

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

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

March 25, 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 10:00 a.m., Wednesday, March 25, 2020, via teleconference.

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; and Kevin Van Oort, General Counsel.

In attendance were the following persons, representing the indicated entities: Karlos Allen and Bruce Rideaux, PFM Financial Advisors LLC; Chris Allen and Gabriella Briceno, RBC Capital Markets, LLC; Paul Jack, Estrada Hinojosa & Co., Inc; Paul Braden and Chris Dvorak, Norton Rose Fulbright US LLP; Hasan Mack, McCall Parkhurst & Horton LLP; Randy Bates, Bates & Coleman PC; and George Purcell, Legislative Budget Board.

Mr. Atkinson called the meeting to order at 10:06 a.m. and noted the presence of a quorum.

Item 1. Confirm meeting posting compliance with the Governor's March 16, 2020 action suspending portions of the Texas Open Meetings Act.

Mr. Atkinson confirmed that the meeting was duly posted with the Secretary of State and due to Governor Greg Abbott's March 13, 2020 proclamation of a state of disaster affecting all counties in Texas due to the Coronavirus (COVID-19) pandemic and the Governor's March 16, 2020 suspension of certain provisions of the Texas Open Meetings Act, the March 25, 2020 meeting of the Texas Public Finance Authority was being held by telephonic conference call, as authorized under Texas Government Code section 551.125(b).

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

Mr. Atkinson requested a roll call. All seven Board members confirmed they were participating in the telephonic conference call.

Item 3. Update on current financial market conditions.

Mr. Deviney described the current state of the municipal bond market. The financial markets have not been moving and few, if any, bonds are going to market. There have been wild fluctuations in yields and the Authority's immediate concern is with the commercial paper market. The tax-exempt markets are worse than the taxable market; however, the Authority does not have tax-exempt commercial paper maturing until May. On March 24, 2020, TPFAs rolled \$77 million in taxable commercial paper at a 2% interest rate, which Mr. Deviney said was higher than in previous weeks, but he was pleased to get the trade done. TPFAs dealers have confirmed that liquidity in the market is beginning to return.

Mr. Deviney explained that the taxable commercial paper is for funding the Cancer Prevention and Research Institute of Texas (CPRIT) and that there are two additional tranches that should be rolled on April 20 and April 21 as a result of postponing the CPRIT refunding transaction previously set for April 1, 2020.

Mr. Deviney stated that the Bond Review Board (BRB) has taken emergency action, which allows the CPRIT refunding to be considered under BRB's "exempt-track", with automatic approval after six business days unless the BRB elects to call for a formal meeting to review the application. TPFAs anticipates receiving BRB approval for the CPRIT refunding transaction on March 27, 2020.

TPFA financial advisor, Mr. Chris Allen, with RBC Capital Markets, further described the state of the current bond market. Mr. Allen stated there is some easing in the markets, costs are moving down, and that the tax-exempt market reset at 20-25 basis points over the previous day. Mr. Allen continued that the stimulus package being considered should relieve credit stress and it may trickle down to our markets.

TPFA financial advisor, Mr. Karlos Allen, with PFM Financial Advisors, said he is seeing more movement in the markets this week, especially for the higher-grade paper issuers such as TPFAs. Mr. Allen believes TPFAs will be able to get the transaction done in the coming weeks.

Discussion ensued regarding the credit spreads in the current markets and any immediate transactions or events that may require Board action.

Item 4. Consideration, discussion and possible action to increase the liquidity coverage applicable to the General Obligation Commercial Paper Notes program for the Cancer Prevention and Research Institute of Texas.

Mr. Deviney explained, because of the market fluctuations, there may not be the ability to issue the CPRIT new money portion of the bonds and/or obtain a favorable interest rate for the bonds, if issued. In order to fund CPRIT for approximately six months without the issuance of new money bonds, the liquidity cap for the CPRIT CP program would need to be increased to \$350 million, from the current cap of \$250 million. The Comptroller of Public Accounts provides the liquidity for the commercial paper.

Action: Motion by Mr. Moore to authorize staff to execute the proposed third amendment to the liquidity agreement for the General Obligation Commercial Paper Notes program for CPRIT, to increase the maximum liquidity coverage to \$350 million. Second by Mr. Manning.

By telephonic roll call vote, the motion passed unanimously.

Item 5. Impact of current market conditions on future transactions.

Mr. Deviney explained the refunding transaction on the calendar for July was approved to move forward for savings. If the cost savings hold through July, the refunding will move forward.

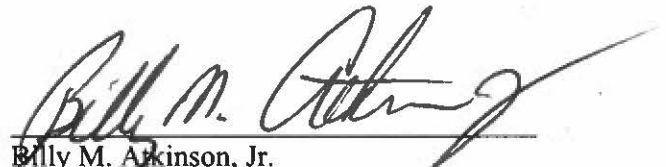
Item 6. Future agenda items and meeting dates.

The Board discussed a June 4, 2020 meeting to review possible bond transaction documents, the TPFAs strategic plan, TWIA's request to redeem \$45 million in bonds. A potential Work Session may be scheduled to discuss the Agency's budget. Mr. Deviney requested that the Board keep July 9 open, along with the first Thursdays in August and September.

Item 7. Adjourn.

Mr. Atkinson adjourned the meeting at 10:44 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