

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

August 5, 2022

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 10:00 a.m., Friday, August 5, 2022, in Room E2.028 of the State Capitol Building in Austin.

Present were: Mr. Billy M. Atkinson, Jr., Chairman; Mr. Ramon Manning, Vice Chair, Mr. Jay A. Riskind, Secretary; Mr. Larry G. Holt, Member; Ms. Shanda Perkins, Member; and Mr. Benjamin E. Streusand, Member.

Representing the TPFA's staff were: Lee Deviney, Executive Director; John Hernandez, Deputy Director; Kevin Van Oort, General Counsel; Devyn F. Wills, Assistant General Counsel; Matthew Berry, Financial Analyst; and Kelly Tappendorf, Financial Analyst.

In attendance were the following persons, representing the indicated entities: Patrick Scott, Barclays Capital Inc.; Paul Jack, Estrada Hinojosa & Co., Inc.; Tilghman Naylor, Loop Capital Markets LLC; Tim Peterson, Jefferies LLC; Bech Bruun, UBS; Gabriella Briceno, RBC Capital Markets, LLC; Kate Norman, Coffin Renner, LLP; Ed Sanchez, Cabrera Capital Markets, LLC; Chris Allen, RBC Capital Markets, LLC; Mark Ellis, Hilltop Securities; Blaine Brunson, Morgan Stanley & Co., LLC; Jerry Kyle, Orrick, Herrington & Sutcliffe LLP; Keith Richards, Seibert Williams Shank & Co., LLC; Bon Wier and Roxana Newton, Texas Department of Agriculture; and Monty Humble.

Attending via video conference was Mr. Kevin Twining, Locke Lord.

Mr. Atkinson called the meeting to order at 10:01 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.

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

All members were present.

Item 3. Review and approval of the minutes of the July 7, 2022 Board Meeting.

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

Action: Motion by Mr. Manning to approve the minutes of the July 7, 2022 Board Meeting. Second by Mr. Riskind.

The motion passed unanimously.

Item 4. Consideration, discussion, and possible action to appoint service providers related to the creation and administration of a commercial paper program to provide financing for the Texas Agricultural Finance Authority and taking other necessary action.

Mr. Deviney discussed the possible action to appoint additional service providers for the Texas Agricultural Finance Authority ("TAFE") taxable general obligation ("GO") commercial paper program.

In May 2022, the Board approved the TAFE request for financing in the amount of up to \$200 million of GO debt and appointed RBC Capital Markets as financial advisor and the Orrick law firm as bond counsel. Staff subsequently reviewed proposals submitted in response to the prior RFP underwriting services, interviewed Ramirez & Company, a firm whose experience is well aligned with this program. Staff recommended the appointment of Ramirez & Company to serve as the commercial paper dealer for the TAFE commercial paper program.

Action: Motion by Ms. Perkins to appoint Ramirez & Company to serve as the commercial paper dealer for the commercial paper program currently under development to finance projects on behalf of the Texas Agricultural Finance Authority. Second by Mr. Manning.

The motion passed unanimously.

Item 5. Status report on the HB 1520 securitization bonds.

Mr. Deviney and Mr. Van Oort provided background on the progress of the status of bond documents, the engagement of service providers, including the engagement and progress of rating agencies. Mr. Deviney indicated that documents are still being provided to the rating agencies. As of this date, the three rating agencies, Moody's, Fitch, and Kroll, are conducting their credit analysis process. It is unknown when the rating agencies will provide their pre-issuance ratings, but this is not expected until late August at the earliest. Mr. Deviney indicated that transaction is on the exempt track for Bond Review Board consideration for their September meeting schedule, which is after the 180th day of August 23, 2022. However, the enabling law provides that the TAFE may cause the bonds to be issued after the 180th day due to market conditions, receipt of all necessary approvals, and for other enumerated reasons.

The Chairman stated that due to a number of reasons, including the number of days required for ratings, that the natural gas bonds will not be priced within 180 days of receipt of the financing order issued by the Railroad Commission.

Mr. Van Oort confirmed the removal of the language in the transaction documents which would have expressly authorized the comingling the receipts from customer rate relief charges with other receipts generated by participating utilities. Discussion ensued related to the underwriter's affirmation of compliance with statutory procurement rules. Mr. Van Oort responded that the Bond Purchase Agreement would incorporate the underwriters' statutorily required affirmations. Mr. Jerry Kyle, Orrick, Herrington & Sutcliffe LLP, stated that there is a framework and agreement among the underwriters that each syndicate member will verify their compliance with each of the procurement statuses.

Staff recommended that the Board authorize the issuance of the bonds after receipt of all necessary approvals, which are anticipated to be obtained after the 180th day after the financing order was adopted by the Railroad Commission.

Action: Motion by Mr. Holt that, in accordance with Texas Utilities Code Sec. 104.366(e), the Texas Natural Gas Securitization Finance Corporation be authorized to issue customer rate relief bonds on a date later than 180 days after the date on which the Railroad Commission submitted the House Bill 1520 Financing Order if the necessary approvals have not been received in time to permit the issuance of the bonds by the 180th day or if the necessary financial disclosure information from each participating gas utility has not been received in time to permit the issuance of the bonds by the 180th day. Second by Mr. Riskind.

The motion passed unanimously.

Item 6. Charter School Finance Corporation: Appointments.

Mr. Deviney stated that he contacted a prospective candidate and should have a bio for Board consideration at the next meeting.

No Board action was taken on this item.

Item 7. Budget elements for the agency's 2024-2025 legislative appropriations request.

Mr. Deviney indicated that staff presented proposed budget elements to the Board at a workshop yesterday and received feedback and guidance from the Board, which will be incorporated into the Authority's Legislative Appropriations Request for the 2024-2025 Biennium.

Action: Motion by Mr. Streusand to authorize TPFA staff to finalize and submit the agency's Legislative Appropriations Request, based on the budget parameters recommended by staff, and delegate final approval authority to the Chairman. Second by Ms. Perkins.

The motion passed unanimously.

Item 8. Staff Update:

a. Update on Texas Military Preparedness Commission financing

Mr. Deviney indicated that there is no update on this pending request for financing.

b. Update on Texas Southern University financing

Mr. Deviney indicated that state universities are awaiting final confirmation of the approval and allocation procedures associated with the revenue bond financings authorized by S.B. 52, 87th Legislature, 3rd C.S. (2021).

c. Personnel Update

Mr. Deviney recognized Ricky Horne for 20 years of service to the Texas Public Finance Authority. Mr. Atkinson presented a resolution honoring Mr. Horne.

Action: Motion by Ms. Perkins that the Board approve the resolution. Second by Mr. Streusand.

The motion passed unanimously.

d. Market Update

Mr. Berry presented the market update, reporting that interest rates continue to trend upward, as reflected in a recent commercial paper issuance.

Mr. Deviney commented that the 10-year treasury rate is currently lower than it was a couple of weeks ago.

Item 9. Future transactions and market conditions.

Mr. Deviney indicated that there is no need for the Board to meet in September, unless Texas Southern or the Military Preparedness Commission come forward. Mr. Hernandez indicated that a CPRIT CP refunding is anticipated next summer followed by a revenue CP refunding later in the year.

Mr. Paul Jack responded to Board questions related to other collateralized energy bond pricings and upcoming energy bond sales for comparison to the Corporation's sale of natural gas bonds.

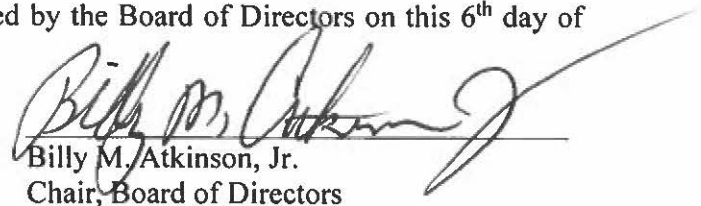
Item 10. Future agenda items and meeting dates.

Mr. Deviney reviewed the calendar of future transactions and discussed the potential need for a meeting in October.

Item 11. Adjourn.

Mr. Atkinson adjourned the meeting at 11:01 a.m.

The foregoing minutes were approved and adopted by the Board of Directors on this 6th day of October 2022.


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

ATTACHMENT: Posting Notice