Minutes

Texas Bond Review Board

Planning Session

Tuesday, January 11, 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 at 10:00 a.m., Tuesday, January 11, 2022, in Room E2.028 of the Capitol Extension and via videoconference as authorized under Texas Government Code section 551.127. Present were Brady Franks, Chair and Alternate for Governor Greg Abbott; Joaquin Guadarrama, Alternate for Lieutenant Governor Dan Patrick; and Piper Montemayor, Alternate for Comptroller Glenn Hegar. Also, in attendance were Leslie Brock and Veena Mohan 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 10:00 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 will 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 Public Finance Authority Health and Human Services Deferred Maintenance Projects financed by the Texas Public Finance Authority Commercial Paper Revenue Notes, Series 2019A and Series 2019B (Taxable)**

Representatives present were Lee Deviney, Executive Director, TPFA; David Umscheid Deputy Director, HSCS Business Operations, HHSC; and Gary Hamilton, Deputy Budget Director, HHSC.

TPFA is requesting approval for the issuance of CP notes for its State of Texas Commercial Paper Revenue Notes, Series 2019A and 2019B (Taxable) for the HHSC deferred maintenance projects authorized by the 87th Legislature in the amount of $23,689,160.

CP notes will be issued by TPFA as HHSC requires funds to pay its project costs in accordance with its proposed expenditure schedule.

The original financing agreement between HHSC and TPFA was executed on July 31, 2020.

TPFA will issue the revenue CP notes pursuant to House Bill 2, Section 10, 87th Legislature, 2021, Regular Session, Chapters 1232 and 1371, Texas Government Code, as amended, and Part X, Title 34, Texas Administrative Code.

HHSC adopted a resolution approving the Request for Financing for the HHSC projects appropriated by the 87th Legislature on October 29, 2021.

The TPFA Board adopted a resolution authorizing the Series 2019A and Series 2019B Taxable CP Program on November 8, 2019. The TPFA Board is expected to approve the HHSC projects appropriated by the 87th Legislature on January 13, 2022.

The HHSC deferred maintenance projects will be financed through TPFA’s CP Program as revenue, not-self-supporting debt using a variable-rate lease purchase agreement through the TPFA MLPP.

The CP Program will be available to issue taxable or tax-exempt CP notes, as needed.

The Comptroller of Public Accounts (Comptroller) provides liquidity for the CP Program, up to a commitment of $200 million plus 270 days interest, per a liquidity agreement with the Authority effective September 1, 2021 through August 31, 2023.

Lease purchases under the MLPP are financed with proceeds of CP notes issued by TPFA. The CP notes are a special and limited obligation of the State of Texas, repaid solely from lease payments to TPFA from the lessee state agency in an amount sufficient to pay the principal and interest on the CP notes that mature or become due during the fiscal year.

The ongoing fees for the CP Program are expected to be $242,220 for fiscal year 2022 and $287,220 for fiscal year 2023.

All outstanding as well as authorized but unissued CP notes for the TPFA MLPP program have been included in the state’s Constitutional Debt Limit (CDL). As of August 31, 2021, the CDL was calculated at 2.58 percent including both outstanding and authorized but unissued debt.

Certain project related salaries, related to construction and project manager salaries, may be capitalized by the lessee. No operations related salaries will be paid from CP proceeds.

Lee Deviney addressed the Board.

1. **EXEMPT – Texas Department of Housing and Community Affairs Residential Mortgage Revenue Bonds, Series 2022A (Social Bonds)**

This transaction was submitted on the BRB EXEMPT track, and the 6-day review period expired on Tuesday, January 4, 2022.

1. **Public Comment**

There were no public comments.

1. **Date for Next Board Meeting**

The next Board Meeting is scheduled for Thursday, January 20, 2022, at 10am in Room E2.028 of the Capitol Extension.

1. **Items for Future Agendas**

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

1. **Report from the Executive Director**
   * So far for fiscal year 2022, the BRB has received approximately 788 local debt issuances for processing. This is a decrease from the total number of local debt transactions received during this time last year.
   * BRB staff is beginning to make reservations for the 2022 Private Activity Bond (PAB) program year. The PAB Lottery was held on November 4, 2021. Staff received 190 applications for the lottery, which was a record number of applications received and a 144% increase from the 78 applications received for the 2021 lottery.
   * A final version of the Fiscal Year 2021 Local Debt Annual Report was published to the agency’s website on Friday, January 7, 2022.
   * BRB staff is beginning to work on the state’s Debt Affordability Study. A draft of the report will be sent to the Board by Monday, February 7, 2022. The final version of the report will be posted to the agency’s website by Tuesday, February 15, 2022.
2. **Adjourn**

There being no further business, the planning sessionwas adjourned at 10:08 a.m.