Minutes

Texas Bond Review Board

Planning Session

Tuesday, September 10, 2024, 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, September 10, 2024, in Room 402 Clements Building and via videoconference as authorized under Texas Government Code section 551.127. Present were Austin Holder, Chair and Alternate for Governor Greg Abbott; Brian Mathew, Alternate for Lieutenant Governor Dan Patrick; and Kimberly Edwards, Alternate for Comptroller Glenn Hegar. Also, in attendance were Leslie Brock and Kathy Johnson 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 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 State Technical College System Revenue Financing System Improvement Bonds Series 2024**

Representatives present were Chad Wooten, Vice Chancellor & Chief Financial Officer, TSTC; Anju Motwani, Associate Vice Chancellor for Finance & Controller, TSTC; Jeni Gooden, Chief of Staff, Financial Services, TSTC; and Mary Willliams, Financial Advisor, Hilltop Securities.

Proceeds of the Series 2024 bonds will be used to provide interim/long term financing of the acquisition of property and improvements at TSTC in East Williamson County (Hutto) and TSTC in North Texas (Midlothian).

The bonds are authorized under Chapter 55, Texas Education Code, as amended, particularly Section 55.02, Section 55.13(a), and Section 55.17991.

On August 8, 2024, the TSTC Board approved the Eleventh Supplemental Resolution to the Master Resolution for the issuance of Series 2024 bonds.

Texas Higher Education Coordinating Board (THECB) approval is not required for the projects financed by Series 2024 bonds.

The bonds will be issued in a private placement sale with JP Morgan Chase (JPM) as revenue, tax-exempt, fixed rate, self-supporting debt with a maximum 10-year term.

The bonds are payable from and secured solely by the pledged revenues of the System. The bonds are not general obligations of the Board, the System, the state, or any political subdivision of the state. The Board of Regents of the System 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.

Chad Wooten addressed the Board.

1. **Texas State Affordable Housing Corporation Multifamily Housing Revenue Bonds (Burleson Studios) Series 2024**

Representative present was David Danenfelzer, Senior Director of Development Finance, TSAHC.

The proceeds of the bonds will be used for the acquisition, construction, and equipping of a new qualified residential rental property serving the general population to be known as Burleson Studios.

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

On August 20, 2024, the TSAHC Board approve the final bond resolution.

The PAB reservation was issued to TSAHC on August 23, 2024, and expires on January 20, 2025.

The bonds will be sold through a negotiated sale as self-supporting, short-term cash collateralized, tax-exempt, fixed-rate debt with an initial mandatory tender date of May 1, 2027. The bonds are rated Aaa by Moody’s. There is a conversion date option of May 1, 2027. The borrower will have an option to tender the bonds on the conversion date if the construction is complete.

TSAHC is acting as a conduit issuer 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.

David Danenfelzer addressed the Board.

1. **EXEMPT – Texas Water Development Board State Water Implementation Revenue Fund for Texas Revenue Bonds Series 2024A (Master Trust) and Taxable Series 2024B (Master Trust)**

The board’s six-day review period expired on Monday, September 9, 2024, and the application was approved.

1. **Texas Public Finance Authority Lease Revenue Refunding Bonds (Texas Facilities Commission) Series 2024**

Representatives present were Lee Deviney, Executive Director, TPFA; John Hernandez, Deputy Director, TPFA; Kevin Van Oort, General Counsel, TPFA; Isaiah Huerta, Financial Advisor, Estrada Hinojosa; and Paul Jack, Financial Advisor, Estrada Hinojosa.

Proceeds from the Series 2024 refunding bonds will be used to refund all or a portion of the TPFA Revenue CP Notes (Texas Facilities Commission) Series 2016A (Taxable) & 2016B (Tax-Exempt) in the amount of approximately $123,100,000 and a portion of the Authority’s outstanding Lease Revenue and Refunding Bonds (Texas Facilities Commission), Taxable Series 2020 in the amount of approximately $150,000,000, and pay the costs of issuance.

TPFA will issue the bonds pursuant to the authority granted by Chapters 1207, 1232, 1371, and 2166 Texas Government Code

The bonds will be issued in a negotiated sale as tax-exempt, revenue, not self-supporting, fixed-rate securities with an expected 19-year term.

The Series 2024 refunding bonds are expected to have an average life of 8.71 years and an all-in true interest cost (TIC) of 3.55%. The bonds are expected to have a 10-year call option.

The bonds are supported by lease appropriations made to agencies for lease payments. As such, the bonds are payable only from certain pledged security, which consists primarily of rent payments made pursuant to a lease agreement between the Authority and the Lessee Agency (TFC). Neither the full faith and credit nor the taxing power of the State of Texas will be pledged to the payment of principal, premiums, if any, or interest on the bonds.

Lee Devine and Paul Jack addressed the Board.

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 for the issuance of commercial paper during fiscal year 2025**

Representatives present were Lee Deviney, Executive Director, TPFA; John Hernandez, Deputy Director, TPFA; Kevin Van Oort, General Counsel, TPFA; Bon Wier, Bond Financing Specialist, TAFA; and Andy Prihoda, Outside Bond Counsel, Bracewell.

The proceeds will be used to provide financing assistance for the Rural Economic Development Finance Program, paying costs of issuance and administration of the program, and paying and refinancing outstanding CP Notes. CP Notes will be issued as TAFA requires funds to pay their program costs.

The CP Notes will be designated as self-supporting. Principal and interest payments from TAFA borrowers will be the primary source of debt service for any debt issued by TPFA. The intent of the program is for loans to bear interest at variable rates indexed to TAFA’s cost of borrowing.

TPFA will issue the CP Notes pursuant to Article III, Section 49-f of the Texas Constitution; Chapters 58 and 59 of the Texas Agriculture Code; and Chapters 1232 and 1371 of the Texas Government Code.

On June 6, 2024, the TPFA Board ratified the board resolution previously adopted and authorized the continued use of the CP Program.

The CP Notes are general obligations of the state. As such, the state’s full faith and credit are pledged to repayment of the CP Notes. The first monies coming into the State Treasury, not otherwise appropriated by the Constitution, are dedicated to paying debt service.

Lee Devine and Bon Wier addressed the Board.

1. **Public Comment**

There were no public comments.

1. **Date for Next Board Meeting**

A Board Meeting is scheduled for Thursday, September 19, 2024, at 10am in Room 2.041 of the Barbara Jordan Building.

1. **Items for Future Agendas**

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

1. **Report from the Executive Director**
* During fiscal year 2024, staff received approximately 1,410 local debt issuances for processing which is a decrease from last year. Staff is reconciling the data for publication this fall.
* On September 13th, state issuer debt reports for fiscal year-end 2024 will be due. Staff will reconcile debt outstanding for the state’s bond appendix and BRB FY 2024 State Debt Annual Report.
* On September 1st, the FY 2026-27 Capital Expenditure Plan was published on the BRB website.
* To comply with HB 1038 (88th Leg.) Staff will receive data on state lending and credit support programs in September. Staff will release the data in a report due to the legislature on December 31st.
* Staff has processed over 231 Private Activity Bond (PAB) applications. All lottery applications received a reservation. There are 18 applications in line for a reservation representing $1.24 billion.
* Application forms for the 2025 PAB program year will be online soon.
1. **Adjourn**

There being no further business, the planning session was adjourned at 10:35 a.m.