Minutes

Texas Bond Review Board

Board Meeting

Thursday, November 21, 2019, 10:00 a.m.

Capitol Extension, Room E2.026

1100 N. Congress Ave.

Austin, TX 78701

The Texas Bond Review Board (BRB) convened in a board meeting at 10:00 a.m., Thursday, November 21, 2019 in the Capitol Extension, Room E2.026 in Austin, Texas. Present were Sarah Hicks, Chair and Alternate for Governor Greg Abbott; Joaquin Guadarrama, Alternate for Lieutenant Governor Dan Patrick; Amanda Lopez, Alternate for Speaker Dennis Bonnen; and Piper Montemayor, Alternate for Comptroller Glenn Hegar. Also, in attendance were Leslie Brock and Rosalind Hunt with the Office of the Attorney General, Bond Finance Office staff members and others.

1. **Call to Order**

Sarah Hicks, as Chair, called the meeting to order at 10:01 a.m. A quorum was present.

1. **Approval of Minutes**

UPON MOTION BY Piper montemayor AND SECOND BY JOAQUIN GUADARRAMA, THE TEXAS BOND REVIEW BOARD APPROVED THE MINUTES FOR THE July 9, 2019 planning session, july 18, 2019 board meeting and September 10, 2019 Planning Session.

1. **Public Comment**

There was no public comment.

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 calendar year 2020**

Representatives present were Monica Galuski, Director of Bond Finance and Chief Executive Officer, Texas Department of Housing and Community Affairs (TDHCA); and Andy Prihoda, Associate, Bracewell.

UPON MOTION BY Joaquin guadarrama AND SECOND BY piper montemayor, THE TEXAS BOND REVIEW BOARD waived the requirements of Section 2306.142(l) of the Texas Government Code pursuant to Section 2306.142(m) based on TDHCA’s determination that it is unfeasible or will damage the financial condition of TDHCA to issue bonds with the restrictions contained in Section 2306.142(l) of the Texas Government Code.

1. **Texas Public Finance Authority Commercial Paper Revenue Notes, Series 2019A and Series 2019B (Taxable)**

Representatives present were Lee Deviney, Executive Director, Texas Public Finance Authority (TPFA); John Barton, Senior Financial Analyst, TPFA; and Kevin Van Oort, General Counsel, TPFA.

UPON MOTION BY piper montemayor AND SECOND BY Joaquin guadarrama, THE TEXAS BOND REVIEW BOARD approved the Texas Public Finance Authority Commercial Paper Revenue Notes, Series 2019A and Series 2019B (Taxable) with an aggregate amount outstanding at any one time not to exceed $200,000,000 for authorized Master Lease Purchase Program costs including the costs of issuance and related administrative costs, if any, and related lease agreements all as outlined in the application dated November 5, 2019 and supplements through November 21, 2019.

1. **Texas Public Finance Authority Texas Department of Transportation Austin Campus Consolidation Project financed by the Texas Public Finance Authority Commercial Paper Revenue Notes, Series 2019A and Series 2019B (Taxable)**

Representatives present were Lee Deviney, Executive Director, Texas Public Finance Authority (TPFA); John Barton, Senior Financial Analyst, TPFA; Kevin Van Oort, General Counsel, TPFA; and Rich McMonagle, Chief Administrative Officer, TXDOT.

UPON MOTION BY piper montemayor AND SECOND BY Joaquin guadarrama, THE TEXAS BOND REVIEW BOARD approved for fiscal year 2020 the Texas Department of Transportation Austin campus consolidation project in the amount of $326,000,000 to be initially financed by the Texas Public Finance Authority Commercial Paper Revenue Notes, Series 2019A and Series 2019B (Taxable), as needed, including the costs of issuance and related administrative costs, if any, as outlined in the application dated November 5, 2019 and supplements through November 21, 2019.

1. **Texas Public Finance Authority Health and Human Services Deferred Maintenance Project financed by the Texas Public Finance Authority Commercial Paper Revenue Notes, Series 2019A and Series 2019B (Taxable)**

Representatives present were Lee Deviney, Executive Director, Texas Public Finance Authority (TPFA); John Barton, Senior Financial Analyst, TPFA; Kevin Van Oort, General Counsel, TPFA; David Umscheid, Interim Director of Maintenance and Construction, Health and Human Services Commission (HHSC); Kevin Lee, Legal, HHSC; and Trey Wood; CFO, HHSC.

UPON MOTION BY Joaquin guadarrama AND SECOND BY piper montemayor, THE TEXAS BOND REVIEW BOARD approved for fiscal year 2020 the Texas Health and Human Services Commission deferred maintenance project in the amount of $208,816,277 to be initially financed by the Texas Public Finance Authority Commercial Paper Revenue Notes, Series 2019A and Series 2019B (Taxable), as needed, including the costs of issuance and related administrative costs, if any, as outlined in the application dated November 5, 2019 and supplements through November 21, 2019.

1. **Texas State Affordable Housing Corporation Multifamily Housing Revenue Note (Ventura at Fairgrounds Apartments) Series 2019**

Representatives present were David Long, President, Texas State Affordable Housing Corporation (TSAHC); David Danenfelzer, Senior Director of Development Finance, TSAHC; Robert Dransfield, Bond Counsel, Norton Rose Fulbright; Timothy Nelson, Municipal Advisory, Hilltop Securities; and Neal Route, Senior Real Estate Developer Associate, Dominium Apartments.

David Danenfelzer and Neal Route answered questions from the Board.

THE TEXAS BOND REVIEW BOARD deferred taking action on the Texas State Affordable Housing Corporation Multifamily Housing Revenue Note (Ventura at Fairgrounds Apartments) Series 2019 pursuant to Texas Administrative Code Title 34, Part 9, Subchapter A, Rule §181.4.

1. **EXEMPT – Texas State Affordable Housing Corporation Collateralized Revenue Bonds (Hamilton Valley Rural Development Portfolio) Series 2019**

Representatives present were David Long, President, TSAHC; David Danenfelzer, Senior Director of Development Finance, TSAHC; Robert Dransfield, Bond Counsel, Norton Rose Fulbright; and Timothy Nelson, Municipal Advisory, Hilltop Securities.

This transaction was submitted on the exempt track and will be sent to the Board for the 6-day review period once the application is complete.

David Danenfelzer answered questions from the Board.

1. **EXEMPT – Texas Department of Housing and Community Affairs Multifamily Note (Ventura at Hickory Tree) Series 2019**

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

TDHCA seeks approval to issue its Multifamily Note (Ventura at Hickory Tree) Series 2019 (the Note) in a maximum par amount and total proceeds amount not to exceed $28,100,000 including premiums if any.

The proceeds of the Note will be used by the developer for Ventura at Hickory Tree, a 216-unit, new construction residential rental property located in Balch Springs. The property will consist of 7 walk-up style residential buildings, a clubhouse building, and an outdoor common area amenity space.

This transaction is on the BRB Exempt Track with the 6-day review period starting Thursday, November 14, 2019 and ending on Thursday, November 21, 2019.

1. **EXEMPT – Texas Private Activity Bond Surface Transportation Corporation Senior Lien Revenue Refunding Bonds (NTE Mobility Partners LLC North Tarrant Express Managed Lanes Project), Series 2019A (Non-AMT) and Taxable Series 2019B (in one or more series)**

Representatives present were Ben Asher, Director, Debt & Strategic Projects Division, Texas Department of Transportation (TXDOT); Jennifer Wright, Debt & Strategic Contracts Division, TXDOT; and Richard Donoghue, Bond Counsel to PABSTC, McCall Parkhurst and Horton.

The Private Activity Bond Surface Transportation Corporation (PABSTC) seeks approval to issue its Senior Lien Revenue Refunding Bonds (NTE Mobility Partners LLC North Tarrant Express Managed Lanes Project, Series 2019A (Non-AMT) and Taxable Series 2019B in a maximum par amount and maximum total proceeds amount of $1,293,000,000 including premiums, if any.

The proceeds of the Series 2019A bonds will be used to do a current refunding of the outstanding Series 2009 bonds. The proceeds of the Taxable Series 2019B bonds will be used to repay the outstanding 2009 TIFIA loan in full, including $18.8 million of additional interest due on the TIFIA loan, pay for transaction costs and finance expected capital expenditures for year 2020. These capital expenditures are generally expected to be major maintenance costs planned in 2020 and estimated to total about $21.2 million.

This transaction is on the BRB Exempt Track with the 6-day review period starting Tuesday, November 19, 2019 and ending on Tuesday, November 26, 2019.

Ben Asher answered questions from the Board.

1. **Date for Next Board Meeting**

The next planning session is scheduled for Tuesday, January 14, 2020. The next Board Meeting is scheduled for Thursday, January 23, 2020. Staff will work to secure a room for the meetings.

1. **Report from the Executive Director**

* BRB staff is completing its reconciliation of local government processing for fiscal year 2019. Staff plans to publish the agency’s Local Government Debt Report towards the end of this calendar year.
* Staff has been asked to speak to interim charges on December 5, 2019 specifically on Senate Bill 1474.
* Staff is preparing the agency’s State Debt Annual Report for FY 2019 and plans to send a draft to the Board by Thursday, November 21, 2019. Staff will publish the final report to the agency’s website on Monday, December 2, 2019.
* Staff has been asked by Senator Lucio’s office to be available for interim charges regarding potential PAB legislation in January 2020 regarding SB 1474.
* The next Texas Public Finance Seminar is scheduled for Tuesday, December 3, 2019 in the Legislative Conference Center. Fitch ratings will give a presentation on its assessment of the state of Texas’ credit profile.
* The Federal Reserve Bank of New York in cooperation with the Treasury Department of the Office of Financial Research is proposing rules to publish a 3-day compounded average of the Secured Overnight Financing Rate (SOFR). The New York Federal Reserve Bank is accepting public comments until December 4, 2019.
* The Office of the Attorney General’s Administrative Law Division is presenting its Government Law and Liability Conference on December 12 – 13, 2019.

1. **Adjourn**

There being no further business, the Board Meetingwas adjourned at 10:57 a.m.