

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

MAILING ADDRESS:

Post Office Box 12906
Austin, Texas 78711-2906

PHYSICAL ADDRESS:

300 West 15th Street, Suite 411
Austin, Texas 78701

TELEPHONE: (512) 463-5544

FACSIMILE: (512) 463-5501

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

March 7, 2019

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 7, 2019 at the Capitol Extension Hearing Room E2.012, 1400 N. Congress Avenue, Austin, Texas. Present were: Mr. Billy M. Atkinson, Jr., Chairman; Mr. Robert T. Roddy, Member; Mr. Walker N. Moody, Member; and Mr. Rodney K. Moore, Member. Mr. Moody and Mr. Moore participated via video conference.

Representing the Authority's staff were: Lee Deviney, Executive Director; John Hernandez, Deputy Director; Pamela Scivicque, Director of Business Administration; Kevin Van Oort, General Counsel; and Matthew Berry, Financial Analyst.

In attendance were the following persons, representing the indicated entities: Jonathan Hoekstra and Madelynne Johnston, Texas State Technical College; Jorge Rodriguez and Daniel Rodriguez, George K. Baum & Company; Chris Allen and Gabriella Briceno, Hilltop Securities; Jerry Kyle, Orrick, Herrington & Sutcliffe LLP; Kyle Cottrell, J.P. Morgan Securities; Blaine Brunson, Morgan Stanley; John Daniel and Brian Middlebrook, Barclays Capital; Mark Ellis, Jefferies LLC; Dennis Waley, PFM; and Jim Niederle, HSE & Co.

Mr. Atkinson called the meeting to order at 10:32 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. Mr. Atkinson further confirmed that the participation of Mr. Moody and Mr. Moore via video conference was in accordance with Government Code Section 551.127.

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

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

The motion passed unanimously.

Item 3. Review and approval of the minutes of the January 17, 2019 Board meeting.

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

Action: Motion by Mr. Moody to approve the minutes of the January 17, 2019 Board Meeting. Second by Mr. Roddy.

The motion passed unanimously.

Item 4. Legislative Update:

a. Legislation

Mr. Deviney provided an overview of several bills currently being considered by the Legislature.

b. Sunset Commission reports

Mr. Deviney provided a status report on the sunset legislation related to the Texas Windstorm Insurance Association.

c. Agency Budget

Mr. Deviney reported that he and Mr. Manning had recently presented TPFA's budget request to the Senate Finance Committee. Mr. Deviney further indicated that he and Chairman Atkinson had presented TPFA's budget request to the House Appropriations Committee in February.

Item 5. Consideration, discussion and possible action to approve a Request for Financing submitted by the Texas State Technical College, in an amount not to exceed \$4,400,000 in revenue bonds for the acquisition of a building in Harlingen; selection of a method of sale; appointment of outside consultants; and taking other necessary related action.

Mr. Deviney advised the Board that the agency received a request for financing from the Texas State Technical College (TSTC) to purchase a building at its Harlingen campus. The building is currently being used by TSTC and other entities, including UT Rio Grande Valley. The purchase of the facility would allow TSTC to expand its technical program offerings.

Jonathan Hoekstra, TSTC Vice Chancellor, provided additional detail regarding the purpose of the request for financing. Mr. Hoekstra indicated that there are 4,500 students using the Harlingen campus and that the TSTC system serves about 13,000 students.

Chairman Atkinson asked Mr. Hoekstra if the financing structure being proposed is what the college asked for. Mr. Hoekstra agreed that the financing terms were consistent with the college's request.

Mr. Chris Allen with Hilltop Securities explained the mechanics of a private placement transaction. Mr. Allen stated that bonds would be marketed through a limited offering memorandum and that the bonds would not need a credit rating. Mr. Allen anticipated that the bonds would be financed for 5 to 7 years.

Mr. Deviney recommended that method of sale should be private placement. Mr. Deviney recommended the appointment of Hilltop Securities as financial advisor, due to the expertise of that firm's staff in both higher education and private placement transactions. Further, Mr. Deviney recommended the appointment of the law firm of Orrick, Herrington & Sutcliffe as bond counsel, based on their experience relative to this transaction.

Action: Motion by Mr. Roddy to approve the request for financing submitted by the Texas State Technical College, in an amount not to exceed \$4.4 million, plus costs of issuance and further that such financing may be accomplished utilizing a private placement with a commercial bank or similar accredited investor and further that staff be authorized to take any necessary additional action in preparation for such sale, including the designation of such additional service providers and consultants as deemed necessary and appropriate. Second by Mr. Moody.

The motion passed unanimously.

Action: Motion by Mr. Moore to appoint the Hilltop Securities to provide financial advisory services related to the proposed TSTC financing. Second by Mr. Moody.

The motion passed unanimously.

Action: Motion by Mr. Moody to appoint the Orrick Herrington & Sutcliffe law firm to provide bond counsel services related to the proposed TSTC financing. Second by Mr. Moore.

The motion passed unanimously.

Item 6. Appointments to the Board of Directors of the TPFA-Charter School Finance Corporation.

Mr. Deviney reported that the Corporation currently has five board members serving. The terms of three of the board members will expire on May 1, 2019. Mr. Paul Jack, Mr. Monty Humble and Mr. David Miller have agreed to continue serving on the Corporation board for an additional 2 years.

Action: Motion by Mr. Moore to appoint Mr. Paul Jack, Mr. David Miller, and Mr. Monty Humble to the Board of Directors of the TPFA-Charter School Finance Corporation for respective terms to expire May 1, 2021, subject to the approval of the Governor. Second by Mr. Moody.

The motion passed unanimously.

Item 7. Consideration, discussion and possible action to select a firm to provide arbitrage rebate compliance services and other fund expenditure monitoring services.

Mr. Hernandez explained that PFM Asset Management (PFM) has helped TPFA comply with the IRS arbitrage requirements for tax-exempt bonds by performing arbitrage rebate liability computations since 2012. More recently, TPFA added bond fund monitoring to the scope of services.

Staff has worked with PFM to fine-tune the monitoring reports and PFM has become increasingly more efficient at producing these complex reports for TPFA's diverse bond portfolio.

Based on prior performance and staff satisfaction, staff recommended that the Board appoint PFM to perform arbitrage compliance and bond fund monitoring services for TPFA for an additional four years.

Action: Motion by Mr. Roddy to appoint PFM Asset Management to provide arbitrage rebate compliance and fund monitoring services for a four-year period beginning on September 1, 2019. Second by Mr. Moore.

The motion passed unanimously.

Item 8. Staff Update:

a. Upcoming bond sales.

Mr. Deviney outlined the calendar of upcoming bond transactions.

b. TPFA-Charter School Finance Corporation update.

Ms. Scivicque reported that the agency was able to secure the Directors & Officers Liability Insurance Renewal of the Corporation for an additional 12-month period from April 2, 2019 through April 2, 2020. Ms. Scivicque reported that the annual premium of \$6,306 will remain the same, with the same level of coverage.

c. Procedures for selection of service providers for debt issuance transactions.

Mr. Deviney laid out a draft time line for the upcoming RFP process.

d. Update on Texas Windstorm Insurance Association.

Mr. Deviney explained that the Series 2014 TWIA bonds will be eligible for refunding this year. Mr. Deviney indicated that while TWIA has not submitted a request for financing to refund the Series 2014 bonds, he anticipates that such a request may be submitted later in the year. The line of credit that TWIA had in place for the 2018 storm season has expired. TWIA is currently working on securing a line of credit for the 2019 storm season.

e. Texas Workforce Commission – Personnel Policy & Procedure Review.

Mr. Van Oort stated that in November of 2018, staff from the Texas Workforce Commission (TWC) conducted a brief follow-up review of TPFA's personnel policies and procedures. On January 31, 2019, the TWC issued a final report which was favorable and submitted a formal "Certification Letter," indicating that TPFA's policies and procedures are in compliance with the governing statutes.

f. Market Update

Mr. Berry reported there are bond debt service payments of \$987,000 in principal and interest for the revenue bonds and \$46.7 million in interest for the General Obligation bonds due on April 1, 2019. Mr. Berry reported that the current spread between taxable vs tax-exempt TPFA commercial paper is approximately 1%. Tax-exempt commercial paper is currently trading at approximately 173 basis points for 30-day notes.

Mr. Berry indicated that TPFA had approximately \$40 million in authorized, but unissued, capacity remaining in the 2008 commercial paper program.

Mr. Berry indicated that TPFA's Master Lease Purchase Program (MLPP) collected lease payments from client agencies on February 1, 2019. TPFA applied \$4.2 million of the lease payments towards principal, leaving approximately \$30.5 million in MLPP commercial paper outstanding. The effective interest rate for MLPP participants during the six-month pay period was 2.16%.

g. Personnel Update

Mr. Deviney stated that TPFA has 13 of the 15 authorized positions filled. Mr. Deviney informed the Board that staff is currently interviewing applicants for one of the positions. The remaining position may not be filled, pending a legislative decision on the agency's budget request for the 2020-21 biennium.

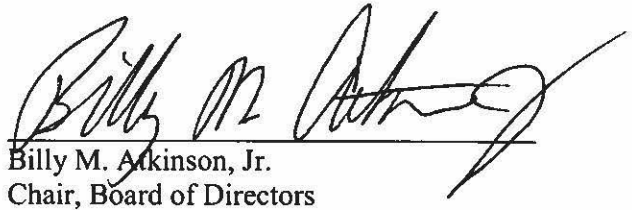
Item 9. Future agenda items and meeting dates.

The Board discussed possible dates for its next meeting. May 2, 2019 was discussed as a possible date for the next meeting. Mr. Deviney also requested that the Board save June 6 and July 11 for possible meeting dates.

Item 10. Adjourn.

Mr. Atkinson adjourned the meeting at 11:25 a.m.

The foregoing minutes were approved and adopted by the Board of Directors on this 2nd day of May 2019.



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

ATTACHMENT: Posting Notice



Donna Weinberger-Rourke

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Open Meeting Submission

TRD: 2019001263
Date Posted: 02/27/2019
Status: Accepted
Agency Id: 0113
Date of Submission: 02/27/2019
Agency Name: Texas Public Finance Authority
Board: Texas Public Finance Authority Board Meeting
Committee: Texas Public Finance Authority
Date of Meeting: 03/07/2019
Time of Meeting: 10:30 AM (###:## AM Local Time)
Street Location: Capitol Extension Hearing Room E2.012 State Capitol 1400 N. Congress Avenue
City: Austin
State: TX
Liaison Name: Donna Weinberger-Rourke
Liaison Id: 8
Additional Information Obtained From: Donna Weinberger at 512-463-5544
Agenda: Texas Public Finance Authority Board Meeting
Thursday, March 7, 2019 - 10:30 A.M.
Capitol Extension Hearing Room E2.012
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 January 17, 2019 Board meeting.
4. Legislative Update:
 - a. Legislation
 - b. Sunset Commission reports
 - c. Agency Budget
5. Consideration, discussion and possible action to approve a Request for Financing submitted by the Texas State Technical College, in an amount not to exceed \$4,400,000 in revenue bonds for the acquisition of a building in Harlingen; selection of a method of sale; appointment of outside consultants; and taking other necessary related action.
6. Appointments to the Board of Directors of the TPFA-Charter School Finance Corporation.
7. Consideration, discussion and possible action to select a firm to provide arbitrage rebate compliance services and other fund expenditure monitoring services.
8. Staff Update:
 - a. Upcoming bond sales.
 - b. TPFA-Charter School Finance Corporation update.
 - c. Procedures for selection of service providers for debt issuance transactions.
 - d. Update on Texas Windstorm Insurance Association.
 - e. Texas Workforce Commission - Personnel Policy & Procedure Review.
 - f. Market Update
 - g. Personnel Update
9. Future agenda items and meeting dates.
10. 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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