

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

April 7, 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, April 7, 2016, in the State Capitol Extension, Hearing Room E2.028, Austin, Texas. Present were: Ms. Ruth C. Schiermeyer, Vice Chair; Mr. Gerald Alley, Secretary; Mr. Walker N. Moody, Member and Mr. Robert T. Roddy, 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; and John Barton, Sr. Financial Analyst.

In attendance were the following persons, representing the indicated entities: Pete Gise, Mike Perkins and Becky Rodriguez, Texas Windstorm Insurance Association; Chris Allen, FirstSouthwest; Dalton Smith, Bank of America Merrill Lynch; Mario Carrasco, Citigroup; Curt Shelmire, Stifel, Nicolaus & Co.; Robin Redford, Ramirez & Co., Inc.; John Daniel and Patrick Scott, Barclays Capital; Keith Richard, Siebert Brandford Shank & Co.; Blaine Brunson, Morgan Stanley; Daniel Rodriguez, Coastal Securities; Mark Ellis, Jefferies; Curtis Flowers, Loop Capital Markets; Tim Kelley, Piper Jaffray & Co.; Carol Polumbo and Hasan Mack, McCall Parkhurst & Horton; Paul Martin and Ben Howell, Winstead; Jerry Kyle and Julie Houston, Andrews Kurth; and Richard Gee, Office of Senator Van Taylor.

Ms. Schiermeyer presided and called the Board meeting to order at 10:47 a.m. and noted the presence of a quorum.

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

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Ms. Schiermeyer 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. Roddy to excuse the absences of Mr. Atkinson, Mr. Moore and Mr. Manning, second by Mr. Moody. The motion passed unanimously.

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

Ms. Schiermeyer 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. Alley. The motion passed unanimously.

Item 4. Status Report on Texas Southern University project funding, Series A 2012-10 Note.

Mr. Deviney provided a status update on the project. The contractors are finished, but the students were not able to move into the dormitory over spring break. TSU anticipates that some students will occupy the building this summer.

No action was taken on this item.

Item 5. Consideration and approval of a Resolution ratifying advances no. 21 and No. 22 for Texas Southern University relating to the Series A 2012-10 Note.

Mr. Deviney stated the draws have been approved by the Executive Director, subject to ratification of the Board. Advance 21 is for \$3,333,067.10 and Advance 22 is for \$3,310,383.78. Mr. Deviney stated there is approximately \$3 million left to draw; the university will submit additional advances to bring the total drawn amount to \$55 million including the escrow contribution that is made on each draw.

Mr. Alley recused himself on this matter.

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

Item 6. Consideration, discussion, and possible action to adopt a Resolution authorizing the issuance of Texas Public Finance Authority State of Texas General Obligation Refunding Bonds in one or more series; approving the Preliminary Official Statement; authorizing and appointing a Pricing Committee of the Board; 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 taking other necessary action related thereto.

Mr. Deviney advised the Board that the pre-pricing meeting and the pricing will be held on May 10 and 11, respectively, at the offices of Barclays in New York. Mr. Deviney stated that the size of this transaction will be approximately \$189 million and that the present value savings is anticipated to be in excess of \$8 million, a savings of 4.3% which is above the minimum savings threshold established by the Board and by the Bond Review Board for advanced refundings.

Staff recommended the adoption of the Resolution to issue the 2016 General Obligation Refunding Bonds, Preliminary Official Statement in substantially final form and appoint a pricing committee consisting of three members of the Board with all additional Board members being appointed as alternates. Further, staff recommends the Board authorize actions by the Texas Public Finance Authority and Representatives thereof in connection with the sale and delivery of one or more series General Obligation Refunding Bonds and to take all necessary related actions to complete the sale.

The Board appointed Mr. Moody, Mr. Manning and Mr. Roddy to the pricing committee with all other Board members being named as alternates.

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

Item 7. Consideration, discussion and possible action to appoint special bond counsel and a financial advisor in connection with reviewing financing options for the Texas Windstorm Insurance Association and other matters in preparation for the potential issuance of post-event securities on behalf of the Association.

Kevin Van Oort, TPFA General Counsel, explained the Texas Windstorm Insurance Association (TWIA) is authorized by statute to issue additional bonds in the event of a catastrophic hurricane. TWIA staff has requested that the Authority prepare transactional documents for the issuance of post event bonds. The advance preparation of such shelf-ready documents will speed up the turnaround time of issuing bonds should both TWIA and the Texas Department of Insurance determine the issuance of post event bonds is necessary. Mr. Van Oort explained these are preparatory actions and that at this point in time TWIA has not submitted a request for financing.

Ms. Schiermeyer recognized Mr. Pete Gise, Chief Financial Officer for TWIA. Mr. Gise advised the Board that TWIA wants to be as prepared as possible in the event the securities are needed. Mr. Gise further stated that the advance preparation of post event bond documents has been done in the past, under prior law.

Staff recommended the Board appoint the law firms of Andrews Kurth and McCall Parkhurst & Horton to serve as special bond counsel through August 31, 2017 in the connection with the preparation for a potential issuance of post-event securities on behalf of TWIA. Staff advised the board that both of these firms are highly experience in dealing with TWIA bonds and both firms were actively involved in the issuance of the Class 1 (pre-event) TWIA bonds in September of 2014.

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

Staff recommended that the Board appoint FirstSouthwest to serve as financial advisor through August 31, 2017, in connection with the preparation for the potential issuance of post-event securities on behalf of TWIA. Staff advised the Board that FirstSouthwest has extensive experience working with TWIA issues and that FirstSouthwest served as TPFA's financial advisor for the Class 1 TWIA bonds issued in 2014.

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

Item 8. Staff Update:

a. Liquidity Agreements for Commercial Paper Programs

Mr. Van Oort stated the Comptroller's Office is working on bringing the contracts up to date. The document review process is coming along well and draft replacement agreements are being circulated to the TPFA internal services providers.

b. Texas Southern University Library Project (TSU)

Mr. Deviney explained that the Board previously approved the project and appointed the service providers. Mr. Deviney stated the Board should be seeing documents for the project no later than June. Mr. Deviney and Mr. Van Oort traveled to Houston to meet with representatives of TSU the service providers to discuss the project and the project timeline.

c. Texas Facilities Commission Building Projects

Mr. Deviney stated the project has already been approved and the new commercial paper program will be used for this financing. Staff is completing the documents and is waiting for the new liquidity agreement to be finalized. Morgan Stanley was appointed commercial paper dealer.

d. State Auditor Review of TPFA Financial Processes

The Board deferred discussion of this item.

e. State Auditor's Office (SAO) Risk-Assessment

John Hernandez, TPFA Deputy Director, stated the Risk Assessment has been submitted to the SAO per statute. The assessment ranks the probability of occurrence and effect of how likely something will happen and what the safeguards are that are in place to protect the likelihood of occurrence. Mr. Hernandez stated that redundancies were eliminated from the previous report. The updates include: cleanups of controls that are in place; last

year's risk were left in place and a few additional risks were reported. The report was submitted on March 31, 2016.

f. Market Update

John Barton, TPFPA Financial Analyst, presented the Market Update. The agency issued approximately \$10 million in March 2016. The rates remained consistent until the most recent rollover, which saw rates spike to 48 bps, up from the recent 5 to 10 bps. Mr. Barton advised the Board that staff added some forward looking data, from the Bloomberg survey, to the Market Update materials. The Bloomberg data indicates that rates are expected to increase.

Mr. Deviney updated the Board on recent legislative activity. The House Committee on Investments and Financial Institutions met recently to take testimony from several agencies and invited Mr. Deviney to testify. Mr. Deviney stated that he appeared at the Committee hearing and provided a status report on agency activities and implementation of recent legislation. The Senate Finance Committee also met recently to discuss state pension liabilities and the potential of reducing state debt. Mr. Deviney indicated that he attended that meeting but was not called to testify.

No action was taken on the above items.

Item 9. Future agenda items and meeting dates.


Discussion ensued regarding scheduled Board meeting dates and times. The Board discussed starting the meetings earlier, having fewer meetings with longer agendas and video conferencing.

Mr. Deviney responded that he will look into all options.

Item 10. Adjourn

Motion to adjourn by Mr. Moody, second by Mr. Roddy. The motion passed unanimously. Ms. Schiermeyer adjourned the meeting at 11:34 a.m.

The foregoing minutes were approved and adopted by the Board of Directors on May 5, 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: 04/07/2016
Time of Meeting: 10:30 AM (Local Time)
Board: Texas Public Finance Authority
Status: Accepted
Street Location: Capitol Extension Hearing Room E2.028, State Capitol, 1400 N. Congress Ave.
City Location: Austin
Meeting State: TX
TRD: 2016002106
Submit Date: 03/30/2016
Emergency Mtg: No
Additional Information Obtained From: Donna Weinberger at 512/463-5544

Texas Public Finance Authority
Board Meeting
Thursday, April 7, 2016 – 10:30 A.M.
Capitol Extension Hearing Room E2.028
State Capitol
1400 N. Congress Ave.
Austin, Texas 78701

Agenda: 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 March 3, 2016 Board Meeting.
4. Status Report on Texas Southern University project funding, Series A 2012-10 Note.
5. Consideration and approval of a Resolution ratifying advances no. 21 and no. 22 for Texas Southern University relating to the Series A 2012-10 Note.
6. Consideration, discussion, and possible action to adopt a Resolution authorizing the issuance of Texas Public Finance Authority State of Texas General Obligation Refunding Bonds in one or more series; approving the Preliminary Official Statement; authorizing and appointing a Pricing Committee of the Board; 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 taking other necessary action related thereto.
7. Consideration, discussion and possible action to appoint special bond counsel and a financial advisor in connection with reviewing financing options for the Texas Windstorm Insurance Association and other matters in preparation for the potential issuance of post-event securities on behalf of the Association.

8. Staff Update:
 - a. Liquidity Agreements for Commercial Paper Programs
 - b. Texas Southern University Library Project
 - c. Texas Facilities Commission Building Projects
 - d. State Auditor Review of TPFA Financial Processes (Chair may call an executive session)
 - e. State Auditor's Office Risk-Assessment
 - f. Market 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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