

# 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:

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## PHYSICAL ADDRESS:

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Austin, Texas 78701

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

October 10, 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 10:30 a.m., Thursday, October 10, 2016, in the State Capitol Extension, Hearing Room E2.028, Austin, Texas. Present were: Mr. Billy M. Atkinson, Jr., Chairman; Mr. Gerald B. Alley, Secretary; Mr. Ramon Manning, Member; and Mr. Robert T. Roddy, Jr., Member.

Representing the Authority's staff were: Lee Deviney, Executive Director; John Hernandez, Deputy Director; Kevin Van Oort, General Counsel; Donna Weinberger, Bond Administration Specialist; Robert Jocius, Program Manager; Matthew Berry, Financial Analyst; and Bon Wier, Program Specialist.

In attendance were the following persons, representing the indicated entities: Gabriella Briceno, FirstSouthwest; Dalton Smith, Bank of America Merrill Lynch; Andy Bynam, Mesirow Financial; Jorge Rodriguez, Coastal Securities; Mark Ellis and Tilghman Naylor, Jefferies; Bart Fowler and Hasan Mack, McCall Parkhurst & Horton; Jerry Kyle, Andrews Kurth Kenyon LLP; Keith Richards, Siebert Cisneros Shank; Patrick Scott, Barclays; Curt Shelmire, Stifel, Nicolas & Co.; Humberto Aguilera, Escamilla & Poneck, LLP; Tim Kelley, Piper Jaffray; Tim Peterson, JP Morgan; Mario Carrasco, Citi; Brad Angst, George K. Baum & Co.; Blaine Brunson, Morgan Stanley; Robin Redford, Ramirez & Co.; Barron Wallace, Bracewell LLP; Clarence Grier, RBC Capital Markets; and Stephanie Leibe, Norton Rose Fulbright US LLP.

Mr. Atkinson called the Board 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's Office.

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

**Action:** Motion by Mr. Alley to excuse the absence of Mr. Moore, Ms. Schiermeyer and, Mr. Moody. Second by Mr. Manning. The motion passed unanimously.

**Item 3. Review and approval of the minutes of the August 4, 2016, Board Meeting and the August 4, 2016 Work Session.**

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

**Action:** Motion by Mr. Roddey to approve the minutes of the Board Meeting and the Work Session, second by Mr. Alley. The motion passed unanimously.

**Item 4. Consideration, discussion, and possible action to adopt a Resolution authorizing the issuance of Texas Public Finance Authority State of Texas General Obligation Refunding Bonds (Texas Military Value Revolving Loan Program); authorizing and appointing a Pricing Committee of the Board; approving the Preliminary Official Statement; authorizing the refunding, defeasance, redemption, and discharge of certain outstanding general obligation bonds and execution of an Escrow Agreement, Purchase Contract and other related documents; and authorizing the taking of other necessary action related thereto.**

Mr. Deviney reported the bonds were initially issued in 2007 on behalf of the Texas Military Preparedness Commission for the Port Authority of San Antonio. The State's exposure to the transaction would be reduced by seven years. Mr. Deviney advised the Board that it had previously appointed SAMCO as the senior underwriter for the transaction and that the bonds are scheduled to price on November 10 in Dallas, Texas.

Mr. Deviney advised the Board that the proposed Resolution would authorize the issuance of up to \$25,490,000 in refunding bonds.

Mr. Deviney stated that representatives to the transaction are available to answer any questions.

Staff recommended the issuance of the Texas Public Finance Authority State of Texas General Obligation Bonds (Texas Military Value Revolving Loan Program); authorizing the refunding, defeasance, redemption, and discharge of certain outstanding general obligation bonds and execution of an Escrow Agreement, Purchase Contract and other related documents; and authorizing the taking of necessary related action and further move to appoint a pricing committee consisting of Mr. Alley; as chair, Ms. Schiermeyer and Mr. Manning with the remaining members of the board to serve as alternates.

**Action:** Motion by Mr. Manning to adopt the staff recommendation and to appoint Ms. Schiermeyer, Mr. Manning, and Mr. Alley, as chair, to the pricing committee with Mr. Atkinson, Mr. Roddy, and Mr. Moore as alternates and to take action on the items stated above. Second by Mr. Alley. The motion passed unanimously.

**Item 5. Consideration, discussion and possible action to authorize the refinancing of outstanding General Obligation Commercial Paper Notes issued under the Cancer Prevention & Research Institute of Texas Commercial Paper Program (Series A – Taxable), determine a method of sale, select outside consultants and take other necessary related action.**

Mr. Deviney presented a background of the transaction stating that TPFA is authorized to issue up to \$300 million in new debt per fiscal year and has a liquidity agreement with the Comptroller's office with a maximum commitment of \$300 million. By January 2017, approximately \$255 million in outstanding commercial paper would need to be refunded.

Mr. Deviney stated there is a series of recommendations for the proposed transaction. Staff recommended the appointment of Coastal Securities as financial advisor, based on their previous experience with CPRIT. Additionally, the staff recommended the appointment of McCall Parkhurst & Horton as bond counsel and Andrews Kurth Kenyon as disclosure counsel. Mr. Deviney stated that both law firms have extensive knowledge working with CPRIT transactions and further that all of the recommended service providers are in the approved pool list.

Mr. Deviney stated TPFA had received 12 different proposals related to this transaction from underwriters. Mr. Deviney stated that the staff looked at a variety of factors including capitalization to underwrite the transaction, attentiveness to the Authority's financing programs, prior performance on transactions, and furthering the Authority's goal of including historically underutilized minority owned businesses, disabled service veteran owned businesses and woman owned businesses in Authority financings. Staff recommended six firms for the syndicate: Jefferies LLC as Senior Manager; Citigroup Global Markets as Co-Senior Manager; and Academy Securities, Estrada Hinojosa & Co., Mesirow Financial Products, and Raymond James as Co-Managers. The transaction would be a negotiated sale.

Staff recommended the board authorize the staff to evaluate and prepare for the refunding of outstanding commercial paper issued under the TPFA General Obligation Commercial Paper Notes (Cancer Prevention and Research Institute of Texas) Series A (Taxable) Program.

**Action:** Motion by Mr. Manning to adopt the staff recommendation to designate the method of sale as negotiated and appoint the following: Coastal Securities as financial advisor, McCall Parkhurst & Horton as bond counsel, Andrews Kurth Kenyon as disclosure counsel; and an underwriting syndicate consisting of: Senior Manager, Jefferies LLC; Co-Senior Manager, Citigroup Global Markets; and Academy Securities, Estrada Hinojosa & Co., Mesirow Financial Products and Raymond James as Co-Managers. Second by Mr. Alley. The motion passed unanimously.

**Item 6. Consideration, discussion and possible action to authorize the refinancing of outstanding General Obligation Commercial Paper Notes issued under the Series 2008**

**Commercial Paper Program, determine a method of sale, select outside consultants and take other necessary related action.**

Mr. Deviney detailed the purpose for the refunding of the General Obligation Commercial Paper Notes, Series 2008. Staff requested the authority to evaluate and prepare for a bond issue to refund approximately \$150 million of the Series 2008 commercial paper. Staff recommended a negotiated bond sale.

Staff recommended the appointment of Coastal Securities as financial advisor, based on their extensive experience structuring refunding transactions for the Authority. Additionally, staff recommended the appointment of Norton Rose Fulbright as bond counsel and McCall Parkhurst & Horton as disclosure counsel, based on each of the firm's prior experience and performance on similar transactions.

Staff recommended the appointment an underwriting syndicate consisting of: Senior Manager, RBC Capital Markets; Co-Senior Manager, Piper Jaffray & Co.; and as co-managers: Loop Capital Markets LLC, Ramirez & Co., Inc., and Siebert Cisneros Shank & Co., LLC. Mr. Deviney indicated that the methodology used to review underwriters and recommend a syndicate for this transaction was the same as previously described for the CPRIT transaction.

**Action:** Motion by Mr. Roddy to adopt the staff recommendation to designate a method of sale as negotiated and appoint the following: Coastal Securities as financial advisor; Norton Rose Fulbright as bond counsel; and McCall Parkhurst & Horton as disclosure counsel. Staff further recommended an underwriting syndicate consisting of: Senior Manager, RBC Capital Markets; Co-Senior Manager, Piper Jaffray & Co.; as co-managers, Loop Capital Markets LLC, Ramirez & Co., Inc., and Siebert Cisneros Shank & Co., LLC. Second by Mr. Alley. The motion passed unanimously.

**Item 7. Staff Update:**

**a. Recent bond issuances**

Mr. Hernandez reported that both Mr. Manning and Ms. Schiermeyer served on the pricing committee and were present in Chicago for the two recent pricings. The Midwestern State University transaction issued both new money and refunding bonds. Mr. Hernandez advised that the true interest cost of Midwestern State University bonds is 2.698% and for the Texas Southern University transaction, the true interest cost is 3.01%. Mr. Hernandez advised that detailed transaction summaries should be presented at a subsequent board meeting.

**b. Charter School Finance Corporation update**

Mr. Deviney presented information on the Charter School Finance Corporation. Mr. Deviney informed the board that Dr. Susan Barnes, the President of the Corporation, had resigned. Mr. Deviney asked for recommendations for eligible individuals to serve on the board. Mr. Atkinson expressed his appreciation to Dr. Barnes for having served on the Corporation Board.

c. Legislative update

Mr. Deviney reported that on September 19, 2016, the agency attended a hearing on its budget, which consisted of a review the agency's legislative appropriations request. At that hearing, Mr. Atkinson presented the information to staff of the Office of the Governor, the Legislative Budget Board, and other legislative staff.

d. Staff Update

Mr. Deviney reported the agency is fully staffed at 14 FTE's. There is an additional position posted and funding is available. Further, Mr. Deviney outlined the schedule of potential transactions going forward into the next two years.

e. Market Update

Matthew Berry presented the market update. Mr. Berry stated that the first tranche of commercial paper for the Texas Facilities Commission was issued at 65 basis points. The major ramp up of debt issuance for this project should occur in 2017. On October 14, 2016, new SEC rules relating to money market regulation will go into effect. Mr. Deviney observed that this has created an unusual market inversion, with taxable rates currently being cheaper than non-taxable rates.

The Master Lease Program has seen an increase in the issuance of commercial paper, due to an increased demand from the Texas State Technical College and Midwestern State University.

Mr. Alley inquired about the agency's current goal for HUB participation. Mr. Deviney stated that those metrics will be reported at the next meeting. Mr. Deviney reminded the board the agency has multiple reporting responsibilities to report HUB participation.

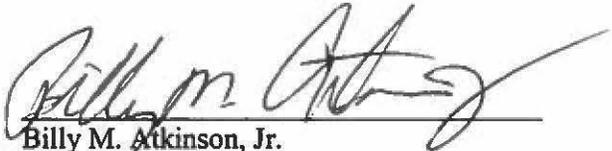
**Item 8. Future agenda items and meeting dates.**

Mr. Deviney discussed the potential need for a December 8, 2016 Board Meeting.

**Item 9. Adjourn.**

Mr. Atkinson adjourned the meeting at 11:19 a.m.

The foregoing minutes were approved and adopted by the Board of Directors on December 8, 2016.



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

ATTACHMENT: Post Notice – Exhibit A



Donna Weinberger-Rourke

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### Open Meeting Submission

**TRD:** 2016006711  
**Date Posted:** 09/30/2016  
**Status:** Accepted  
**Agency Id:** 0113  
**Date of Submission:** 09/30/2016  
**Agency Name:** Texas Public Finance Authority  
**Board:** Texas Public Finance Authority  
**Committee:** Board Meeting  
**Date of Meeting:** 10/10/2016  
**Time of Meeting:** 10:30 AM ( ##:## AM Local Time)  
**Street Location:** Capitol Extension Hearing Room E2.026,State Capitol,1400 N. Congress Ave.  
**City:** Austin  
**State:** TX  
**Liaison Name:** Donna Weinberger-Rourke  
**Liaison Id:** 7  
**Additional Information Obtained From:** Contact Donna Weinberger at 512/463-5544, 300 W. 15th Street, Suite 411, Austin, TX 78701  
**Agenda:** Texas Public Finance Authority  
 Board Meeting  
 Monday, October 10, 2016 – 10:30 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:

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 August 4, 2016 Board Meeting and the August 4, 2016 Work Session.
4. Consideration, discussion, and possible action to adopt a Resolution authorizing the issuance of Texas Public Finance Authority State of Texas General Obligation Refunding Bonds (Texas Military Value Revolving Loan Program); authorizing and appointing a Pricing Committee of the Board; approving the Preliminary Official Statement; authorizing the refunding, defeasance, redemption, and discharge of certain outstanding general obligation bonds and execution of an Escrow Agreement, Purchase Contract and other related documents; and authorizing the taking of other necessary action related thereto.
5. Consideration, discussion and possible action to authorize the refinancing of outstanding General Obligation Commercial Paper Notes issued under the Cancer Prevention & Research Institute of Texas Commercial Paper Program (Series A – Taxable), determine a method of sale, select outside consultants and take other necessary related action.
6. Consideration, discussion and possible action to authorize the refinancing of outstanding General Obligation Commercial Paper Notes issued under the Series 2008 Commercial Paper Program, determine a method of sale, select outside consultants and take other necessary related action.
7. Staff Update:
  - a. Recent bond issuances
  - b. Charter School Finance Corporation update
  - c. Legislative update
  - d. Staff Update
  - e. Market Update
8. Future agenda items and meeting dates.
9. 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.

New Submission

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