

TEXAS PUBLIC FINANCE AUTHORITY

BOARD OF DIRECTORS:

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



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

August 26, 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., Wednesday, August 26, 2020, via video conference call.

Present were: Mr. Billy M. Atkinson, Jr., Chairman; Mr. Ramon Manning, Member; Mr. Rodney K. Moore, Member; Ms. Shanda G. Perkins, 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; Kevin Van Oort, General Counsel; Pamela Scivicque, Director of Business Administration; John Barton, Senior Financial Analyst; and, Matthew Berry, Financial Analyst.

In attendance were the following persons, representing the indicated entities: Rich McMonagle, and Jim Bateman, Texas Department of Transportation; Mario Carrasco, Mark Pryce, and Dirk Spoons, Citigroup Global Markets Inc.; Hasan Mack, McCall Parkhurst & Horton LLP; Devin Steward, Insurica; Harrison Gregg, Legislative Budget Board; Patrick Scott, Barclays Capital Inc., Jerry Kyle and Darrell Thomas, Orrick, Herrington & Sutcliffe LLP; Paul Braden, Norton Rose Fulbright US LLP; Chris Allen, RBC Capital Markets, LLC; Paul Jack, Estrada Hinojosa & Co., Inc; Karlos Allen, PFM Financial Advisors LLC; Tim Kelley; Piper Sandler & Co.; Keith Richard and Levi Davis, Siebert Williams Shank & Co., LLC; Brad Angst, Stifel, Nicolaus & Company; Debi Jones, Raymond James & Associates, Inc; Robin Redford and Sara Cheek, Ramirez & Co., Inc.; Bech Bruun, UBS Financial Services Inc.; Tim Peterson and Kyle Cottrell, Jefferies LLC; Humberto Aguilera, Escamilla and Poneck, LLP; Tilghman Naylor, Loop Capital Markets LLC; Darrick Eugene, Hardwick Law Firm LLC; Andy Bynam, Mesirow Financial, Inc.; and, Blaine Brunson, Morgan Stanley & Co. LLC.

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. Due to Governor Abbott's March 13, 2020 proclamation declaring a state of disaster due to the coronavirus and March 16, 2020 suspension of certain provisions of the Texas Open Meetings Act, this meeting of the Texas Public Finance Authority was being held via video conference call, as authorized under Section 551.127 of the Texas Government Code.

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

Mr. Atkinson requested the Board members excuse the absence of Mr. Scher.

Action: Motion by Mr. Manning to excuse the absence of Mr. Scher. Second by Mr. Streusand.

The motion passed unanimously.

Item 3. Review and approval of the minutes of the June 4, 2020 Board meeting

Action: Motion by Mr. Moore to approve the minutes. Second by Mr. Williams.

The motion passed unanimously.

Item 4. Post-Sale Report: State of Texas GO and Refunding Bonds, Taxable Series 2020 (CPRIT refunding).

Mr. Deviney provided a brief overview of the bonds that were priced virtually on April 7, 2020, refunding outstanding taxable general obligation notes and providing new money to fund the Cancer Prevention and Research Institute of Texas (CPRIT) grant program.

Mr. Carrasco and Mr. Pryce, Citigroup Global Markets, Inc., presented details regarding the pricing of the referenced bond transaction during the COVID-19 pandemic when there were significant changes and volatility in the municipal markets.

Item 5. Consideration, discussion, and possible action to adopt a Resolution authorizing the issuance of Texas Public Finance Authority Lease Revenue Bonds, Series 2020 (Texas Department of Transportation); authorizing and appointing a Pricing Committee of the Board; approving a Preliminary Official Statement; approving a Lease Agreement; the execution of a Purchase Contract and other related documents; and authorizing the taking of other necessary action related thereto.

Mr. Deviney introduced the item and presented details on the proposed transaction, since a few of the members were not on the Board when the project was initially approved.

Mr. Atkinson recognized Rich McMonagle, TxDOT's Chief Administrative Officer, who described the project. Mr. McMonagle shared TxDOT has five offices across Austin and the consolidation relocates all employees and activities to a single location at the intersection of Stassney Lane and Burluson Road in Austin. The objective of the consolidation is anticipated to increase collaboration and streamline processes, while offsetting lease costs and overall costs to TxDOT. TxDOT will build 4 major structures on the campus including a 420,000 sq. ft. office

building to house over 2,000 staff, a 67,000 sq. ft. material testing lab, a 170,000 sq. ft. warehouse and a 1,600-space parking garage. Mr. McMonagle continued, construction began in October 2019 and all the structures are under construction with a projected February 2022 completion date.

Mr. Atkinson inquired about the status of the transaction documents. Mr. Deviney explained that there are a couple of open matters in the lease and discussion is ongoing with TxDOT relating to an easement access to the structures and insurance matters that need to be resolved.

Mr. Atkinson outlined his understanding of the outstanding issues related to the lease revenue bonds and TPFA's need for an easement in the lease should TPFA be required to lease the facility to another party due to a lack of appropriation by a future Legislature.

Discussion ensued regarding the ownership of the building, the ownership of the land, and if a ground lease has been considered to secure the bonds. Mr. Deviney clarified that the building will be owned by TPFA until the bonds are paid in full and the real property that the campus will be constructed on is owned by the state highway system. TxDOT believes that land is nontransferable. Mr. Streusand inquired about TPFA purchasing the property. Mr. Deviney stated the agency would need to review the legislation to see if that would be feasible.

Mr. Moore inquired if a ground lease has been considered to potentially secure the bonds. Mr. Van Oort stated a ground lease was proposed but was not accepted by TxDOT. Mr. Van Oort continued, the documents have the easements included, but TxDOT is not able to execute the agreements. Mr. Moore indicated that the documentation needs to be correct and TPFA needs to have easements or a lease of the entire tract of land.

Mr. McMonagle provided the TxDOT perspective. Mr. McMonagle explained, because the property was purchased with funds from the State Highway Fund which are constitutionally dedicated funds of the highway system, such use of funds precludes the land from being leased or the lender being given property interest.

Mr. Streusand questioned if TPFA could buy the property. Mr. Deviney stated the agency would need to review the legislation to see if that would be feasible.

Mr. Atkinson restated his concerns approving the documents until the stated items are resolved. Mr. Williams concurred that approval is a little premature due to the open issues in the disclosure documents. Discussion ensued regarding postponing the approval of the transaction and the timing of the Bond Review Board approval meeting.

Mr. Deviney proposed holding an additional meeting in September to review and approve revised documents for the transaction. Mr. Atkinson outlined that he would like to see clear title to the property, clear easements to the facility, or that bond counsel write an opinion regarding the rights to the building should TxDOT default on the lease revenue being paid to TPFA.

Action: Motion by Mr. Streusand to defer action on approving the TxDOT Austin Campus Consolidation project bond financing documents. Second by Mr. Moore.

The motion passed unanimously.

Mr. Atkinson asked Mr. McMonagle to share with his management, TPFA is only deferring the action until the identified items have been resolved. Mr. McMonagle replied, they understood the situation and would continue working with TPFA to resolve the identified issues.

Item 6. Consideration, discussion and possible action to increase the liquidity coverage applicable to the Series 2016A (Taxable) and Series 2016B (Tax Exempt) commercial paper program.

Mr. Deviney discussed the need to have the flexibility to increase the liquidity capacity for this program, currently provided by the Comptroller, from \$200 million to \$300 million, if needed in the event of market disruption.

Action: Motion by Mr. Williams that staff be delegated with the authority to negotiate and execute a contract amendment with the Comptroller of Public Accounts to increase the liquidity coverage for the 2016A&B revenue commercial paper program, up to a maximum amount not to exceed \$300 million, if and when necessary and prudent for the efficient administration of the program. Such delegation shall expire on August 31, 2021. Second by Ms. Perkins.

The motion passed unanimously.

Item 7. Consideration, discussion and possible action to authorize the refinancing of outstanding commercial paper issued under the TPFA Revenue Commercial Paper Note Program (Texas Facilities Commission) Series 2016B, determine a method of sale, select outside consultants, and take other necessary related action.

Mr. Deviney explained that the commercial paper program referenced under Agenda Item No. 6 was established to finance the Texas Facilities Commission's Capitol Complex and North Austin Complex projects. TPFA has \$160 million of Series 2016B tax-exempt commercial paper notes currently outstanding, and that by the time the refunding bonds are issued, that amount would likely be close to \$200 million, which is the current liquidity cap. TFC anticipates requiring up to an additional \$200 million of construction funding by the end of the calendar year. Mr. Deviney anticipates a potential bond sale of up to \$400 million.

In response to Mr. Streusand's question regarding written criteria for the selection of service providers, Mr. Deviney described the process regarding the use of pools and selection of pool members on a transaction by transaction basis.

Mr. Deviney outlined staff's recommendations for the appointments of Norton Rose Fulbright as bond counsel; McCall Parkhurst & Horton as disclosure counsel; RBC Capital Markets as financial advisor; and an underwriting syndicate of Siebert Williams Shank & Co. as the Senior Manager, with Morgan Stanley & Co. as the Co-Senior Manager, and the following firms as Co-Managers: Piper Sandler & Co.; Mesirov Financial; and Samuel A. Ramirez & Co., based on the knowledge and prior experience, related to this transaction, of each recommend service provider.

Action: Motion by Mr. Streusand to direct staff to move forward with the proposed refunding of outstanding TFC commercial paper, along with the potential issuance of up to \$200 million in additional bonds to finance ongoing Phase I and Phase II construction. Second by Mr. Manning.

The motion passed unanimously.

Action: Motion by Mr. Manning to appoint RBC Capital Markets to provide financial advisory services; the law firm of Norton Rose Fulbright to provide bond counsel services and McCall Parkhurst & Horton to provide disclosure counsel services. Second by Mr. Williams.

The motion passed unanimously.

Action: Motion by Mr. Manning to designate an underwriting syndicate, for the issuance of such bonds, in a negotiated sale, to consist of: Siebert Williams Shank & Co. as the Senior Manager with Morgan Stanley & Co. as the Co-Senior Manager and the following firms as Co-Managers: Piper Sandler & Co.; Mesirow Financial; and Samuel A. Ramirez & Co. related to the issuance of such bonds. Second by Ms. Perkins.

The motion passed with a vote of five ayes and one present not voting. Mr. Williams recused himself on this motion and did not vote.

Item 8. Status Report: Recent and pending Bond Review Board actions.

Mr. Barton reported that the Bond Review Board (BRB) is making a change to blanket approvals for commercial paper financed projects. In the fall of 2019, the BRB limited the approvals for commercial paper issuance for one year. For future authorizations, TPFAs will request authorization in the summer preceding the upcoming fiscal year to allow for funds to be available for the next fiscal year beginning September 1, 2020. The 2016A and the 2019 revenue commercial paper programs will be affected by this change. Mr. Barton reported that TPFAs will meet with the Board each year, should BRB require any additional TPFAs Board action.

Item 9. Status Report: Potential refunding of the outstanding Series 2011 tax exempt general obligation bonds and Series 2008 GOCP.

Mr. Barton provided an update on the status of the potential refunding.

Mr. Barton stated that with interest rates dropping as a result of the coronavirus economic disruption, savings projections for each of the three refunding options have improved. Further, with the outstanding 2008 GOCP currently trading at 0.2%, there has been no immediate need to execute the refunding transaction.

Comparative analysis of three refunding alternatives were performed by RBC Capital Markets. At present, a tax-exempt current refunding option would produce the most savings. The projected savings on this transaction continue to improve over time, but if the trend moves in the other direction, TPFAs are prepared to act and refund the bonds, since the team of service providers is already in place.

Item 10. Consideration, discussion and possible action to authorize the engagement of consultants for ongoing matters relating to the Texas Windstorm Insurance Association.

Mr. Van Oort explained the need to retain bond counsel and a financial advisor, should the need arise for their services related to the outstanding 2014 bonds issued on behalf of the Texas Windstorm Insurance Association. Mr. Van Oort recommended Orrick Herrington and Sutcliffe, as bond counsel, and RBC Capital Markets, as financial advisor, be appointed as service providers for the life of the bonds, since they have the most knowledge regarding the 2014 bonds.

Action: Motion by Mr. Williams to engage the firm of Orrick Herrington & Sutcliffe for legal services and RBC Capital Markets for financial advisory services as necessary and convenient for the purposes of administering the Series 2014 TWIA bonds, with such delegation extending for the life of those bonds. Second by Mr. Manning.

The motion passed unanimously.

Item 11. Charter School Finance Corporation: Corporate governance and appointment of board members.

Mr. Deviney provided an overview of the Charter School Finance Corporation (CSFC) and explained the process of seating a new board member, which includes a nomination from the TPFA Board, consultation with the Commissioner of Education and final approval by the Governor. Mr. Deviney continued that four out of a maximum of the seven authorized board seats are currently filled. Staff has identified a highly qualified and interested candidate, Mr. Coalter Baker, who is a CPA in Austin, Texas and served as a past president of the State Board of Accountancy.

Action: Motion by Mr. Manning that Mr. Coalter Baker be appointed to the Board of Directors of the TPFA Charter School Finance Corporation for a term to expire May 1, 2022, subject to the approval of the Governor. Second by Ms. Perkins.

The motion passed unanimously.

Item 12. Consideration, discussion and possible action to approve a legislative appropriations request for the 2022-23 biennium.

Mr. Deviney notified the Board that the Legislative Appropriations Request (LAR) instructions for the 2022-2023 biennium were received about a week ago. However, the LAR is not ready for approval by the Board because TPFA had not been provided with a base budget amount. Mr. Deviney walked the Board members through a letter that was provided to TPFA by the Governor, Lieutenant Governor and the Speaker of the House and reminded the Board members that at the last Board meeting, discussion occurred about TPFA and other state agencies being asked to take a 5% budget reduction. Mr. Deviney stated that he thinks the 2022-2023 budget base amounts will include the 5% reduction. Mr. Deviney continued that the base number will be provided by the LBB and that TPFA should receive that shortly. Mr. Deviney reminded the Board members that general obligation debt service, which amounts to approximately \$300 million a year, is exempt from the 5% reductions.

Mr. Deviney outlined the various elements included in the LAR and that amounts over the base amount may be requested as exceptional items. The request for exceptional items may include restoration of the baseline budget, a merit pool for staff salaries, an increase to the authorized salary level for the Executive Director position, funds for a computer refresh and funding for full cloud services with backup and recovery.

Mr. Deviney discussed the interest rate assumptions used to prepare the projected debt service payments for FY 2022-2023. Mr. Deviney discussed the proposed administrative and operating budget with the Board members. Other documents which were discussed included TPFA's draft summary performance measures and potential rider revisions and additional rider requests.

Mr. Atkinson proposed a Board work session for September 24, 2020, for either review and/or approval of the LAR.

No Board action was taken on this item.

Item 13. Staff Update:

a. Return to office plan

Mr. Deviney advised the Board that staff continue to work remotely and described the agency's plan to reopen the office, bringing employees back to the office in stages beginning with a 25% cap on office occupancy. Staff are currently scheduling time spent in the office, so that the 25% cap on office repopulation can be monitored. Mr. Deviney continues to monitor the situation for the proper time to implement a return to the office plan.

b. Market update

Mr. Berry provided the market update that included the recent debt service payments made by the Authority, collections from Master Lease Purchase Program participants and a summary of TPFA's recent commercial paper trades.

Item 14. Future transactions and market conditions.

Mr. Hernandez indicated that a potential Texas Military Preparedness Commission \$25 million request may be brought to the TPFA Board for consideration later this year.

Mr. Deviney identified other potential transactions, which TPFA has not been requested to issue at this time. These include a refinancing for the Texas Workforce Commission for Unemployment Compensation Bonds, refinancing the 2011 Revenue Financing System for Texas Southern University (TSU) for cost savings, and a potential need to issue bonds for the Texas Windstorm Insurance Association (TWIA).


Item 15. Future agenda items and meeting dates.

The Board discussed a possible work session around September 24 to discuss the LAR and the budget process. An additional meeting was discussed for either October 1 or October 8, 2020 to approve the LAR and discuss or take action on other matters.

Item 16. Adjourn.

Mr. Atkinson adjourned the meeting at 12:37 p.m.

The foregoing minutes were approved and adopted by the Board of Directors on this 5th day of November 2020.


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

ATTACHMENT: Posting Notice



Open Meeting Information

Agency Name: Texas Public Finance Authority
Date of Meeting: 08/26/2020
Time of Meeting: 10:30 AM (Local Time)
Board: Texas Public Finance Authority
Committee: Board Meeting
Status: Accepted
Street Location: Via Video Conference Public access information available on the TPFA website at: <http://www.tpfa.texas.gov>
City Location: Austin
Meeting State: TX
TRD: 2020004652
Submit Date: 08/18/2020
Emergency Mtg: No
Additional Information Obtained From: Donna Weinberger at 512-463-5544

Texas Public Finance Authority
Board Meeting
Wednesday, August 26, 2020 - 10:30 A.M.

Via Video Conference
Public access information available on
the TPFA website at: <http://www.tpfa.texas.gov>

Agenda: Due to Governor Greg Abbott's March 13, 2020 proclamation of a state of disaster affecting all counties in Texas due to the coronavirus and the Governor's March 16, 2020 suspension of certain provisions of the Texas Open Meetings Act, this meeting of the Texas Public Finance Authority will be held via video conference call, as authorized under Section 551.127 of the Texas Government Code.

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 4, 2020 Board meeting.
4. Post-Sale Report: State of Texas GO and Refunding Bonds, Taxable Series 2020 (CPRIT refunding).
5. Consideration, discussion, and possible action to adopt a Resolution authorizing the issuance of Texas Public Finance Authority Lease Revenue Bonds, Series 2020 (Texas Department of Transportation); authorizing and appointing a Pricing Committee of the Board; approving a Preliminary Official Statement; approving a Lease Agreement; the execution of a Purchase Contract and other related documents; and authorizing the taking of other necessary action related thereto.
6. Consideration, discussion and possible action to increase the liquidity coverage applicable to the Series 2016A (Taxable) and Series 2016B (Tax Exempt) commercial paper program.
7. Consideration, discussion and possible action to authorize the refinancing of outstanding commercial paper issued under the TPFAR Revenue Commercial Paper Note Program (Texas Facilities Commission) Series 2016B, determine a method of sale, select outside consultants, and take other necessary related action.
8. Status Report: Recent and pending Bond Review Board actions.
9. Status Report: Potential refunding of the outstanding Series 2011 tax exempt general obligation bonds and Series 2008 GOCP.
10. Consideration, discussion and possible action to authorize the engagement of consultants for ongoing matters relating to the Texas Windstorm Insurance Association.
11. Charter School Finance Corporation: Corporate governance and appointment of board members.
12. Consideration, discussion and possible action to approve a legislative appropriations request for the 2022-23 biennium.
13. Staff Update:
 - a. Return to office plan
 - b. Market update
14. Future transactions and market conditions.
15. Future agenda items and meeting dates.
16. 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.

An electronic copy of the agenda is available at <http://www.tpfa.texas.gov/agenda.aspx>. A recording of the meeting will be available after the meeting. To obtain the recording, please contact Donna Weinberger, at 512/463-5544.

Information regarding use of the Zoom webinar application can be found on the TPFA website: at <http://www.tpfa.texas.gov>. Further technical information regarding the Zoom webinar application can be found at the Zoom Help Center: <https://support.zoom.us/hc/en-us/articles/115004954946-Joining-and-participating-in-a-webinar-attendee->.

Information regarding accessing the meeting via a toll-free dial-in number is also available on the TPFA website at: <http://www.tpfa.texas.gov>.

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