

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

August 23, 2018

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, August 23, 2018 at the Capitol Extension Hearing Room E2.016, 1400 N. Congress Avenue, Austin, Texas. Present were: Mr. Billy M. Atkinson, Jr., Chairman; Ms. Ruth C. Schiermeyer, Vice-Chair; Mr. Gerald B. Alley, Secretary; Mr. Walker N. Moody, Member; and Mr. Rodney K. Moore, Member. Mr. Moody participated via videoconference.

Representing the Authority’s staff were: Lee Deviney, Executive Director; John Hernandez, Deputy Director; Pamela Scivicque, Director of Business Administration; Kevin Van Oort, General Counsel; and Matthew Berry, Financial Analyst.

In attendance were the following persons, representing the indicated entities: Jorge Rodriguez and Daniel Rodriguez, FTN Financial Municipal Advisors; Chris Allen and Gabriella Briceno, Hilltop Securities; Dalton Smith, Bank of America Merrill Lynch; Barron Wallace, Bracewell LLP; Jerry Kyle and Julie Houston, Orrick, Herrington & Sutcliffe LLP; Andy Bynam, Mesirow Financial; Hasan Mack, McCall Parkhurst & Horton LLP; Mario Carrasco, Citigroup Global Markets; Tim Peterson and Kyle Cottrell, J.P. Morgan Securities; Blaine Brunson and Troy Madres, Morgan Stanley; Brian Shiels, Stephens Inc.; Debi Jones, Raymond James; Brad Angst, George K. Baum; Patrick Scott, John Daniel and Brian Middlebrook, Barclays Capital; and Robin Redford, Ramirez & Co.

Mr. Atkinson called the meeting to order at 10:45 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.

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

Action: Motion by Mr. Alley to excuse the absences of Mr. Roddy and Mr. Manning.
Second by Mr. Moore.

The motion passed unanimously.

Item 3. Review and approval of the minutes of the July 19, 2018 Board Meeting.

Mr. Atkinson asked the board members if there were any corrections to the minutes. None were noted.

Action: Motion by Mr. Moody to approve the minutes of the July 19, 2018 Board Meeting.
Second by Ms. Schiermeyer.

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 Refunding Bonds, Series 2018A; authorizing and appointing a Pricing Committee of the Board; approving a Preliminary Official Statement; authorizing the refunding, defeasance, redemption, and discharge of certain outstanding general obligation bonds and execution of an Escrow Agreement, Purchase Contract and other related documents; and authorizing the taking of other necessary action related thereto.

Mr. Deviney explained that when the Build America Bonds were originally issued, they were eligible for a federal subsidy equal to 35% of the annual interest cost. Due to sequestration, the subsidy for 2018 was reduced by 6.6% and for 2019 the subsidy will be reduced by 6.2%. By going forward with the transaction, the bonds can be sold at a lower interest rate, achieve positive savings, and eliminate future interest subsidy payment risk due to sequestration.

Mr. Deviney reminded the Board that at their meeting in March 2018, the Board approved the staff moving forward with the transaction as well as appointing a financing team for the proposed transaction. Mr. Deviney also indicated that the pricing was scheduled for October 2, 2018, at the offices of Raymond James in Dallas.

Mr. Deviney presented a proposed resolution to refund TPFA's outstanding Taxable General Obligation Bonds, Series 2009B. Mr. Deviney indicated that the resolution contained the following recommended bond parameters: i) the price to be paid for the bonds should not be less than 95% of the aggregate principal amount of the bonds; ii) the true interest cost of the bonds will not be greater than 5% per annum; iii) the bonds should mature no later than December 31, 2029; iv) the principal amount of the bonds should not exceed an aggregate of \$181,780,000; v) the bonds should receive one of the four highest rating categories from a nationally recognized rating agency; and vi) the net present value savings realized should not be less than 2%.

Action: Motion by Ms. Schiermeyer to adopt a resolution authorizing the issuance of Texas Public Finance Authority State of Texas General Obligation Refunding Bonds, Series 2018A; authorizing and appointing a Pricing Committee of the Board consisting of Ms. Schiermeyer as chair, Mr. Atkinson, and Mr. Alley, with all remaining members of the Board to serve as alternates; authorizing the refunding, defeasance, redemption and discharge of certain outstanding general obligation bonds; approving the Preliminary Official Statement; and authorizing the taking of other necessary related action. Second by Mr. Alley.

The motion passed unanimously.

Item 5. Update on Texas Windstorm Insurance Association.

Mr. Deviney reported that the Texas Windstorm Insurance Association (TWIA) had executed a \$500 million line of credit agreement with JP Morgan Chase and Bank of America Merrill Lynch to pay claims for the 2018 hurricane season, if needed.

In response to questions posed at the prior Board meeting, Mr. Deviney provided information detailing the specifics of the line of credit. Mr. Deviney explained that TWIA is required to provide debt service coverage information to ensure compliance with covenants from previously issued bonds on an annual basis and that these requirements would continue.

Item 6. Consideration, discussion and possible action to authorize the engagement of consultants for a potential issuance of Class 1 post-event bonds on behalf of the Texas Windstorm Insurance Association.

Mr. Deviney explained that there may not be a need to issue pre-event bonds in anticipation of the 2018 storm season since TWIA can draw on their newly established line of credit. If TWIA does make a draw against the line of credit, TWIA could request that TPFA issue class 1 post-event bonds to refinance TWIA's debt issued under the line of credit. If necessary, the statute would allow TWIA to impose a premium surcharge, subject to approval by the Texas Department of Insurance.

Mr. Deviney indicated that the purpose of pre-appointing consultants for such a transaction would be to allow the Board to act expeditiously following a catastrophic event. Mr. Deviney reminded the Board they had previously approved the appointment of bond counsel to prepare "shelf ready" documents, which are currently in place. Mr. Deviney explained if there was no need to issue bonds the proposed appointments would expire on June 1, 2019.

Mr. Atkinson advised the other Board members that no action regarding the issuance of such bonds would occur unless there was a catastrophic event between now and June 1, 2019.

Action: Motion by Ms. Schiermeyer to approve the appointments of Orrick, Herrington & Sutcliffe as bond counsel; McCall, Parkhurst & Horton as disclosure counsel; Hilltop Securities as financial advisor; and designate an underwriting syndicate consisting of J.P. Morgan, as the book-running senior manager; and the following firms as co-managers: Bank of America Merrill Lynch; Citigroup Global Markets; Loop Capital Markets;

Morgan Stanley & Company; and RBC Capital Markets. All appointments will expire on June 1, 2019. Second by Mr. Alley.

The motion passed unanimously.

Item 7. Staff Update:

- a. Agency Request for Legislative Appropriations for the 2020-21 biennium.

Mr. Deviney provided an update regarding the agency's Legislative Appropriations Request. Mr. Deviney discussed the general obligation bond debt service requirements of the agency. An updated Administrator's Statement was included in the board packet for review. Mr. Deviney stated that the agency is requesting more money for the administration budget but that no general revenue exceptional items are being requested.

- b. TPFA-Charter School Finance Corporation update.

Mr. Deviney informed the Board that TPFA staff recently participated in a TCEP monitoring call with the U.S. Department of Education (DOE) and Westat, the entity that monitors the TCEP program on behalf of the DOE. Mr. Deviney informed the DOE that by October 2018, the full amount of the initial federal grant (\$10 million) is expected to be fully allocated. Mr. Deviney reported that the CSFC will apply for additional federal Credit Enhancement Program awards when funds are available.

- c. Status Report: Conversion to the Comptroller's Centralized Accounting Personnel/Payroll System (CAPPS).

Mr. Deviney asked Mr. Hernandez to present information on the CAPPS implementation program. Mr. Hernandez summarized the CAPPS implementation schedules. Mr. Hernandez stated that implementation, including training, should last through the current fiscal year and that he anticipated the system would go live on September 1, 2019.

Mr. Deviney stated that funding has been provided by the legislature for CAPPS implementation.

- d. Market Update

Mr. Berry presented the Market Update. Mr. Berry stated there is approximately a 60 basis point spread between taxable and tax-exempt commercial paper. Mr. Berry explained that the agency has a principal payment of approximately \$195 million for G.O. Bonds due on October 1, 2018. Mr. Berry reported that there are additional agencies considering financing through the Master Lease Purchase Program.

e. Personnel Update

Mr. Atkinson recognized Loan Nguyen, Senior Accountant at TPFA, for 25 years of service to the Authority and proposed a congratulatory resolution to that effect.

Action: Motion by Mr. Moore to approve the resolution. Second by Ms. Schiermeyer.

The motion passed unanimously.

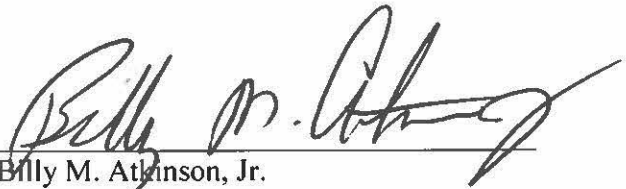
Item 8. Future agenda items and meeting dates.

The Board discussed possible dates for its next meeting, including December 6, 2018. Further, Mr. Atkinson indicated that November 8, 2018 would be a good date for the Board to meet in a work session format to review the debt management system.

Item 9. Adjourn.

Mr. Atkinson adjourned the meeting at 11:30 am.

The foregoing minutes were approved and adopted by the Board of Directors on this 8th day of November 2018.


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

ATTACHMENT: Posting Notice



Donna Weinberger-Rourke

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Open Meeting Submission

TRD: 2018007377
Date Posted: 08/15/2018
Status: Accepted
Agency Id: 0113
Date of Submission: 08/15/2018
Agency Name: Texas Public Finance Authority
Board: Texas Public Finance Authority
Committee: Texas Public Finance Authority
Date of Meeting: 08/23/2018
Time of Meeting: 10:30 AM (##:## AM Local Time)
Street Location: Capitol Extension Hearing Room E2.016 State Capitol 1400 N. Congress Avenue
City: Austin
State: TX
Liaison Name: Donna Weinberger-Rourke
Liaison Id: 8
Additional Information Obtained From: Donna Weinberger at 512-463-5544
Agenda: Texas Public Finance Authority
Board Meeting
Thursday, August 23, 2018 - 10:30 A.M.
Capitol Extension Hearing Room E2.016
State Capitol
1400 N. Congress Avenue
Austin, Texas

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 July 19, 2018 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 Refunding Bonds, Series 2018A; authorizing and appointing a Pricing Committee of the Board; approving a Preliminary Official Statement; authorizing the refunding, defeasance, redemption, and discharge of certain outstanding general obligation bonds and execution of an Escrow Agreement, Purchase Contract and other related documents; and authorizing the taking of other necessary action related thereto.
5. Update on Texas Windstorm Insurance Association.
6. Consideration, discussion and possible action to authorize the engagement of consultants for a potential issuance of Class 1 post-event bonds on behalf of the Texas Windstorm Insurance Association.
7. Staff Update:
 - a. Agency Request for Legislative Appropriations for the 2020-21 biennium.
 - b. TPFA-Charter School Finance Corporation update.
 - c. Status Report: Conversion to the Comptroller's centralized accounting personnel purchasing system (CAPPS).
 - d. Market Update
 - e. Personnel Update
8. Future agenda items and meeting dates.
9. 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.

New Submission

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