Minutes

Texas Bond Review Board

Called Board Meeting

Friday, February 17, 2023, 2:00 p.m.

Room 402 Clements Building

And Videoconference Meeting

300 W. 15th Street

Austin, TX 78701

The Texas Bond Review Board (BRB) convened in a Called Board Meeting at 2:00 p.m., Friday, February 17, 2023, in Room 402 of the Clements Building 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; Piper Montemayor, Alternate for Comptroller Glenn Hegar; and Andrew Blifford, Alternate for Speaker Dade Phelan. Also, in attendance were Leslie Brock, Glen Imes, and Kimberly Fuchs 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 2:03 p.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. **Public Comment**

There was no public comment.

1. **Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Corona Del Valle) Series 2023**

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

UPON MOTION BY piper montemayor AND SECOND BY Joaquin guadarrama, THE TEXAS BOND REVIEW BOARD approved the Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Corona del Valle) Series 2023 in a maximum par amount and a maximum total proceeds amount not to exceed $1,000,000 including premiums, if any, as outlined in the application dated February 16, 2023 and supplements through February 16, 2023.

1. **Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Socorro Village) Series 2023**

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

UPON MOTION BY jOAQUIN gUADARRAMA AND SECOND BY piper montemayor, THE TEXAS BOND REVIEW BOARD approved the Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Socorro Village) Series 2023 in a maximum par amount and a maximum total proceeds amount not to exceed $950,000 including premiums, if any, as outlined in the application dated February 7, 2023 and supplements through February 13, 2023.

1. **Texas Public Finance Authority State of Texas General Obligation Commercial Paper Notes (Texas Agricultural Finance Authority Rural Economic Development Finance Program) Taxable Series 2023**

Representatives present were Lee Deviney, Executive Director, TPFA; John Hernandez, Deputy Director, TPFA; Kevin Van Oort, General Counsel, TPFA; Matt Berry, Financial Analyst, TPFA; and Bon Weir, Program Specialist, TAFA.

Bond Weir addressed the Board and answered questions. The BRB did not take action on this item.

1. **Texas Natural Gas Securitization Finance Corporation Customer Rate Relief Bonds (Winter Storm Uri) Taxable Series 2023**

Representatives present were Lee Deviney, Treasurer, TNGSFC; John Hernandez, Deputy Director, TPFA; and Kevin Van Oort, General Counsel, TPFA.

UPON MOTION BY piper montemayor AND SECOND BY jOAQUIN gUADARRAMA, THE TEXAS BOND REVIEW BOARD approved the Texas Natural Gas Securitization Finance Corporation Customer Rate Relief Bonds (Winter Storm Uri) Taxable Series 2023 in a maximum par amount and a maximum total proceeds amount not to exceed $3,600,000,000 including premiums, if any, as outlined in the application dated February 13, 2023 and supplements through February 17, 2023.

1. **EXEMPT – Texas Department of Housing and Community Affairs Residential Mortgage Revenue Bonds Series 2023A (Non-AMT)**

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

This transaction was submitted on the BRB Exempt track and the 6-day review period will expire on Thursday, February 23, 2023.

TDHCA is seeking approval to issue its Residential Mortgage Revenue Bonds Series 2023A (Non-AMT) in a maximum par amount of $230,000,000 and a maximum total proceeds amount of $250,700,000 including premiums, if any.

Based on current market conditions, the Department expects to issue the Series 2023A bonds with a par amount of $230,000,000 and total proceeds amount of $240,448,361, including premiums.

Additionally, TDHCA expects to make a net cash contribution of approximately $4.92 million. If on the day of pricing a lower-than-expected premium amount is realized, TDHCA will then make a cash contribution in an amount not to exceed $8.0 million, which will to be used to fund a portion of the down payment and closing cost assistance and costs related to the acquisition of qualifying mortgage loans.

The Series 2023A bonds will be used to finance the purchase of tax-exempt eligible mortgage loans, including down payment assistance second loans, made to first time home buyers.

Mortgage loans will be 30-year, fixed rate loans guaranteed by FHA, VA, or USDA and pooled into Ginnie Mae MBS. Initially, borrowers will have the choice of zero, three, or four points of down payment assistance.

The bonds will be issued under Chapter 2306 and Chapter 1371, Texas Government Code, as amended.

The final bond resolution was approved by the TDHCA Board at its February 9, 2023, meeting.

TDHCA received a PAB reservation for the Series 2023A bonds on February 13, 2023, and this reservation will expire on September 11, 2023.

The Series 2023A bonds will be sold as tax-exempt, revenue, self-supporting, fixed-rate debt in a negotiated sale.

The bonds are special, limited obligations of TDHCA, payable solely out of the revenues, receipts, and security pledged under the Residential Mortgage Revenue Bond Indenture. The bonds do not constitute a general obligation of the state of Texas.

The sale date is expected to be March 1, 2023, and the closing date is expected to be March 29, 2023.

The bonds received a rating of Aaa from Moody’s and AA+ from S&P.

The cost of issuance is expected to be $2,872,475 or $12.49 per $1,000 bond.

Scott Fletcher addressed the Board and answered questions.

1. **Date for Next Board Meeting**

The March planning session will be scheduled for Tuesday, March 14, 2023, and the March Board meeting will be scheduled for Thursday, March 23, 2023.

1. **Report from the Executive Director**
   * So far for fiscal year 2023, the BRB has received approximately 749 local debt issuances for processing.
   * Staff continues to process 2023 Private Activity Bond applications, and as of February 6, 2023, the program had provided a total of $1,219,849 in general revenue deposits and application fees.
   * Staff appeared before the Senate Finance Committee on Friday, February 3, 2023.
   * Staff is scheduled to appear before the House Appropriations Committee on Tuesday, February 21, 2023.
   * Staff is keeping track of bills introduced during the 88th Legislature related to BRB strategies and will circulate the list weekly to Board members.
   * BRB and TPFA staff hosted a Bonds 101 presentation in Capitol Extension, Room E2.028 and via Zoom webinar on Thursday, January 26, 2023. Approximately 150 individuals attended the presentation.
   * The final version of the February 2023 Debt Affordability Report was posted to the agency’s website on Wednesday, February 15, 2023.
   * Semi-annual issuer letters were sent to agencies and universities requesting mid-year debt information. That information is due back to the BRB by March 15th.
   * The Board requested to reschedule any potential May business for a different month such as March, June, or July.
2. **Adjourn**

There being no further business, the Called Board Meetingwas adjourned at 2:44 p.m.