

TEXAS PUBLIC FINANCE AUTHORITY

BOARD OF DIRECTORS:

Billy M. Atkinson, Jr., Chair
Ruth C. Schiermeyer, Vice Chair
Gerald B. Alley, Secretary
Mark W. Eidman
Walker N. Moody
Rodney K. Moore
Robert T. Roddy, Jr.



EXECUTIVE DIRECTOR
Lee Deviney

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MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF THE TEXAS PUBLIC FINANCE AUTHORITY

August 6, 2015

The Board of Directors (the "Board") of the Texas Public Finance Authority (the "Authority") convened in open meeting, notice duly posted pursuant to law (a copy of which notice is attached hereto as Exhibit "A") at 10:30 a.m., Thursday, August 6, 2015, Capitol Extension, Hearing Room E2.028, Austin, Texas. Present were: Mr. Billy Atkinson, Chair; Ms. Ruth C. Schiermeyer, Vice Chair; Mr. Gerald Alley, Secretary; and Mr. Rodney Moore, Member.

Representing the Authority's staff were: Lee Deviney, Executive Director; John Hernandez, Deputy Director; Kevin Van Oort, General Counsel; Pamela Scivicque, Director of Business Administration; Donna Weinberger; and John Barton.

In attendance were the following persons, representing the entities indicated: Chris Allen, First Southwest Company; Jillian Ziarko, Goldman Sachs; Art Morales, BOSCO, Inc.; Tim Peterson and Kyle Cottrell, JP Morgan; Desyre Morgan, Wells Fargo; Tim Kelley, Piper Jaffray; Shawnell Holman, Siebert Brandford Shank & Co.; Laurie Bricker, Jeffries; Blaine Brunson, Morgan Stanley; Jeff Nydegger and Ben Howell, Winstead PC; Paul Jack, Estrada Hinojosa & Co.; Julia Houston, Andrews Kurth LLP; Brandon Walker, Bank of America Merrill Lynch; Elizabeth Bowes, Bracewell & Giuliani LLP; Curt Shelmire, Stifel, Nicolaus & Co.; Jim Niederle, Hutchison, Shockey, Erley & Co.; Daniel Rodriguez, Coastal Securities; Ashley Lundberg, Raymond James; Brad Angst, George K. Baum; Ky Ash, Office of the Governor; and John Raff, Peter Maass, Shyra Darr and Rob Ries, Texas Facilities Commission.

Mr. Atkinson called the Board meeting to order at 10:33 a.m. and noted that a quorum was present.

Item 1. Confirm meeting posting compliance with the Open Meetings Act.

Mr. Atkinson confirmed that the meeting was duly posted with the Secretary of State's Office.

Item 2. Excuse absences of board members, if necessary.

Action: Ms. Schiermeyer moved to excuse the absences of Mr. Eidman, Mr. Moody, and Mr. Roddy. Second by Mr. Moore. The motion passed unanimously.

Item 3. Review and approval of the minutes of the June 11, 2015, Work Session and June 11, 2015, Board Meeting.

Action: Mr. Alley moved to approve both sets of minutes, second by Mr. Moore. The motion passed unanimously.

Item 4. Consideration and approval of Resolutions ratifying advance no. 14 for Texas Southern University relating to the Series A 2012-10 Note.

Mr. Deviney provided an overview of the program and explained that the University makes draw requests about once a month. The University has requested Draw 14. Rice Capital Access, LLC, (the "Lender") in connection with the Capital Project Loan Agreement and Note, has provided the University with the Advance no. 14. Staff reviews a Reconciliation of Budget and Expenditures for each draw request. Draw no. 14 has been reviewed by staff and approved by the Executive Director. Mr. Deviney stated Draw no. 14 in the amount of \$2,640,794.54, of which \$2,508,754.81 is being used to finance eligible costs, and \$132,039.73 is being used to make the deposits necessary to satisfy the Series A 2012-10 Bond Escrow Requirement, which is approximately 5.2 percent of the Advance amount. The deposits will be made into the Texas Southern University Escrow Account as authorized by the Capital Project Loan Agreement, the Note and the Eighth Supplement.

Mr. Deviney presented the staff recommendation that the board adopt a resolution ratifying the Texas Southern University advance no. 14 in the amount of \$2,640,794.54 pursuant to the Series A 2012-10 Note.

Discussion ensued regarding the number of draws that the University will ultimately make. Mr. Deviney estimated that number to be 22.

The Board inquired about the potential for the project being over budget and the amount of the last overage vs. the Draw 14 overage. Mr. Hernandez stated that the overage may be higher than the last draw but would need to confirm. Mr. Hernandez also stated he spoke with University Officials who indicated that cost savings were identified and the University plans to cover any additional overage with contract negotiated savings or from local funds.

The Board requested to see a plan to reduce the amount of the overage and inquired about the lender requirements for project overruns. The Board requested that staff provide an overage report by draw and confirm the anticipated number of advances. The Board also inquired whether the lender requires a set-aside.

Mr. Deviney reaffirmed that the University has already identified a \$2 million savings and that the University may scale back project costs or use local money to cover the difference. Mr.

Deviney stated at this point in the process, TPFA staff will schedule a visit to University to identify how project overages will be addressed, obtain a revised estimated completion date, and look into the lender requirements.

Action: Motion by Mr. Alley to approve the Resolution ratifying the Texas Southern University advance no. 14 in the amount of \$2,640,794.54 pursuant to the Series A 2012-10 Note, second by Mr. Moore. The motion passed unanimously.

Item 5. Consideration, discussion and possible action to approve the Texas Facilities Commission Request for Financing in the amount of \$767,670,000 in revenue financing debt pursuant to Chapter 1232 of the Texas Government Code and provisions of the General Appropriations Act, 84th Legislature, R.S. (2015) for new construction in the Capital Complex and the North Austin Campus; selection of a method of sale; appointment of outside consultants; and take other necessary related action.

Mr. Deviney stated House Bill 1, the General Appropriations Act (GAA) for the 2016-2017 biennium, 84th Legislature, authorized the construction of new facilities at the Capitol Complex and North Austin Complex. Rider 19 (p. I-45 of the GAA) authorizes the issuance of revenue bonds by the Authority in the amount of \$767,670,000 for the purpose of constructing two office buildings and utility infrastructure in the Capitol Complex and one building and parking structure in the North Austin Complex. The bond proceeds are appropriated to the Texas Facilities Commission (“TFC”) and amounts necessary for the Commission to make lease payments to the Authority are included elsewhere in the GAA.

Mr. Deviney stated there is the potential for some private use in the facilities, which could provide for a taxable component to the projects; but the main goal is to move state employees out of lease space.

Staff recommended approving the Texas Facilities Commission Request for Financing in the amount of \$767,670,000 for fiscal years 2016-2017 to finance the construction of new facilities at the Capitol Complex and North Austin Complex as authorized and appropriated by House Bill 1, 84th Legislature, (2015).

Action: Motion by Ms. Schiermeyer to adopt staff recommendation, second by Mr. Moore. The motion passed unanimously.

Staff recommended the board appoint First Southwest Company to serve as financial advisor and appoint the law firm of Bracewell & Giuliani to serve as bond counsel. In consultation with advisors, staff will recommend a method of sale to the board at a subsequent board meeting.

The Chairman inquired whether the selection of the service providers was in compliance with the selection process. Mr. Deviney stated that it was.

Action: Motion by Mr. Schiermeyer to adopt staff recommendation, second by Mr. Moore. The motion passed unanimously.

Item 6. Consideration, discussion and possible action to extend three existing contracts for legal services:

- a. Special counsel related to implementation of TWIA related legislation (SB 900, 84th Leg., R.S., 2015).

Mr. Van Oort stated the first of the three contracts is with Andrews Kurth and is set to expire on August 31, 2015. Due to the TWIA legislation and upcoming rules posting, Mr. Van Oort stated the agency needed to have counsel in place. The recommended extension period is through December 2015.

Action: Motion by Mr. Alley to adopt staff recommendation, second by Mr. Moore. The motion passed unanimously.

- b. Liquidity agreement review (2003 CP Program and 2008 CP Program) and Special tax counsel services.

Mr. Van Oort stated the law firm Bracewell & Giuliani is needed to be in place to work on the upcoming Liquidity Agreement extension with the Comptroller's Office. The recommended extension period is through February 2016.

Action: Motion by Ms. Schiermeyer to adopt staff recommendation, second by Mr. Moore. The motion passed unanimously.

- c. Liquidity agreement review (CPRIT CP Program).

Mr. Van Oort recommended keeping the McCall Parkhurst & Horton contract in place to handle liquidity issues related to the CPRIT program. The recommended extension period is through February 2016.

Action: Motion by Mr. Alley to adopt staff recommendation, second by Mr. Moore. The motion passed unanimously.

Prior to the vote Mr. Atkinson stated these recommended firms are all in the pool of approved vendors.

Item 7. Major Project List Update:

- a. Commercial Paper Liquidity Renewals

Mr. Deviney explained the liquidity agreements with the Comptroller of Public Accounts for the 2003 revenue commercial paper program and the 2008 and CPRIT general obligation commercial paper programs will expire on August 31, 2015. However, the Comptroller's office extended the agreements to December 31, 2015 in order to have sufficient time to develop new and restated liquidity agreements for the remainder of the 2016-2017 biennium. This is being done for all agencies that currently have Comptroller liquidity.

- b. RFP's for Underwriting Services

The office received 33 responses to the RFP. Staff is currently reviewing the information and will provide information to select a pool of Underwriters at the next board meeting.

c. RFP's for Bond Counsel and Financial Advisor Services

Staff anticipates issuing a Request for Proposals for bond counsel (and disclosure counsel services) early in September. The RFP for Financial Advisory Services is anticipated to be issued in October 2015.

d. Continuity of Operations Planning (COOP)

Mr. Deviney explained pursuant to Section 412.054 of the Labor Code, as amended by House Bill 1832, 84th Legislature, each state agency is required to develop a continuity of operations plan (COOP) that outlines procedures to keep the agency operational in case of disruption, finance administration or other essential operations. The plan provides information regarding the resumption of essential services after a catastrophe. The Authority currently has a Business Continuity Plan which is being updated to conform to the recommended best practices promulgated by the State Office of Risk Management and FEMA. Elements of the continuity plan will include identification of essential functions, delegation of authority, orders of succession, communications, vital records and data, and alternate operating locations to ensure that those resources will be available when needed through coordination with partners and stakeholders.

There are no actions taken for these items above.

Item 8. Consideration, discussion and possible action to amend the Management Succession Plan.

Mr. Deviney stated that the Authority has adopted a two-deep management succession plan and delegation of authority for certain essential functions. The proposed management succession plan would be three deep. The Order of Succession would be the Deputy Director, then the Director of Business Administration, then the General Counsel. The succession would remain in place until the board met next after the plan was active.

Staff recommended approval and adoption of the amended Management Succession Plan.

Action: Motion by Mr. Schiermeyer to adopt staff recommendation, second by Mr. Moore. The motion passed unanimously.

Item 9. Report on the sale of the Texas Public Finance Authority Midwestern State University Revenue Financing System Revenue and Refunding Bonds, Series 2015A and Taxable Series 2015B.

Mr. Deviney introduced Art Morales, Senior Manager with BOSC, Inc., to report on the transaction.

Mr. Morales provided an overview of the market prior to the sale of the bonds, the marketing strategy due to MSU's limited exposure in the market in recent years, and the proposed structure. Mr. Morales stated that the structure was proposed to decrease the coupon rate to 4% and create a savings of approximately \$1.6 million compared to 5% coupon bonds. There was an additional savings of \$747,000 obtained by refunding outstanding bonds. Mr. Morales also referenced the distribution of orders by the syndicate members.

Mr. Alley departed the meeting at 11:20 a.m.

Item 10. Staff Update

Staff Update:

a. Title transfer of real property to Tx Department of Criminal Justice

Mr. Deviney stated that since the bonds have been paid off the property transfers to TDCJ. Mr. Van Oort stated that the transfers involve eight separate properties.

b. Market Update

John Barton presented the market update. The staff is monitoring rates for the upcoming transaction. The current 2008 CP amount outstanding is approximately \$65 million, with a capacity to issue another \$160 million. Mr. Barton stated there has been a large pay down in debt. It is expected that in FY 16-17 there will be a request for \$10-13 million for new equipment leases.

Item 11. Consideration, discussion and possible action related to the compensation of the Executive Director.

Mr. Van Oort stated the item will need to be tabled until there is a quorum present.

The Chairman asked whether board approval of a salary action on September 3, 2015 would be effective as of September 1, 2015.

Ms. Scivicque stated that it is possible to have the new compensation level take effective on September 1, 2015.

Item 12. Future agenda items, meeting dates, and times.

A potential Thursday, September 3, 2015 work session and board meeting was discussed. It is recommended the Work Session and the Board Meeting be held in the W.P. Clements Building.

Item 13. Adjourn

Mr. Atkinson adjourned the meeting at 11:30 a.m.

The foregoing minutes were approved and adopted by the Board of Directors on September 3, 2015.


Billy M. Atkinson
Chair, Board of Directors

ATTACHMENT: Post Notice – Exhibit A



Open Meeting Information

Agency Name: Texas Public Finance Authority
Date of Meeting: 08/06/2015
Time of Meeting: 10:30 AM (Local Time)
Board: Texas Public Finance Authority
Committee: Texas Public Finance Authority
Status: Accepted
Street Location: Capitol Extension Hearing Room E2.028 State Capitol 1400 N. Congress Ave.
City Location: Austin
Meeting State: TX
TRD: 2015005133
Submit Date: 07/29/2015
Emergency Mtg: No
Additional Information Obtained From: Donna Weinberger, at 512/463-5544, 300 W. 15th Street, Suite 411, Austin, TX 78701.

Texas Public Finance Authority
 Board Meeting
 Thursday, August 6, 2015 –10:30 A.M.
 Capitol Extension Hearing Room E2.028
 State Capitol
 1400 N. Congress Ave.
 Austin, Texas 78701

AGENDA

Agenda:

The Board may discuss and take action regarding any of the following matters:

1. Confirm meeting posting compliance with the Open Meetings Act.
2. Excuse absences of board members, if necessary.
3. Review and approval of the minutes of the June 11, 2015, Work Session and June 11, 2015, Board Meeting.

4. Consideration and approval of Resolutions ratifying advance no. 14 for Texas Southern University relating to the Series A 2012-10 Note.

5. Consideration, discussion and possible action to approve the Texas Facilities Commission Request for Financing in the amount of \$767,670,000 in revenue financing debt pursuant to Chapter 1232 of the Texas Government Code and provisions of the General Appropriations Act, 84th Legislature, R.S. (2015) for new construction in the Capital Complex and the North Austin Campus; selection of a method of sale; appointment of outside consultants; and take other necessary related action.

6. Consideration, discussion and possible action to extend three existing contracts for legal services:

a. Special counsel related to implementation of TWIA related legislation (SB 900, 84th Leg., R.S., 2015).

b. Liquidity agreement review (2003 CP Program and 2008 CP Program) and Special tax counsel services.

c. Liquidity agreement review (CPRIT CP Program).

7. Major Project List Update:

a. Commercial Paper Liquidity Renewals

b. RFP's for Underwriting Services

c. RFP's for Bond Counsel and Financial Advisor Services

d. Continuity of Operations Planning (COOP)

8. Consideration, discussion and possible action to amend the Management Succession Plan.

9. Report on the sale of the Texas Public Finance Authority Midwestern State University Revenue Financing System Revenue and Refunding Bonds, Series 2015A and Taxable Series 2015B.

10. Staff Update:

a. Title transfer of real property to Tx Department of Criminal Justice

b. Market Update

11. Consideration, discussion and possible action related to the compensation of the Executive Director.

12. Future agenda items and meeting dates.

13. Adjourn.

THE BOARD MAY GO INTO CLOSED SESSION REGARDING ANY ITEM ON THE AGENDA IF PERMITTED UNDER THE OPEN MEETINGS ACT, GOVERNMENT CODE CHAPTER 551.

Persons with disabilities who have special communication or other needs, who are planning to attend the meeting, should contact Donna Weinberger at 512/463-5544. Requests should be made as far in advance as possible. Contact Donna Weinberger if you need any additional information, Texas Public Finance Authority, 300 W. 15th Street, Suite 411, Austin, TX 78701.

Certification: I certify that I have reviewed this document and that it conforms to all applicable Texas Register filing requirements. Kevin D. Van Oort, General Counsel, Certifying Official: Donna Weinberger, Agency Liaison

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