

TEXAS PUBLIC FINANCE AUTHORITY

BOARD OF DIRECTORS:

Billy M. Atkinson, Jr., Chair
Ruth C. Schiermeyer, Vice Chair
Gerald B. Alley, Secretary
Mark W. Eidman
Walker N. Moody
Rodney K. Moore
Robert T. Roddy, Jr.



EXECUTIVE DIRECTOR
Lee Deviney

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

June 11, 2015

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 notice is attached hereto as Exhibit "A") at 12:00 p.m., Thursday, June 11, 2015, Capitol Extension, Hearing Room E2.028, Austin, Texas. Present were: Mr. Billy Atkinson, Chair; Ms. Ruth C. Schiermeyer, Vice Chair; Mr. Gerald Alley, Secretary; Mr. Walker N. Moody, Member; Mr. Rodney Moore, Member, and Mr. Robert T. Roddy, 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; Donna Weinberger; John Barton; Robert Jocius and Alper Demir.

In attendance were the following persons, representing the indicated entities: Heidi McConnell and Wayne Roberts, CPRIT; Michael Bartolotta, First Southwest Company; Carol Polumbo, McCall Parkhurst & Horton; Terry Thornton, Goldman Sachs; Michael Seal and Mark Seal, M.E. Allison and Co.; Art Morales, BOSC, Inc.; John Daniel and Patrick Scott, Barclays; Robert Collins, FTN Financial; Tim Peterson, JP Morgan; Mario Carrasco, Citi; Jerry Kyle, Andrews Kurth; Desyre Morgan, Wells Fargo; Dalton Smith, Bank of America Merrill Lynch; Robin Redford and Lorry Palacios, Ramirez & Co.; Tim Kelley, Piper Jaffray; Shawnell Holman, Siebert Brandford Shank & Co.; Mark Ellis, Jeffries; and Blaine Brunson and Keith Richard, Morgan Stanley.

Mr. Atkinson called the Board meeting to order at 12:30 p.m. and noted that a quorum was present.

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's Office.

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

Ms. Schiermeyer moved to excuse the absence of Mr. Eidman, second by Mr. Alley. The motion passed unanimously.

Item 3. Review and approval of the minutes of the May 7, 2015, Board Meeting.

Ms. Schiermeyer moved to approve the minutes, second by Mr. Moore. The motion passed unanimously.

Item 4. Consideration and approval of Resolutions ratifying advance no. 11, no. 12, no. 13 for Texas Southern University relating to the Series A 2012-10 Note.

Mr. Deviney reported on the three TSU draws for ratification. Draw no. 11 in the amount of \$1,847,409.80, of which \$1,755,039.31 is being used to finance eligible costs and \$92,370.49 is being used to make the deposits necessary to satisfy the Series A 2012-10 bond escrow requirement. Draw no. 12 in the amount of \$3,090,999.35, of which \$2,936,449.38 is being used to finance eligible costs and \$154,549.97 is being used to make the deposits necessary to satisfy the Series A 2012-10 bond escrow requirement. Draw no. 13 in the amount of \$3,393,506.38, of which \$3,223,831.06 is being used to finance eligible costs and \$169,675.32 is being used to make the deposits necessary to satisfy the Series A 2012-10 bond escrow requirement. Such deposits will be made into the Texas Southern University Escrow Account as authorized by the Capital Project Loan Agreement, the Note and the Eighth Supplement.

Ms. Schiermeyer noted that Draw no. 12 should reflect an approval date of May 20, 2015.

Mr. Alley discussed the overage of the project. Mr. Deviney explained that there are cost savings and other funds TSU has used to make up the difference.

Action: Motion by Ms. Schiermeyer to approve the Resolutions, second by Mr. Moore. The motion passed unanimously.

Item 5. Consideration, discussion and possible action to approve the Cancer Prevention & Research Institute of Texas Request for Financing in an amount not to exceed \$300,000,000, for Fiscal Year 2016, in general obligation debt pursuant to Article III, Section 67, Texas Constitution; Texas Health and Safety Code, Chapter 102, as amended; Texas Government Code, Chapter 1232, as amended; and provisions of the General Appropriations Act, 84th Legislature, R.S. (2015) for authorized program costs, selection of a method of sale, appointment of outside consultants, if necessary, and taking other necessary related action.

Mr. Deviney outlined TPFA's statutory authority to issue debt on behalf of the Cancer Prevention & Research Institute of Texas to fund its operations and to fund grant awards. Mr. Deviney explained that the Cancer Prevention & Research Institute of Texas (CPRIT) has been appropriated \$300,000,000 for Fiscal Year 2016, which is subject to the Governor signing the General Appropriations Act.

Wayne Roberts, CEO with CPRIT addressed the Board and stated he was available for questions.

Ms. Schiermeyer questioned when the \$300,000,000 for FY 2016 would be issued. Mr. Deviney stated that it would not be issued until FY 2016. Mr. Roberts concurred.

Staff recommended commercial paper as the method of sale. Mr. Atkinson asked Mr. Roberts if the recommendation is consistent with CPRIT's wishes. Mr. Roberts stated in the affirmative.

The staff recommended that the Board approve the Request for Financing submitted by CRPIT to fund its operations and grant award program in an amount not to exceed \$300,000,000 for FY 2016 pursuant to the governing constitutional and statutory provisions. Funding shall be provided through Texas Public Finance Authority's General Obligation Commercial Paper Notes (Cancer Prevention and Research Institute of Texas Project), Series A (Taxable) and Series B (Tax-Exempt).

Action: Motion by Mr. Schiermeyer to adopt staff recommendation, second by Mr. Moody. The motion passed unanimously.

Item 6. Consideration, discussion and possible action to authorize the refinancing of outstanding General Obligation Commercial Paper Notes issued under the Cancer Prevention & Research Institute of Texas Commercial Paper Program (Series A – Taxable), determine a method of sale, select outside consultants and take other necessary related action.

Mr. Deviney stated that for FY 2015, CPRIT is requesting issuance of commercial paper notes periodically but has not yet reached the \$300,000,000 liquidity cap. In order to have capacity in the CPRIT GOCP program, TPFA will need to fix-out commercial paper into long-term, fixed-rate bonds during the first quarter of FY 2016.

Mr. Deviney explained that TPFA is planning ahead in order to allow the agency to issue bonds at the most appropriate time in FY 2016. Mr. Deviney outlined a tentative timeline for the issuance of bonds.

The staff recommended a negotiated sale to refund the CP Notes and appointing Coastal Securities as Financial Advisor, McCall Parkhurst & Horton as Bond Counsel, Andrews Kurth as Disclosure Counsel and an underwriting syndicate consisting of Piper Jaffray as Senior Manager, Goldman Sachs as Co-Senior Manager, and Citigroup Global Markets, SAMCO Capital Markets, Siebert Branford Shank, RBC Capital Markets and Mesirow Financial Products serving as Co-Managers.

Action: Motion by Mr. Alley to adopt staff recommendation, second by Mr. Roddy. The motion passed unanimously.

Item 7. Consideration, discussion and possible action relating to an appointment to the Board of the Texas Public Finance Authority Charter School Finance Corporation.

Mr. Deviney reported the resignation of Mr. Raul Calvos and with the pending appointment, the Charter School board will still need an additional director to fill the recently vacated seat.

Staff recommends appointing David Miller of Lubbock, Texas. Mr. Miller is currently a member of the Product Development Small Business Incubator Board and he is the immediate past Chair of the Emerging Technology Fund. Mr. Miller was previously on the staff of Texas

Tech University and served as the Vice Chancellor of Research and Commercialization. Mr. Miller is currently the COO of Flat Wireless.

Action: Motion by Ms. Schiermeyer to adopt staff recommendation, second by Mr. Moody. The motion passed unanimously.

Item 8. Report on the sale of the State of Texas General Obligation Refunding Bonds, Series 2015A and State of Texas General Obligation Park Development Refunding Bonds, Series 2015B.

Mr. Deviney introduced Jorge Rodriguez with Coastal Securities and Blaine Brunson with Morgan Stanley to present the post-sale analysis of the bond transaction that resulted in savings of \$18,600,000.

Mr. Rodriguez reviewed the list of the working group members for the transaction. Mr. Rodriguez confirmed the gross savings was \$18,600,000 and the net present value savings was approximately \$16,500,000.

Mr. Blaine Brunson reported the bonds matched maturities, which did not extend the life of the debt and that the coupon rates were at or below 5%. Mr. Keith Richard, Executive Director, Morgan Stanley presented information on the bond purchasers for the transaction and the secondary market transaction. Mr. Brunson stated the Co-Managers on the transaction played an active role in bonds being sold.

Action: No action was taken on this item.

Item 9. Report on the sale of the Texas Public Finance Authority Revenue Refunding Bonds, Series 2015ABCD&E.

Mr. Deviney stated that the revenue refunding was for multiple client agencies and the transaction provided an additional \$8,000,000 in gross savings.

Mr. Deviney introduced Mr. Michael Bartolotta with First Southwest Company and Ms. Robin Redford and Ms. Lorraine Palacios with Ramirez & Co.

Mr. Bartolotta stated that the bonds were revenue bonds and were rated one level lower than the general obligation bonds that priced the previous day. The distribution of orders and balances are noted in the report. It was noted that were approximately \$3.6 million worth of bonds that were initially unsold, but were ultimately purchased by Ramirez & Co. for their account. It was also noted that one firm did not receive an allocation and that was because those particular bonds were over-subscribed.

Ms. Redford addressed the board stating that the bonds recently sold had not been in the market for the last 7-11 years and that bond purchasers needed to be reminded of the varying credits for each client agency. Ms. Redford stated there was work to be done for buyers relating to the difference between the Permanent School Fund bonds, which had recently been sold, and the TPFAs bonds.

Action: No Action was taken on this item.

Item 10. Staff Update

a. Charter School Finance Corporation: H.B. 2851 (by Parker)

Mr. Deviney reported that H.B. 2851 was sent to the Governor for signature. Mr. Van Oort stated the bill relates to the Charter School Finance Corporation and provides for additional limitation on the liability of Corporation board members when they are acting within their capacity for the Corporation. The purpose of the bill is to stabilize the premium charged for D&O liability insurance.

Mr. Deviney stated that the appointment of Directors to Corporation's board will be subject to the approval of the Governor. The bill will allow for use of the Governor's Appointments Office to find candidates willing to serve on the Corporation's Board. Mr. Atkinson stated he was appreciative of Representative Parker's committee for adding the appointment language.

b. Legislative Update:

- S.B. 900 and other TWIA financing considerations

Mr. Deviney reported S.B. 900 is with the Governor's Office, awaiting signature. The bill allows for the reduction of the reliance of future debt issuance for incidents that have already occurred.

- H.B. 100 (Tuition Revenue Bond Authorizations)

Mr. Hernandez reported H.B. 100 authorizes up to \$3.1 billion in Tuition Revenue Bonds and provided a breakdown of TPFA's university client agency allocations. Mr. Deviney stated that Midwestern State University and Texas Southern University should be requesting funds in the near future.

- Other bills of interest

Mr. Deviney reviewed additional bills that passed, including: SB 503 and SB 1358 related to the Texas Military Preparedness Commission and S.B. 955 which allows universities to establish charter schools. The General Appropriations Act, Article IX, has a new reporting provision for compliance with statewide HUB contracting goals. HB 9 changes funding requirements to bring the employee's pension fund closer to actuarial soundness and addresses rating agencies concerns related to the unfunded liability and potential downgrades. HB 9 provides for a 2.5 percent across-the-board salary increase to offset increased pension contributions. Mr. Deviney stated H.B. 2 is the supplemental appropriations bill for FY 2015 and that TPFA contributed \$25,000,000 in addition to the money (G.O. Bond Debt Service savings) that TPFA had previously contributed to the December Budget Execution Order.

Mr. Deviney also addressed certain bills that did were not enacted.

c. Market update

No discussion on this item.

Item 11. Discussion of future meeting dates, and times.

A potential Thursday, July 16, 2015 meeting was discussed.

Item 11. Adjourn

Mr. Atkinson adjourned the meeting at 1:35 p.m.

The foregoing minutes were approved and adopted by the Board of Directors on August 6, 2015.



Billy M. Atkinson
Chair, Board of Directors

ATTACHMENT: Post Notice – Exhibit A



Donna Weinberger-Rourke

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Open Meeting Submission

TRD: 2015003760
Date Posted: 06/03/2015
Status: Accepted
Agency Id: 0113
Date of Submission: 06/03/2015
Agency Name: Texas Public Finance Authority
Board: TEXAS PUBLIC FINANCE AUTHORITY
Committee: TEXAS PUBLIC FINANCE AUTHORITY
Date of Meeting: 06/11/2015
Time of Meeting: 12:00 PM (###:## AM Local Time)
Street Location: Capitol Extension Hearing Room E2.028 State Capitol 1400 N. Congress Ave.
City: Austin
State: TX
Liaison Name: Donna Weinberger-Rourke
Liaison Id: 7
Additional Information Obtained From: Donna Weinberger at 512/463-5544, 300 W. 15th Street, Suite 411, Austin, TX 78701
Texas Public Finance Authority
Board Meeting
Thursday, June 11, 2015 –12:00 P.M.
Capitol Extension Hearing Room E2.028
State Capitol
1400 N. Congress Ave.
Austin, Texas 78701
Agenda: 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 7, 2015, Board Meeting.
4. Consideration and approval of Resolutions ratifying advances no. 11, no. 12 and no. 13 for Texas Southern University relating to the Series A 2012-10 Note.
5. Consideration, discussion and possible action to approve the Cancer Prevention & Research Institute of Texas Request for Financing in an amount not to exceed \$300,000,000, for Fiscal Year 2016, in general obligation debt pursuant to Article III, Section 67, Texas Constitution; Texas Health and Safety Code, Chapter 102, as amended; Texas Government Code, Chapter 1232, as amended; and provisions of the General Appropriations Act, 84th Legislature, R.S. (2015) 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 authorize the refinancing of outstanding General Obligation Commercial Paper Notes issued under the Cancer Prevention & Research Institute of Texas Commercial Paper Program (Series A – Taxable), determine a method of sale, select outside consultants and take other necessary related action.
7. Consideration, discussion and possible action relating to an appointment to the Board of the Texas Public Finance Authority Charter School Finance Corporation.
8. Report on the sale of the State of Texas General Obligation Refunding Bonds, Series 2015A and State of Texas General Obligation Park Development Refunding Bonds, Series 2015B.
9. Report on the sale of the Texas Public Finance Authority Revenue Refunding Bonds, Series 2015ABCD&E.
10. Staff update:
 - a. Charter School Finance Corporation: H.B. 2851 (by Parker)
 - b. Legislative Update:
 - S.B. 900 and other TWIA financing considerations
 - H.B. 100 (Tuition Revenue Bond Authorizations)
 - Other bills of interest
 - c. Market update
11. Future agenda items, meeting dates, and times.
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.

Certification: I certify that I have reviewed this document and that it conforms to all applicable Texas Register filing requirements. Kevin D. Van Oort, General Counsel, Certifying Official:
Donna Weinberger, Agency Liaison.

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