Minutes

Texas Bond Review Board

Planning Session and Board Meeting

Thursday, November 17, 2022, 10:00 a.m.

Capitol Extension, Room E2.028

And Videoconference Meeting

1100 Congress Ave.

Austin, TX 78701

The Texas Bond Review Board (BRB) convened in a Planning Session and Board Meeting at 10:00 a.m., Thursday, November 17, 2022, in Capitol Extension Room E2.028 and via videoconference as authorized under Texas Government Code section 551.127. Present were Sarah Hicks, Chair and Alternate for Governor Greg Abbott; Joaquin Guadarrama, Alternate for Lieutenant Governor Dan Patrick; and Melissa Popkoff, Alternate for Comptroller Glenn Hegar. Also, in attendance were Leslie Brock and Glen Imes with the Office of the Attorney General, Bond Finance Office staff members, and others.

1. **Call to Order**

Sarah Hicks, as Chair, called the meeting to order at 10:01 a.m. She announced that this meeting will be held by videoconference call pursuant to Texas Government Code section 551.127. This meeting may include participation from one or more Bond Review Board members by remote videoconference. In accordance with the Texas Open Meetings Act, Bond Review Board members participating by videoconference shall be considered as being present for all purposes in the meeting. A quorum was present.

1. **Approval of Minutes**

UPON MOTION BY Joaquin guadarrama AND SECOND BY MELISSA POPKOFF, THE TEXAS BOND REVIEW BOARD APPROVED THE MINUTES FOR THE OCTOBER 11, 2022, planning session, AND OCTOBER 20, 2022, cALLED Board Meeting.

1. **Public Comment**

There was no public comment.

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) for calendar year 2023**

Representative present was Scott Fletcher, Director of Bond Finance, TDHCA.

UPON MOTION BY MELISSA POPKOFF AND SECOND BY jOAQUIN gUADARRAMA, THE TEXAS BOND REVIEW BOARD waived the requirements of Section 2306.142(l) of the Texas Government Code pursuant to Section 2306.142(m) during calendar year 2023 based on TDHCA’s determination that it is unfeasible or will damage the financial condition of TDHCA to issue bonds with the restrictions contained in Section 2306.142(l) of the Texas Government Code.

1. **Texas State Affordable Housing Corporation Multifamily Housing Revenue Bonds (La Vista de Lopez Apartments) Series 2022**

Representative present was David Danenfelzer, Senior Director, TSAHC.

UPON MOTION BY Joaquin Guadarrama AND SECOND BY mELISSA pOPKOFF, THE TEXAS BOND REVIEW BOARD approved the Texas State Affordable Housing Corporation Multifamily Housing Revenue Bonds (La Vista de Lopez Apartments) Series 2022 in a maximum par amount and a maximum total proceeds amount of $11,000,000 including premiums, if any, as outlined in the application dated October 20, 2022 and supplements through November 3, 2022.

1. **Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Palladium Oak Grove) Series 2022**

This item is on the agenda for discussion purposes only.

Representative present was Teresa Morales, Director of Multifamily Bonds, TDHCA.

This issuance, originally presented as a publicly offered, HUD 221(d)(4), cash collateralized transaction, was approved by BRB at the October 20, 2022, Called Board Meeting. TDHCA staff learned in late October that HUD would not be able to meet the closing deadline and the borrower decided to utilize a different structure on the transaction.

The Department submitted an application to issue its Multifamily Housing Revenue Bonds (Palladium Oak Grove) Series 2022 in a maximum par amount and a maximum total proceeds amount not to exceed $25,600,000 including premiums, if any.

The proceeds of the bonds will be used for a new construction of a 240-unit multifamily residential rental development.

The bonds will be issued pursuant to Chapter 1371 and Chapter 2306 of the Texas Government Code.

The Private Activity Bond (PAB) certificate of reservation was issued to TDHCA on July 29, 2022 and expires on January 25, 2023.

The TDHCA Board is expected to approve the final resolution for the bond issuance at its December 8, 2022 meeting.

The bonds will be sold through a private placement sale as unrated, tax-exempt, revenue, self-supporting, fixed-rate debt, 19-year term, amortization of 40 years, average life of 18.179 years, and a final maturity date of December 20, 2041.

The bonds in the of amount of $25,600,000 will be initially purchased by Specialty Finance Group, a division of Cedar Rapids Bank & Trust, who will be serving as the construction and permanent lender. The interest rate will be fixed prior to closing by a Swap Agreement and will be equal to the sum of the SOFR Rate plus 1.55%, currently estimated to be 6.04%.

TDHCA is acting as a conduit issuer for this transaction and as such the bonds do not constitute an obligation, debt, or liability of the state of Texas, or a pledge or loan of faith, credit, or taxing power of the state of Texas. The bonds are special limited obligations payable from revenues earned from the mortgage loan and earnings derived from amounts on deposit in an investment agreement.

The anticipated closing date and sale date is expected to be December 21, 2022, and the cost of issuance is expected to be $457,633 or $17.88 per $1,000 bond.

In accordance with recent published guidance by the IRS, a telephonic Tax Equity and Fiscal Responsibility Act (TEFRA) hearing was held on September 7, 2022. Given that it was via telephone, it was difficult to discern exactly how many individuals participated in the hearing. However, representatives from the Department and the Developer were present, and no public comment was made. The Department has received seven letters of support, and no letters of opposition for this development.

Teresa Morales addressed the Board.

1. **EXEMPT – Texas Department of Housing and Community Affairs Single Family Mortgage Revenue Bonds Series 2022B**

The 6-day review period for this application will end at the close of business on Monday, November 28, 2022. Rob Latsha, Executive Director, gave a brief overview of the transaction.

1. **EXEMPT – Texas Natural Gas Securitization Finance Corporation Customer Rate Relief Bonds (Winter Storm Uri) Taxable Series 2022**

The 6-day review period for this application will end at the close of business on Friday, November 18, 2022. Rob Latsha, Executive Director, gave a brief overview of the transaction.

1. **Date for Next Board Meeting**

A Called Board Meeting will be scheduled for Thursday, December 8, 2022, in Room E1.016 of the Capitol Extension.

1. **Report from the Executive Director**
   * Local debt issuance and local debt outstanding totals will be included in the Fiscal Year 2022 Annual Debt Report due December 1, 2022, on the BRB website.
   * Later in November, staff will begin working on the local debt report for debt totals as of fiscal year-end 2022, August 31, 2022.
   * Staff completed reconciliation of state debt outstanding, as of August 31, 2022, and will present this information in the Fiscal Year 2022 Annual Debt Report.
   * Staff plans to send a draft copy of the annual debt report to the Board no later than Monday, November 21, 2022. The report is due on the BRB website by December 1, 2022.
2. **Adjourn**

There being no further business, the Planning Session and Board Meetingwas adjourned at 10:28 a.m.