
Public Finance Authority Selling $135 Million of Bonds for Planned Community In Texas.

The Public Finance Authority plans to issue $135 million of tax-exempt bonds to finance the development of a planned community approximately 30 miles west of downtown Houston.

The Series 2025 Revenue Anticipation Capital Appreciation Bonds will be sold on behalf of the Texas Infrastructure Program, according to documents posted Monday on MuniOS. The total accreted value of the bonds is approximately $418.4 million.

Pricing is scheduled for Aug. 6 and the securities will be available for delivery on or about Aug. 13.

Proceeds will be used to help fund the development of the master-planned community of Heritage Bend, located in Fort Bend County. The project will consist on 2,927 single-family residential units and various community amenities including open spaces and trails. The homebuilders anticipate beginning construction in the second quarter.

The bonds are limited obligations of the authority issued under, and secured by, pledges of a separate trust estate under the bond’s indenture.

The debt will be issued as capital appreciation term bonds, and will not pay periodic interest. Instead, the bonds will accrue interest based on a 360-day year. Investors will be paid by maturity, with 50% development pace and 1% inflation, according to the roadshow document. At a 100% development pace the bonds require 1,792 units, or 61% of the total, to be built to pay prior to maturity.

The authority is a governmental entity established under Wisconsin statutes, and is authorized to issue tax-exempt, taxable, and tax credit bonds for public and private entities around the country. The authority was established to provide local governments in Wisconsin and around the country with a way to efficiently and reliably finance projects, according to the PFA website.

The bonds are not rated.

Piper Sandler is the underwriter.

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