

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
Joseph E. Williams



EXECUTIVE DIRECTOR
Lee Deviney

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

July 11, 2019

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 1:00 p.m., Thursday, July 11, 2019 at the Capitol Extension Hearing Room E2.028, 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. Ramon Manning, Member; Mr. Walker N. Moody, Member; Mr. Rodney K. Moore, Member; and Mr. Joseph E. Williams.

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; Bon Wier, Program Specialist; and Matthew Berry, Financial Analyst.

In attendance were the following persons, representing the indicated entities: Brandon Walker, Bank of America Merrill Lynch; Jerry Kyle and Julia Houston, Orrick, Herrington & Sutcliffe LLP; Curtis Flowers, Loop Capital Markets LLC; Ron Morrison and Keith Richard, Seibert Cisneros Shank & Co., Inc.; John Young and Andy Deskins, Wells Fargo Bank; Robin Redford, Ramirez & Co. Inc.; Terry Thornton, Goldman Sachs & Co.; Tilghman Naylor and Mark Ellis, Jefferies; Chris Allen, RBC Capital Markets; Jim Niederle, Hutchinson, Shockey, Erley & Co.; John Daniel, Patrick Scott and Brian Middlebrook, Barclays Capital; Dennis Waley, PFM; Andy Bynam, Mesirow Financial Products; Tim Peterson, JP Morgan; Debi Jones, Raymond James & Associates, Inc.; Colby Eckols, Richard Ramirez, Yava Scott and Anne Entrekin, Hilltop Securities; Tim Kelley, Piper Jaffray & Co.; Mario Carrasco and Hector Matos, Citigroup Global Markets; Amanda Lopez, Speaker's Office; Wayne Roberts and Heidi McConnell, Cancer Prevention & Research Institute of Texas; Jerry Fadden, Texas Windstorm Insurance Association; and Richard McMonagle, Texas Department of Transportation.

Mr. Atkinson called the meeting to order at 1:16 p.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: No action required.

Item 3. Review and approval of the minutes of the May 2, 2019 Board meeting and work session.

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 May 2, 2019 Board meeting and the May 2, 2019 work session. Second by Mr. Manning.

The motion passed unanimously.

Item 4. Liquidity Agreement Extensions for the 2020-21 biennium.

Mr. Van Oort stated that the Board reviews the liquidity contract extensions every two years. The contracts are between TPFA and the Comptroller's Office to provide liquidity for TPFA's four commercial paper programs. The current and the requested liquidity amounts are as follows: Texas Facilities Commission Revenue CP Program current liquidity cap is \$175 million and the request is for an amount not to exceed \$200 million; Cancer Prevention & Research Institute of Texas G.O. CP Program current liquidity cap is \$285 million and the request is for an amount not to exceed \$250 million; the 2008 G.O. CP Program current liquidity cap is \$80 million and the requested amount remains unchanged; and the 2003 Master Lease Purchase Program current liquidity cap is \$100 million and the request is for an amount not to exceed \$300 million.

Mr. Deviney stated that the requested amounts are based on input from client agencies and the ability to use the 2003 commercial paper program for additional purposes that will be detailed in other agenda items in this meeting relating to client agency financing requests.

Action: Motion by Mr. Williams to authorize staff to execute the proposed liquidity extension for the 2020-21 biennium, for each of TPFA's four existing commercial paper programs as described and incorporating the commitment amounts recommended by staff. Second by Mr. Manning.

The motion passed unanimously.

Item 5. Consideration, discussion and possible action to approve a Request for Financing submitted by the Cancer Prevention & Research Institute of Texas, in an amount not to exceed \$300,000,000 in general obligation debt during Fiscal Year 2020, for authorized program costs; selection of a method of sale; appointment of outside consultants, if necessary; and taking other necessary related action.

Mr. Deviney discussed the request for financing submitted by the Cancer Prevention & Research Institute of Texas (CPRIT) in the amount not to exceed \$300 million for fiscal year 2020. Mr. Deviney explained TPFA will seek approval to issue commercial paper, as required, from the Bond Review Board.

Wayne Roberts, CPRIT Chief Executive Officer, presented information regarding the request for financing. Mr. Roberts explained that CPRIT's awardees currently have 13,000 patients in cancer drug trials. Mr. Roberts shared insight on some of the 175 researchers who were brought to Texas to conduct research.

Action: Motion by Mr. Moody to approve the request for financing submitted by the Cancer Prevention and Research Institute of Texas for fiscal year 2020, in an amount not to exceed \$300 million and that such financing may be accomplished utilizing the existing commercial paper program created for that purpose. Second by Mr. Alley.

The motion passed unanimously.

Item 6. Consideration, discussion and possible action to approve a Request for Financing submitted by the Texas Windstorm Insurance Association to refund the outstanding TPFA-TWIA Premium Revenue Taxable Bonds, Series 2014, in a principal amount anticipated to be \$318,600,000; selection of a method of sale; appointment of outside consultants, if necessary; and taking other necessary related action.

Mr. Deviney provided an overview of the request for financing submitted by the Texas Windstorm Insurance Association (TWIA) to refinance the 2014 bonds for savings. Mr. Deviney stated that a refunding could achieve debt service savings of several million dollars per year for TWIA without extending the term. Mr. Deviney stated that the necessary approval documents from TWIA and the Texas Department of Insurance were included in the Board book materials. Mr. Deviney introduced Jerry Fadden, Chief Financial Officer of TWIA, to present the TWIA request.

Mr. Fadden indicated that the pre-event bond proceeds were used to pay claims on Hurricane Harvey. By refunding the bonds, TWIA hopes to obtain a meaningful debt service savings.

Action: Motion by Mr. Alley to approve the request for financing submitted by the Texas Windstorm Insurance Association to refund the outstanding TPFA-TWIA Series 2014 bonds, in a principal amount anticipated to be \$318.6 million and further moved that such financing may be accomplished through a negotiated sale. Second by Ms. Schiermeyer.

The motion passed unanimously.

Mr. Deviney discussed the recommendation of service providers. The recommendation is for the appointment of RBC Capital Markets as financial advisor due to the recent employment of Mr. Chris Allen. Mr. Allen has a long history of working with both TWIA and TPFA going back the issuance of the 2014 bonds.

Due to the extensive knowledge and expertise with issuing TWIA bonds, Mr. Deviney recommended the appointment of Orrick, Herrington & Sutcliffe as bond counsel and McCall, Parkhurst & Horton as disclosure counsel. Mr. Deviney recommended an underwriting syndicate consisting of JP Morgan as the senior manager, Bank of America Merrill Lynch as co-senior manager and the following firms serving as co-managers: Citigroup Global Markets, Loop Capital Markets LLC and Estrada Hinojosa & Co., Inc.

Action: Motion by Ms. Schiermeyer to appoint the following service providers for refunding the TPFA-TWIA Series 2014 bonds: RBC Capital Markets as financial advisor, the law firm of Orrick, Herrington & Sutcliffe to provide bond counsel services, the law firm of McCall, Parkhurst & Horton to provide disclosure counsel services and to designate an underwriting syndicate to consist of JP Morgan, as the senior manager and Bank of America Merrill Lynch as co-senior manager, with Citigroup Global Markets, Loop Capital Markets LLC and Estrada Hinojosa & Co., Inc., serving as co-managers. Second by Mr. Moore.

The motion passed unanimously.

Item 7. Consideration, discussion and possible action to approve a Request for Financing submitted by the Texas Department of Transportation, in an amount not to exceed \$326,000,000 in revenue debt; selection of a method of sale; appointment of outside consultants, if necessary; and taking other necessary related action.

Mr. Deviney introduced the item and explained that the request for financing is for construction of the Texas Department of Transportation (TxDOT) Austin Campus Consolidation Project. Mr. Deviney introduced Richard McMonagle, TxDOT Chief Administrative Officer, to further describe the project.

Mr. McMonagle explained that the purpose of the project is to consolidate the agency's five campuses currently spread across Austin. The campus will consolidate about 2,400 personnel and will be located in southeast Austin, near the airport, with project construction anticipated to begin in October 2019.

Mr. Deviney indicated that subject to additional review by staff and TxDOT, he recommends revenue commercial paper as the method of finance, with periodic commercial paper fix-outs during the funding process, similar to the TFC and CPRIT commercial paper programs. Because of the aggressive timing of expenditure schedule, it may be necessary to issue fixed-rate debt. If there is a need to issue fixed-rate debt, staff will bring the request back to the Board for approval. Mr. Deviney recommended that the current Series 2003 revenue commercial paper program be utilized to finance the TxDOT project. The proposed liquidity cap for the Series 2003 program would accommodate financing the TxDOT project.

Mr. Deviney recommended the appointment of RBC Capital Markets to provide financial advisory services and the law firm of Orrick, Herrington & Sutcliffe to provide bond counsel services, based on their familiarity with the commercial paper program as well as their ability to advise on potential changes to the commercial paper program documents.

Action: Motion by Mr. Williams to approve the request for financing submitted by the Texas Department of Transportation in the amount of \$326,000,000 and further move that such financing may be accomplished through the issuance of revenue commercial paper and that the Board appoint RBC Capital Markets to provide financial advisory services related to the issuance of commercial paper to finance the TxDOT project and that the Board appoint the law firm of Orrick, Herrington & Sutcliffe to provide bond counsel services related to the issuance of commercial paper to finance the TxDOT project. Second by Mr. Alley.

The motion passed unanimously.

Item 8. Consideration, discussion and possible action to select a pool of underwriters for future transactions.

Mr. Deviney referenced the RFP for underwriting services issued on the 25th of July. Mr. Deviney outlined the review process utilized when the Board constituted the current underwriting pool, which expires on August 31, 2019. Mr. Deviney referenced the Board's current underwriter selection policy which allows the Board to add or delete members of the pool at any time and allows the Board to utilize a firm that is not in the pool.

Mr. Deviney stated the agency received 31 proposals for a new underwriting pool and described the review process and the projected transactions in the pipeline for the upcoming biennium. Mr. Deviney explained that the recommended size of the underwriting pool is based on the number of potential transactions. Mr. Deviney stated that even if a firm is not in the pool, they may present an idea and can be selected to underwrite a transaction. Mr. Deviney presented staff's recommendation for an underwriting pool consisting of 17 firms.

Action: Motion by Mr. Manning to approve TPFA's underwriting pool for the 2020-21 biennium that will consist of the following firms: Academy Securities, Inc.; Bank of America Merrill Lynch; Barclays Capital; Citigroup Global Markets; Estrada Hinojosa & Co., Inc.; Goldman Sachs & Co.; Jefferies LLC; JP Morgan; Loop Capital Markets LLC; Mesirov Financial Products; Morgan Stanley; Piper Jaffray & Co.; Ramirez & Co., Inc.; Raymond James and Associates, Inc.; SAMCO Capital Markets, Inc.; Seibert Cisneros Shank & Co., Inc.; and Blaylock Van, LLC. Further, in accordance with the recently issued RFP for underwriting services, the Board also reserves the option to utilize this pool for transactions initiated during the 2022-23 biennium. Second by Mr. Moody.

The motion passed unanimously.

Item 9. Health and Human Services Commission: Deferred maintenance at state hospitals and state supported living centers.

Mr. Deviney informed the Board members that once requested, TPFA has the ability to fund projects for the Health and Human Services Commission through the use of commercial paper, with periodic refundings into fixed-rate debt.

Item 10. Staff Update:

a. Staff report on the 2019 TFC Refunding

Mr. Deviney reported that the refunding bonds hit the market at the correct time with low interest rates, which made it cost effective to issue new money as part of the refunding transaction. Morgan Stanley will present a report to the Board at the September meeting.

b. RFP's for bond counsel and financial advisory services

Mr. Deviney explained the RFP's will be posted in time for review and selection at the September meeting.

c. Legislative recap

Bon Wier laid out a list of bills enacted by the 86th Legislature. Mr. Wier discussed multiple bills including the new authorization for the Texas Military Preparedness Commission's Revolving Loan Program.

d. Update on Charter School Finance Corporation

Mr. Deviney stated that the Charter School Finance Corporation (CSFC) has allocated most of the TCEP funds available. Staff will meet with the CSFC to seek permission to apply to the U.S. Department of Education for an additional \$10,000,000 grant.

e. TSTC request for financing

Mr. Deviney advised the Board that the TSTC project remains pending.

f. TPFA operating budget

No action or discussion. [*Refer to the minutes of the July 11, 2019 work session.*]

g. CAPPS implementation

No action or discussion. [*Refer to the minutes of the July 11, 2019 work session.*]

h. DMS/ECM Implementation

No action or discussion. [*Refer to the minutes of the July 11, 2019 work session.*]

i. Office remodel

No action or discussion. [*Refer to the minutes of the July 11, 2019 work session.*]

j. Personnel Update

Mr. Deviney introduced TPFA's summer interns, Harrison Gregg and Grant Spencer. Mr. Spencer is an undergraduate student at Texas A&M University and Mr. Gregg is a master's degree candidate at the Bush School of Public Policy at Texas A&M University.

k. Market Update

Matt Berry presented the Market Update. Mr. Berry stated that on August 1, 2019, the agency will make a revenue bond interest payment of approximately \$1.5 million. He stated that rates have been fairly flat and declining on the short-term. On August 1, 2019, TPFA will collect \$4.2 million in principal from master lease client agencies and that TPFA will make a corresponding pay-down of commercial paper principal, leaving an outstanding balance of approximately \$26.5 million.

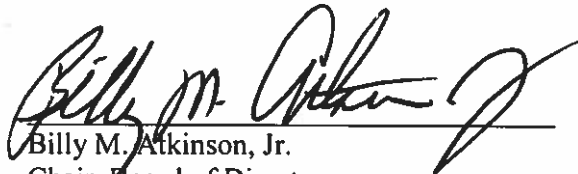
Item 11. Future agenda items and meeting dates.

The Board discussed having the next meeting on September 5, 2019.

Item 12. Adjourn.

Mr. Atkinson adjourned the meeting at 2:28 PM.

The foregoing minutes were approved and adopted by the Board of Directors on this 5th day of September 2019.


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

ATTACHMENT: Posting Notice



Donna Weinberger-Rourke

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Open Meeting Submission

TRD: 2019003974
Date Posted: 07/03/2019
Status: Accepted
Agency Id: 0113
Date of Submission: 07/03/2019
Agency Name: Texas Public Finance Authority
Board: Texas Public Finance Authority
Date of Meeting: 07/11/2019
Time of Meeting: 01:00 PM (##:## AM Local Time)
Street Location: Capitol Extension Hearing Room E2.028 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, July 11, 2019 - 1:00 P.M.
Capitol Extension Hearing Room E2.028
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 May 2, 2019 Board meeting and work session.

4. Liquidity Agreement Extensions for the 2020-21 biennium.
5. Consideration, discussion and possible action to approve a Request for Financing submitted by the Cancer Prevention & Research Institute of Texas, in an amount not to exceed \$300,000,000 in general obligation debt during Fiscal Year 2020, for authorized program costs; selection of a method of sale; appointment of outside consultants, if necessary; and taking other necessary related action.
6. Consideration, discussion and possible action to approve a Request for Financing submitted by the Texas Windstorm Insurance Association to refund the outstanding TPFA-TWIA Premium Revenue Taxable Bonds, Series 2014, in a principal amount anticipated to be \$318,600,000; selection of a method of sale; appointment of outside consultants, if necessary; and taking other necessary related action.
7. Consideration, discussion and possible action to approve a Request for Financing submitted by the Texas Department of Transportation, in an amount not to exceed \$326,000,000 in revenue debt; selection of a method of sale; appointment of outside consultants, if necessary; and taking other necessary related action.
8. Consideration, discussion and possible action to select a pool of underwriters for future transactions.
9. Health and Human Services Commission: Deferred maintenance at state hospitals and state supported living centers.
10. Staff Update:
 - a. Staff report on the 2019 TFC Refunding
 - b. RFP's for bond counsel and financial advisory services
 - c. Legislative recap
 - d. Update on Charter School Finance Corporation
 - e. TSTC request for financing
 - f. TPFA operating budget
 - g. CAPPs implementation
 - h. DMS/ECM Implementation
 - i. Office remodel
 - j. Personnel Update
 - k. Market Update
11. Future agenda items and meeting dates.

12. 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](#)[HOME](#)[TEXAS REGISTER](#)[TEXAS ADMINISTRATIVE CODE](#)[OPEN MEETINGS](#)