

TEXAS PUBLIC FINANCE AUTHORITY

BOARD OF DIRECTORS:

Billy M. Atkinson, Jr., Chair
Ruth C. Schiermeyer, Vice Chair
Gerald B. Alley, Secretary
Ramon Manning
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

March 8, 2018

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., Thursday, March 8, 2018 at the Capitol Extension Hearing Room E2.028, 1400 N. Congress Avenue, Austin, Texas. Present were: Mr. Billy M. Atkinson, Jr., Chairman; Mr. Gerald B. Alley, Secretary; Mr. Ramon Manning, Member; and Mr. Rodney K. Moore, Member.

Representing the Authority's staff were: Lee Deviney, Executive Director; John Hernandez, Deputy Director; Pamela Scivicque, Director of Business Administration; and John Barton, Senior Financial Analyst.

In attendance were the following persons, representing the indicated entities: Jorge Rodriguez and Daniel Rodriguez, FTN Financial; Chris Allen and Gabriella Briceno, Hilltop Securities; Brad Angst, George K. Baum & Company; Tim Kelley, Piper Jaffray; Robin Redford, Ramirez; Patrick Scott, Barclays; Julie Houston, Orrick, Herrington & Sutcliffe; Andy Bynam, Mesirow Financial; Ashley Jones, Raymond James; John Daniels, Barclays; Hasan Mack, McCall Parkhurst & Horton; Victoria Ozimek, Bracewell LLP; and Mario Carrasco, Citi.

Mr. Atkinson called the meeting to order at 10:34 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.

Action: Motion by Mr. Manning to excuse the absence of Mr. Moody, Mr. Roddy and Ms. Schiermeyer. Second by Mr. Alley.

The motion passed unanimously.

Item 3. Review and approval of the minutes of the November 6, 2017 Board Meeting.

Mr. Atkinson asked the board members if there were any corrections. None were noted.

Action: Motion by Mr. Alley to approve the minutes of the November 6, 2017, Board Meeting. Second by Mr. Manning.

The motion passed unanimously.

Item 4. TPFA-Charter School Finance Corporation update.

Mr. Deviney provided a status report on the Charter School Finance Corporation (CSFC), specifically discussing the provision of conduit financing for charter schools. Mr. Deviney stated that no requests for financing have been submitted to the CSFC during the past two years. Mr. Deviney also outlined the role of the CSFC in administering the Texas Credit Enhancement Program (TCEP), a program that provides a surety for bonds issued by charter schools in lieu of a charter school needing to commit funds to a reserve account. The TCEP funds are in the state treasury, and the current balance of the fund is in excess of \$10 million. TPFA has contacted the US Department of Education to discuss a potential expansion of the permissible uses of the TCEP funds. The Tax Reform Act of 2017 may affect the issuance of new bonds.

Mr. Deviney advised the Board that there are four TCEP applications currently under review.

Item 5. Consideration, discussion and possible action to make appointments to the Board of Directors of the TPFA-Charter School Finance Corporation.

No action taken on this item.

Item 6. Consideration, discussion and possible action to authorize the engagement of consultants for ongoing matters relating to the Texas Windstorm Insurance Association.

Mr. Deviney stated that TPFA has a contract in place with the law firm of Andrews Kurth Kenyon to provide legal services for any future Texas Windstorm Insurance Association related matters. Mr. Deviney explained Julie Houston and other members of Andrews Kurth Kenyon will be moving to the Orrick law firm. To maintain continuity of service, TPFA was able to

assign the work to the Orrick law firm. Mr. Atkinson proposed that if there is no opposition that the board approve the action.

Action: Motion by Mr. Manning to appoint the law firm of Orrick, Herrington & Sutcliffe to provide bond counsel services related to the ongoing Texas Windstorm Insurance Association financing matters, for a term to expire August 31, 2019. Second by Mr. Alley.

The motion passed unanimously.

Item 7. Consideration, discussion and possible action to amend the TPFA Bond Counsel Pool.

Mr. Atkinson proposed the Board consider the firm of Orrick, Herrington & Sutcliffe be added to the current TPFA bond counsel pool, through August 31, 2019. Mr. Atkinson further suggested that the firm of Andrews Kurth Kenyon remain in the bond counsel pool.

Action: Motion by Mr. Manning to amend the TPFA Bond Counsel Pool to include the firm of Orrick, Herrington & Sutcliffe, through August 31, 2019. Second by Mr. Moore.

The motion passed unanimously.

Item 8. Consideration, discussion and possible action to authorize the refinancing of outstanding Texas Public Finance Authority State of Texas Taxable General Obligation Bonds, Series 2009B (Build America Bonds – Direct Payment to Issuer), determine a method of sale, select outside consultants, and take other necessary related action.

Mr. Deviney advised the Board that this taxable bond series receives a federal subsidy for a portion of the interest expense, and the bonds have not been previously refunded. Mr. Deviney indicated the original subsidy on the bonds has been reduced due to sequestration, thereby limiting the cost-effectiveness of the bonds. Mr. Deviney introduced Jorge Rodriguez, with FTN Financial, to explain the details of a possible refunding.

Mr. Rodriguez indicated that the 2009B bonds were issued as taxable bonds in order to receive a federal subsidy; however, the bonds could have been issued as tax-exempt without the subsidy. Further, the 2009B bonds were issued with a 10-year call feature and as the call date approaches, a refunding would generate greater savings. Mr. Rodriguez advised the Board that the IRS has given indications that the 2009B bonds would be eligible for an advance refunding, notwithstanding the recent changes to the internal revenue code. Mr. Rodriguez stated that potential future interest rate increases would reduce the savings to be realized from a refunding executed at a later date and referenced the risk that federal sequestration could lower or eliminate the federal subsidy at a future date.

Mr. Atkinson observed that if the Board moves forward with the transaction there would be fewer risks with sequestration and interest rate. Mr. Rodriguez concurred.

Mr. Deviney stated that Kevin Van Oort, General Counsel, has begun the dialogue with tax counsel to vet the question of whether the bonds can be advance refunded.

Mr. Deviney indicated that appointing bond counsel, disclosure counsel and a financial advisor at this time would facilitate the review process.

Action: Motion by Mr. Alley to appoint the Bracewell law firm to provide bond counsel services related to the potential refunding of TPFA's outstanding Build America Bonds (General Obligation Series 2009B), for a term to expire August 31, 2019. Second by Mr. Moore.

The motion passed unanimously.

Action: Motion by Mr. Manning to appoint law firm of McCall, Parkhurst & Horton to provide disclosure counsel services related to the potential refunding of TPFA's outstanding Build America Bonds (General Obligation Series 2009B), for a term to expire August 31, 2019. Second by Mr. Alley.

The motion passed unanimously.

Action: Motion by Mr. Manning to appoint FTN Financial to provide financial advisory services related to the potential refunding of TPFA's outstanding Build America Bonds (General Obligation Series 2009B), for a term to expire August 31, 2019. Second by Mr. Moore.

The motion passed unanimously.

Item 9. Post-Sale Reports: TPFA G.O. Refunding Bonds, Taxable Series 2017B, and TPFA Lease Revenue Refunding Bonds, Taxable Series 2017.

Mr. Hernandez explained that in August 2017, the Board voted to appoint George K. Baum & Company (GKB) as senior underwriter, and Blaylock Van LLC as co-underwriter, for the TPFA G.O. Refunding Bonds, Taxable Series 2017B and GKB as the sole underwriter for the TPFA Lease Revenue Refunding Bonds, Taxable Series 2017.

Mr. Hernandez recognized Brad Angst with George K. Baum & Company to give a report on the transactions.

Mr. Angst stated there was good performance by new investors, and both transactions were priced in the Denver, Colorado market. The G.O. Refunding Bonds were over-subscribed and the transaction produced a refunding savings of approximately 9% or net present value savings of \$1.9 million.

Mr. Angst reported that the \$4 million Lease Revenue Refunding transaction resulted in a 7.9% savings, which equates to a savings of approximately \$300,000.

No Action taken on this item.

Item 10. Staff Update:

Staff Update:

a. Update on the 2016 SAO Audit Report

Mr. Deviney reported the SAO has determined that the agency is currently in compliance with 80% of the recommendations in the SAO 2016 audit.

b. Agency Strategic Plan 2019-2023

Mr. Deviney stated the Board is receiving the key elements of the plan for its review, and that limited changes to the document are anticipated. Mr. Deviney asked Pamela Scivicque to provide further background. Ms. Scivicque stated that the plan is due on June 8, 2018. Ms. Scivicque provided an overview of the three budget strategies and two outcome measures. Ms. Scivicque reviewed the sections of the plan, including the HUB plan, Survey of Employment Engagement and other elements.

Mr. Atkinson reminded the Board that nothing has significantly changed in the past two years. Discussion ensued regarding the definition for HUB and commodity services.

Action: Motion by Mr. Manning approve the staff recommendation and delegate, to the Chairman, final approval authority for the Agency Strategic Plan. Second by Mr. Alley.

The motion passed unanimously.

c. Personnel Update

Mr. Deviney introduced Erica McNair as the new Accountant on staff. Ms. McNair came from the private sector, having worked previously for Cox Communication.

Mr. Deviney advised the Board that the Legislature provided funding for an additional position to implement the Comptroller's new "CAPPS" accounting system. This position will be posted in the near future.

d. Market Update

Mr. Barton stated that the agency recently issued \$99 million in commercial paper for CPRIT which traded at 2% for a term of 60 days. In February, \$3.8 million was paid down in the Master Lease Purchase Program which leaves a balance outstanding of approximately \$33 million; however, it is expected that the agency will issue an additional \$5.5 million within the next 6 to 12 months.

Mr. Deviney advised that the agency will be working with new budget analysts at the LBB and the Office of the Governor.

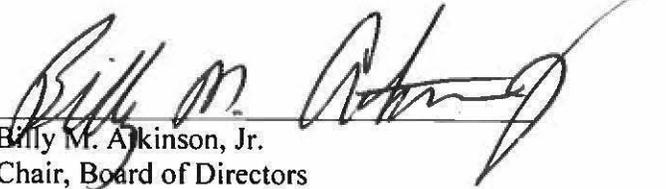
Item 11. Future agenda items and meeting dates.

A Board meeting on Friday, May 11, 2018, and the potential for a subsequent meeting in late August, was discussed.

Item 12. Adjourn.

Mr. Atkinson adjourned the meeting at 11:39 a.m.

The foregoing minutes were approved and adopted by the Board of Directors on this 11th day of May 2018.


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

ATTACHMENT: Posting Notice



Open Meeting Information

Agency Name: Texas Public Finance Authority
Date of Meeting: 03/08/2018
Time of Meeting: 10:30 AM (Local Time)
Board: Texas Public Finance Authority
Committee: Texas Public Finance Authority
Status: Accepted
Street Location: 1400 N Congress Avenue, Capitol Extension Hearing Room E2.028
City Location: Austin
Meeting State: TX
TRD: 2018003632
Submit Date: 02/28/2018
Emergency Mtg: No
Additional Information Obtained From: Donna Weinberger at 512-463-5544

Texas Public Finance Authority
 Board Meeting
 Thursday, March 8, 2018 - 10:30 A.M.
 Capitol Extension Hearing Room E2.028
 State Capitol
 1400 N. Congress Avenue
 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 November 6, 2017 Board Meeting.
4. TPFA-Charter School Finance Corporation update.
5. Consideration, discussion and possible action to make appointments to the Board of Directors of the TPFA-Charter School Finance Corporation.
6. Consideration, discussion and possible action to authorize the engagement of consultants for ongoing matters relating to the Texas Windstorm Insurance Association.

Agenda:

7. Consideration, discussion and possible action to amend the TPFA Bond Counsel Pool.
8. Consideration, discussion and possible action to authorize the refinancing of outstanding Texas Public Finance Authority State of Texas Taxable General Obligation Bonds, Series 2009B (Build America Bonds - Direct Payment to Issuer), determine a method of sale, select outside consultants, and take other necessary related action.
9. Post-Sale Reports: TPFA G.O. Refunding Bonds, Taxable Series 2017B, and TPFA Lease Revenue Refunding Bonds, Taxable Series 2017.
10. Staff Update:
 - a. Update on the 2016 SAO Audit Report
 - b. Agency Strategic Plan 2019-2023
 - c. Personnel Update
 - d. Market Update
11. Future agenda items and meeting dates.
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.

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