Minutes

Texas Bond Review Board

Planning Session

Tuesday, May 11, 2021, 10:00 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 10:00 a.m., Tuesday, May 11, 2021 via videoconference as authorized under Texas Government Code section 551.127. Present were Brady Franks, Chair and Alternate for Governor Greg Abbott; Bryan Mathew, Alternate for Lieutenant Governor Dan Patrick; and Piper Montemayor, Alternate for Comptroller Glenn Hegar. Also, in attendance were Leslie Brock and David Gordon 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 due to Governor Greg Abbott’s March 13, 2020 proclamation of a state of disaster affecting all counties in Texas due to the Coronavirus (COVID-19) and the Governor’s March 16, 2020 suspension of certain provisions of the Texas Open Meetings Act, this meeting will be held by video webinar, as authorized under Texas Government Code section 551.127. No votes would be taken.

1. **Texas State Affordable Housing Corporation Multifamily Housing Revenue Note (Pine Terrace Apartments Project) Series 2021**

Representative present was David Danenfelzer, Senior Director, TSAHC.

TSAHC is seeking approval for the issuance of its Texas State Affordable Housing Corporation Multifamily Housing Revenue Note (Pine Terrace Apartments) Series 2021 (the Note) in a maximum par amount and a maximum total proceeds amount of $3,300,000 including premiums, if any.

The proceeds of the Note will be used for the acquisition, rehabilitation, and equipping of an existing qualified residential rental project targeting seniors known as Pine Terrace Apartments.

TSAHC will issue the Note pursuant to Texas Government Code Subchapter Y, Sections 2306.553, 2306.555, and 2306.565, as amended.

The TSAHC Board approved the final resolution for the Note at its meeting on April 14, 2021.

The Private Activity Bond (PAB) reservation was issued to TSAHC on March 3, 2021 and expires on August 30, 2021.

The TDHCA Board approved the housing tax credits at its Board meeting held on December 10, 2020.

The Note will be privately placed as self-supporting, unrated, tax-exempt, fixed-rate debt with an estimated interest rate of 4.50%, 18-year term, average life of 18.024 years, amortization of 40 years with a balloon payment and a final maturity date of June 1, 2041.

TSAHC is acting as a conduit issuer and as such the Note does 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.

The total cost of issuance is expected to be $290,288 or $87.96 per $1,000.

The Corporation conducted the TEFRA hearing for the Property via RingCentral on September 9, 2020. There were four individuals in attendance, of whom none chose to provide public comments at the meeting nor on the record. Of those in attendance, two individuals were employees or representatives of TSAHC.

TSAHC received one letter of support for the Property from the City Manager of Mount Pleasant and a Resolution of No Objection from the City Counsel of Mount Pleasant.  No letters of opposition were received.

David Danenfelzer answered questions from the Board.

1. **EXEMPT – Texas State Affordable Housing Corporation Multifamily Housing Revenue Note (Trinity Oaks Apartments Project) Series 2021**

This transaction was submitted on the BRB EXEMPT track, and the 6-day review period expired on Friday, May 7, 2021.

1. **EXEMPT – Texas Higher Education Coordinating Board State of Texas (General Obligation Bonds) College Student Loan Bonds Series 2021A and College Student Loan Refunding Bonds Series 2021B**

This transaction was submitted on the BRB EXEMPT track, and the 6-day review period expired on Friday, May 7, 2021.

1. **EXEMPT – Texas Public Finance Authority Texas Southern University Revenue Financing System Refunding Bonds Series 2021**

Representative present was Lee Deviney, Executive Director, TPFA.

This transaction was submitted on the BRB EXEMPT track, and the 6-day review period will expire on Tuesday, May 18, 2021.

TPFA is seeking authorization to issue TSU Revenue Financing System Refunding Bonds, Series 2021 in a maximum par amount of $17,690,000 and a maximum total proceeds amount not to exceed $19,575,038.50 including premiums, if any.

The proceeds of the bonds will be used to current refund the University’s outstanding RFS Bonds, Series 2011 in the amount of $17,690,000 to achieve present value savings.

TPFA is considering bond insurance for the Series 2021 Bonds through either Build America Mutual (BAM) or Assured Guaranty Municipal (AGM).

The Bonds are authorized to be issued pursuant to Texas Education Code, Chapter 55, and Texas Government Code, Chapters 1232, 1207, and 1371.

The TSU Board of Regents approved the request for financing on April 15, 2021.

The TPFA Board approved the final bond resolution at its meeting on May 6, 2021.

The Series 2021 Bonds will be sold as self-supporting, tax-exempt, fixed-rate, revenue debt in a negotiated sale with a nine-year term.

The Bonds are payable from and secured solely by the pledged revenues of TSU’s Revenue Financing System. The Bonds are not a general obligation of the Board, the state, or any political subdivision of the state. The Board of Regents has no taxing power and neither the credit nor the taxing power of the state or any political subdivision of the state is pledged as security for the Bonds. The Bonds will be parity debt.

The total cost of issuance is expected to be $468,400 or $26.48 per $1,000.

Lee Deviney answered questions from the Board.

1. **Public Comment**

There were no public comments.

1. **Date for Next Board Meeting**

The next Board Meeting is scheduled for Thursday, May 20, 2021 at 10am in Room 402 of the Clements Building.

1. **Items for Future Agendas**

A list of future agenda items was distributed to each member of the Board.

1. **Report from the Executive Director**

* The BRB has received approximately 1,416 local debt issuances for processing during fiscal year 2021. This is a 19% increase (228 transactions) from the amount of local debt issuances received during this time last year.
* BRB staff continues to monitor the progress of certain bills introduced by the 87th Legislature that would directly impact the state’s Constitutional Debt Limit (CDL). So far only HJR 5 has been voted on by the originating chamber. This bill, if approved by the legislature and majority of the voters, would authorize the issuance of general obligation bonds in an amount not to exceed $3 billion to fund brain research. Using fiscal year 2020 assumptions, this authorization would increase the CDL by approximately 0.47% to a total of approximately 3.14%.
* SB 1984 appears to have stalled in committee. BRB staff may look into amending its administrative code rules to add clarity to the process of assigning carryforward.

1. **Adjourn**

There being no further business, the planning sessionwas adjourned at 10:12 a.m.