

# TEXAS PUBLIC FINANCE AUTHORITY

## BOARD OF DIRECTORS:

Billy M. Atkinson, Jr., Chair  
Ramon Manning, Vice Chair  
Jay A. Riskind, Secretary  
Lance S. Etcheverry  
Larry G. Holt  
Shanda G. Perkins  
Benjamin E. Streusand



EXECUTIVE DIRECTOR  
Lee Deviney

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

July 6, 2023

The Board of Directors (the "Board") of the Texas Public Finance Authority ("TPFA") 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. on Thursday, July 6, 2023, in the William P. Clements, Jr. Building, Room 404, in Austin, TX.

Present were: Mr. Billy M. Atkinson, Jr., Chair; Mr. Ramon Manning, Vice Chair; Mr. Lance S. Etcheverry, Member; and Mr. Benjamin E. Streusand, Member. Mr. Jay Riskind, Secretary, and Ms. Shanda G. Perkins, Member, participated via video conference.

Representing the TPFA staff were: Lee Deviney, Executive Director; John Hernandez, Deputy Director; Kevin Van Oort, General Counsel; Devyn F. Wills, Assistant General Counsel; Matthew Berry, Financial Analyst; Kelly Tappendorf, Financial Analyst; Adan Ramirez, Financial Analyst; and Kathryn Crabtree, Budget Analyst.

In attendance were the following persons, representing the indicated entities: Patrick Scott, Brian Middlebrook, and John Daniel, Barclays Capital Inc.; Danielle Bradford Cody, Piper Sandler & Co.; Hasan Mack, McCall Parkhurst & Horton LLP; Paul Jack, Estrada Hinojosa & Co.; Andy Bynam, Mesirow Financial, Inc.; Gabriella Briceno, Ramirez & Co.; Curtis Flowers, J.P. Morgan Securities LLC; Chris Allen, RBC Capital Markets, LLC; Tim Peterson and John Kearney, Jefferies LLC; Blaine Brunson, Wells Fargo; Jerry Kyle, Orrick, Herrington & Sutcliffe LLP; Ed Sanchez, Cabrera Capital Markets, LLC; Daniel Kardish, PFM Financial Advisors LLC; Troy Madres, Morgan Stanley & Co.; Antti Suhonen, Bank of America Securities; Lester Byrd, BOK Financial Securities, Inc.; Daniel Avitia, Glenna Bowman, John Ralston, Brian Kline, Shadd Pegram, and Chris Hayden, Texas Department of Motor Vehicles; and Wayne Roberts, Cancer Prevention & Research Institute of Texas.

Mr. Atkinson called the meeting to order at 1:06 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.**

Mr. Atkinson noted that Mr. Larry Holt was absent.

**Action:** Motion by Mr. Streusand to excuse the absence of Mr. Holt. Second by Mr. Etcheverry.

The motion passed unanimously.

**Item 3. Review and approval of the minutes of the May 4, 2023 Board meeting.**

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

**Action:** Motion by Mr. Manning to approve the minutes of the May 4, 2023 Board meeting, as presented. Second by Mr. Streusand.

The motion passed unanimously.

*[Ms. Perkins joined the meeting via video conference at 1:25 p.m.]*

**Item 4. Consideration, discussion, and possible action to approve a request for financing submitted by the Texas Department of Motor Vehicles to finance the Camp Hubbard Renewal Project; selection of a method of sale; appointment of outside consultants; and taking other necessary related action.**

Mr. Deviney updated the Board that House Bill 1, Eighty-eighth Legislature, Regular Session, authorized the TPFA to issue revenue bonds or other obligations on behalf of the Texas Department of Motor Vehicles (“DMV”) for the purpose of financing and implementing the Camp Hubbard Renewal Project. Mr. Deviney also confirmed funds had been appropriated to the DMV, for lease payments to the TPFA, sufficient to cover the debt service on the contemplated financing.

Mr. Daniel Avitia, Executive Director of the DMV, spoke with the Board about how the bond proceeds would be used and allocated.

**Action:** Motion by Mr. Manning that the Board approve the Request for Financing submitted by the Texas Department of Motor Vehicles to finance the Camp Hubbard Renewal Project, in an amount not to exceed \$143,000,000, as authorized in the General Appropriations Act for the 2024-2025 biennium. Further, that such financing be accomplished utilizing TPFA’s existing Series 2019AB commercial paper program. Second by Mr. Etcheverry.

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 for the issuance of general obligation debt during Fiscal Year 2024; selection of a method of sale; appointment of outside consultants, if necessary; and taking other necessary related action.**

Mr. Deviney explained to the Board that the Authority is authorized to issue up to \$300 million per fiscal year on behalf of the Cancer Prevention & Research Institute of Texas (“CPRIT”) to fund its project grant awards program and for agency operations. The Authority has established a commercial paper program to issue short-term debt on behalf of CPRIT, including liquidity

provided by the Texas Comptroller of Public Accounts (“the Comptroller”). CPRIT is expected to make its first draw request against its fiscal year 2024 appropriation authority in September 2023.

Mr. Chris Allen, from RBC Capital Markets, and Mr. Wayne Roberts, Executive Director of CPRIT, were available to speak with the Board and answer questions. Mr. Roberts briefed the Board about CPRIT’s operations and its upcoming projects.

Staff recommended approving CPRIT’s request for financing in an amount not to exceed \$300,000,000 for fiscal year 2024 to fund CPRIT’s legislatively authorized operations and program appropriations, through the issuance of taxable commercial paper notes through the current CPRIT commercial paper program.

**Action:** Motion by Mr. Manning that the Board approve the request for financing submitted by the Cancer Prevention and Research Institute of Texas for Fiscal Year 2024, in an amount not to exceed \$300 million. Further, that such financing be accomplished utilizing TPFA’s existing commercial paper program created for this purpose. Second by Ms. Perkins.

The motion passed unanimously.

**Item 6. Consideration, discussion, and possible action to adopt a Resolution authorizing the issuance of the Texas Public Finance Authority State of Texas General Obligation and Refunding Bonds, Series 2023; authorizing a Pricing Committee of the Board; approving a Preliminary Official Statement; and authorizing the taking of other necessary action related thereto.**

Staff recommended that the Board adopt the proposed bond resolution, which would authorize the issuance of bonds and the refunding bonds in a single taxable bond series as described in the transaction summary. Staff further recommended that the Board appoint a pricing committee to execute the pricing of the bonds.

The proposed resolution would authorize the issuance of TPFA General Obligation and Refunding Bonds, Taxable Series 2023 to refund outstanding GO commercial paper notes, issue new money bonds to fund remaining CPRIT FY 2023 project grants, and to pay for the costs associated with issuing the bonds; approve the form of Preliminary Official Statement; and authorize the taking of other necessary related actions.

Mr. Allen and Mr. Roberts were again available to speak with and answer the Board's questions.

**Action:** Motion by Mr. Manning to move adoption of a resolution, in the form presented, authorizing the issuance of the TPFA State of Texas General Obligation and Refunding Bonds, Taxable Series 2023; authorizing a pricing committee of the Board; authorizing the defeasance, redemption and discharge of certain outstanding general obligation notes issued on behalf of the Cancer Prevention and Research Institute of Texas; approving the Preliminary Official Statement; and authorizing the taking of other necessary related action. Further, that the Board appoint a pricing committee to consist of Mr. Holt, Mr. Riskind, and Mr. Streusand; with Mr. Holt as chair of the committee and all remaining members of the Board to serve as alternates. Second by Mr. Streusand.

The motion passed unanimously.

*[Discussion of agenda item 12 was taken out of order.]*

**Item 12. Post-sale evaluation: HB 1520 customer rate relief bonds.**

Tim Peterson and John Kearney with Jefferies, Inc. discussed the results of the Texas Natural Gas Securitization Finance Corporation Customer Rate Relief Bonds, Series 2023, issued to finance certain extraordinary costs incurred by certain participating gas utilities during Winter Storm Uri.

No action was taken.

**Item 7. Ratification of existing commercial paper programs.**

Mr. Hernandez informed the Board of the Bond Review Board's rule requiring the TPFA Board to annually ratify the Authority's three existing commercial paper programs (CPRIT GO, 2016AB Rev (TFC), and 2019AB Rev (MLPP), and provide a current statement (i.e., resolution) that the Board approves the continued utilization of these programs to provide funding for their legislatively approved projects.

Staff recommend that the Board ratify TPFA's three existing commercial paper programs and approve the continued utilization of these programs to provide funding for legislatively approved projects.

**Action:** Motion by Mr. Streusand to move that the Board affirmatively ratify the resolutions previously adopted by this Board which authorized and created the following commercial paper programs:

1. Texas Public Finance Authority Commercial Paper Revenue Notes, Series 2019A and Taxable Series 2019B;
2. Texas Public Finance Authority Revenue Commercial Paper Notes (Texas Facilities Commission Projects), Series 2016A (Taxable) and Series 2016B (Tax-Exempt) (as Amended and Restated on January 9, 2020); and
3. Texas Public Finance Authority State of Texas General Obligation Commercial Paper Notes (Cancer Prevention and Research Institute of Texas Project), Series A (Taxable) and Series B (Tax-Exempt).

Further, that the Board authorize the continued use of these commercial paper programs during the fiscal year beginning September 1, 2023 for the purposes originally authorized. Second by Mr. Etcheverry.

The motion passed unanimously.

**Action:** Motion by Mr. Manning that the Board affirmatively ratify the continued use of the Texas Public Finance Authority Commercial Paper Revenue Notes, Series 2019A and Taxable Series 2019B, to finance the deferred maintenance projects authorized by the 86<sup>th</sup> and 87<sup>th</sup> Legislative Sessions and as described in the requests for financing submitted by the Health and Human Services Commission on October 30, 2019 and November 2, 2021, respectively. Second by Mr. Streusand.

The motion passed unanimously.

**Item 8. Liquidity agreement extensions for the 2024-25 biennium.**

Mr. Van Oort spoke regarding the Comptroller of Public Accounts providing liquidity for TPFA's three commercial paper ("CP") programs: the Series 2019AB Revenue CP program, the Cancer Research & Prevention Institute of Texas (CPRIT) GO CP program, and the 2016AB Texas Facilities Commission Revenue CP program (Capitol Complex & North Austin projects).

The Comptroller proposed contract extensions through August 31, 2025 for the three current liquidity agreements. As part of this process, TPFA staff has proposed, and the Comptroller has agreed to, updated liquidity coverage amounts for the CP programs.

**Action:** Motion by Mr. Manning that the Board authorize and direct staff to execute amendments to the respective liquidity agreement for each of TPFA's three existing commercial paper programs, to extend the term of liquidity coverage through August 31, 2025, at the following coverage amounts: Series 2016 A&B \$200 million; CPRIT Series A&B \$350 million; and Series 2019 A&B: \$225 million. Second by Mr. Etcheverry.

The motion passed unanimously.

**Item 9. Extension of contract for arbitrage rebate and fund monitoring services.**

Mr. Hernandez explained that, historically, TPFA has contracted with firms having specialized knowledge and skills to help comply with the Internal Revenue Service's tax-exempt bond arbitrage requirements by performing arbitrage rebate liability computations. More recently, TPFA added the related service of bond and commercial paper fund monitoring to the scope of the contract.

Also, there is a substantial learning curve involved in providing these services to an agency with a complex and diverse bond portfolio, such as TPFA. Since 2012, these services have been provided by Public Financial Management (PFM) and, following PFM's purchase by U.S. Bancorp Asset Management, Inc. in December 2021, by its successor, PFM Asset Management LLC.

**Action:** Motion by Mr. Manning that the Board reappoint the firm of PFM Asset Management to provide arbitrage rebate compliance services and to provide fund expenditure monitoring services for the biennium ending August 31, 2025, and that the Board authorize staff to execute a contract extension with such firm. Second by Mr. Streusand.

The motion passed unanimously.

**Item 10. Extension of service provider pools.**

Mr. Deviney updated the Board regarding the current financial advisor and bond counsel pools expiring on August 31, 2023. He also notified them that staff can issue RFPs as soon as July 7, 2023, and can provide RFP responses, analysis, and recommendations at an upcoming Board meeting.

**Action:** Motion by Ms. Perkins that the Board extend the term of the current bond counsel pool through November 30, 2023, as well as that the Board extend the term of the current pool of financial advisors through November 30, 2023. Second by Mr. Streusand.

The motion passed unanimously.

**Item 11. Consideration, discussion, and possible action concerning the selection of a pool of underwriters for future transactions.**

Mr. Deviney spoke regarding the TPFA's RFP for underwriting services for fiscal years 2024-2025 and laid out staff's summary of the responses to the RFP. Mr. Deviney also provided the Board with a copy of TPFA's underwriter selection policy for reference.

**Action:** Motion by Mr. Streusand that the Board designate an underwriting pool for transactions initiated during the fiscal biennium ending August 31, 2025, to consist of the following firms:

- Barclays Capital Inc.,
- Blaylock Van, LLC,
- BofA Securities, Inc.,
- Hilltop Securities Inc.,
- Jefferies LLC,
- JP Morgan Securities LLC,
- Loop Capital Markets LLC,
- Mesirov Financial, Inc.,
- Morgan Stanley & Co. LLC,
- Piper Sandler & Co.,
- Ramirez & Co., Inc,
- Raymond James & Associates, Inc.,
- SAMCO Capital Markets, Inc.,
- Siebert Williams Shank & Co. LLC,
- Stifel, Nicolaus & Company, Inc.,
- BOK Financial Securities, Inc.,
- Cabrera Capital Markets, LLC,
- Wells Fargo Securities,
- Bancroft Capital, LLC,
- Frost Bank Capital Markets,
- Stern Brothers & Co.,

- Academy Securities, Inc., and
- Robert W. Baird & Co. Inc.

And further, in accordance with the recently issued RFP for underwriting services, the Board reserves the option to utilize this pool for transactions initiated during the fiscal biennium beginning September 1, 2025. Second by Mr. Manning.

The motion passed unanimously.

### **Item 13. Staff Update:**

#### **a. Update on the Texas Southern University revenue bond issue**

Mr. Deviney stated the bonds are scheduled to be priced on July 11, 2023, and notified the Board regarding a press release regarding recent changes in the University's executive leadership.

#### **b. Charter School Finance Corporation: Appointments**

Mr. Deviney stated that the appointments of David Miller and Monty Humble are waiting Governor Abbott's approval.

#### **c. TXDOT Campus Consolidation Project: Casualty and Risk Insurance**

Mr. Deviney stated that the Authority carries the policy on behalf of TxDOT. This was negotiated during the financing and TxDOT is responsible for payment of the insurance premium. The total insured value of the project has increased as well as the premium. TxDOT is responsible for payment of the policy premium.

#### **d. Market Update**

Mr. Berry presented the market update, reporting that interest rates continue to trend upward, as reflected in a recent commercial paper issuance.

### **Item 14. Future transactions and market conditions.**

Mr. Hernandez provided an overview of the transactions scheduled to occur during the remainder of the year.

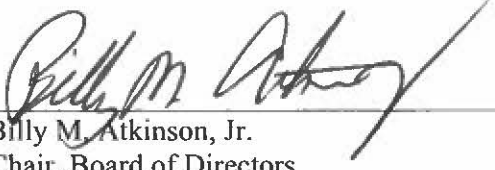
### **Item 15. Future agenda items and meeting dates.**

Mr. Deviney advised that the Board would not need to meet in August; however, there would be a need for a September meeting. The Board discussed meeting on September 14, 2023.

**Item 16. Adjourn.**

Mr. Atkinson adjourned the meeting at 2:50 p.m.

The foregoing minutes were approved and adopted by the Board of Directors on this 14<sup>th</sup> day of September 2023.

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

ATTACHMENT: Posting Notice





## Current Meeting Notice

**Agency Name:** Texas Public Finance Authority

**Date of Meeting:** 07/06/2023

**Time of Meeting:** 01:00 PM (Local Time)

**Board:** Texas Public Finance Authority

**Status:** Accepted

**Street Location:** 300 W. 15th Street, Suite 404

**City Location:** Austin

**Meeting State:** TX

**TRD:** 2023003705

**Submit Date:** 06/28/2023

**Emergency Meeting?:** No

**Additional Information Obtained From:** Leandra Contreras, 512-463-5544

**Agenda:** Texas Public Finance Authority  
Board Meeting  
Thursday, July 6, 2023 - 1:00 P.M.

William P. Clements, Jr. Building, Room 404  
300 West 15th Street  
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 4, 2023 Board meeting.
4. Consideration, discussion, and possible action to approve a request for financing submitted by the Texas Department of Motor Vehicles to finance the Camp Hubbard Renewal Project; selection of a method of sale; appointment of outside consultants; and taking other necessary related action.
5. Consideration, discussion, and possible action to approve a request for financing submitted by the Cancer Prevention & Research Institute of Texas for the issuance of general obligation debt during Fiscal Year 2024; 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 adopt a Resolution authorizing the issuance of the Texas Public Finance Authority State of Texas General Obligation and Refunding Bonds, Series 2023; authorizing a Pricing Committee of the Board; approving a Preliminary Official Statement; and authorizing the taking of other necessary action related thereto.
7. Ratification of existing commercial paper programs.
8. Liquidity agreement extensions for the 2024-25 biennium.
9. Extension of contract for arbitrage rebate and fund monitoring services.
10. Extension of service provider pools.
11. Consideration, discussion, and possible action concerning the selection of a pool of underwriters for future transactions.
12. Post-sale evaluation: HB 1520 customer rate relief bonds.
13. Staff Update:
  - a. Update on the Texas Southern University revenue bond issue
  - b. Charter School Finance Corporation: Appointments
  - c. TxDOT Campus Consolidation Project: Casualty and Risk Insurance
  - d. Market Update
14. Future transactions and market conditions.
15. Future agenda items and meeting dates.
16. Adjourn

THE BOARD MAY GO INTO CLOSED SESSION AS 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 Leandra Contreras at 512/463-5544. Requests should be made as far in advance as possible. Contact Leandra Contreras if you need any additional information, Texas Public Finance Authority, 300 W. 15th Street, Suite 411, Austin, TX 78701.

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