Minutes

Texas Bond Review Board

Planning Session

Monday, January 12, 2015, 2:00 p.m.

Capitol Extension, Room E2.026

1400 N. Congress Ave.

Austin, TX 78701

The Texas Bond Review Board (BRB) convened in a planning session at 2:00 p.m., Monday, January 12, 2015 in the Capitol Extension Room E2.026 in Austin, Texas. Present were Ed Robertson, Chair and Alternate for Governor Rick Perry; Constance Allison, Alternate for Lieutenant Governor David Dewhurst; Andrew Blifford, Alternate for Speaker Joe Straus; and Piper Montemayor, Alternate for Comptroller Glenn Hegar. Also in attendance were Leslie Brock with the Office of the Attorney General, Bond Finance Office staff members and others.

1. **Call to Order**

Bob Kline, Executive Director, called the meeting to order at 2:05 p.m. He announced that this was a planning meeting of Board staff to receive and discuss information relative to the applications before the Board. No votes would be taken. A quorum was present**.**

1. **Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Patriot’s Crossing Apartments) Series 2015**

Representatives present were: Teresa Morales, Manager Multifamily Finance, TDHCA; Brent Stewart, Director of Real Estate Analysis, TDHCA; Elizabeth Bowes, Bond Counsel, Bracewell & Giuliani; Barton Withrow, Financial Advisor, George K. Baum & Co.; Claire Palmer, Borrower’s Counsel.

The Department has submitted an application to issue its Multifamily Housing Mortgage Revenue Bonds (Patriot’s Crossing Apartments) Series 2015 in a maximum par and total proceeds amount not to exceed $13,000,000 including premiums if any.

This transaction does not qualify for exempt approval under the BRB rules because the Borrower will be seeking a 50% property tax exemption upon completion of the project.

The proceeds of the bonds will be used for the acquisition and construction of a 162-unit multifamily residential rental development to be known as Patriot’s Crossing Apartments (Patriot’s Crossing or the Property) that will be located in south Dallas, Texas. Of the 162 total residential units, 33 units will be rent and income restricted at 50% of the area median family income (AMFI) to meet the requirements of the HOME funding from the City of Dallas, and the remaining 129 units will be rent and income restricted at 60% of AMFI.

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

The Private Activity Bond reservation was issued to TDHCA on September 8, 2014 and expires on February 5, 2015.

Commitment for financing from the US Department of Housing and Urban Development (HUD) was received on December 23, 2014 and will expire 60 days from that date.

The TDHCA Board approved the final resolution for the bond issuance at its December 18, 2014 Board meeting.

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.

Teresa Morales and Brent Stewart answered questions from the Board.

1. **Texas State Affordable Housing Corporation Multifamily Housing Revenue Bonds (THF Palladium Midland Apartments) Series 2015**

Representatives present were: Liz Bayless, Executive Vice President, TSAHC; David Danenfelzer, Manager of Development Finance, TSAHC; Mark Mayfield, President/CEO, THF Palladium Midland; Thomas Huth, President, Palladium USA; John Shackleford, Borrower’s Counsel, Shackleford, Melton, McKinley & Norton, LLP.

TSAHC is seeking approval for the issuance of Texas State Affordable Housing Corporation Multifamily Housing Revenue Bonds (THF Palladium Midland Apartments) Series 2015 in maximum par amount and total proceeds amount of $25,000,000, including premiums, if any.

This transaction does not qualify for exempt approval under the BRB rules because the Borrower will be seeking a full property tax exemption upon completion of the project.

The proceeds of the Bonds will be used for the new construction of a qualified residential rental project to be known as the THF Palladium Midland Apartments project (Palladium or the Property), a multifamily community of 264 units to be located at 2200 Lamesa Blvd., Midland, Texas.

Of the 264 total residential units, 207 units will be rent and income restricted at 60% of the area median family income (AMFI). The remaining units will be offered at market rates.

TSAHC will issue the Bonds pursuant to Subchapter Y of Chapter 2306, Sections 2306.553 and 2306.565 of the Texas Government Code that authorizes TSAHC to issue revenue bonds for its public purposes.

The TSAHC board approved the issuance of Bonds at its meeting on August 21, 2014 and expects to adopt the final bond resolution at its meeting on January 15, 2015.

The Private Activity Bond reservation was issued to TSAHC on September 16, 2014 and expires on February 13, 2015.

The TDHCA Board approved the housing tax credits at its Board meeting held on December 18, 2014.

TSAHC and Palladium staff answered questions from the Board.

1. **EXEMPT - Texas Transportation Commission Central Texas Turnpike Revenue Refunding Bonds (issued in one or more series)**

Representatives present were: Sara Ulbrich, Innovative Financing/Debt Program Manager, TXDOT; Jim Bateman, Associate General Counsel, TXDOT; Troy Madres, Financial Advisor, Estrada Hinojosa & Co.; Carol Polumbo, Bond Counsel, McCall Parkhurst & Horton.

TxDOT has submitted this transaction on the exempt track. The six-day review period began on Friday, January 9, 2015 and concludes at COB on Friday, January 16, 2015.

Troy Madres answered questions from the Board.

1. **Public Comment**

There were no public comments.

1. **Date for Next Board Meeting**

The Called Board Meeting is scheduled for Friday, January 16, 2015 at 2:00 p.m. in the Capitol Extension Room E2.026.

1. **Items for Future Agendas**

Board members received an updated list of future agenda items.

1. **Report from the Executive Director**

* Staff will be giving the Bonds 101 presentation to new legislative staff on January 21, 2015.
* Staff has received four fiscal note requests related to TRB authorizations and one related to ballot information for state and local bond elections.
* Staff has begun work on the 2014 Local Government Annual Report and Debt Affordability Study. The DAS is due February 15, 2015 and the LAR will be available around that time.
* The database project is still undergoing performance testing.
* Staff will provide the Board with a list of bills on a weekly basis.
* Staff will begin analysis on an exempt transaction from the Veterans Land Board.
* Staff is completing analysis on CABs outstanding from 2003 in preparation for the 84th legislative session.
* Staff has completed the 2014 PAB reconciliation. Over $2.37 billion of 2014 PAB authority was converted to carryforward, including 22 applications for traditional carryforward.

1. **Adjourn**

There being no further business, the planning sessionwas adjourned at 2:32 p.m.