Minutes

Texas Bond Review Board

Planning Session

Monday, January 13, 2025, 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., Monday, January 13, 2025, in Room 402 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; Brian Mathew, Alternate for Lieutenant Governor Dan Patrick; and Kimberly Edwards, Alternate for Comptroller Glenn Hegar. Also, in attendance were Benita Prol and Austin Havens with the Office of the Attorney General, Bond Finance Office staff members, and others.

1. **Call to Order / Establishment of Quorum**

Rob Latsha, Executive Director, called the meeting to order at 10:05 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 Affordable Housing Corporation Multifamily Mortgage Revenue Notes (Cairn Point Montopolis Apartments) Series 2025A-1 and Series 2025A-2**

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

TSAHC is seeking approval for the issuance of its Texas State Affordable Housing Corporation Multifamily Mortgage Revenue Notes (Cairn Point Montopolis) Series 2025A-1 and 2025A-2 in a maximum par amount and a maximum total proceeds amount of $23,500,000 including premiums, if any.

Cairn Point Montopolis has a total budget of approximately $49.4 million. The proposed financing includes tax-exempt notes, deferred repayable loans, grants, and 4% housing tax credits.

The proceeds of the notes will be used for the acquisition, construction, and equipping of a new qualified residential rental property serving the general population to be known as Cairn Point Montopolis.

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

On December 17, 2024, the TSAHC Board approved the final resolution for the notes.

The PAB reservation was issued to TSAHC on August 2, 2024, and expires on January 29, 2025. TSAHC received a carryforward designation for their PAB application allowing them exclusive rights to reapply for the $23,500,000 tax-exempt amount needed to meet the 50% test.

All 4% tax credit awards are now eligible for direct approval by TDHCA staff if the transaction does not require a waiver of the Department’s rules.

The notes will be sold through a private placement sale as self-supporting, tax-exempt, fixed-rate debt. There is a conversion date option of March 1, 2028. The final maturity date for the notes is March 1, 2044.

The anticipated maximum par amount of the notes is $23.5 million. This amount will be used during construction and does represent 51% of the total Aggregate Basis for the 50% Bond test. Citi Community Capital has been identified to provide a permanent tax-exempt loan in the amount of $20.6 million. Housing tax credit equity is anticipated to be $16.2 million. Deferred repayable loans from the City of Austin’s General Obligation bond program and Rental Housing Develop Assistance programs include $2 million and $6 million respectively. Travis County ARPA funds add an additional $4.5 million deferred developer fees total approximately $200,000.

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.

David Danenfelzer addressed the Board.

1. **Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Series 2025A-1 Series 2025A-2 and Taxable Bonds Series 2025B**

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

The Department submitted an application to issue its tax-exempt Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Series 2025A-1, Series 2025-2, and Taxable Series 2025B with an aggregate maximum par amount and a maximum total proceeds amount not to exceed $61,914,000 including premiums.

The total cost for the project is estimated to be $93,194,821 to be funded from a combination of sources including proceeds of tax-exempt bonds, tax credit equity, a TDHCA multifamily direct loan, and deferred developer fees. The Department anticipates issuing tax-exempt bonds in the amount of $61,914,000 which satisfies Section 42(h)(4)(B) of the US Tax Code requiring tax-exempt bonds to finance at least 50% of the cost of the land and buildings to access the housing tax credits. Per the TDHCA underwriting report, the tax-exempt bond financing for 4% tax credits is currently calculated to be approximately 54.8%, which is lower than the maximum 55% amount allowed for Private Activity Bond (PAB) closings.

The proceeds of the bonds will be used to construct The Ridge at Loop 12 Apartments, a new 300-unit affordable multifamily residential rental development on approximately 15.42 acres in Dallas, Texas.

The bonds will be issued pursuant to Chapter 2306 of the Texas Government Code.

The Private Activity Bond (PAB) certificate of reservation was issued to TDHCA on January 5, 2024, and expires on December 31, 2026.

TDHCA staff approved the organizational structure in accordance with the Previous Participation Review rule found in 10 TAC Chapter 1 Subchapter C.

On January 16, 2025, the TDHCA Board is expected to approve the final resolution for the issuance of the bonds.

TDHCA is acting as a conduit issuer for this transaction 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. The bonds are a special limited obligation payable from revenues earned from the mortgage loan and earnings derived from amounts on deposit in an investment agreement.

Teresa Morales 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; and Bon Wier, Bond Financing Specialist, TAFA.

TPFA is seeking authorization to issue Commercial Paper (CP) Notes under its State of Texas General Obligation Commercial Paper Program (Texas Agriculture Finance Authority Rural Economic Development Finance Program), Taxable Series 2023 (the CP Notes) in a maximum amount of $6,000,000.

Lee Deviney and Bon Wier addressed the Board.

1. **EXEMPT - Texas** **Department of Housing and Community Affairs Residential Mortgage Revenue Bonds Series 2025A (Tax-Exempt)**

The board’s six-day review period expired on Tuesday, January 7, 2025, and the application was approved.

1. **Public Comment**

There were no public comments.

1. **Date for Next Board Meeting**

A Board Meeting is scheduled for Thursday, January 23, 2025, at 10am in Room 402 of the Clements Buildings.

1. **Items for Future Agendas**

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

1. **Report from the Executive Director**

* Local debt totals were published to the BRB website database in December.
* The agency has transitioned from a local file server to the cloud using Box.com.
* Staff began working on the February Debt Affordability Study and plan to send a draft copy for Board review by Friday, February 7. A final copy of the report will be published to the BRB website on Friday, February 14.
* On Wednesday, January 29, staff plans to co-host, with the Texas Public Finance Authority, a virtual bonds 101 presentation for legislative staff from 10-11:30am.
* Staff maintain a spreadsheet of fiscal notes received and have processed 62 fiscal notes.
* All applications eligible to receive a PAB reservation for the 2025 program year will be reserved before the end of January.

1. **Adjourn**

There being no further business, the planning session was adjourned at 10:33 a.m.