Minutes

Texas Bond Review Board

Board Meeting

Thursday, January 18, 2024, 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 Board Meeting at 10:00 a.m., Thursday, January 18, 2024, in Room E2.028 of the Capitol Extension and via videoconference as authorized under Texas Government Code section 551.127. Present were Austin Holder, Chair and Alternate for Governor Greg Abbott; Joaquin Guadarrama, Alternate for Lieutenant Governor Dan Patrick; Kimberly Edwards, Alternate for Comptroller Glenn Hegar; and Andrew Blifford, Alternate for Speaker Dade Phelan. Also, in attendance were Leslie Brock, Melissa Juarez, and Austin Havens with the Office of the Attorney General, Bond Finance Office staff members, and others.

1. **Call to Order**

Austin Holder, as Chair, called the meeting to order at 10:00 a.m. He 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 Kimberly Edwards, THE TEXAS BOND REVIEW BOARD APPROVED THE MINUTES FROM THE october 10, 2023, planning session and october 19, 2023, 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 all single family mortgage revenue bonds issued by the Department in calendar year 2024**

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

UPON MOTION BY joaquin guadarrama AND SECOND BY Kimberly Edwards, 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 2024 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. **Title 34 Texas Administrative Code, Part 9, Chapter 181 Bond Review Board Rules, New Rule §181.11**

Executive Director, Rob Latsha, presented to the Board proposed new administrative code rule section 181.11, which was published in August 2023, based on the passage of House Bill 1038 by the 88th Legislature in 2023.

This new rule aims to grant the Board the authority to gather relevant information from state agencies or political subdivisions to enable the Board to prepare a biennial report on state lending and credit support programs due by December 31st of each even-numbered year.

Staff received comments from one state agency during the comment period, which ended on September 17, 2023. A draft adoption preamble and the rule as published were provided to the Board for review and consideration and possible adoption.

UPON MOTION BY kimberly edwards AND SECOND BY Joaquin guadarrama, The Texas Bond Review Board VOTED TO ADOPT new rule Section 181.11 to 34 Texas Administrative Code, Part 9, Chapter 181, Subchapter A; authorized staff to finalize preamble language to accompany the new rule, consistent with today’s discussion and in compliance with Administrative Procedure Act requirements; and delegated to the presiding officer the authority to sign the adoption order on behalf of the Board.

1. **EXEMPT – Texas State Affordable Housing Corporation Single Family Mortgage Revenue Bonds Series 2024A (Non-AMT) and Series 2024B (Taxable)**

Representative present was Sarah Ellinor, Senior Manager, Homeownership Programs, TSAHC.

The 6-day review period for this application will expire on Wednesday, January 24, 2024. Staff recommends exempt approval.

TSAHC is seeking approval to issue its Single Family Mortgage Revenue Bonds Series 2024A (Non-AMT) and Single Family Mortgage Revenue Bonds Series 2024B (Taxable) in a maximum par amount of $75,000,000 and maximum total proceeds amount of $78,750,000 including premiums, if any. The maximum par amount for the Series 2024A (Non-AMT) issuance is estimated at $57,050,000, and the maximum par amount for the Series 2024B (Taxable) issuance is estimated at $17,950,000.

TSAHC expects to make an issuer contribution of approximately $2.45 million, which will be used to fund capitalized interest, cost of issuance, and down payment assistance.

TSAHC’s cash contribution will be funded from the Corporation’s unrestricted assets at closing.

Proceeds of the Series 2024A and 2024B (taxable) bonds will be used to purchase Ginnie Mae mortgage-backed securities (MBS Certificates) backed by tax-exempt eligible mortgage loans, including down payment assistance made to first-time homebuyers (with certain limited exceptions), of low, very low, and moderate income, who are acquiring moderately priced residences.

TSAHC will initially make funds available to provide down payment and closing cost assistance equal to 4% of initial total mortgage loan principal (including mortgage insurance premium) for each mortgage loan. Assistance will be provided to each mortgagor at the closing of the mortgage loan in the form of a three-year deferred forgivable second lien.

The Series 2024AB bonds will be issued under Subchapter Y of Chapter 2306, Texas Government Code, as amended, including Section 2306.5621.

The TSAHC Board approved the bond resolution at its meeting on December 19, 2023.

TSAHC has an exclusive set-aside amount of approximately 10% of the sub-ceiling for single-family bonds which for the 2024 PAB program year is $122,966,432.

Series 2024A bonds will be sold as tax-exempt, revenue, self-supporting, fixed-rate debt in a negotiated sale.

The Series 2024AB bonds are special, limited obligations of TSAHC, payable solely out of the revenues, receipts, and security pledged under the Indenture. The bonds do not constitute a general obligation of the state of Texas.

1. **EXEMPT – Texas Department of Housing and Community Affairs Multifamily Housing Refunding Governmental Note (FishPond at Corpus Christi Apartments) Series 2024**

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

This application is on the BRB EXEMPT track. Staff will send this transaction to the Board for the 6-day review period when the application is complete.

Teresa Morales provided an overview of this transaction for the Board.

1. **Date for Next Board Meeting**

A planning session will be scheduled for Tuesday, March 12th and a Board Meeting will be scheduled for Thursday, March 21st. The BRB plans to hold the meetings in Room E2.028 of the capitol extension.

1. **Report from the Executive Director**
   * So far for fiscal year 2024, the BRB has received approximately 640 local debt issuances for processing. This is a similar number of issuances received compared to this time last year.
   * The 2023 Private Activity Bond program year has been closed out including all carryforward application designations.
   * Staff began issuing reservations for the calendar year 2024 Private Activity Bond Program. Total volume cap available for reservations is approximately $3.81 billion. This is a 6% increase from the 2023 program year amount. All lottery application reservations that can be satisfied in each sub ceiling or region will be issued by the end of January.
   * BRB staff is working on the state’s Debt Affordability Study. A draft of the report will be sent to the Board by Tuesday, February 6, 2024. The final version of the report will be posted to the agency’s website by Thursday, February 15, 2024.
   * BRB staff is designing a new online portal for data entry. This online portal will allow state and local debt issuers to provide debt issuance information via web-based forms.
   * BRB staff received two EXEMPT track refunding applications from the Texas Transportation Commission for Board review.
2. **Personnel matters relating to the Executive Director**

At 10:27 a.m. the Board went into a Closed Session under the authority of Section 551.074 of the Texas Government Code to discuss personnel matters related to the executive director under Agenda Item X.

The open portion of the Board Meeting reconvened at 10:51 a.m. to act on Item X in an open meeting.

UPON MOTION BY Kimberly Edwards AND SECOND BY joaquin guadarrama, and Subject to the satisfaction of the conditions outlined in the General Appropriations Act, 88th Legislature, Regular Session, including Article IX, Sections 3.04(a) and (d), the Texas Bond Review Board VOTED TO APPROVE the salary of Executive Director in the annual amount of $152,306 effective on January 1, 2024, which is within the Group 4 exempt salary range.

1. **Adjourn**

There being no further business, the Board Meetingwas adjourned at 10:54 a.m.