Minutes

Texas Bond Review Board

Planning Session

Tuesday, September 10, 2019, 10:00 a.m.

Capitol Extension, Room E2.026

1100 N. Congress Ave.

Austin, TX 78701

The Texas Bond Review Board (BRB) convened in a planning session at 10:00 a.m., Tuesday, September 10, 2019 in the Capitol Extension, Room E2.026 in Austin, Texas. Present were Sarah Hicks, Chair and Alternate for Governor Greg Abbott; Joaquin Guadarrama, Alternate for Lieutenant Governor Dan Patrick; Amanda Lopez, Alternate for Speaker Dennis Bonnen; and Melissa Popkoff, Alternate for Comptroller Glenn Hegar. Also, in attendance were Leslie Brock and Rosalind Hunt with the Office of the Attorney General, Bond Finance Office staff members and others.

1. **Call to Order**

Rob Latsha, 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. With the exception of agenda item II, no votes would be taken. A quorum was present.

1. **Texas Transportation Commission Toll Revenue Second Tier Note (Midtown Express Managed Lanes Project) Series 2019 (discussion and possible action)**

Representatives present were Jennifer Wright, Project Finance and Debt Director, TxDOT; Jim Bateman, Associate General Counsel, TxDOT; and Greg Salinas, Partner with McCall Parkhurst & Horton as bond counsel.

The Midtown Express Managed Lanes Project is located near the center of the Dallas-Fort Worth metropolitan area and serves as one of the main routes connecting downtown Dallas with downtown Fort Worth.

The Texas Transportation Commission is seeking approval to execute a Second Tier TIFIA Loan Agreement with the United States Department of Transportation (USDOT) in a total par amount and maximum total proceeds amount at closing of $275,000,000.

Proceeds of the TIFIA Loan will be used to reimburse the State Highway Fund (SHF) in the amount of $275 million for costs of the Midtown Express Project.

The TIFIA Loan Agreement will be executed pursuant to authority granted in Chapter 228, Texas Transportation Code and Chapter 1371, Texas Government Code.

On September 27, 2018, the Commission adopted a minute order authorizing the TIFIA loan financing including approval of a Trust Agreement.

The TIFIA Loan will be obtained under the federal TIFIA program administered by the Build America Bureau for the USDOT as a revenue-supported, taxable, fixed-rate loan/note with a final maturity date of February 15, 2054. The modeled interest rate in the cash flows provided as part of this application is 2.50%; however, the current TIFIA loan rate is approximately 52 basis points lower at 1.98% as of August 29, 2019.

The Texas Transportation Commission will be the borrower of the TIFIA Loan. The TIFIA obligations will be issued without recourse to the Commission, TxDOT, or the state of Texas and shall be payable by the Commission solely from revenues generated from the Midtown Express Managed Lanes Project.

Rob Latsha turned the proceedings over to Sara Hicks for deliberation. Jennifer Wright answered questions from the Board.

Upon motion by Sara hicks and second by Melissa popkoff, the texas bond review board tabled the Texas Transportation Commission Toll Revenue Second Tier Note (Midtown Express Managed Lanes Project) Series 2019 with the intent to preserve the option to take up the item again at the board’s discretion in the future.

1. **Discussion of final rule adoption for Title 34 Texas Administrative Code, Part 9, Chapter 181 Bond Review Board Rules, including adopting recommended changes to 34 TAC §§ 181.1, 181.2, 181.3, 181.4, 181.5, 181.9, and 181.10 in the Texas Register**

As it relates to the state debt oversight process, BRB staff proposes updates and clarifications to its administrative code rules in Texas Administrative Code Chapter 181. The proposed rule changes were published in the August 9, 2019 publication of the Texas Register and the public comment period on the proposed amendments extended through midnight on Saturday, September 7, 2019. During the public comment period, the BRB received written comments from the Texas Tech University System (TTUS), Hilltop Securities, Inc. (HS), the Texas Department of Transportation (TXDOT), the Texas Department of Housing and Community Affairs (TDHCA) and the Texas State Affordable Housing Corporation (TSAHC). There was no discussion by the Board.

1. **Discussion of final rule adoption for Title 34 Texas Administrative Code, Part 9, Chapter 190 Allocation of State’s Limit on Certain Private Activity Bonds, including adopting recommended changes to 34 TAC §§ 190.1, 190.2, 190.3, 190.4, 190.5, 190.6, and 190.7 in the Texas Register**

As it relates to the state’s Private Activity Bond program, BRB staff proposes updates and clarifications to its administrative code rules in Texas Administrative Code Chapter 190 based on the passage of Senate Bill 1474 by the 86th Legislature. The proposed rule changes were published in the August 9, 2019 publication of the Texas Register and the public comment period on the proposed amendments extended through midnight on Saturday, September 7, 2019. During the public comment period, the BRB received written comments from the Texas State Affordable Housing Corporation (TSAHC). There was no discussion by the Board.

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, September 19, 2019 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**
* Staff continues to process local government debt transactions received from the AG’s office on schedule. So far is fiscal year 2019 we have received approximately 1,510 issues which is an increase of 9.0% in total issues received from this time last year. Staff expects to publish the 2019 local debt annual report by the end of December.
* Staff has issued 79 reservations during the 2019 PAB program year so far. This leaves $14.0 million of 2019 volume cap available to issuers. The program is currently over-subscribed. The Board anticipates a sizeable increase in lottery participants. The Board plans to use a surplus Pick-5 machine from the Lottery Commission to conduct the lottery.
* Staff has started receiving the Annual State Debt Issuer Reports for fiscal year 2019. These reports are due by Friday, September 13, 2019. Final numbers will be published in the agency’s 2019 State Debt Annual Report by December 1, 2019.
1. **Adjourn**

There being no further business, the planning sessionwas adjourned at 10:23 a.m.