Minutes

Texas Bond Review Board

Board Meeting

Thursday, September 23, 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 Board Meeting at 10:00 a.m., Thursday, September 23, 2021, in Room 402 of the Clements Building 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**

Brady Franks, as Chair, called the meeting to order at 10:04 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.

1. **Approval of Minutes**

UPON MOTION BY joaquin guadarrama AND SECOND BY Piper Montemayor, THE TEXAS BOND REVIEW BOARD APPROVED THE MINUTES FOR THE July 13, 2021, planning session, AND THE july 22, 2021, BOARD MEETING.

1. **Public Comment**

There was no public comment.

1. **Texas Public Finance Authority Revenue Commercial Paper Program (Texas Facilities Commission Projects), Series 2016A (Taxable) and Series 2016B (Tax-Exempt) for the issuance of commercial paper during fiscal year 2022**

Representatives present were Lee Deviney, Executive Director, TPFA; Matt Berry, Financial Analyst, TPFA; Thomas Brown, Budget Director, TFC; and Prince Chavis, Project Manager, TFC.

UPON MOTION BY piper montemayor AND SECOND BY joaquin guadarrama, THE TEXAS BOND REVIEW BOARD APPROVED the issuance of commercial paper revenue notes during fiscal year 2022 for the Texas Public Finance Authority State of Texas Revenue Commercial Paper Program (Texas Facilities Commission Projects) Series 2016A (Taxable) and 2016B (Tax-Exempt) to finance authorized project costs for Phase I and Phase II of the Capitol Complex and North Austin Campus projects, as needed, with an aggregate amount outstanding at any one time not to exceed $200,000,000, including the costs of issuance and related administrative costs, if any, as outlined in the application dated August 30, 2021 and supplements through September 16, 2021.

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) for the issuance of commercial paper during fiscal year 2022**

Representatives present were Lee Deviney, Executive Director, TPFA; Matt Berry, Financial Analyst, TPFA; David Umscheid, Facility Support Services Deputy Director, HHSC; and Gary Hamilton, Deputy Budget Director, HHSC.

UPON MOTION BY Piper Montemayor AND SECOND BY joaquin guadarrama, THE TEXAS BOND REVIEW BOARD APPROVED the issuance of commercial paper revenue notes during fiscal year 2022 for the Texas Public Finance Authority Commercial Paper Revenue Notes, Series 2019A and Series 2019B (Taxable) to finance the Health and Human Services Commission deferred maintenance projects authorized by the 86th Legislature, as needed, with an aggregate amount outstanding at any one time not to exceed $200,000,000, including the costs of issuance and related administrative costs, if any, as outlined in the application dated August 30, 2021 and supplements through September 10, 2021.

1. **Texas Public Finance Authority Commercial Paper Revenue Notes, Series 2019A and Series 2019B (Taxable) for purchasing an existing building and real estate to be used to operate the Texas Bullion Depository**

Representatives present were Lee Deviney, Executive Director, TPFA; Matt Berry, Financial Analyst, TPFA; and David L. Cruz, Senior Counsel for Fiscal and Agency Affairs, CPA.

Let the record reflect that the Comptroller’s Office has recused itself from this vote as it has an interest in the matter concerning the Bullion Depository.

UPON MOTION BY joaquin guadarrama AND SECOND BY Brady franks, THE TEXAS BOND REVIEW BOARD APPROVED the issuance of commercial paper revenue notes during fiscal year 2022 for the Texas Public Finance Authority State of Texas Commercial Paper Revenue Notes, Series 2019A and 2019B (Taxable) in an amount not to exceed $20,000,000 for the Comptroller of Public Accounts to purchase a building currently housing and to be operated by the Texas Bullion Depository as outlined in the application dated August 30, 2021 and supplements through September 21, 2021.

1. **Title 34 Texas Administrative Code, Part 9, Chapter 181 Bond Review Board Rules, §§ 181.1, 181.2, 181.3, 181.5, and 181.10**

UPON MOTION BY piper montemayor AND SECOND BY joaquin guadarrama, THE TEXAS BOND REVIEW BOARD adopted the proposed changes to Title 34 Texas Administrative Code, Part 9, Chapter Part 181, Sections 181.1, 181.2, 181.3, 181.5, and 181.10.

1. **Title 34 Texas Administrative Code, Part 9, Chapter 190 Allocation of State’s Limit on Certain Private Activity Bonds, §§ 190.1, 190.2, 190.3, 190.4, 190.5, 190.6, 190.7, and 190.8**

UPON MOTION BY joaquin guadarrama AND SECOND BY Piper montemayor, THE TEXAS BOND REVIEW BOARD adopted the proposed changes to Title 34 Texas Administrative Code, Part 9, Chapter Part 190, Sections 190.1, 190.2, 190.3, 190.4, 190.5, 190.6, 190.7, and 190.8.

1. **EXEMPT – Texas Water Development Board State Revolving Fund Revenue Bonds, Series 2021**

This transaction was submitted on the BRB EXEMPT track, and the 6-day review period expired on Wednesday, September 22, 2021.

1. **EXEMPT – Texas State Affordable Housing Corporation Multifamily Mortgage Revenue Notes (W. Leo Daniels Towers), Series 2021A-1 and Series 2021A-2**

Representatives present were David Danenfelzer, Senior Director, TSAHC; and Bob Dransfield, Norton Rose Fulbright, Bond Counsel.

This transaction was submitted on the BRB EXEMPT track, and the 6-day review period will expire on Monday, September 27, 2021.

TSAHC is seeking approval for the issuance of its Texas State Affordable Housing Corporation Multifamily Housing Mortgage Revenue Notes (W. Leo Daniels Towers) Series 2021A-1 Series and 2021A-2 (the Notes) in an aggregate maximum par amount and maximum total proceeds amount of $15,000,000 including premiums, if any.

The financing includes long‐term tax‐exempt bonds, a deferred forgivable loan from the City of Houston’s CDBG Disaster Relief program, 4% housing tax credits, a seller note paid from cash flow after debt service, and a deferred developer fee. Roughly $4.5 million will be used for property acquisition costs, with a total rehabilitation of approximately $13.7 million, or approximately $137,000 per unit.

The proceeds of the Notes will be used for the acquisition, rehabilitation, and equipping of an existing qualified residential rental project serving the senior population known as W. Leo Daniels Towers.

TSAHC will issue the Notes 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 Notes at its meeting on October 14, 2020.

The PAB reservation was issued to TSAHC on April 21, 2021 and expires on October 18, 2021.

The TDHCA Board approved the housing tax credits at its Board meeting held on September 2, 2021.

The Notes will be privately placed as self-supporting, unrated, tax-exempt, fixed-rate debt with an estimated interest rate of 4.50%, 18-year term, and 35 year amortization with a balloon payment and a final maturity date of November 1, 2039.

TSAHC is acting as a conduit issuer and as such the Notes 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.

In accordance with Revenue Procedure 2020-21, issued by the Internal Revenue Service specifically considering the coronavirus disease pandemic, the Corporation conducted the TEFRA hearing for the Property via RingCentral on May 19, 2021. Approximately seven individuals were in attendance, one of whom was a representative of TSAHC. No one in attendance chose to provide a public comment on the record.

TSAHC received four letters of support for the Property, one from each of the following individuals: Congresswoman Sheila Jackson Lee, Congresswoman Sylvia R. Garcia, State Senator Carol Alvarado, and State Representative Armando L. Walle. No letters of opposition were received.

1. **Date for Next Board Meeting**

A planning session will be scheduled for Tuesday, October 12, 2021, and a called board meeting will be scheduled for Thursday, October 21, 2021.

1. **Report from the Executive Director**
   * The BRB has received approximately 2,142 local debt issuances for processing during fiscal year 2021. This is the most transactions every received during one fiscal year for processing and is a 13% increase (245 transactions) from the amount of local debt issuances received during fiscal year 2020.
   * BRB staff will be discussing the Private Activity Bond Lottery Process via a webinar format on Friday, September 24, 2021, as part of a seminar hosted by the Texas Affiliation of Affordable Housing Providers.
   * Staff is in the middle of reconciling all state debt based on the State Debt Issuer Reports received for the period August 31, 2021. Staff expects a draft of the state debt numbers to be available around mid-October. Final numbers will be published in the agency’s 2021 Annual Debt Report on December 1, 2021.
2. **Adjourn**

There being no further business, the Board Meetingwas adjourned at 10:25 a.m.