Minutes

Texas Bond Review Board

Planning Session

Thursday, August 28, 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., Thursday, August 28, 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 and Serena Kuvet, Alternate for Comptroller Susan Combs. 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, called the meeting to order at 10:05 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 Series 2008 (Texas Juvenile Justice Department)**

Representatives present were: Lee Deviney, Executive Director, TPFA; John Hernandez, Deputy Executive Director, TPFA; John Barton, Senior Financial Analyst, TPFA; Art Hinojosa, Manager of Architecture and Engineering, TJJD; Mike Waggoner, Account Manager for Construction, TJJD.

TPFA is seeking approval to issue CP notes under the 2008 Program to finance deferred maintenance projects for the Texas Juvenile Justice Department (TJJD) in a total amount of $5,500,000 plus the cost of issuance and related administrative costs, if any.

The notes will be used to maintain and equip certain facilities of TJJD.

The notes are general obligations of the state. TPFA will issue the notes pursuant to the Texas Constitution, Article III, Section 50-g; Texas Government Code, Section 1232.1116; GAA 2013 Art. IX, Sec. 17.02 pg IX-64.

The TJJD Board approved a resolution authorizing TPFA to issue short-term obligations to finance the cost of various projects on March 28, 2014. The financing for TJJD was approved by TPFA’s Board on June 5, 2014. TJJD received LBB approval for the projects on August 19, 2014.

Lee Deviney addressed questions from the board.

1. **Texas Public Finance Authority Texas Windstorm Insurance Association Premium Revenue Taxable Bonds, Series 2014**

Representatives present were: Lee Deviney, Executive Director, TPFA; John Hernandez, Deputy Executive Director, TPFA; John Barton, Senior Financial Analyst, TPFA; Peter Gise, Chief Financial Officer, TWIA; David Durden, Vice President - Legal, TWIA.

Texas Public Finance Authority (TPFA or the Authority) seeks approval for the issuance of Texas Public Finance Authority Texas Windstorm Insurance Association Premium Revenue Taxable Bonds, Series 2014 (the Bonds) in an aggregate maximum par and total proceeds amount of $500,000,000.

The proceeds of the Bonds will be used to pay costs of the Association including debt service, authorized claims of a catastrophic event as well as other operating expenses of the Association.

TPFA will issue the debt pursuant to Texas Insurance Code Chapter 2210, Subchapter E of Chapter 5 of Part I of Title 28, Texas Administrative Code, as amended; and, Texas Government Code Chapters 1232, 1201 and 1371, as amended.

On May 8, 2014, TWIA's board of directors adopted resolutions requesting TPFA to issue pre-event Class 1 public securities and post-event Class 1, Class 2, and Class 3 public securities.

TWIA submitted an application to the Commissioner of the Texas Department of Insurance on May 9, 2014 for approval of the request for financing for the issuance of public securities. The Commissioner approved the request on May 28, 2014.

On June 5, 2014 TPFA’s Board approved a Request for Financing to issue Class 1, Class 2, and Class 3 public securities for TWIA, including the issuance of Class 1 pre-event premium revenue taxable bonds in an amount not to exceed $500 million.

On August 7, 2014 TPFA’s Board approved the Master Resolution, a First Supplemental Resolution, and the Preliminary Official Statement related to the Class 1 Public Securities.

The pre-event Class 1 bonds will not be rated.

The security pledge for the Bonds is the net premium and other revenues of TWIA, per Insurance Code §2110.612.

The Bonds do not create or constitute in any way an obligation, a debt or a liability of the state of Texas or constitute a pledge, giving or lending of the faith or credit or taxing power of the state of Texas.

TPFA estimates that issuance costs will be approximately $1.5 million or $3.00 per bond, and the underwriter’s spread is expected to be $8,750,000 or $17.50 per bond for a total COI of $10,250,000 or $20.50 a bond.

The reinsurance program consists of two layers of coverage: approximately $1.35 billion at an attachment point of $1.9 billion and $100.0 million at an attachment point of $3.25 billion.

Lee Deviney presented additional information about the transaction. Peter Gise, Dalton Smithand Julia Houston answered questions from the Board

1. **Public Comment**

There were no public comments.

1. **Adjourn**

There being no further business, the planning sessionwas adjourned at 11:16 a.m.