

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

September 14, 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 10:30 a.m. on Thursday, September 14, 2023, in the William P. Clements, Jr. Building, Room 402, in Austin, TX.

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

Representing the TPFA staff were: Lee Deviney, Executive Director; Kevin Van Oort, General Counsel; Devyn F. Wills, Assistant General Counsel; Pamela Scivicque, Director of Business Administration; Kelly Tappendorf, Financial Analyst; Adan Ramirez, Financial Analyst; and Kathryn Crabtree, Budget Analyst.

In attendance were the following persons, representing the indicated entities: Antti Suhonen and Ron Davis Jr., Bank of America Securities; Tim Peterson, Jefferies LLC; Paul Jack, Estrada Hinojosa & Co.; Brian Middlebrook and John Daniel, Barclays Capital Inc.; Jerry Kyle, Orrick, Herrington & Sutcliffe LLP; Chris Allen, RBC Capital Markets, LLC; Blaine Brunson, Wells Fargo; Patricia Rodriguez, Loop Capital Markets, LLC; Danielle Cody, Piper Sandler & Co.; Mark Ellis, Hilltop Securities; and Kyle Cottrell, Jefferies LLC.

Mr. Atkinson called the meeting to order at 10:40 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.

Mr. Atkinson noted that all Board members were present.

Item 3. Review and approval of the minutes of the July 6, 2023 Board Meeting and the July 6, 2023 Board Work Session.

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

Action: Motion by Mr. Riskind to approve the minutes of the July 6, 2023 Board meeting and the July 6, 2023 Board work session as presented. Second by Mr. Manning.

The motion passed unanimously.

Item 4. Consideration, discussion, and possible action to appoint outside consultants relating to financing the Camp Hubbard Renewal Project on behalf of the Texas Department of Motor Vehicles and taking other necessary related action.

Mr. Van Oort stated that the Board previously considered and approved the request for financing submitted by the Texas Department of Motor Vehicles (“DMV”), for construction and renovation of an office building, and specified that commercial paper would be the type of financing. Staff recommended that the Board appoint Orrick, Herrington, & Sutcliffe as bond counsel.

Action: Motion by Mr. Manning that the Board appoint the law firm of Orrick, Herrington & Sutcliffe to provide bond counsel services related to the issuance of commercial paper on behalf of the Texas Department of Motor Vehicles. Second by Mr. Streusand.

The motion passed unanimously.

Item 5. Financing options for CPRIT’s FY 2024 funding requirements.

Mr. Deviney stated that at the July 6, 2023 Board meeting, the Board approved the Cancer Prevention and Research Institute of Texas’s (“CPRIT”) request for financing in an amount not to exceed \$300,000,000 for fiscal year 2024 in order to fund CPRIT’s operations and grant program through the issuance of commercial paper notes.

Previously, the Board asked questions of staff and financial advisors regarding the inverted yield curve, and whether the Board should consider financing CPRIT’s financing needs through the issuance of fixed rate bonds or other financing structures in lieu of the issuance of commercial paper notes.

Mr. Chris Allen, from RBC Capital Markets, briefed the Board about its evaluation regarding financing a portion of CPRIT’s financing needs with long term debt instead of issuing CP notes and then refunding those notes with fixed rate bonds in 12-18 months, and its review of several unsolicited proposals from underwriters.

Staff recommended that the Board authorize the issuance of up to \$300 million in general obligation bonds to refund outstanding commercial paper notes and to fund the remaining CPRIT Fiscal Year 2024 project draws, because this method could potentially save an estimated \$7.1 million in total debt service costs compared to remaining in CP mode until August of 2024. However, staff noted that if market conditions change and the economic advantage diminishes, TPFA can pause the transaction and continue to issue CP quarterly, and then issue refunding bonds at a later, more advantageous date.

Action: Motion by Mr. Holt that the Board authorize and direct staff to move forward with preparations to issue General Obligation Bonds to finance the Fiscal Year 2024 funding requirements of the Cancer Prevention and Research Institute of Texas and to refinance any outstanding commercial paper issued on behalf of that agency.

Further, to appoint RBC Capital Markets to provide financial advisory services related to the potential issuance of the bonds.

Additionally, that the Board appoint the law firm of McCall Parkhurst & Horton to provide bond counsel services related to the potential issuance of the bonds.

As well as that the Board appoint the law firm of Orrick, Herrington & Sutcliffe to provide disclosure counsel services related to the potential issuance of the bonds.

Finally, that the Board designate an underwriting syndicate, for the potential issuance of the bonds, in a negotiated sale, to consist of: Piper Sandler & Company, as the senior manager and the following firms as co-managers: Hilltop Securities; Raymond James & Company; Stifel, Nicholas & Company; Cabrera Capital Markets; and Morgan Stanley & Company.

Second by Mr. Streusand.

The motion passed unanimously.

Item 6. Consideration, discussion, and possible action concerning the selection of a pool of financial advisors for future transactions.

Mr. Deviney stated that the pool of financial advisors would expire on November 30, 2023. The responses to the RFP for financial advisory services were due on August 17, 2023 and TPFAs received 3 proposals, all from TPFAs's current pool of financial advisors: RBC Capital Markets, LLC.; Estrada Hinojosa & Co., Inc.; and PFM Financial Advisors, LLC. Staff recommended that the Board retain that same pool of advisors for FY 2024 and FY 2025, with the option to extend for the fiscal biennium beginning September 1, 2025.

Action: Motion by Ms. Perkins to move that the Board designate a pool of financial advisors for transactions initiated during the fiscal biennium ending August 31, 2025, to consist of the following firms: RBC Capital Markets, LLC.; Estrada Hinojosa & Co., Inc.; and PFM Financial Advisors, LLC; and further that the Board reserve 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 7. Post-sale evaluation: Texas Southern University RFS Bonds, Series 2023.

Mr. Deviney advised the Board that the bonds were priced in August. Ms. Patricia Rodriguez from Loop Capital Markets, Inc. gave the Board an overview of the bond pricing, presented a written report, and addressed questions from the Board.

The Board took no action on this item.

Item 8. Staff Update:

a. Customer Rate Relief Bonds: Status report and 2023 annual true-up

Mr. Deviney stated that the Texas Natural Gas Securitization Finance Corporation met earlier that morning and gave staff direction on follow-up tasks. Mr. Deviney noted that the true-up process was working as planned. Financial advisor, Paul Jack from Estrada Hinojosa was also available to answer any questions by the Board.

b. Update on the CPRIT general obligation bond issuance

Mr. Deviney stated that there would be a report from the senior managing underwriter, Ramirez & Co., Inc, at a future Board meeting.

c. TAFAs update

Mr. Deviney stated that the Texas Department of Agriculture (TDA) staff have resubmitted an application to issue state debt (for the Texas Agricultural Finance Authority) to the Bond Review Board (BRB). The BRB previously left the application as pending business and had made several information requests, to which TDA subsequently responded. The BRB will consider the application later this month.

d. Charter School Finance Corporation

Mr. Deviney stated that the Governor has approved three TPFA appointments to serve as directors of the TPFA-Charter School Finance Corporation. The approved appointees are David Miller of Lubbock, Monty Humble of Austin, and Ken Mercer of San Antonio.

e. Personnel Update

Mr. Deviney stated that agency management is evaluating anticipated workload, agency, staff, and organizational needs related to the legislative approval for the Authority to hire up to two additional full-time employees. He noted that TPFA is also evaluating bringing on additional tools, such as Bloomberg, DBC, and others, for market analysis and debt structuring.

f. Agency rule review

Mr. Wills stated that each state agency is required by statute to periodically review and, as needed, either readopt, repeal, or amend, its existing administrative rules. He directed the Board to a memo and further explained the rule review process, as well as described the Board action required to initiate that process.

Action: Motion by Mr. Holt to move that the Board direct staff to initiate a review of the TPFA's administrative rules as required by Chapter 2001 of the Texas Government Code and publish an appropriate notice in the Texas Register. Second by Mr. Streusand.

The motion passed unanimously.

g. Market Update

Ms. Tappendorf presented the market update, reporting on the current status of TPFA's outstanding fixed rate debt and commercial paper programs. She also provided an interest rate forecast.

Item 9. Future transactions and market conditions.

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

Item 10. Future agenda items and meeting dates.

Mr. Deviney advised the Board that there might be a need for an October, or possibly a November, meeting. The Board discussed meeting on October 12, 2023 and or November 2, 2023.

Item 8.h. *CPS Energy v. Electric Reliability Council of Texas, Inc.*

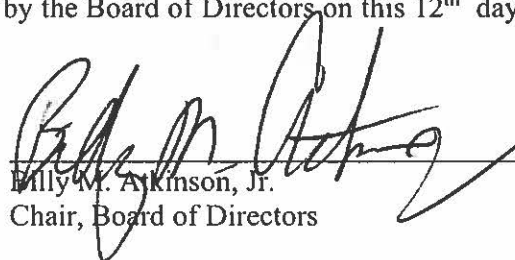
Mr. Atkinson recessed the open meeting at 12:20 p.m. to go into executive session pursuant to Government Code § 551.071(2), for consultation with counsel on Item 8.h., *CPS Energy v. Electric Reliability Council of Texas, Inc.*

At 12:31 p.m., the Board reconvened the open meeting in room 402 in the Clements Building. Mr. Atkinson announced that the Board took no action during the executive session.

Item 11. Adjourn.

Mr. Atkinson adjourned the meeting at 12:32 p.m.

The foregoing minutes were approved and adopted by the Board of Directors on this 12th day of October 2023.


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

ATTACHMENT: Posting Notice

Leandra Contreras

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Open Meeting Submission

TRD: 2023005153
Date Posted: 09/06/2023
Status: Accepted
Agency Id: 0113
Date of Submission: 09/06/2023
Agency Name: Texas Public Finance Authority
Board: Texas Public Finance Authority
Date of Meeting: 09/14/2023
Time of Meeting: 10:30 AM (###:## AM Local Time)
Street Location: 300 W. 15th Street
City: Austin
State: TX
Liaison Name: Leandra Contreras
Liaison Id: 7
Additional Information Obtained From: Leandra Contreras, 512-463-5544
Agenda: Texas Public Finance Authority
Board Meeting
Thursday, September 14, 2023 - 10:30 A.M.

William P. Clements, Jr. Building, Room 402
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 July 6, 2023 Board meeting and of the July 6, 2023 Board work session.
4. Consideration, discussion, and possible action to appoint outside consultants relating to financing the Camp Hubbard Renewal Project on behalf of the Texas Department of Motor Vehicles and taking other necessary related action.
5. Financing options for CPRIT's FY 2024 funding requirements.

6. Consideration, discussion, and possible action concerning the selection of a pool of financial advisors for future transactions.

7. Post-sale evaluation: Texas Southern University RFS Bonds, Series 2023.

8. Staff Update:

a. Customer Rate Relief Bonds: Status report and 2023 annual true-up

b. Update on the CPRIT general obligation bond issuance

c. TAFAs update

d. Charter School Finance Corporation

e. Personnel update

f. Agency rule review

g. Market Update

h. CPS Energy v. Electric Reliability Council of Texas, Inc.

9. Future transactions and market conditions.

10. Future agenda items and meeting dates.

11. 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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