

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

June 6, 2016

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 notice is attached hereto as Exhibit "A") at 9:30 a.m., Monday, June 6, 2016, in the State Capitol Extension, Hearing Room E2.026, Austin, Texas. Present were: Mr. Billy M. Atkinson, Jr., Chairman; Mr. Gerald B. Alley, Secretary; Mr. Ramon Manning, Member; and Mr. Walker N. Moody, 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; Donna Weinberger, Bond Administration Specialist; John Barton, Sr. Financial Analyst; Robert Jocius, Program Manager; and Matthew Berry, Financial Analyst.

In attendance were the following persons, representing the indicated entities: Chris Allen, FirstSouthwest; Dalton Smith, Bank of America Merrill Lynch; Loraine Palacios, Ramirez & Co., Inc.; Blaine Brunson, Morgan Stanley; Daniel Rodriguez, Coastal Securities; Mark Ellis, Jefferies LLC; Curtis Flowers, Loop Capital Markets LLC; Carol Polumbo and Hasan Mack, McCall Parkhurst & Horton LLP; Heidi McConnell, CPRIT; Ben Howell, Winstead PC; Troy Madres, Estrada Hinojosa & Co., Inc.; Louis Edwards, Texas Southern University; Jerry Kyle, Andrews Kurth LLP; Debi Jones, Raymond James; Hector Matos, Citigroup; Marilyn Fowle, Midwestern State University; and Andy Bynum, Mesirov Financial.

Mr. Atkinson called the Board meeting to order at 10:09 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's Office.

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

Action: Motion by Mr. Manning to excuse the absences of Ms. Schiermeyer, Mr. Roddy and Mr. Moore, second by Mr. Alley. The motion passed unanimously.

Item 3. Review and approval of the minutes of the May 5, 2016, Board Meeting.

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

Action: Motion by Mr. Moody to approve the Board meeting minutes, second by Mr. Manning. The motion passed unanimously.

Item 4. Consideration, discussion, and possible action to adopt a Resolution authorizing the issuance of Texas Public Finance Authority Texas Southern University Revenue Financing System Bonds, Series 2016; authorizing and appointing a Pricing Committee of the Board; approving the Preliminary Official Statement; and authorizing the taking of other necessary action related thereto.

Mr. Deviney advised the Board that House Bill 100, enacted by the 84th Legislature, authorized the issuance of tuition revenue bonds to be used by various Texas state universities. For Texas Southern University, the Legislature authorized the amount of \$60,000,000 for academic buildings on campus. Further, the Legislature has appropriated funds to reimburse the University for the debt service payments associated with the bonds. Mr. Deviney reminded the Board that at its December meeting it had approved the University's Request for Financing and appointed FirstSouthwest to serve as financial advisor for the transaction.

Staff recommended the adoption of a resolution authorizing the issuance of Texas Public Finance Authority Texas Southern University Revenue Financing System Bonds, Series 2016; authorizing and appointing a Pricing Committee of the Board; approving the Preliminary Official Statement; and authorizing the taking of other necessary related action.

Mr. Alley recused himself on this matter.

Action: Motion by Mr. Manning to adopt the staff recommendation, second by Mr. Moody. The motion passed with three votes in favor and none opposed; Mr. Alley present, not voting.

The board proceeded to discuss appointments to the Pricing Committee.

Action: Motion by Mr. Manning to appoint Mr. Manning, Mr. Atkinson and Ms. Schiermeyer to the Pricing Committee, with Mr. Manning as Chair of the Pricing Committee, and Mr. Moore and Mr. Roddy as alternates. The motion was seconded by Mr. Moody. The motion passed with three votes in favor and none opposed; Mr. Alley present, not voting.

Item 5. Consideration, discussion, and possible action to approve Midwestern State University's Request for Financing to issue approximately \$58.4 million in system revenue bonds, select a method of sale, appoint outside consultants, and take other action as necessary.

Mr. Deviney advised the Board that House Bill 100 also authorized the issuance of tuition revenue bonds on behalf of Midwestern State University, in the amount of \$58.4 million for the construction of academic facilities. Midwestern State University has submitted a Request for Financing for the authorized amount.

Dr. Fowle, Vice President, Administration and Finance with Midwestern State University (MSU), was recognized and thanked the Board for hearing the request. Dr. Fowle stated that the funds would be used for: ADA compliance at three buildings; repurposing the library into a learning center space; and expanding the Health Science building. Dr. Fowle further indicated that the current IT center is in an old barracks building and that the funding will allow the server room to be moved into the Health Science Building.

Discussion ensued regarding the project.

Staff recommended the approval the Midwestern State University's Request for Financing for \$58.4 million in tuition revenue bonds.

Action: Motion by Mr. Moody to adopt the staff recommendation, second by Mr. Manning. The motion passed unanimously.

Mr. Atkinson asked Mr. Deviney for recommendations on service providers.

Mr. Deviney indicated that the Board had previously selected a bond counsel pool, a financial advisor pool and an underwriting pool for the current biennium, and that all staff recommendations for service provider firms are drawn from the board approved pools. For this transaction, the staff recommended the appointment of Andrews Kurth LLP as bond counsel, based on that firm's experience working on prior MSU transactions and the firm's demonstrated competence in serving as bond counsel for MSU transactions as well as other TPFA transactions.

Action: Motion by Mr. Alley to adopt the staff recommendation, second by Mr. Moody. The motion passed unanimously.

Staff recommended the appointment of the firm of McCall Parkhurst & Horton to serve as disclosure counsel for the MSU transaction. The firm has extensive prior experience serving as disclosure counsel for the agency and on prior MSU transactions.

Action: Motion by Mr. Manning to adopt the staff recommendation, second by Mr. Moody. The motion passed unanimously.

Staff recommended the appointment of FirstSouthwest, a division of Hilltop Securities, based on that firm's experience and demonstrated competence for the Authority and MSU.

Action: Motion by Mr. Alley to adopt the staff recommendation, second by Mr. Moody. The motion passed unanimously.

Mr. Deviney stated when the staff brings underwriter recommendations to the Board, materials showing firm participation in previous transactions from 1997 to present are provided to the Board members in their board books. Additional information provided on the underwriter log includes proposals for financing and the dates the underwriter firms visit the office to discuss financings with the staff. There is also information about firm size, any unique ideas brought to the agency and rotation for upcoming transactions.

Staff recommended the appointment of an underwriting syndicate consisting of Loop Capital Markets as Senior Manager, with RBC Capital Markets and Raymond James as Co-Managers.

Action: Motion by Mr. Manning to adopt the staff recommendation, second by Mr. Moody. The motion passed unanimously.

Item 6. Consideration, discussion and possible action to approve the Request for Financing submitted by the Cancer Prevention & Research Institute of Texas, in an amount not to exceed \$300,000,000 in general obligation debt during Fiscal Year 2017, for authorized program costs; selection of a method of sale; appointment of outside consultants, if necessary; and taking other necessary related action.

Mr. Deviney stated that the statute limits the amount of bonds that can be issued to \$300 million per fiscal year, for 10 years. The current request is for FY 2017. In addition to the grants made by the Cancer Prevention & Research Institute (CPRIT), the bond proceeds would also fund CPRIT agency operations for the next year. Mr. Deviney stated Heidi McConnell with CPRIT is available to answer any questions.

The Chair recognized Heidi McConnell, Chief Operating Officer for CPRIT, who indicated that Wayne Roberts, CPRIT Executive Director, was not able to attend the TPFA meeting today due to a prior out of state commitment. Ms. McConnell stated the CPRIT Board has made over 1,000 grant awards, totaling approximately \$1.5 billion.

Staff recommended the approval of the Request for Financing, with a not to exceed limit of \$300 million for FY 2017, utilizing the existing commercial paper program.

Action: Motion by Moody to adopt the staff recommendation, second by Mr. Alley. The motion passed unanimously.

Item 7. Consideration, discussion and possible action relating to appointments to the Board of Directors of the Texas Public Finance Authority Charter School Finance Corporation.

Mr. Deviney advised the Board that Dr. Barnes has resigned from the Board of the Charter School Finance Corporation (CSFC) and that the terms of other members of the CSFC Board have expired and those individuals are eligible for reappointment.

Staff recommended the reappointment of James C. Thompson, for a term ending May 1, 2018; Paul Jack, for a term ending May 1, 2017; Nancy Grayson, for a term ending May 1, 2018; and Adam Jones, for a term ending May 1, 2018.

Action: Motion by Mr. Alley to adopt the staff recommendation, second by Mr. Moody. The motion passed unanimously.

Item 8. Underwriter Selection Process.

Mr. Deviney advised the Board that the TPFA Underwriter Selection Process was most recently amended by the Board in November 2011. This document establishes the Board's policies and procedures for selecting a pool of underwriters that are pre-qualified to be appointed to underwrite bonds in a negotiated bond sale. The Underwriter Selection Process also specifies the evaluation criteria for selection of firms to be included in the pool and the criteria for the selection of an underwriting team for each negotiated bond sale transaction.

Mr. Deviney presented a document containing various amendments to the Underwriter Selection Process recommended by the staff.

Mr. Deviney discussed the proposed changes to the Historically Underutilized Business (HUB) target within the document to conform with any future changes to the HUB goal certified by the Comptroller of Public Accounts. The proposed document also incorporates the term "Disadvantaged Business Enterprise" (DBE), i.e., a minority, woman or disabled veteran owned firm that would qualify as a HUB firm if headquartered in Texas. Mr. Deviney explained there are few HUB underwriting firms in Texas, however there are DBE's that can serve as underwriter.

Mr. Alley pointed out that the federal definition of DBE excludes entities based on a firm's size or capitalization and that use of the federal definition could inadvertently exclude certain members of the current pool from participation. Mr. Deviney indicated that he does not anticipate that being the result, but that staff will evaluate and report back to the Board.

Mr. Deviney explained that current policy requires an annual evaluation of the Underwriting Pool and that the proposed amendment would replace that provision with language that requires an evaluation after each transaction or at the Board's pleasure. The Board retains the right to make the selection of the underwriter team. The current policy requires staff to present information to the Board regarding each unsolicited proposal submitted by an underwriter; however, the proposed language would require the staff to present only those proposals that were relevant to a financing being considered by the Board.

Action: Motion by Mr. Moody to adopt the amendments the Underwriter Selection Process presented by staff, second by Mr. Manning. The motion passed unanimously.

Item 9. Market Update.

Mr. Barton stated there has been one issuance of taxable commercial paper in the amount of \$92.1 million for CPRIT and added that it is the first issuance for CPRIT since October 2015. Mr. Barton stated there has been a very active municipal debt market.

Mr. Deviney introduced Matthew Berry who joined the TPFA staff as a financial analyst.

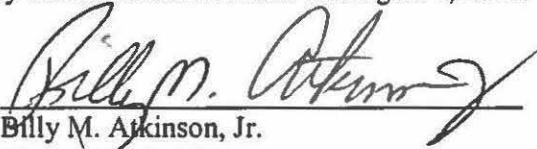
Item 10. Future agenda items and meeting dates.

Mr. Deviney indicated the need for a Board meeting in August. Mr. Atkinson suggested August 4, 2016 as a potential meeting date.

Item 11. Adjourn.

Mr. Atkinson adjourned the meeting at 10:57 a.m.

The foregoing minutes were approved and adopted by the Board of Directors on August 4, 2016.


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

ATTACHMENT: Post Notice – Exhibit A



Open Meeting Information

Agency Name: Texas Public Finance Authority
Date of Meeting: 06/06/2016
Time of Meeting: 09:30 AM (Local Time)
Board: Texas Public Finance Authority
Committee: Board Meeting
Status: Accepted
Street Location: Capitol Extension Hearing Room E2.026, State Capitol, 1400 N. Congress Ave.
City Location: Austin
Meeting State: TX
TRD: 2016003614
Submit Date: 05/27/2016
Emergency Mtg: No
Additional Information Obtained From: Contact Donna Weinberger at 512/463-5544, 300 W. 15th Street, Suite 411, Austin, TX 78701 78701

Texas Public Finance Authority
 Board Meeting
 Monday, June 6, 2016 – 9:30 A.M.
 Capitol Extension Hearing Room E2.026
 State Capitol
 1400 N. Congress Ave.
 Austin, Texas 78701

AGENDA

The Board may discuss and take action regarding any of the following matters:

- Agenda:**
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 5, 2016 Board Meeting.
 4. Consideration, discussion, and possible action to adopt a Resolution authorizing the issuance of Texas Public Finance Authority Texas Southern University Revenue Financing System Bonds, Series 2016; authorizing and appointing a Pricing Committee of the Board; approving the Preliminary Official Statement; and authorizing the taking of other necessary action related thereto.
 5. Consideration, discussion, and possible action to approve Midwestern State University's Request for Financing to issue approximately \$58.4 million in system revenue bonds, select a method of sale, appoint outside consultants, and take other action as necessary.
 6. Consideration, discussion and possible action to approve the Request for Financing submitted by the Cancer Prevention & Research Institute of Texas, in an amount not to exceed \$300,000,000 in

general obligation debt during Fiscal Year 2017, for authorized program costs; selection of a method of sale; appointment of outside consultants, if necessary; and taking other necessary related action.

7. Consideration, discussion and possible action relating to appointments to the Board of Directors of the Texas Public Finance Authority Charter School Finance Corporation.

8. Underwriter Selection Process.

9. Market Update.

10. Future agenda items and meeting dates.

11. 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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