Minutes

Texas Bond Review Board

Planning Session and Special Meeting

Wednesday, December 2, 2020, 2:00 p.m.

Videoconference Meeting

The Texas Bond Review Board (BRB) convened in a planning session and special meeting at 2:00 p.m., Wednesday, December 2, 2020 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 David Gordon 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 2:01 p.m. A quorum was present. He announced that due to Governor Greg Abbott’s March 13, 2020 proclamation of a state of disaster affecting all counties in Texas due to the Coronavirus (COVID-19) and the Governor’s March 16, 2020 suspension of certain provisions of the Texas Open Meetings Act, this meeting will be held by video webinar, as authorized under Texas Government Code section 551.127.With the exception of agenda item III, no votes would be taken.

1. **Texas Department of Housing and Community Affairs Multifamily Note (Legacy Riverside Senior Living Community) Series 2020**

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

The Department has submitted an application to issue its Multifamily Note (Legacy Riverside Senior Living Community) Series 2020 (the Note) in a maximum par amount and maximum total proceeds amount not to exceed $40,000,000 including premiums, if any.

The proceeds of the Note will be used for the development of the Legacy Riverside Senior Living Community, a 264-unit, new construction residential rental property serving seniors located in Fort Worth.

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

The TDHCA Board is expected to approve the final resolution for the issuance of the Note at its December 10, 2020 Board meeting.

The Private Activity Bond (PAB) certificate of reservation was issued to TDHCA on August 25, 2020 in the amount of $40,000,000 and expires on February 21, 2021.

The tax-exempt Series 2020 Note is anticipated to be initially privately placed with IBC Bank. The Note will be unrated, fixed-rate, self-supporting, revenue debt with an average life of 18.923 years, a 17-year term, and 40-year amortization with a final maturity and balloon payment due on January 1, 2041.

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.

The total cost of issuance is expected to be $1,581,880 with an expected cost per bond of $39.55.

The first year debt coverage ratio (DCR) is expected to be 1.15 and the DCR is expected to reach 1.85 by year 40.

Teresa Morales answered questions from the Board.

1. **Private Activity Bond Surface Transportation Corporation Senior Lien Revenue Refunding Bonds (LBJ Infrastructure Group LLC I-635 Managed Lanes Project) Taxable Series 2020C (in one or more series)**

Representatives present were Benjamin Asher, Director, TxDOT; Jennifer Wright, Project Finance & Debt Director, TxDOT; Jim Bateman, General Counsel, TxDOT; and Carol Polumbo, Partner, McCall Parkhurst & Horton, Bond Counsel.

This item was submitted on the BRB EXEMPT track. On November 23, 2020, the Board called in this transaction for formal review.

PABSTC submitted an Exempt Issuer State Debt Notice of Intent to issue its Senior Lien Revenue Refunding Bonds (LBJ Infrastructure Group LLC I-635 Managed Lanes Project), Taxable Series 2020C (in one or more series) in a maximum par amount and maximum total proceeds amount not to exceed $1,201,455,000 including premiums, if any.

Proceeds of the Taxable Series 2020C bonds will be used to refinance the entire outstanding 2010 TIFIA loan balance in the amount of $1,136,276,012 and pay for cost of issuance, including other associated transaction fees.

PABSTC is authorized by State law, including Subchapters A-C of Chapter 431 Texas Transportation Code, to issue the bonds.

On May 28, 2020 in Minute Order 115749, TTC authorized PABSTC to issue one or more series of bonds to refinance the 2010 TIFIA loan, per the Developer’s request, in accordance with the CDA between the Developer and TXDOT.

On June 16, 2020 the Corporation approved the issuance of one or more series of bonds in a maximum principal amount not to exceed $1,850,000,000 to include the refunding of the 2010 TIFIA loan and related costs. Per TXDOT staff, CABs are a permissible use of financing under this authorization.

The Taxable Series 2020C refunding bonds will be issued by PABSTC as a conduit issuer without recourse to the State of Texas, TTC, TXDOT or the Corporation and shall be payable by the Corporation solely from payments received from LBJ Infrastructure Group LLC, the Developer of the I-635 Managed Lanes Project, to the extent set forth in and pursuant to a facility agreement initially entered into with TXDOT dated as of September 4, 2009.

This transaction is rated by Moody’s at Baa3 and by Fitch at BBB-. The total cost of issuance is expected to be $11,069,501 and the cost per bond is expected to be $9.45. TXDOT provided BRB staff with a new scenario called Scenario 3 about one hour before this meeting.

Jennifer Wright and Ben Asher answered questions from the Board.

No votes were taken on this item.

1. **Public Comment**

There were no public comments.

1. **Date for Next Board Meeting**

The next Board Meeting is scheduled for Thursday, December 10, 2020 at 10am.

1. **Report from the Executive Director**
* Staff is almost complete with processing local government debt issues for fiscal year 2020. In December, staff will be finalizing the numbers and will begin creating the Fiscal Year 2020 Local Debt Report.
* Staff received our first fiscal note for the 87th Legislature from the Legislative Budget Board (LBB), and this analysis has been submitted back to the LBB.
* The new BRB Data Center website is in beta testing. Staff plans to release the data center on the agency’s website next week.
* BRB and TPFA staff plan on hosting its Bonds 101 presentation via Zoom webinar sometime in late January 2021.
1. **Adjourn**

There being no further business, the planning sessionwas adjourned at 2:31 p.m.