Minutes

Texas Bond Review Board

Planning Session

Tuesday, June 10, 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., Tuesday, June 10, 2025, in Room 402 Clements Building and via videoconference as authorized under Texas Government Code section 551.127. Present were Jimmy Anderson, Chair and Alternate for Governor Greg Abbott; Joaquin Guadarrama, Alternate for Lieutenant Governor Dan Patrick; and Kimberly Edwards, Alternate for Comptroller Glenn Hegar. Also, in attendance were Benita Prol and Martin Cohick 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 10:00 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 Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (The Legacy on Kiest) Series 2025**

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

The Department submitted an application to issue its tax-exempt Multifamily Housing Governmental Note (The Legacy at Kiest) Series 2025 with a maximum par amount and a maximum total proceeds amount not to exceed $30,000,000 including premiums, if any. The total cost for the project is estimated to be $54,793,585.

The proceeds of the note will be used to construct Legacy at Kiest, a new 180-unit affordable multifamily residential rental development on approximately 6 acres in south Dallas.

The note will be issued pursuant to Chapter 2306 of the Texas Government Code. The Private Activity Bond (PAB) certificate of carryforward designation was issued to TDHCA via a carryforward designation on January 8, 2025, and expires on December 31, 2027. A carryforward designation is reserved to the issuer for a 3-year period. The TDHCA Board expects to approve the final resolution for the issuance of the note at its June 12, 2025, Board meeting.

The note will be sold through a private placement sale as unrated, tax-exempt, revenue, self-supporting, fixed-rate debt with a 16-year term, amortization of 40 years, and balloon payment. The average life is expected to be 26.2 years.

The interest rate will be fixed at closing and will be equal to the sum of the 10-year Treasury Security plus a spread of 1.50%, estimated at the time of underwriting to be 6.14%. Final maturity date of July 1, 2065.

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

Anticipated closing and sale date is July 2nd, 2025. The total cost of issuance is expected to be $669,600 or $22.32 per bond.

The lowest DCR for the project happens in year one with 1.19. They had a telephonic hearing was held on April 24, 2025 and no public comment was made. The Department received no letters of support nor opposition for this development.

Teresa Morales addressed the Board.

1. **Texas Public Finance Authority State of Texas General Obligation Commercial Paper Notes (Cancer Prevention and Research Institute of Texas Project) Series A (Taxable) and Series B (Tax-Exempt) for the issuance of commercial paper during fiscal year 2026**

Representative present were John Hernandez, Deputy Director

TPFA is seeking authorization to issue Commercial Paper (CP) notes under its State of Texas General Obligation Commercial Paper Program (Cancer Prevention and Research Institute of Texas Project), Series A (Taxable) and Series B (Tax-Exempt) in a maximum amount of $300,000,000 (including unexpended balances per biennia per CPRIT’s Rider 8).

TPFA will issue the CP notes pursuant to Article III, Section 67 of the Texas Constitution; Section 102.202 of the Texas Health and Safety Code; Chapters 1232 and 1371 of the Texas Government Code; and the General Appropriations Act, 89th Legislature, 2025, Regular Session, Article I, [p-15]. The CPRIT Oversight Committee approved the Request for Financing on May 21, 2025. The TPFA Board approved the financing at its Board Meeting on June 5, 2025.

The CPRIT CP Program will issue taxable and tax-exempt CP notes to mature on dates chosen by TPFA at the time of each sale.

The Comptroller of Public Accounts currently provides liquidity for the CPRIT CP Program up to a maximum of $350 million, plus 270 days interest at 10% per annum. The fee for liquidity is 12 basis points on the amount of CP notes outstanding and 8 basis points on the remaining amount of the liquidity commitment. The current liquidity agreement is in effect until August 31, 2025, and TPFA and the Comptroller of Public Accounts are working on extending the agreement through the end of the next biennium.

The estimated ongoing fees for the program are roughly 609,001.

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

As not self-supporting GO debt, CPRIT debt is included in the state’s Constitutional Debt Limit (CDL). As of August 31, 2024, the CDL was calculated at 1.70 percent including both outstanding and authorized but unissued debt.

John Hernandez addressed the Board.

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 2026**

Representative present were John Hernandez, Deputy Director

TPFA is requesting approval for the issuance of CP notes, during fiscal year 2026, for its State of Texas Revenue Commercial Paper Program (Texas Facilities Commission Projects), Series 2016A (Taxable) and Series 2016B (Tax-Exempt). The total CP Program issuance will not exceed $1,242,855,581 for the Capitol Complex and North Austin Campus projects consisting of the total authorization amounts of $767,670,000 for Phase I authorized by the 84th Legislature and $475,185,581 for Phase II authorized by the 86th Legislature.

Proceeds from CP notes are to be used to fund new construction for Phase II of the Capitol Complex, including utility infrastructure, office buildings, and parking garages in the Capitol Complex. CP proceeds will also pay costs of issuance. TPFA will refund outstanding CP into fixed rate bonds when the issuance of additional CP would result in exceeding the $200,000,000 liquidity cap.

House Bill 1, 84th Legislature, Regular Session, Article I page I-45, Rider 19; Senate Bill 1, 85th Legislature, Regular Session, Article I page I-47, Rider 16; House Bill 1, 86th Legislature, Regular Session, Article I page I-43; Senate Bill 1, 87th Legislature, Regular Session, Article I page I-47, Rider 16; House Bill 1, 89th Legislature, 2025, Regular Session, Article I, [p-15]; Chapters 1232, 1371, and 2166 Texas Government Code, as amended, and Part X, Title 34, Texas Administrative Code. On June 5, 2025, TPFA ratified its approval of the 2016 CP Program. Legislative Budget Board approval is not required for the 2016 CP Program.

The CP notes are supported by lease appropriations made to agencies for lease payments. As such, the CP notes are payable only from certain pledged security, which consists primarily of rent payments made pursuant to a lease agreement between the Authority and the lessee agency. Neither the full faith and credit nor the taxing power of the State of Texas will be pledged to the payment of principal, premiums, if any, or interest of the CP notes.

The estimated ongoing fees for the program are roughly 193,802.

Currently, no Series 2016A (Taxable) CP notes nor Series 2016B (Tax-Exempt) CP notes are outstanding.

John Hernandez addressed the Board.

1. **Texas Public Finance Authority Health and Human Services Commission Deferred Maintenance Project and Department of Motor Vehicles Camp Hubbard Renewal 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 2026**

Representative present were John Hernandez, Deputy Director

TPFA is requesting approval for the issuance of CP notes, during fiscal year 2026, for its State of Texas Commercial Paper Revenue Notes, Series 2019A and 2019B (Taxable) for the HHSC deferred maintenance projects authorized by the 86th Legislature and the 87th Legislature in the amounts of $208,816,277 and $23,689,160, respectively. Additionally, TPFA is requesting approval for the issuance of CP notes, during fiscal year 2026, for the DMV Camp Hubbard Renewal Project, authorized by the 88th Legislature in the amounts of $143,000,000.

The proceeds from the CP notes are used by HHSC for repair and renovation at state hospitals and state supported living centers. The deferred maintenance projects consist of HHSC repair and rehabilitation at state hospitals and state supported living center buildings, facilities, and infrastructure throughout Texas.

The proceeds from the CP notes are used by DMV for implementation of the Camp Hubbard Renewal Project.

TPFA will issue the revenue CP notes pursuant to House Bill 1, 86th Legislature, 2019, Regular Session, Article II, HHSC Rider 2a (2); Section 10 of House Bill 2, 87th Legislature, 2021, Regular Session; Chapters 1232 and 1371, Texas Government Code, as amended, and Part X, Title 34, Texas Administrative Code; House Bill 1, 88th Legislature, 2023, Regular Session, Article VII, DMV Rider 11; 89th Legislature, 2025, Regular Session, Article I, [p-15]. Chapter 1232, Section 1232.102, Texas Government Code; Chapter 1001, Subchapter F, Texas Transportation Code. On June 5, 2025, the Authority ratified its prior approvals of the requests for financing and authorized the continued use of the 2019 CP Program during fiscal year 2026. Legislative Budget Board approval is not required for the issuance of CP notes for the HHSC and DMV projects.

The total cost is estimated to be $244,729,923.

Lease purchases under the MLPP are financed with proceeds of CP notes issued by TPFA. The CP notes are a special and limited obligation of the State of Texas, repaid solely from lease payments to TPFA from the lessee state agency in an amount sufficient to pay the principal and interest on the CP notes that mature or become due during the fiscal year.

HHSC and DMV stated that the financing for the projects will not exceed the estimated useful life of the projects.

John Hernandez addressed the Board.

1. **Texas Public Finance Authority State of Texas General Obligation and Refunding Bonds Taxable Series 2025**

Representative present were John Hernandez, Deputy Director

TPFA seeks approval to issue its State of Texas General Obligation and Refunding Bonds, Taxable Series 2025 (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 $305,247,732.88 including premiums.

Bond proceeds will be used to refund certain outstanding general obligation commercial paper notes of the State of Texas (currently $233,500,000), to make grants for cancer research and prevention and pay for the operation of CPRIT. New CP in the amount of $66,500,000 will be issued to cover grant award obligations from fiscal years 2011 through 2025 and operating costs for general agency administration as well as pre- and post-award grants management processes. The aggregate amount of CP and bonds issued for new money purposes will not exceed the constitutional limit of $300 million in fiscal year 2025, as set forth in Article III Section 67 of the Texas Constitution.

The bonds will be issued 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 TPFA Board approved the bond resolution at its Board Meeting on June 5, 2025.

The Taxable Series 2025 bonds will be issued in a negotiated sale as taxable, general obligation, not self-supporting, fixed-rate securities. The bonds are expected to have an average life of 9.65 years and an all-in true interest cost (TIC) of 5.9%.

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 is estimated to be $2,006,500 or $6.69 per bond.

The securities are rated AAA by Fitch and Standard and Poor’s.

As of May 2025, CPRIT has provided $3.9 billion for 2,142 cancer research and prevention projects to 41 academic and medical institutions, 36 community organizations, and 72 companies.

As not self-supporting GO debt, CPRIT debt is included in the state’s Constitutional Debt Limit (CDL). As of August 31, 2024, the CDL was calculated at 1.70 percent including both outstanding and authorized but unissued debt.

John Hernandez addressed the Board.

1. **Public Comment**

There were no public comments.

1. **Date for Next Board Meeting**

A Board Meeting is scheduled for Wednesday, June 18, 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**

* Staff continue to process local government debt issuances received from bond counsel. So far in fiscal year 2025 staff have received 1357 transactions. Staff received a total of 1,398 for processing during fiscal year 2024.
* Staff is working on a draft outline on revisions to the FY 2025 local report based on what was reported in FY 2024. The purpose of this project is to refocus the report for efficiency and comply with statute.
* Staff processed at total of 208 fiscal notes during the 89th Legislature. This is a record number of fiscal notes received during one legislative session.
* As of May 31, 2025, fees collected for the Private Activity Bond Program totaled approximately $1.6 million during calendar year 2025. During calendar year 2024, fees collected were $2.3 million.

1. **Adjourn**

There being no further business, the planning session was adjourned at 10:32 a.m.