Minutes

Texas Bond Review Board

Planning Session

Tuesday, November 12, 2024, 9:30 a.m.

Room 402 Clements Building

And Videoconference Meeting

300 W. 15th Street

Austin, TX 78701

The Texas Bond Review Board (BRB) convened in a planning session at 9:30 a.m., Tuesday, November 12, 2024, in Room 402 Clements Building and via videoconference as authorized under Texas Government Code section 551.127. Present were Brady Franks, Chair and Alternate for Governor Greg Abbott; Kimberly Edwards, Alternate for Comptroller Glenn Hegar; and Sallie Bentley, Alternate for Speaker Dade Phelan. Also, in attendance were Leslie Brock and Austin Havens 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 9:38 a.m. A quorum was present. 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. No votes would be taken.

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 2025**

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

Pursuant to TGC Section 2306.142(m) the Department is requesting the BRB approve an annual waiver of TGC Section 2306.142(l) through calendar year 2025.

On October 10, 2024, the TDHCA Board approved a resolution requesting the BRB waive TGC Section 2306.142(l).

TDHCA single family bonds are special, limited obligations of TDHCA, payable solely out of the revenues, receipts, and security pledged under the two indentures. The Bonds do not constitute a general obligation of the state of Texas.

If the BRB waives the requirements of TGC Section 2306.142(l), this would allow TDHCA to submit any single-family application for BRB review on the exempt track for calendar year 2025. The Department plans to submit an exempt application to the BRB for consideration three to four times during calendar year 2025.

Scott Fletcher addressed the Board.

1. **Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Walnut Springs) Series 2024A-1 and Series 2024A-2**

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

The Department submitted an application to issue its tax-exempt Multifamily Housing Revenue Bonds (Walnut Springs) Series 2024A-1 and Series 2024A-2 with an aggregate maximum par amount and a maximum total proceeds amount not to exceed $27,000,000 including premiums, if any. The total cost for the project is estimated to be $52,600,959 to be funded from a combination of sources including proceeds of tax-exempt bonds, tax credit equity, a TDHCA multifamily direct loan (MDL), a developer loan, and deferred developer fees.

The proceeds of the bonds will be used to construct Walnut Springs Apartments, a new 177-unit affordable multifamily residential rental development on approximately 8.89 acres in Seguin, Texas.

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

The Private Activity Bond (PAB) certificate of reservation was issued to TDHCA on July 17, 2024, and expires on January 13, 2025.

TDHCA staff approved the organizational structure in accordance with the Previous Participation Review rule found in 10 TAC Chapter 1 Subchapter C.

On November 7, 2024, the TDHCA Board approved the final resolution for the issuance of the bonds.

Under the proposed structure, the Department will issue unrated, fixed rate, tax-exempt bonds as Series 2024A-1 and Series 2024A-2.

The Series 2024A-1 bonds will be construction to permanent financing, have a 17-year term, with the first 10-years being interest only, a 40-year amortization, and a maturity date 40 years after closing, approximately December 1, 2064. The Series 2024A-1 bonds will be paid down with tax credit equity after construction of the Property is complete. A permanent loan amount of $13,966,000 will remain outstanding.

The Series 2024A-2 bonds will be issued in the amount of $13,034,000 and shall bear an interest rate based upon the sum of 3.45% and the 15-year BVAL Municipal Index (non-callable) as published by Bloomberg, currently estimated to be 6.28%. The Series 2024A-2 bonds are intended to be construction only financing with a 32-month term with the option of two six-month extensions, and a final maturity date of August 1, 2028.

Teresa Morales addressed the Board.

1. **Public Comment**

There were no public comments.

1. **Date for Next Board Meeting**

A Board Meeting is scheduled for Thursday, November 21 at 10am in Room 402 of the Clements Building.

1. **Items for Future Agendas**

Each Board member received an updated list of future agenda items.

1. **Report from the Executive Director**

* Staff will publish state and local debt outstanding totals in the FY 2024 Annual Debt Report due December 1. This data will also be available on the agency website and data center.
* The FY 2024 Historically Underutilized Business Report will be published to the agency’s website on November 15.
* To comply with HB 1038 (88 Leg.), staff will publish a report on state lending and credit support programs due December 31.
* The 2025 Private Activity Bond Lottery will be held on Wednesday, November 13 at 10am in Room 402 of the Clements Building. Staff received 120 applications ready to participate in the lottery.

1. **Adjourn**

There being no further business, the planning session was adjourned at 9:55 a.m.