

# TEXAS PUBLIC FINANCE AUTHORITY

## BOARD OF DIRECTORS:

Billy M. Atkinson, Jr., Chair  
Ramon Manning, Vice Chair  
Jay A. Riskind, Secretary  
Larry G. Holt  
Shanda G. Perkins  
Brendan Scher  
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

**June 10, 2021**

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 10:22 a.m., Thursday, June 10, 2021, via video conference call.

Present were: Mr. Billy M. Atkinson, Jr., Chairman; Mr. Ramon Manning, Vice Chair; Mr. Jay A. Riskind, Secretary; Larry G. Holt, Member; Ms. Shanda G. Perkins, Member; Mr. Brendan Scher, Member; and Mr. Benjamin E. Streusand, 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; and John Barton, Senior Financial Analyst.

In attendance were the following persons, representing the indicated entities: Wayne Roberts and Heidi McConnell, CPRIT; Jerry Kyle and Andrew Bethune, Orrick, Herrington & Sutcliffe LLP; Chris Allen and Gabriella Briceno, RBC Capital Markets, LLC; Mario Carrasco and Jennifer Welch, Citigroup Global Markets, Inc.; Frank Reed and James Carter, Academy Securities Inc.; Karlos Allen, Dan Kardish and Bruce Rideaux, PFM Financial Advisors LLC; Tim Peterson, Jefferies LLC; Bech Bruun, UBS; Courtney Springer, Mesirow Financial, Inc.; Randy Bates and Willie Coleman, Bates & Coleman, P.C.; Humberto Aguilera, Escamilla & Poneck, LLP; John Daniel and Patrick Scott, Barclays Capital Inc.; Mark Ellis, Hilltop Securities; Paul Jack, Estrada Hinojosa & Co., Inc.; Tim Kelley, Piper Sandler & Co.; Lynda Rodriguez, SWBC Investment Services; and Tilghman Naylor, Loop Capital Markets.

Mr. Atkinson called the meeting to order at 10:22 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. Due to Governor Abbott's March 13, 2020, proclamation declaring a state of disaster due to the coronavirus and March 16, 2020, suspension of certain provisions of the Texas Open Meetings Act, this meeting of the Texas Public Finance Authority was being held via video conference call, as authorized under Section 551.127 of the Texas Government Code.

Mr. Atkinson recognized Rodney Moore, a former TPFA Board member, for his 12 years of service to the State. Mr. Moore stated that it had been an honor to serve the State of Texas and the TPFA Board in interesting and some difficult times. Mr. Moore complimented the TPFA staff and Board for their professionalism, politeness, and impeccable ethics.

### **Item 2. Excuse absences of Board members, if necessary.**

All members were present.

### **Item 3. Review and approval of the minutes of the May 6, 2021, Board meeting.**

Mr. Atkinson asked the Board if they had any corrections to the minutes. None were noted.

**Action:** Motion by Mr. Manning to approve the minutes of the May 6, 2021, meeting. Second by Mr. Scher.

Mr. Holt abstained from voting, since he was not serving on the Board during the May 6, 2021, meeting. The motion passed with all other Board members voting aye.

### **Item 4. Board governance and election of officers.**

Mr. Atkinson opened the floor for discussion to fill the vacancy in the Secretary position. He indicated that the Board may elect a new secretary or defer the selection until a later date. Mr. Manning nominated Mr. Riskind to serve as TPFA Board Secretary. Mr. Riskind accepted the nomination.

**Action:** Motion by Mr. Manning to elect Mr. Riskind as Board Secretary. Second by Ms. Perkins.

The motion passed unanimously.

### **Item 5. Liquidity agreement extensions for the 2022-23 biennium.**

Mr. Deviney explained that the Comptroller's office provides liquidity for each of the TPFA's four commercial paper programs and has agreed to a two-year extension of each of the liquidity agreements. TPFA staff is requesting Board approval to extend liquidity through the Comptroller at the following caps for each commercial paper programs through the 2022-2023 biennium, expiring August 31, 2023.

<u>Liquidity Cap</u>	<u>TPFA Commercial Paper Program</u>
\$200 million	2019 (Revenue and MLPP)
\$80 million	2008 (General Obligation)
\$200 million	2016 (TFC Revenue)
\$350 million	2009 CPRIT (General Obligation)

**Action:** Motion by Mr. Streusand to authorize staff to execute the proposed liquidity extensions for the 2022-23 biennium for each of TPFA's four existing commercial paper programs, maintaining the current commitment amounts for each program as recommended by staff. Second by Mr. Scher.

The motion passed unanimously.

#### **Item 6. Ratification of existing commercial paper programs.**

Mr. Van Oort reported that he is working with the Office of the Attorney General to determine how a new procedural rule change made by the Bond Review Board requiring ratification of a resolution each year before an issuer may issue debt may impact TPFA's commercial paper programs. Mr. Van Oort indicated that this may be an action item for the next Board meeting.

#### **Item 7. Consideration, discussion and possible action to approve a request for financing submitted the Cancer Prevention and Research Institute of Texas.**

Mr. Deviney outlined the fiscal year 2022 request for financing submitted by the Cancer Prevention and Research Institute of Texas (CPRIT) for \$300 million. Staff recommends approval of the request through the existing commercial paper program.

Mr. Roberts, CPRIT Executive Director, provided a brief overview of the CPRIT program grant awards.

*Mr. Riskind departed the meeting at 10:40 a.m., prior to Board action on agenda item #7.*

**Action:** Motion by Mr. Manning to approve the Request for Financing submitted by the Cancer Prevention and Research Institute of Texas for Fiscal Year 2022, in an amount not to exceed \$300 million, utilizing the existing Commercial Paper program created for such purpose. Second by Mr. Scher.

The motion passed unanimously.

#### **Item 8. Consideration, discussion and possible action to designate service provider pools for future transactions.**

Mr. Atkinson explained there is a review of the service provider pools every biennium, which include underwriters, bond counsel and financial advisor. Mr. Atkinson pointed out the Board has several options, including an extension of any or all the pools or directing staff to post a request for proposals. Mr. Atkinson suggested the Board meet in August to discuss how to proceed with service provider pool options for the next biennium.

## **Item 9. Status Report: Financing for the Texas Military Preparedness Commission.**

Mr. Van Oort reported on the request for financing previously approved by the Board. The transaction is on hold as TPFA is awaiting further information from the Texas Military Preparedness Commission (TMPC) and the Port Authority of San Antonio (PASA) on the contemplated bridge loan for the PASA construction project. Once the bridge loan is in place, TPFA will proceed with the issuance of the long-term debt.

## **Item 10. Staff Update:**

### **a. Update on Charter School Finance Corporation**

Mr. Deviney reported that the Charter School Finance Corporation (CSFC) Board met on June 4, 2021 and awarded two of three Texas Credit Enhancement Program (TCEP) requests, with the third request being deferred to a later date when additional funding is available. TPFA should sign a performance agreement with the Department of Education soon and receive an additional \$10 million for future grant awards.

### **b. Personnel update**

Mr. Deviney reported the office is staffed at 50% or higher most days and 50% remotely. The Authority may adjust the schedule sometime after July 4, 2021.

### **c. Legislative update and General Appropriations Act**

Mr. Deviney provided an overview of TPFA's operating budget and method of finance approved for the 2022-2023 biennium, including the items that were not funded. At this time, the budget bill provides funding an additional FTE for one year to deploy the CAPPS-HR and Payroll module. The Texas Windstorm Insurance Association (TWIA) will provide \$25,000 per year for administrative costs associated with the management of TWIA outstanding debt. The agency received \$293,000 in General Revenue to implement HB 1520. In addition, the requested amounts for G.O. Bond Debt Service and Lease Payments were appropriately funded.

Mr. Atkinson provided background on the Board request and the approval of the 87<sup>th</sup> Legislature to change the salary and state group of the Executive Director's pay scale from a Group 5 to a Group 6, and the inclusion in Article IX provision to increase the Executive Director's salary cap, with the approval of the Legislative Budget Board and the Office of the Governor.

Mr. Deviney provided an overview of bills passed by the 87<sup>th</sup> Legislature that will have an impact on TPFA:

- HB 1522, which transfers Midwestern State University (MSU) to the Texas Tech University System.
- SB 713, which postpones the Sunset Advisory Commission review of TPFA by four years and defers the sunset date to August 31, 2027.

- SB 13, which prohibits the state from doing business with entities that boycott energy companies. Mr. Deviney anticipates a list of these companies to be created by the Comptroller's office.
- SB 19, which prohibits the state from doing business with entities that boycott firearm or ammunition companies.
- HB 4492, which authorizes the Public Utility Commission to submit a request for financing to a state debt issuer to finance certain costs associated with electric markets.

**d. HB 1520 – Incorporation of an Issuing and Financing Entity**

Mr. Atkinson stated he will add HB 1520 to the Board's August work session agenda.

Mr. Deviney explained the parameters of HB 1520, which is a vehicle for TPFA to finance debt related to extraordinary costs incurred by natural gas utility companies during Winter Storm Uri. HB 1520 authorizes the Texas Railroad Commission (RRC) to issue financing orders to a special purpose corporation created by TPFA to issue debt. Mr. Van Oort described some details regarding the process of review and approval by the RRC, the specific appointment of board members to the special purpose corporation, and the responsibilities of that corporation for hiring service providers and for issuing debt, based on the future actions of the RRC. Mr. Van Oort indicated the RRC's general counsel will work with TPFA's general counsel to create a proper structure of the bonds and determine the way the financing orders will be handled.

Mr. Atkinson explained the way the securitization would work, with assessments being passed on to consumers to pay the debt service on the bonds.

**e. D&O Insurance Update**

Mr. Deviney reported that TPFA staff submitted an application for Directors and Officers (D&O) liability insurance and the staff will report to the Board in August on the rate quotes and coverages available for Board consideration. Mr. Streusand reminded staff about his question as to whether D&O insurance would cover any SEC enforcement actions including sanctions.

**f. Market update**

Mr. Deviney provided a brief update on the Texas Southern University refunding bond sale and indicated that a more thorough report on the transaction will be forthcoming at a future meeting.

Board members requested that the underwriting procedures for negotiated bond sales be added to the Board's August work session agenda. The Board members also requested information on what is the standard practice at other state agencies regarding management fees and structuring fees.

John Barton presented the market update and reported the commercial paper rolls are currently scheduled for 70 to 150 days. Rates remain extremely low, about 20 bps. Further, the job market is improving, and the recent inflation rate increase is expected to be temporary.

**Item 11. Future transactions and market conditions.**

A schedule of TPFA upcoming transactions was discussed by Mr. Deviney.

**Item 12. Future agenda items and meeting dates.**

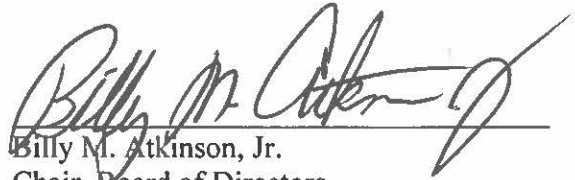
Mr. Deviney stated that he does not anticipate a need for a July meeting. Mr. Deviney asked the Board members to save August 5 for a potential work session and Board meeting to include the service provider pools and implementation of new legislation.

Mr. Deviney indicated a September 9 meeting could be possible if a request for financing is received from the Texas Windstorm Insurance Association to refund the Series 2014 bonds.

**Item 13. Adjourn.**

Mr. Atkinson adjourned the meeting at 12:15 p.m.

The foregoing minutes were approved and adopted by the Board of Directors on this 5th day of August 2021.

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



## Open Meeting Information

**Agency Name:** Texas Public Finance Authority

**Date of Meeting:** 06/10/2021

**Time of Meeting:** 10:00 AM (Local Time)

**Board:** Texas Public Finance Authority Board Meeting

**Status:** Accepted

**Street Location:** Via Video Conference Public access information available on the TPFA website at: <http://www.tpfa.texas.gov>

**City Location:** Austin

**Meeting State:** TX

**TRD:** 2021003283

**Submit Date:** 06/02/2021

**Emergency Mtg:** No

**Additional Information Obtained From:** Donna Weinberger 512-463-5544

Texas Public Finance Authority  
Board Meeting  
Thursday, June 10, 2021 - 10:00 A.M.

Via Video Conference  
Public access information available on  
the TPFA website at: <http://www.tpfa.texas.gov>

**Agenda:** Due to Governor Greg Abbott's March 13, 2020 proclamation of a state of disaster affecting all counties in Texas due to the coronavirus and the Governor's March 16, 2020 suspension of certain provisions of the Texas Open Meetings Act, this meeting of the Texas Public Finance Authority will be held via video conference call, as authorized under Section 551.127 of the Texas Government Code.

### 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 6, 2021 Board meeting.
4. Board governance and election of officers.
5. Liquidity agreement extensions for the 2022-23 biennium.
6. Ratification of existing commercial paper programs.
7. Consideration, discussion and possible action to approve a request for financing submitted the Cancer Prevention and Research Institute of Texas.
8. Consideration, discussion and possible action to designate service provider pools for future transactions.
9. Status Report: Financing for the Texas Military Preparedness Commission.
  
10. Staff Update:
  - a. Update on Charter School Finance Corporation
  - b. Personnel update
  - c. Legislative update and General Appropriations Act
  - d. HB 1520 - Incorporation of an Issuing and Financing Entity
  - e. D&O Insurance Update
  - f. Market update
11. Future transactions and market conditions.
12. Future agenda items and meeting dates.
13. Adjourn.

THE BOARD MAY GO INTO CLOSED SESSION AS PERMITTED UNDER THE OPEN MEETINGS ACT, GOVERNMENT CODE CHAPTER 551.

An electronic copy of the agenda is available at <http://www.tpfa.texas.gov/agenda.aspx>. A recording of the meeting will be available after the meeting. To obtain the recording, please contact Donna Weinberger, at 512/463-5544.

Information regarding use of the Zoom webinar application can be found on the TPFA website: at <http://www.tpfa.texas.gov>. Further technical information regarding the Zoom webinar application can be found at the Zoom Help Center: <https://support.zoom.us/hc/en-us/articles/115004954946-Joining-and-participating-in-a-webinar-attendee->.



Information regarding accessing the meeting via a toll-free dial-in number is also available on the TPFA website at: <http://www.tpfa.texas.gov>.

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