Minutes

Texas Bond Review Board

Planning Session

Tuesday September 13, 2011, 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 September 13, 2011 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 and Andrew Blifford, Alternate for Speaker Joe Straus. Also in attendance were Tom Griess 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 10:08 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. There was a quorum**.**

1. **Texas State Technical College Lease Purchase (IT Equipment and Software)**

This transaction has been withdrawn and is expected to be resubmitted in November.

1. **Texas State Technical College System Revenue Financing System Bonds, Series 2011A**

Representatives present were: J. Gary Hendricks, Vice Chancellor for Financial and Administrative Services, TSTC System; Teri Zamora, Vice President for Financial and Administrative Services, TSTC Harlingen; and Laura Alexander, Senior Vice President, First Southwest Company.

The System is seeking approval to issue its TSTC Revenue Finance System Improvement Bonds, Series 2011A in a par amount not to exceed $5,200,000 and a maximum total proceeds amount of $5,140,000 including discounts/premiums, if any.

The proceeds will be used for three projects on the TSTC Harlingen campus: 1) a Building Construction Technology Program building; 2) an Engineering Center renovation; and 3) an Allied Health Programs building.

The bonds are payable from and secured solely by the Pledged Revenues of the System. The bonds are not general obligations of the Board, the System, the state or any political subdivision of the state.

Teri Zamora stated that the projects are expected to be completed within 24 months.

Laura Alexander stated that the bonds are expected to have rates from 4.50-4.75%.

1. **Texas Department of Housing and Community Affairs Residential Mortgage Revenue Bonds, Series 2011C**

Representatives present were: Timothy Nelson, Director of Bond Finance, TDHCA; and Elizabeth Rippy, Bond Counsel, Vinson & Elkins.

TDHCA is seeking approval for the third of a series of three planned issuances under the second phase of the New Issue Bond Program. This issuance will be sold to the public in a maximum par of $20,000,000 and total proceeds amount of $21,200,000 including premiums, if any.

The Series 2011C bonds will be used to provide funds to finance the purchase of low-interest rate mortgage loans made by lenders to first time homebuyers of low, very low and moderate income who are acquiring moderately priced residences.

TDHCA requests that the BRB waive the requirements of Texas Government Code Section 2306.142(l) based on their determination that it is unfeasible or will damage the financial condition of TDHCA to issue the Series 2011C Bonds with the restrictions contained therein.

Tim Nelson stated that TDHCA expects to offer mortgage rates from 4.00% unassisted to 4.60% with 4% of down payment assistance. The bond yield is expected to be approximately 3%, and the spread between the bond yield and mortgage rate will be used to pay for administrative costs associated with servicing the loans.

1. **EXEMPT – Texas Public Finance Authority Charter School Finance Corporation Education Revenue Bonds (Orenda Education) Series 2011A, Taxable Education Revenue Bonds (Orenda Education) Series 2011B and Taxable Education Revenue Bonds (Orenda Education) Series 2011Q (Qualified School Construction Bonds – Direct Pay)**

Representatives present were: Susan Durso, Interim Executive Director/General Counsel; and John Hernandez, Deputy Director.

BRB staff is reviewing this application and is awaiting the outcome of a TEFRA hearing that is scheduled for September 23, 2011.

Susan Durso provided an overview of the project stating that the bonds would be issued in an amount up to $9.5 million to purchase land to construct a new, complete campus with athletic facilities for Orenda’s Gateway College Preparatory School in Georgetown. The campus will accommodate approximately 1,054 students with grades K-12.

1. **Proposed Rule changes to Texas Administrative Code §181.1, §181.2, §181.3, §181.9 and §181.10**

The proposed rules are still being discussed with the Attorney General’s Office and are expected to come before the Board at its November meeting.

1. **Public Comment**

There were no public comments.

1. **Date for Next Board Meeting**

The next scheduled Board Meeting is Thursday September 22, 2011.

1. **Items for Future Agendas**

An updated list detailing future bond transactions was handed out.

1. **Report from the Executive Director**

Staff has received 7 of 20 fiscal year-end issuer reports and continues to work on its 2011 Annual Report.

1. **Adjourn**

There being no further business to discuss, the planning session adjourned at 10:39 a.m.