

# 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

**November 6, 2017**

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 10:30 a.m., Monday, November 6, 2017 at the Capitol Extension Hearing Room E2.028, 1400 N. Congress Avenue, Austin, Texas. Present were: Mr. Billy M. Atkinson, Jr., Chairman; Ms. Ruth M. Schiermeyer, Vice Chair; Mr. Ramon Manning, Member; Mr. Rodney K. Moore, Member; and Mr. Robert T. Roddy, Member. Mr. Walker N. Moody, Member, participated via videoconference.

Representing the Authority's staff were: Lee Deviney, Executive Director; John Hernandez, Deputy Director; Kevin Van Oort, General Counsel; John Barton, Senior Financial Analyst; and Matt Berry, Financial Analyst.

In attendance were the following persons, representing the indicated entities; Jorge Rodriguez and Daniel Rodriguez, FTN Financial; Tilghman Naylor, Jefferies; Chris Allen, FirstSouthwest; Brad Angst, George K. Baum & Co.; Mario Carrasco, Citigroup; Tim Kelley, Piper Jaffray; Robin Redford, Ramirez; Brian Middlebrook, Barclays; Julie Houston, Andrews Kurth Kenyon LLP; Curtis Flowers, Loop Capital Markets; Andy Bynam, Mesirow Financial; Kyle Cottrell, J.P. Morgan; and Linde Murphy, M.E. Allison & Co.

Mr. Atkinson called the meeting to order at 10:37 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. Roddy to excuse the absence of Mr. Alley and Mr. Manning. Second by Mr. Moore. The motion passed unanimously.

**Item 3. Review and approval of the minutes of the August 10, 2017 Board Meeting.**

Mr. Atkinson asked the board members if there were any corrections. None were noted.

Mr. Manning joined the meeting at 10:38 am.

**Action:** Motion by Mr. Schiermeyer to approve the minutes of the August 10, 2017, Board Meeting. Second by Mr. Moore. The motion passed unanimously.

**Item 4. Consideration, discussion and possible action to make an appointment to the Board of Directors of the TPFA-Charter School Finance Corporation.**

Mr. Deviney stated that the Charter School Finance Corporation (CSFC) currently has one vacancy on its board. Mr. Deviney advised that he has discussed this matter with the Governor's staff, seeking their input in identifying potential candidates to serve on the CSFC board.

No action was taken on this item.

**Item 5. Consideration, discussion and possible action to amend Board policies related to negotiated bond sales.**

Mr. Deviney and Mr. Van Oort presented staff's recommended changes to the Board's policy on negotiated bond sales. Mr. Deviney noted the inclusion of the term Disadvantaged Business Enterprise in the definitions, an entity that would otherwise qualify as a HUB under the statute if the entity's principal place of business was in Texas. Further, the proposed change to the definition of a HUB is to conform with the current statutory definition.

Mr. Deviney also outlined the proposed changes to the management fee guidelines.

**Action:** Motion by Mr. Moore to adopt the proposed amendments to the Board's Underwriting Policies and Procedures for Negotiated Bond Sales. Second by Ms. Schiermeyer.

The motion passed unanimously.

**Item 6. Consideration, discussion and possible action to authorize the engagement of outside counsel for matters relating to the Capitol Complex construction projects.**

Mr. Van Oort presented information on the Texas Facilities Commission project and the need to retain bond counsel during the planning and construction phase of the project.

The staff recommended the selection of the Bracewell law firm based on that firm's experience setting up the initial financing for the Capitol Complex project. Staff further recommend that such an engagement extend through August 31, 2019.

**Action:** Motion by Mr. Roddy to appoint the Bracewell law firm to provide bond counsel services related to ongoing Texas Facilities Commission project, for a term to end August 31, 2019. Second by Mr. Moore.

The motion passed unanimously.

**Item 7. Pricing Update: TPFA Series 2017B G.O. Refunding Bonds and Series 2017 Lease Revenue Refunding Bonds.**

Mr. Barton stated that he, along with Ms. Schiermeyer and Mr. Deviney, traveled to Denver to price the Series 2017B G.O. Refunding Bonds and Series 2017 Lease Revenue Refunding Bonds. Mr. Barton stated that the G.O. refunding bonds and lease revenue refunding bonds realized a net present value savings of nine percent and just under seven percent, respectively. Mr. Barton indicated that George K. Baum & Co., the lead underwriter, will present a detailed report at the next board meeting.

No action was taken on this item.

**Item 8. Status Update: TPFA Series 2014 Texas Windstorm Insurance Association Premium Revenue Bonds.**

Mr. Hernandez advised the Board that on October 12, 2017, the Texas Windstorm Insurance Association (TWIA) announced that its ultimate loss and loss adjustment from Hurricane Harvey is estimated to be approximately \$1.13 billion. Mr. Hernandez further advised that currently TWIA expects to utilize the full amount of the Catastrophic Reserve Trust Fund (\$741 million), as well as \$260 million of the proceeds from the 2014 Class 1 "Pre-Event" bonds. Mr. Atkinson stated that the amount of TWIA liability associated with the hurricane is limited to wind damage.

No action was taken on this item.

**Item 9. Consideration, discussion and possible action to authorize the engagement of consultants for ongoing matters relating to the Texas Windstorm Insurance Association.**

Staff recommended that the board select the firm of Andrews Kurth Kenyon to provide bond counsel services related to the ongoing TWIA matters, whether related to the 2014 transaction or in preparation for exploring the need for a new transaction. Staff indicated that this is not a

recommendation to appoint the firm as bond counsel for a specific transaction. It is recommended that the term of the contract end August 31, 2019.

The staff further recommended the selection of FirstSouthwest, a Division of Hilltop Securities, to provide financial advisory services related to ongoing TWIA financing matters, for a term to end August 31, 2019.

Mr. Van Oort stated that both firms were being recommended based on their knowledge of TWIA and experience working on previous TWIA transactions.

Mr. Deviney stated in addition to the financial advisor working to structure a transaction, the selected firm would analyze, review and confirm TWIA's financial statements and make recommendations on issues related to the 2014 bonds.

Mr. Van Oort stated this would be an hourly contract with each firm, and not a lump sum payment contract. TWIA would pay for the services rendered through a reimbursement agreement.

**Action:** Motion by Mr. Manning to appoint the firm of Andrews Kurth Kenyon LLP to provide bond counsel services related to ongoing TWIA financing matters and to appoint FirstSouthwest, a Division of Hilltop Securities, to provide financial advisory services related to ongoing TWIA financing matters, both contract terms to end August 31, 2019. Second by Ms. Schiermeyer.

The motion passed unanimously.

#### **Item 10. Review of TPFAs Management Succession Plan.**

Mr. Deviney advised the Board that the current succession plan includes a statement requiring the Board to review the plan on a biennial basis. The Board reviewed the plan and inquired whether staff had any recommended changes. Mr. Deviney indicated that staff had no recommend changes to the plan.

No action was taken to amend the management succession plan.

#### **Item 11. Staff Update:**

##### **1. Staff Update:**

##### **a. Legislative Update**

Mr. Deviney noted that the legislative committee interim charges have been posted by both the Lieutenant Governor and the Speaker of the House. TPFAs will continue monitoring the committees and provide updates as appropriate.

b. Audit Update:

- Personnel Policy & Procedures Review by the Texas Workforce Commission

Mr. Deviney reported that the Authority had been audited by the Commission and was certified in compliance.

- Post Payment Audit by the Comptroller of Public Accounts

Mr. Deviney reported that the Post Payment Audit had a couple of minor findings and the Authority has addressed the findings of the audit.

- On-Site Consultation by the State Office of Risk Management

Mr. Deviney reported there were two minor findings that have been addressed by staff. Mr. Deviney also indicated the on-site consultation findings from previous audits have been addressed and are now closed.

c. Personnel Update

Mr. Deviney informed the Board that Charlie Cannon has retired. Mr. Deviney also indicated that an accountant position is currently posted.

d. Agency Rule Review

Mr. Van Oort reported that the Authority's rules were reviewed in 2013. Program rules are currently in review and any future recommendations will be brought to the board. Mr. Van Oort state the primary reason for the rule review is to determine, "does the reason for the rule still exist?"

e. Master Lease Purchase Program

Mr. Deviney stated the Authority will do a marketing and outreach visit with eligible program participants to increase participation.

f. Client Agency Training

Mr. Deviney advised the Board that staff would continue to provide training to client agencies on as needed basis during the current biennium.

g. Survey of Employee Engagement

Mr. Deviney reported the staff will have the opportunity to take the survey in December 2017. A report will be made available to the Board in the future.

h. Fiscal Year 2018 Operating Budget

Mr. Deviney briefed the Board on the 2018 Operating Budget and he compared this budget to the 2017 budget. It is anticipated that the agency will fill a new position during fiscal year 2018.

i. Market Update

Mr. Berry presented the Market Update, stating that in September 2017, TPFA issued \$68 million of commercial paper for CPRIT.

In October of 2017, there was a decrease in commercial paper funds being issued for the Master Lease Purchase Program. The agency expects that beginning next calendar year that the request for funds may increase.

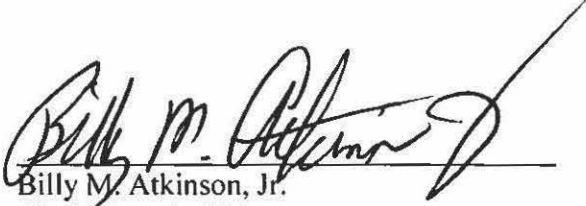
**Item 12. Future agenda items and meeting dates.**

A January 4, 2018 Board meeting was discussed.

**Item 13. Adjourn.**

Mr. Atkinson adjourned the meeting at 11:37 a.m.

The foregoing minutes were approved and adopted by the Board of Directors on this 8<sup>th</sup> day of March 2018.

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

ATTACHMENT: Posting Notice



## Open Meeting Information

**Agency Name:** Texas Public Finance Authority  
**Date of Meeting:** 11/06/2017  
**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 Avenue  
**City Location:** Austin  
**Meeting State:** TX  
**TRD:** 2017012452  
**Submit Date:** 10/27/2017  
**Emergency Mtg:** No  
**Additional Information Obtained From:** Donna Weinberger at 512-463-5544

Texas Public Finance Authority  
 Board Meeting  
 Monday, November 6, 2017 - 10:30 A.M.  
 Capitol Extension Hearing Room E2.028  
 State Capitol  
 1400 N. Congress Avenue  
 Austin, Texas

### 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 August 10, 2017 Board Meeting.
4. Consideration, discussion and possible action to make an appointment to the Board of Directors of the TPFA-Charter School Finance Corporation.
5. Consideration, discussion and possible action to amend Board policies related to negotiated bond sales.

6. Consideration, discussion and possible action to authorize the engagement of outside counsel for matters relating to the Capitol Complex construction projects.

7. Pricing Update: TPFA Series 2017B G.O. Refunding Bonds and Series 2017 Lease Revenue Refunding Bonds.

8. Status Update: TPFA Series 2014 Texas Windstorm Insurance Association Premium Revenue Bonds.

9. Consideration, discussion and possible action to authorize the engagement of consultants for ongoing matters relating to the Texas Windstorm Insurance Association.

10. Review of TPFA Management Succession Plan.

11. Staff Update:

a. Legislative Update

b. Audit Update:

¿ Personnel Policy & Procedures Review by the Texas Workforce Commission

¿ Post Payment Audit by the Comptroller of Public Accounts

¿ On-Site Consultation by the State Office of Risk Management

c. Personnel Update

d. Agency Rule Review

e. Master Lease Purchase Program

f. Client Agency Training

g. Survey of Employee Engagement

h. Fiscal Year 2018 Operating Budget

i. Market Update

12. Future agenda items and meeting dates.

13. 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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