Minutes

Texas Bond Review Board

Called Board Meeting

Thursday, October 20, 2022, 10:00 a.m.

Capitol Extension, Room E2.028

And Videoconference Meeting

1100 Congress Ave.

Austin, TX 78701

The Texas Bond Review Board (BRB) convened in a Called Board Meeting at 10:00 a.m., Thursday, October 20, 2022, in Capitol Extension Room E2.028 and via videoconference as authorized under Texas Government Code section 551.127. Present were Sarah Hicks, 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 Veena Mohan 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. She 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. A quorum was present.

1. **Approval of Minutes**

UPON MOTION BY Piper Montemayor AND SECOND BY bryan mathew, THE TEXAS BOND REVIEW BOARD APPROVED THE MINUTES FOR THE September 13, 2022, planning session, AND september 22, 2022, Board Meeting.

1. **Public Comment**

There was no public comment.

1. **Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Palladium Oak Grove) Series 2022**

Representatives present were Jon Galvan, 4% Housing Tax Credit Program Manager, TDHCA; and Andy Prihoda, Bond Counsel, Bracewell.

UPON MOTION BY piper montemayor AND SECOND BY bryan mathew, the Bond Review Board Approved the Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Palladium Oak Grove) Series 2022 in a maximum par amount and a maximum total proceeds amount not to exceed $25,600,000 including premiums, if any, as outlined in the application dated October 10, 2022 and supplements through October 17, 2022.

1. **EXEMPT – Texas State Affordable Housing Corporation Multifamily Housing Revenue Bonds (Bluff View Apartments) Series 2022A and Series 2022B**

BRB staff is waiting to receive a complete application. Once complete, the application will be forwarded to the Board for the 6-day review period.

Representative present was Dave Danenfelzer, Senior Director, TSAHC.

TSAHC is seeking approval for the issuance of its Texas State Affordable Housing Corporation Multifamily Housing Revenue Bonds (Bluff View Apartments) Series 2022A and Series 2022B in an aggregate maximum par amount and a maximum total proceeds amount of $35,000,000 including premiums, if any.

The proceeds of the bonds will be used for the acquisition, construction, and equipping of a new residential rental project known as Bluff View Apartments. Per the TSAHC application, the project will create 192 units of affordable rental housing targeted to families earning 60% AMFI or less. The project qualifies under TSAHC’s Targeted Housing Needs for Rural or Smaller Urban Markets. Boerne, Texas has an estimated population of 15,891 persons and is not adjacent to or share a boundary with an urbanized area.

TSAHC will issue the Bonds pursuant to Subchapter Y, Sections 2306.553, 2306.555, and 2306.565 of the Texas Government Code that authorizes TSAHC to issue revenue bonds for its public purposes.

The TSAHC Board approved the final bond resolution at its meeting on September 27, 2022.

The Private Activity Bond reservation was issued to TSAHC on August 4, 2022 and expires on January 31, 2023.

The terms between Red Stone and the Borrower for the privately-placed purchase of tax-exempt bonds issued by the Corporation were outlined in a term sheet dated April 12, 2022.

The TDHCA Board has amended their policies, and 4% tax credit awards are now eligible for direct approval by staff if the transaction does not require a waiver of the Department’s rules.

The tax-exempt Series 2022A and Series 2022B bonds will be unrated, privately placed, fixed-rate, self-supporting, revenue debt with a final maturity of December 1, 2040, an average life of 17.5 years, an 18-year term and 43-year amortization. The construction period for the new project is expected to last approximately 18 months.

TSAHC is acting as a conduit issuer and as such the issuance 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 sale date is expected to be November 14, 2022 and the closing date is expected to be December 16, 2022. Total cost of issuance is expected to be $1,099,750 or $31.42 per $1,000 bond.

In accordance with Revenue Procedure 2022-20, issued by the Internal Revenue Service, the Corporation conducted the TEFRA hearing for the Property via RingCentral on June 17, 2022. Approximately six individuals were in attendance, one of whom was a representative of TSAHC. No public comment was made.

TSAHC received two resolutions of support for the transaction. One resolution was from the City Council of Boerne, Texas, and the other from the County of Kendall. No letters of opposition were received.

1. **Date for Next Board Meeting**

A planning session will be scheduled for Tuesday, November 8, 2022, and a board meeting will be scheduled for Thursday, November 17, 2022, in Room E2.028 of the Capitol Extension.

1. **Report from the Executive Director**
   * BRB staff is performing the end of year closeout for fiscal year 2022 local processing, including the processing of all cash defeasances. Staff expects to be complete with the local closeout by Friday November 4, 2022.
   * Staff is entering upcoming local bond election propositions into the debt database for the November 8, 2022, general election. This information is available on the BRB website. Bond election results will also be available on our website shortly after the election date.
   * Staff is processing 2023 PAB program year applications for participation in the lottery. Thursday, October 20, 2022, is the last day to apply for the 2023 PAB lottery. So far, staff has received a total of 115 applications. Last year we received a total of 190 applications for the 2022 PAB lottery.
   * BRB staff is planning to hold the 2023 lottery on Wednesday, November 9, 2022, in Room 402 of the Clements Building. The meeting will also be accessible via Zoom.
   * Staff is reconciling state debt outstanding, as of August 31, 2022, and will present this information in the BRB Annual Debt Report due December 1, 2022. Staff will also provide state debt outstanding totals, including the constitutional debt limit calculation for fiscal year-end 2022, to the Comptroller’s office in October for inclusion in the state’s bond appendix.
2. **Adjourn**

There being no further business, the Called Board Meetingwas adjourned at 10:12 a.m.