

# TEXAS PUBLIC FINANCE AUTHORITY

## BOARD OF DIRECTORS:

Billy M. Atkinson, Jr., Chair  
Ramon Manning, Vice Chair  
Jay A. Riskind, Secretary  
Lance S. Etcheverry  
Larry G. Holt  
Shanda G. Perkins  
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

February 13, 2023

The Board of Directors (the "Board") of the Texas Public Finance Authority ("TPFA") convened in open meeting, notice duly posted pursuant to law (a copy of which is attached hereto as Exhibit "A"), at 9:30 a.m., Monday, February 13, 2023, in the William P. Clements, Jr. Building, Room 411, Austin, TX.

Present were: Mr. Billy M. Atkinson, Jr., Chairman; Mr. Ramon Manning, Vice Chair; Mr. Jay A. Riskind, Secretary; Mr. Lance Etcheverry, Member; Mr. Larry G. Holt, Member; Ms. Shanda G. Perkins, Member; and Mr. Benjamin E. Streusand, Member. Mr. Atkinson presided in person; the other board members participated via video conference.

Representing the TPFA staff were: Lee Deviney, Executive Director; John Hernandez, Deputy Director; Kevin Van Oort, General Counsel; and Kelly Tappendorf, Financial Analyst.

In attendance were the following persons, representing the indicated entities: Paul Jack, Estrada Hinojosa & Co.; Paul Braden and Arthur Kimball-Stanley, Norton Rose Fulbright US LLP; Hasan Mack, McCall, Parkhurst & Horton LLP.; Ed Sanchez, Cabrerra Capital Markets; and Gary Machak, Stifel; and Monty Humble.

Kevin Twining, Locke Lord LLP; Kym Arnone, Kate Jovanoska, and John Kearney, Jefferies LLC; Jerry Kyle and Dean Criddle, Orrick, Herrington & Sutcliff LLP; and Danielle Moran, Bloomberg, participated via video conference.

Mr. Atkinson called the meeting to order at 9:35 a.m. and noted the presence of a quorum.

### **Item 1. Confirm meeting posting compliance with the Open Meetings Act.**

Mr. Atkinson confirmed that notice of the meeting had been posted in accordance with law.

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

**Action:** Motion by Ms. Perkins to excuse the absence of Ramon Manning. Second by Mr. Etcheverry.

The motion passed unanimously.

### **Item 3. Status report on the HB 1520 natural gas securitization bonds.**

Mr. Deviney provided a status report on pending application to issue the HB 1520 customer rate relief bonds and reported on Texas Natural Gas Securitization Corporation's (the "Corporation") presentation at the January 19, 2023 meeting on the Bond Review Board ("BRB"). Mr. Deviney indicated that the individual members of the Bond Review Board remain interested in considering a bond structure containing a make-whole call provision and that the BRB has scheduled a meeting on February 17 to consider the Corporation's revised application to issue the customer rate relief bonds. Mr. Deviney stated that the Corporation's revised application to the BRB now contains a make-whole call feature. Mr. Deviney advised the Board that the Second Amended and Restated Resolution being presented to the Board today would authorize the Corporation to issue the bonds with a make-whole call feature.

*[Mr. Manning joined the meeting.]*

Mr. Streusand inquired about the economics of the proposed make-whole call provision. In response to a question from Mr. Streusand, Mr. Jack with Estrada Hinojosa outlined the State's options to pre-pay the outstanding debt associated with Winter Storm Uri and contrasted the economics of a defeasance escrow versus exercising a make-whole call. Mr. Jack indicated that his analysis indicated that exercising a make-whole call would be a more cost-effective mechanism for the State to pre-pay the bonds as compared to issuing non-callable bonds and subsequently defease those bonds.

Mr. Etcheverry inquired into an alternative option incorporating a combination of short-term notes coupled with a subsequent fix-out into long-term bonds. Mr. Deviney responded that current statute authorizes a single debt issuance only, thus such a financing structure would require a statutory change. Further, the collateral for the bond provided under current statute would not be compatible with securing short-term notes.

Mr. Streusand inquired whether there would be other options available to the Corporation to resolve the outstanding debt without additional legislation. Mr. Etcheverry stated that although there might be other potential options to address the debt, under the current statute the only two options available to the Corporation to facilitate a pre-payment by the State are a make-whole call or a defeasance escrow.

### **Item 4. Consideration, discussion, and possible action to amend a Resolution directing the Texas Natural Gas Securitization Finance Corporation to issue certain customer rate relief bonds authorized by a Financing Order of the Railroad Commission of Texas; establishing certain specified parameters for such bonds; authorizing an administrative services agreement with the Corporation; and authorizing any necessary documents or certificates in connection with such bond issuance and this Resolution; and resolving related matters.**

Mr. Atkinson laid out the proposed Second Amended and Restated Resolution authorizing the Corporation to issue the customer rate relief bonds, incorporating a make-whole call provision.

Mr. Streusand inquired whether there were any provisions in the proposed structure that would prevent either the current or a future session of the State legislature from defeasing the bonds. Mr. Braden advised the Board the bond indenture was drafted to allow for a defeasance after the bonds are issued, and that he would review the relevant provisions to ensure that those provisions were clear on this point.

**Action:** Motion by Mr. Riskind to approve the *adoption of the Second Amended and Restated Resolution*, in the form presented, directing the Texas Natural Gas Securitization Finance Corporation to issue bonds as authorized by H.B. 1520, 87<sup>th</sup> Legislature, and in conformance with the Financing Order issued by the Railroad Commission of Texas on February 8, 2022; and establishing financing parameters for such bonds. Second by Mr. Holt.

The motion passed unanimously.

**Item 5. Future agenda items and meeting dates.**

Mr. Deviney discussed the potential for Board meetings in March and in April.

Mr. Atkinson adjourned the meeting at 10:10 a.m.

The foregoing minutes were approved and adopted by the Board of Directors on this 13<sup>th</sup> day of April 2023.

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

ATTACHMENT: Posting Notice



Leandra Contreras

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## Open Meeting Submission

**TRD:** 2023000705  
**Date Posted:** 02/03/2023  
**Status:** Accepted  
**Agency Id:** 0113  
**Date of Submission:** 02/03/2023  
**Agency Name:** Texas Public Finance Authority  
**Board:** Texas Public Finance Authority  
**Date of Meeting:** 02/13/2023  
**Time of Meeting:** 08:00 AM ( ##:## AM Local Time)  
**Street Location:** 300 W. 15th Street, Suite 411  
**City:** Austin  
**State:** TX  
**Liaison Name:** Leandra Contreras  
**Liaison Id:** 7  
**Additional Information Obtained From:** Leandra Contreras, 512-463-5544  
**Agenda:** Texas Public Finance Authority  
Board Meeting  
Monday, February 13, 2023 - 8:00 A.M.

William P. Clements, Jr. Building, Room 411  
300 W. 15th Street  
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. Status report on the HB 1520 natural gas securitization bonds.

4. Consideration, discussion, and possible action to amend a Resolution directing the Texas Natural Gas Securitization Finance Corporation to issue certain customer rate relief bonds authorized by a Financing Order of the Railroad Commission of Texas; establishing certain specified parameters for such bonds; authorizing an administrative services agreement with the Corporation; and authorizing any necessary documents or certificates in connection with such bond issuance and this resolution; and resolving related matters.

5. Future agenda items and meeting dates.

6. Adjourn

THE BOARD MAY GO INTO CLOSED SESSION AS 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 Leandra Contreras at 512/463-5544. Requests should be made as far in advance as possible. Contact Leandra Contreras if you need any additional information, Texas Public Finance Authority, 300 W. 15th Street, Suite 411, Austin, TX 78701.

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