

TEXAS PUBLIC FINANCE AUTHORITY

BOARD OF DIRECTORS:

Billy M. Atkinson, Jr., Chair
Ramon Manning
Rodney K. Moore
Shanda G. Perkins
Brendan Scher
Benjamin E. Streusand
Joseph E. Williams



EXECUTIVE DIRECTOR

Lee Deviney

MAILING ADDRESS:

Post Office Box 12906
Austin, Texas 78711-2906

PHYSICAL ADDRESS:

300 West 15th Street, Suite 411
Austin, Texas 78701

TELEPHONE: (512) 463-5544

FACSIMILE: (512) 463-5501

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

March 5, 2020

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, March 5, 2020 at the Capitol Extension Hearing Room E2.028, 1400 N. Congress Avenue, Austin, Texas. Present were: Mr. Billy M. Atkinson, Jr., Chairman; Mr. Ramon Manning, Member; Mr. Rodney K. Moore, Member; Ms. Shanda G. Perkins, Member; Mr. Brendan Scher, Member; Mr. Benjamin E. Streusand, Member; and Mr. Joseph E. Williams, Member.

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, John Barton, Senior Financial Analyst.

In attendance were the following persons, representing the indicated entities: Julie Houston, Orrick, Herrington & Sutcliffe LLP; Ron Morrison, Seibert Williams Shank & Co., LLC.; Irwin Tejada, Goldman Sachs & Co.; Brad Angst, Stifel Financial Corp.; Karlos Allen, Bruce Rideaux and Thomas Lastrapes, PFM Financial Advisors LLC; Tim Kelley, Piper Sandler & Co.; Mike Bartolotta and Dirk Spoons, Citigroup Global Markets Inc.; Andy Bynum, Mesirow Financial, Inc.; Chris Allen and Gabriella Briceno, RBC Capital Markets, LLC; Paul Braden and Chris Dvorak, Norton Rose Fulbright US LLP; Hasan Mack, McCall Parkhurst & Horton LLP; Randy Bates, Bates & Coleman PC; and, Humberto Aguilera, Escamilla & Poneck LLP.

Mr. Atkinson called the meeting to order at 10:37 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.

All Board members were present.

Item 3. Introduction of recently appointed Board members.

Mr. Atkinson introduced Ms. Perkins, Mr. Scher, and Mr. Streusand and welcomed them to the Board.

Item 4. Election of officers.

The Chairman deferred the election of officers to a future board meeting.

Item 5. Review and approval of the minutes of the January 9, 2020 Board meeting.

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

Action: Motion by Mr. Manning to approve the minutes of the January 9, 2020 Board meeting. Second by Mr. Moore.

The motion passed unanimously.

Item 6. Consideration, discussion and possible action to authorize a redemption of the Series 2014 Bonds issued on behalf of the Texas Windstorm Insurance Association.

Mr. Deviney provided background on the Texas Windstorm Insurance Association's (TWIA) request to redeem a portion of the outstanding Series 2014 TWIA bonds. Mr. Deviney explained that the TPFA Board previously approved TWIA's request to refund the outstanding Series 2014 bonds, but subsequently TWIA paused the transaction. After consultation with the Texas Department of Insurance, TWIA submitted a formal request to TPFA to redeem \$45 million of the outstanding Series 2014 bonds. The request from TWIA includes a TWIA board resolution and the required approval letter from the Commissioner of Insurance.

Discussion ensued regarding the ability of TWIA to refund outstanding bonds to take advantage of low market rates and Mr. Deviney confirmed that TWIA would need to initiate such a request.

Action: Motion by Mr. Manning to approve the adoption of a resolution, in the form presented, authorizing a partial redemption of the outstanding Series 2014 TWIA bonds, in the principal amount of \$45 million, as soon as practical. Second by Mr. Streusand.

The motion passed unanimously.

Item 7. Consideration, discussion, and possible action to adopt a Resolution authorizing the issuance of TPFA State of Texas General Obligation and Refunding Bonds, Taxable Series 2020; authorizing and appointing a Pricing Committee of the Board; approving a Preliminary Official Statement; authorizing the refunding, defeasance, redemption, and discharge of certain outstanding obligations including commercial paper notes issued under the TPFA General Obligation Commercial Paper Program (CPRIT) Series A (Taxable), the execution of an Escrow Agreement, Purchase Contract and other related documents; and authorizing the taking of other necessary action related thereto.

Mr. Deviney discussed the ability to generate savings by refunding the currently outstanding Taxable Series 2011 bonds and the need to issue fixed-rate bonds to take out the current

commercial paper balances. Mr. Deviney further recommend that the Board consider the issuance of bonds to finance upcoming CPRIT funding requirements, including up to two quarters worth of authorized new money.

Mr. Deviney introduced the service providers for the proposed transaction.

Mr. Karlos Allen, PFM Financial Advisors LLC, and Mr. Mike Bartolotta, Citigroup Global Markets Inc., presented information on what the Board may expect leading up to the transaction.

Mr. Deviney and Mr. Van Oort introduced the additional service providers participating on the transaction including, Mr. Paul Braden with Norton Rose Fulbright, Mr. Hasan Mack with McCall Parkhurst & Horton, and Mr. Randy Bates with Bates & Coleman.

Discussion ensued regarding the amount of bonds to potentially be issued, for both refunding and new money. Mr. Deviney advised the Board that the proposed transaction would be designed to achieve a minimum NPV savings of 3%, as required by Board policy.

Action: Motion by Mr. Williams to approve the Resolution, in the form presented, authorizing the issuance of the TPF State of Texas General Obligation and Refunding Bonds, Taxable Series 2020; authorizing a Pricing Committee of the Board; authorizing the defeasance, redemption and discharge of certain outstanding general obligation bonds and notes; approving the Preliminary Official Statement; and authorizing the taking of other necessary related action and move to appoint a Pricing Committee to consist of Mr. Williams as Chair, Ms. Perkins and Mr. Moore, with all remaining members of the Board to serve as alternates. Second by Mr. Moore.

The motion passed unanimously.

Item 8. Consideration, discussion and possible action to authorize the refinancing of certain outstanding general obligation bonds and general obligation commercial paper notes and the issuance of general obligation debt under Art III, Sec. 50-g, of the Texas Constitution; determine a method of sale; select outside consultants; and taking other necessary action.

Mr. Deviney recommended that the Board consider refunding the Series 2011 tax-exempt general obligation bonds as well as fixing out the currently outstanding Series 2008 tax-exempt general obligation commercial paper notes. Mr. Deviney indicated that there are three options for refunding the bonds and that staff recommends the forward delivery option, which could generate greater savings.

Mr. Chris Allen with RBC Capital Markets presented information regarding the three options for refunding the Series 2011 bonds: issue taxable refunding bonds now, which would provide an estimated Present Value (PV) Savings of 13.906%; execute a forward delivery contract now, for the sale of tax-exempt refunding bonds, to be delivered at the call date, which would provide an estimated PV Savings of 15.823%; and the final option is to wait until closer to the call-date, recognizing that at today's interest rates, the PV savings could be 18.30%. Mr. Allen continued that while the third option has a better potential savings, there is no way to predict the interest rates at time of sale which would occur during the summer of 2021 or later.

Action: Motion by Mr. Manning to direct staff to move forward and develop a refunding of the Series 2011 Tax-exempt GO bonds and outstanding Series 2008 GO commercial paper and the issuance of general obligation debt authorized under Article III, Section 50-g of the Texas Constitution. Second by Mr. Williams.

The motion passed unanimously.

Mr. Deviney presented the staff recommendations for service providers based on each of the firms relevant financing proposals, experience with underwriting the 2008 GO commercial paper program, financial and marketing capabilities, and knowledge of applicable laws and financing structures.

Action: Motion by Mr. Manning to appointed the following service providers in a negotiated sale: RBC Capital Markets as financial advisor; Norton Rose Fulbright as bond counsel; Escamilla & Poneck as disclosure counsel; and an underwriting syndicate consisting of Goldman Sachs & Co., as senior manager, with Jefferies, LLC, Blaylock Van, LLC, and SAMCO Capital Markets, Inc. as co-managers. Second by Ms. Perkins.

The motion passed unanimously.

Item 9. Staff Update:

a. Underwriting Pool

Mr. Van Oort advised the Board that two firms in the Underwriting Pool have reported recent developments. Piper Jaffray & Co. acquired Sandler O'Neil & Partners in January 2020 and has changed its corporate name to Piper Sandler & Co. Bank of America Merrill Lynch (BAML) changed its broker dealer name, as well as its DBA, to BofA Securities, Inc. Mr. Van Oort indicated that these name changes could be reflected in the Underwriting Pool without the need for Board action.

Mr. Van Oort advised that Estrada Hinojosa & Co. has formally withdrawn from the Underwriting Pool to allow the firm to participate in TPFA's Financial Advisory Pool.

b. Future transactions

Mr. Deviney provided the Board with a calendar of upcoming bond sales and associated board meetings. Mr. Hernandez pointed out the calendar highlights.

c. Market update

John Barton provided the Market Update. Mr. Barton explained the treasury rates pertaining to TPFA's commercial paper programs. Mr. Barton stated the paper is currently trading at 140 basis points.

Mr. Deviney discussed the additional metrics the Agency provides to the Board. Mr. Deviney stated the agency uses these metrics for reporting and monitoring the outstanding commercial paper and bond issues.


Item 10. Future agenda items and meeting dates.

The Board discussed a future meeting on June 4, 2020.

Item 11. Adjourn.

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

The foregoing minutes were approved and adopted by the Board of Directors on this 4th day of June 2020.



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

ATTACHMENT: Posting Notice