Minutes

Texas Bond Review Board

Planning Session

Tuesday, October 10, 2023, 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 planning session at 10:00 a.m., Tuesday, October 10, 2023, in Room E2.028 of the Capitol Extension and via videoconference as authorized under Texas Government Code section 551.127. Present were Austin Holder, 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 Benita Prol and Kimberly Fuchs 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 10:03 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 Public Finance Authority State of Texas General Obligation and Refunding Bonds Taxable Series 2023A (and such other series or subseries as may be designated) for the Cancer Prevention and Research Institute of Texas**

Representative present was Lee Deviney, Executive Director, TPFA.

TPFA seeks approval to issue its State of Texas General Obligation and Refunding Bonds, Taxable Series 2023A (and such other series or subseries as may be designated) in a maximum par amount of $300,000,000 and a maximum total proceeds amount of $303,872,330 including premiums, if any. On the day of pricing, the new money par amount is estimated to be approximately $207,200,000 and the refunding money par amount is estimated to be $92,800,000.

Bond proceeds will be used for refunding all or a portion of the outstanding General Obligation Commercial Paper Notes CPRIT Series A (Taxable) Notes.

TPFA will issue the bonds pursuant to Article III, Section 67 of the Texas Constitution; Chapters 1207, 1232, and 1371 of the Texas Government Code, as amended, and Chapter 102 of the Texas Health and Safety Code, as amended.

The CPRIT Oversight Committee approved the Request for Financing on May 17, 2023.

The TPFA Board is expected to approve the bond resolution at its Board Meeting on October 12, 2023.

The Taxable Series 2023A bonds will be issued in a negotiated sale as taxable, general obligation, not self-supporting, fixed-rate securities. The bonds are expected to pay interest on April 1, 2024.

The bonds are expected to have an average life of 10.30 years and an all-in true interest cost (TIC) of 6.12%.

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

The total cost of issuance is estimated to be $2,026,500 or $6.75 per $1,000 bond. The bonds are expected to be rated AAA.

Regarding the need for an October BRB meeting to consider the Taxable Series 2023A bonds, RBC estimates TPFA would save $4 million by issuing fixed rate bonds now versus waiting until August of 2024.

As of August 2023, CPRIT has provided $3.4 billion for 1,901 cancer research and prevention projects to 41 academic and medical institutions, 36 community organizations, and 56 companies.

Lee Deviney addressed the Board and answered questions.

1. **Title 34 Texas Administrative Code, Part 9, Chapter 181 Bond Review Board Rules, Proposed New Rule §181.11**

The BRB is proposing a new administrative code rule based on the passage of House Bill 1038 by the 88th Legislature. BRB staff is working with the administrative law attorneys to respond to the comments received. The rules were published in the register on August 18, 2023, so any adoption would need to occur within 6 months, February 14, 2024.

1. **EXEMPT – Texas Private Activity Bond Surface Transportation Corporation Senior Lien Revenue Refunding Bonds (NTE Mobility Partners Segments 3 LLC) Series 2023 (one or more series of tax-exempt bonds)**

Representative present was Jennifer Wright, Debt & Strategic Contracts Division, TXDOT.

The Corporation submitted an Exempt Issuer State Debt Notice of Intent to issue its Senior Lien Revenue Refunding Bonds (NTE Mobility Partners Segments 3 LLC), Series 2023 (one or more series of tax-exempt bonds) in a maximum par amount and maximum total proceeds amount of $274,030,000including premiums, if any.

The Series 2023 refunding bonds are expected to generate an estimated net present value (NPV) cash savings of $35,563,751 and overall estimated NPV savings of 12.98%.

The Series 2023 refunding bonds are Private Activity Bonds pursuant to Section 142(m) of the Internal Revenue Code. Private activity bond volume cap was allocated by the U.S. Department of Transportation in 2013 for the Series 2013 bonds being refunded, and no additional volume cap reservation is required for the Series 2023 refunding bonds.

State law, including Subchapters A-C of Chapter 431 of the Texas Transportation Code, authorizes PABSTC to issue the conduit debt.

PABSTC approved a resolution authorizing the issuance of the bonds on October 4, 2023.

The Commission approved the transaction at its meeting on September 28, 2023.

The Series 2023 refunding bonds will be sold through a negotiated sale as revenue, self-supporting, tax-exempt, fixed-rate securities maturing on June 30, 2043, with an average life of 15.29 years.

The expected all-in true interest cost (TIC) is approximately 5.73% with principal payments scheduled to begin on December 31, 2033.

The bonds will be issued by PABSTC as a conduit issuer without recourse to TTC, TXDOT, PABSTC, or the state of Texas and shall be payable by the Developer on behalf of PABSTC from toll revenues of the system.

The sale date and closing date are estimated to be November 8, 2023, and November 20, 2023, respectively. The total cost of issuance is $4,376,000 or $15.97 per $1,000.

Jennifer Wright addressed the Board and answered questions.

1. **Public Comment**

There were no public comments.

1. **Date for Next Board Meeting**

A Called Board Meeting is scheduled for Thursday, October 19, 2023, at 10am in Room E2.028 of the Capitol Extension.

1. **Items for Future Agendas**

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

1. **Report from the Executive Director**
* Staff is finishing all local processing for fiscal year 2023. In a couple of weeks, staff will begin finalizing the local debt data for publication in November on the BRB websites and annual reports.
* The application submission period for the 2024 Private Activity Bond Program began on Thursday, October 5, 2023, and ends at the close of business on Friday, October 20, 2023.
* Staff will make a presentation for the Texas Association of Affordable Housing Providers.
* Staff is scheduling the 2024 program year Private Activity Bond lottery for Wednesday, November 8th at 10am. Staff plans to hold the meeting in Room 402 of the Clements Building and via videoconference.
* Staff is reconciling state debt outstanding and will send the debt totals to the CPA office for inclusion in the bond appendix.
1. **Adjourn**

There being no further business, the planning session was adjourned at 10:18 a.m.