George K. Baum.

TDHCA Single-Family Bonds are special, limited obligations of TDHCA, payable solely out of the revenues, receipts, and security pledged under the Single-Family Indenture. The Bonds do not constitute a general obligation of the state of Texas.

If the BRB waives the requirements of TGC Section 2306.142(l), this would allow TDHCA to submit an application for BRB review on the exempt track.

Monica Galuski answered questions from the Board.

1. **Exempt – Grand Parkway Transportation Corporation Grand Parkway System Revenue Obligations Series 2017 (in one or more series of Bonds, Notes or other Obligations)**

TxDOT expects to submit a complete application in September.

1. **Exempt – Texas State Affordable Housing Corporation Multifamily Tax-Exempt Mortgage-Backed Securities (M-TEMS) Series 2017 (FN) (Brooks Manor Apartments)**

This transaction was submitted on the Exempt track and the 6-day review period is scheduled to expire on Thursday, July 13, 2017.

Representatives present were: David Long, President; TSAHC; Liz Bayless, Executive Vice President, TSAHC; Robert Dransfield, Bond Counsel, Norton Rose Fulbright.

TSAHC is seeking approval for the issuance of the Texas State Affordable Housing Corporation Multifamily Tax-Exempt Mortgage-Backed Securities (M-TEMS) Series 2017 (FN) (Brooks Manor Apartments) (the Bonds) in a maximum par amount and total proceeds amount of $4,203,000, including premiums, if any.

Robert Dransfield answered questions from the Board.

1. **Compensation of Interim Executive Director to be Effective January 1, 2017**

The Board has elected not to enter Executive Session to discuss Item VI.The Board will discuss Item VI at the voting meeting

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, July 20, 2017 in the Capitol Extension, Room E2.026.

1. **Items for Future Agendas**

A list of future agenda items was distributed to each member of the Board.

1. **Report from the Executive Director**
* Local government processing is continuing on schedule.
* The agency solely uses the new database for processing data.
* Staff has posted beta data on the Texas Open Data Portal and access is available by request.
* Staff is reorganizing the local government report and seeks comment on the proposed changes.
* A Qualified Energy Conservation Bond for Rockport is at the Governor’s Office and an application for Prairie View A&M is currently under review.
* The schedule for the Texas Public Finance Seminars is available in draft form.
* BRB staff met with Sen. Seliger Office Wednesday May 3rd.

1. **Adjourn**

There being no further business, the planning sessionwas adjourned at 10:21 a.m.