

TEXAS PUBLIC FINANCE AUTHORITY

BOARD OF DIRECTORS:

Billy M. Atkinson, Jr., Chair
Ruth C. Schiermeyer, Vice Chair
Gerald B. Alley, Secretary
Ramon Manning
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

December 8, 2016

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 is attached hereto as Exhibit "A") at 10:30 a.m., Thursday, December 8, 2016, in the State Capitol Extension, Hearing Room E2.028, Austin, Texas. Present were: Mr. Billy M. Atkinson, Jr., Chairman; Mr. Ramon Manning, Member; Mr. Walker N. Moody, Member; Mr. Rodney K. Moore; Member; and Mr. Robert T. Roddy, Jr., Member. Mr. Manning and Mr. Moody participated via video conference from Houston, Texas.

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, Bond Administration Specialist; Matthew Berry, Financial Analyst; John Barton, Senior Financial Analyst; and Bon Wier, Program Specialist.

In attendance were the following persons, representing the indicated entities: Dalton Smith, Bank of America Merrill Lynch; Andy Bynam, Mesirow Financial; Jorge Rodriguez, Coastal Securities; Mark Ellis and Tilghman Naylor, Jefferies; Carol Pumbo and Hasan Mack, McCall Parkhurst & Horton; Jerry Kyle, Andrews Kurth Kenyon LLP; Patrick Scott, Barclays; Curt Shelmire, Stifel, Nicolas & Co.; Blaine Brunson, Morgan Stanley; Lorry Palacios, Ramirez & Co; Chris Allen and Gabriella Briceno, FirstSouthwest; and Curtis Flowers, Loop Capital Markets.

Mr. Atkinson called the Board meeting to order at 10:41 a.m. and noted the presence of a quorum.

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. Mr. Atkinson further confirmed that the participation of Mr. Moody and Mr. Manning via video conference was in accordance with Government Code Section 551.127.

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

Action: Motion by Mr. Roddy to excuse the absence of Mr. Alley and Ms. Schiermeyer, second by Mr. Moore. The motion passed unanimously.

Item 3. Review and approval of the minutes of the October 10, 2016, Board Meeting

Mr. Atkinson asked if there were any corrections to the Board meeting minutes. None were noted.

Action: Motion by Mr. Roddy to approve the minutes of the Board Meeting, second by Mr. Moore. The motion passed unanimously.

Item 4. Consideration, discussion, and possible action to adopt a Resolution authorizing the issuance of Texas Public Finance Authority State of Texas General Obligation and Refunding Bonds, Taxable Series 2017; authorizing and appointing a Pricing Committee of the Board; approving the Preliminary Official Statement; authorizing the refunding, defeasance, redemption, and discharge of certain outstanding General Obligation Commercial Paper Notes issued under the Cancer Prevention & Research Institute of Texas Commercial Paper Program (Series A – Taxable) and execution of an Escrow Agreement, Purchase Contract and other related documents; and authorizing the taking of other necessary action related thereto.

Mr. Deviney stated that the Cancer Prevention & Research Institute of Texas is the recipient of up to \$300 million in bond proceeds each fiscal year of the current biennium. The Authority issues general obligation commercial paper which is later refunded into long-term, fixed-rate debt. At the Board's October 10, 2016 meeting, the Board authorized the staff to move forward with the transaction and selected service providers.

Mr. Deviney advised the Board that the bonds are scheduled to price at Jefferies' office in New York City on January 25, 2017. The maximum par amount of the bonds will be \$375 million which would include new money proceeds for use in the last two quarters of fiscal 2017.

Mr. Atkinson asked for volunteers for the pricing committee. Mr. Manning and Mr. Moore agreed to serve on the pricing committee, along with Mr. Atkinson. Mr. Roddy indicated that he would not be available on that date.

Action: Motion by Mr. Moore to adopt the Resolution authorizing the issuance of State of Texas General Obligation and Refunding Bonds, Taxable Series 2017; authorizing and appointing a Pricing Committee of the Board; approving the Preliminary Official Statement; and authorizing the taking of other necessary related action. Further that the Board appoint a Pricing Committee consisting of Mr. Manning, Mr. Atkinson, and Mr. Moore, with Mr. Manning as Chair, and with Mr. Alley, Ms. Schiermeyer and Mr. Moody designated as Alternates.

Motion seconded by Mr. Roddy. The motion passed unanimously.

Item 5. Consideration, discussion and possible action to authorize the Defeasance and Redemption of the Texas Public Finance Authority State of Texas General Obligation Bonds (Texas Military Value Revolving Loan Program), Series 2007A-1, select outside consultants and take other necessary related action.

Mr. Deviney reported that in 2007, the Authority issued over \$10 million in bonds for the Texas Military Preparedness Commission ("TMPC") for a loan to the city of Corpus Christi. Corpus Christi is requesting, through the TMPC, a defeasance and redemption of the 2007A-1 bonds. The TMPC has approved this action. The outstanding amount is approximately \$7.25 million. Corpus Christi will refund the debt with a private placement. TPFA will use the proceeds to fund an escrow to redeem the State bonds on January 17, 2017. This transaction will fully retire the 2007A-1 series of bonds.

The staff recommended FirstSouthwest as financial advisor and McCall Parkhurst & Horton as bond counsel be appointed for the current transaction, which will allow continuity with the service providers, since they both participated in the original and subsequent TMPC related transactions.

Action: Motion by Mr. Roddy to approve the resolution authorizing the defeasance and redemption of the State of Texas General Obligation Bonds (Texas Military Value Revolving Loan Program), Series 2007A-1, the execution of an Escrow Agreement and other related documents, and authorizing the taking of other necessary related action and appoint FirstSouthwest as financial advisor and McCall Parkhurst & Horton as bond counsel. Second by Mr. Moody. The motion passed unanimously.

Item 6. Post-Sale Report: Texas Public Finance Authority Midwestern State University Revenue Financing System Revenue and Refunding Bonds, Series 2016A and Revenue Refunding Bonds, Taxable Series 2016B.

Mr. Deviney indicated that the pricing committee met in Chicago for three transactions in August 2016. For Midwestern State University, approximately \$72.25 million was issued as Series 2016A (Tax Exempt), \$55 million for Tuition Revenue Bond projects and the remaining portion were refunding bonds issued for savings and \$11.79 MM in Series 2016B (Taxable) which were refunding bonds issued for savings.

Mr. Curtis Flowers, with Loop Capital Markets, presented information on the transaction. Mr. Flowers stated the underwriting syndicate consisted of three firms, with good distribution of participation by all syndicate members. Mr. Flowers provided an overview of the purchase orders and described the pricing of the bonds as aggressive.

Mr. Deviney reported that the pricing went well and Midwestern State University staff is pleased with the outcome of the bond sale.

Item 7. Post-Sale Report: Texas Public Finance Authority Texas Southern University Revenue Financing System Bonds, Series 2016.

Mr. Deviney indicated this pricing also went well. Tuition Revenue Bonds in the amount of \$55.49 million were issued on behalf of Texas Southern University to fund a library building project. Mr. Andy Bynum, with Mesirow Financial, presented information about the transaction. Mr. Bynum indicated the pricing was successful with all syndicate members participating.

Item 8. Staff Update:

a. Recent bond sales

Mr. Deviney stated that \$25.5 MM in general obligation refunding bonds were recently issued for TMPC for the Port Authority of San Antonio ("PASA") and the bonds were refunded for savings. The pricing had to be postponed for a week due to market fluctuation. The transaction achieved a 23% gross savings for PASA.

b. Texas Workforce Commission review of personnel policies

Ms. Scivicque stated that TPFA was notified of an intent to audit the agency's personal policies by the Texas Workforce Commission. TPFA requested an extension to the audit timing so instead of the audit occurring during the first quarter of FY17 it has been moved to fourth quarter FY17. Mr. Deviney stated the personnel policies may need to be updated and those items will be brought to the board for consideration and approval.

c. TPFA Annual Financial Report (AFR)

Mr. Hernandez stated the AFR has been completed and submitted to the Comptroller's Office.

d. Charter School Finance Corporation update

Mr. Deviney stated the agency has sent out invitations for charter schools to apply for the Texas Credit Enhancement Program funds, which are federal funds that

can be used to enhance a charter school bond issue. The current application is live and applications should be submitted soon. The Charter School Finance Corporation (CSFC) will review and approve the applications with the TEA and the Charter School Association.

Mr. Deviney inquired on recommendations for the CSFC Board.

e. Legislative update

Mr. Deviney stated the agency likely will not see the proposed TPFA budget until January 2017. Mr. Deviney stated some agencies have large capital projects that, if approved, would require bond issuances.

f. Requests for Proposals for bond service provider selection for the FY 2018-19 biennium

Mr. Van Oort stated the current pools will expire in August. Based on the boards decision from the last year, the pool of Financial Advisors is set to expire next year. TPFA will need to publish an RFP for financial advisor pool selection. Mr. Van Oort stated the Bond Counsel and Underwriter pools could be extended without a new RFP, however, the board would need to reapprove the current pools for Bond Counsel and Underwriters. This could be an action item in February 2017.

g. Agency Personnel update

Mr. Deviney stated the agency is fully staffed, however, the newest employee has accepted a position at another agency.

h. Continuity of Operations Plan (COOP) update

Ms. Scivicque stated the agency's plan is approximately 75% complete and the draft has been submitted to the Office of Risk Management for review. The agency is in the process of solidifying the agency's relocation site.

i. State Auditor Report on Financial Processes update

Mr. Deviney stated the State Auditor's Office (SAO) report was finalized earlier this year. The SAO has requested updates on the implementation of audit recommendations, which are due to the SAO by December 15, 2016. Mr. Atkinson stated he will review the responses prior to their submission.

j. Market update

Mr. Barton reported the market has been interesting with an upswing in bond rates. However, Mr. Barton stated, the commercial paper short term rates are lower.

Item 8. Future agenda items and meeting dates.

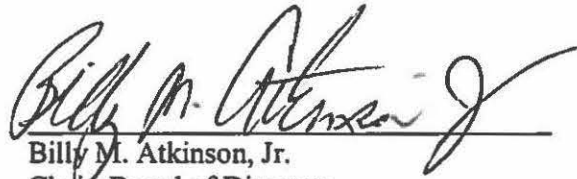
Mr. Deviney discussed the potential need for a February 2, 2017 Board Meeting. Mr. Deviney stated a potential action item could be a refunding of the 2008 commercial paper program notes.

A Board meeting was tentatively set for February 2, 2017.

Item 9. Adjourn.

Mr. Atkinson adjourned the meeting at 11:39 a.m.

The foregoing minutes were approved and adopted by the Board of Directors on February 2, 2017.



Billy M. Atkinson, Jr.
Chair, Board of Directors

ATTACHMENT: Posting Notice



John Barton

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Open Meeting Submission

TRD: 2016008145
Date Posted: 11/30/2016
Status: Accepted
Agency Id: 0113
Date of Submission: 11/30/2016
Agency Name: Texas Public Finance Authority
Board: Texas Public Finance Authority
Date of Meeting: 12/08/2016
Time of Meeting: 10:30 AM (###:## AM Local Time)
Street Location: 1400 N. Congress Ave. State Capitol Capitol Extension Hearing Room E2.028
City: Austin
State: TX
Liaison Name: John Barton
Liaison Id: 5
Additional Information Obtained From: Contact Donna Weinberger at 512/463-5544, 300 W. 15th Street, Suite 411, Austin, TX 78701
Texas Public Finance Authority
Board Meeting
Thursday, December 8, 2016 – 10:30 A.M.
Capitol Extension Hearing Room E2.028
State Capitol
1400 N. Congress Ave.
Austin, Texas 78701

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 October 10, 2016 Board Meeting.
4. Consideration, discussion, and possible action to adopt a Resolution authorizing the issuance of Texas Public Finance Authority State of Texas General Obligation and Refunding Bonds, Taxable Series 2017; authorizing and appointing a Pricing Committee of the Board; approving the Preliminary Official Statement; authorizing the refunding, defeasance, redemption, and discharge of certain outstanding General Obligation Commercial Paper Notes issued under the Cancer Prevention & Research Institute of Texas Commercial Paper Program (Series A – Taxable) and execution of an Escrow Agreement, Purchase Contract and other related documents; and authorizing the taking of other necessary action related thereto.
5. Consideration, discussion and possible action to authorize the Defeasance and Redemption of the Texas Public Finance Authority State of Texas General Obligation Bonds (Texas Military Value Revolving Loan Program), Series 2007A-1, select outside consultants and take other necessary related action.
6. Post-Sale Report: Texas Public Finance Authority Midwestern State University Revenue Financing System Revenue and Refunding Bonds, Series 2016A and Revenue Refunding Bonds, Taxable Series 2016B.

Agenda:

7. Post-Sale Report: Texas Public Finance Authority Texas Southern University Revenue Financing System Bonds, Series 2016.
8. Staff Update:
 - a. Recent bond sales
 - b. Texas Workforce Commission review of personnel policies
 - c. TPFA Annual Financial Report
 - d. Charter School Finance Corporation update
 - e. Legislative update
 - f. Requests for Proposals for bond service provider selection for the FY 2018-19 biennium
 - g. Agency Personnel update
 - h. Continuity of Operations Plan (COOP) update
 - i. State Auditor Report on Financial Processes update
 - j. Market update
9. Future agenda items and meeting dates.
10. 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.

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