

Texas Public Finance Authority

Board of Directors:

H.L. Bert Mijares Jr., Chair
Ruth C. Schiermeyer, Vice Chair
Linda McKenna, Secretary
Gerald Alley
D. Joseph Meister
Robert T. Roddy, Jr.
Gary E. Wood

Judith Porras
Interim Executive Director



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

November 13, 2008

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 10:00 a.m., Thursday, November 13, 2008, Capitol Extension Hearing Room E2.026, Austin, Texas. Present were: Mr. Bert Mijares, Chair; Mr. Joe Meister, Member; Mr. Tom Roddy, Member; and Dr. Gary E. Wood, Member.

Representing the Authority's staff were: Ms. Kimberly Edwards, Executive Director; Ms. Judith Porras, General Counsel; Mr. John Hernandez, Deputy Director; Ms. Pamela Scivicque, Business Manager; Ms. Gabriela Klein; and Ms. Paula Hatfield.

Present in their designated capacities were the following persons: Mandi Joseph, Kipling Jones & Co.; Patrick Scott, Barclays Capital; Clarence Grier, RBC Capital; Tilghman Naylor, DEPFA First Albany; Curt Shelmire, Merrill Lynch; Dale Lehman, Jim Dong, Piper Jaffray; Carmen Best, Siebert Brandford Shank; Debi Jones; Morgan Keegan; Desrye Morgan, Bank of America; Jim Niederle, Oppenheimer & Co.; Terri Sprouse, Bickerstaff, Heath; Julie Houston, Winstead; Paul Braden, Fulbright & Jaworski; Greg Shields, Andrews & Kurth; Barron Wallace, Vinson & Elkins; Robin McKeever, Art Hinojosa, Bruce Humphrey, Michael Waggoner, Janice Duante, Sam Chadli, Texas Youth Commission; Mike Bartolotta, Tim Peterson, First Southwest Co.; Tim Kelley, Coastal Securities.

Item 1. Call to order.

Mr. Mijares called the meeting to order at 10:00 a.m. Before proceeding with agenda items he reported that Ms. Schiermeyer was recovering well from a stroke she suffered approximately two weeks ago and condolences were extended to Ms. McKenna and her family over the recent loss of her mother.

Item 2. Confirm meeting posting compliance with the Open Meetings Act.

Mr. Mijares confirmed the meeting had been duly posted in compliance with the Open Meetings Act.

Item 3. Approve the minutes of the October 2, 2008 Board meetings.

Mr. Roddy moved to approve the minutes. Mr. Meister seconded. The motion passed unanimously.

Item 4. Consideration, discussion, and possible action to approve a Request for Financing from Texas Youth Commission to issue \$2,862,719 of general obligation bonds to finance new construction projects, select a method of sale, appoint outside consultants, and take other necessary related action.

Ms. Edwards stated the request from the Texas Youth Commission was for a portion of the general obligation amount the Legislature had appropriated for them. She introduced Robin McKeever, Chief Financial Officer for Texas Youth Commission. Ms. McKeever also introduced Art Hinojosa, Director of Maintenance and Construction for TYC. The funding request is for two facilities, the Brownwood recreation building and a new education building at the Crockett facility. Ms. Sheralyn Townsend, TYC's new Commissioner, is in the process of reviewing the youth population projections and the agency's institutional capacities, but she does not anticipate any changes that would impact this request. Both facilities are more consistent performers and would not be on a list to close.

Mr. Mijares asked about the timing of these projects. Ms. McKeever stated the projects were not designed yet, but an RFP would be issued shortly for the design portion of the projects. Mr. Meister noted some reforms for the Texas Youth Commission were published in the Dallas Morning News about abolishing the TYC as it is currently known. He asked what effect that would have on an issue like this or would it not matter since these are general obligations of the State. Ms. Porras responded it would not affect the issues as they are state general obligations issued by the Authority.

Ms. McKeever commented the recommendation to abolish the TYC is the Sunset Commission staff recommendation, which is the initial step in the Sunset process. The Sunset legislation would not become effective until the next biennium. At this point, the recommendation is to abolish both the Youth Commission and the Texas Juvenile Probation Commission and establish a new entity to consolidate those agencies. Ms. Edwards stated there have been a number of agency reorganizations in the past and the general obligation program documents provide for successor agencies.

Mr. Mijares asked whether the project cost estimates were contracted out or performed in-house. Mr. Hinojosa responded the estimates were done in-house. The construction contracts are hard bid, and have a 10% contingency amount.

Staff recommended approving the request and financing it with commercial paper under the Series 2008 program. Dr. Wood moved to approve staff recommendations. Mr. Meister seconded. The motion passed unanimously.

Item 5. Consideration, discussion, and possible action to select bond counsel for FY09.

Ms. Edwards thanked Ms. Porras for her work on the bond counsel RFP project. Thirteen proposals were received. She stated the Authority held a bidders conference as Mr. Alley had suggested and a couple of attorneys attended. The matrix summarizes the key points of the law firms. Normally, selection is for a two year period, but last year the Board was not pleased with the number of proposals received so made a selection for a one year period. This selection of bond counsel will run through the end of the biennium in August.

Mr. Mijares asked if there was an option in the contract to extend for a year. Ms. Porras answered there is and that would be staff's intent. Mr. Roddy asked whether the recommended firms had served as bond counsel in the past. Ms. Edwards stated the recommendations were broken down into categories indicating prior service. Staff recommendations for bond counsel are Andrews Kurth LLP, Fulbright & Jaworski LLP, McCall Parkhurst & Horton LLP; Vinson & Elkins LLP and Winstead PC. Recommendations for co-bond counsel are Adorno Yoss White & Wiggins; Bickerstaff Heath Delgado Acosta LLP; and Shelton & Valdez. Those three co-bond counsel firms have not previously worked for the Authority.

Dr. Wood asked about the HUB goals or requirements and if any of the firms qualified. Ms. Porras responded that the applicable good faith goal is 33% and the recommended co-bond counsel firms are qualified; two of the firms are HUB certified and the third is eligible for certification. Mr. Meister asked about the total fees and how they are distributed, and how the work was typically divided when two firms are used. Ms. Porras explained the fee was divided based on the division of work, and work is divided based on the actual work required and the experience of the firms. For example, a co-bond counsel firm may prepare some of the ancillary documents, perform needed research, and handle necessary communications with the Attorney General's office. Both firms have to review documents and perform the work needed in order to provide a joint opinion for the issue. The only task not subject to delegation would be tax analysis unless the firm does have tax counsel.

Mr. Mijares instructed staff to encourage Shelton & Valadez to obtain their HUB certification and Ms. Porras said she will do so.

Mr. Meister asked about the fees and the efficiencies when two firms are used instead of one. Ms. Porras said past experience has been that fees and efficiencies are pretty much the same, but this depends on how well the Authority sets the standards, divides the work, and manages the contract to encourage efficiencies. Mr. Meister moved to approve staff recommendations. Dr. Wood seconded. The motion passed unanimously.

Item 6. Consideration, discussion, and possible action to adopt proposed amendments to rules 34 TAC Chapters 221, 223, and 225.

Mr. Roddy moved to postpone this item until December. Mr. Meister seconded. The motion passed unanimously.

Item 7. Other Business/Staff Report.

Mr. Mijares announced that this was the last meeting for Kim Edwards, Executive Director. He stated she had accepted a position in the private sector and her resignation from the Authority was effective November 30, 2008. He acknowledged her professionalism, courtesy and knowledge of what she does in her work and for the State of Texas. He thanked Ms. Edwards for her years of service.

Dr. Wood moved to go into an Executive Session. Mr. Meister seconded. The motion passed unanimously. Mr. Mijares recessed the open meeting to convene an executive session pursuant to Sections 551.071(2), relating to attorney consultations, and 551.074(a)(1), relating to personnel matters.

Mr. Mijares reconvened the open meeting at 11:06 a.m.

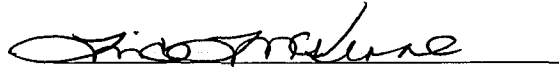
Dr. Wood moved that a RFP be issued for an executive search firm consultant. Mr. Meister seconded. The motion passed unanimously.

Mr. Mijares requested that an item be placed on the December agenda for discussion regarding appointment of a search committee consisting of the entire Board or smaller sub-committee of Board members and the hiring of an executive search consultant. He also noted that next meeting would be scheduled for December 11. Ms. Edwards stated there would be other business on the agenda such as the work for the Stephen F. Austin financing. It was also noted that the meeting date for January would be the 8th.

Item 11. Adjourn.

The meeting adjourned at 11:13 a.m.

The foregoing minutes were approved and passed by the Board of Directors on December 11, 2008.

A handwritten signature in black ink, appearing to read "Linda McKenna", is written over a solid horizontal line.

Linda McKenna
Secretary

Attachment: Posting Notice - Exhibit "A"



Open Meeting Submission

Success!
Row inserted

TRD: 2008009026
Date Posted: 11/05/2008
Status: Accepted
Agency Id: 0113
Date of Submission: 11/05/2008
Agency Name: Texas Public Finance Authority
Board: Texas Public Finance Authority
Liaison Id: 3
Date of Meeting: 11/13/2008
Time of Meeting: 10:00 AM (###:## AM Local Time)
Street Location: Capitol Extension, Hearing Room E2.026
City Location: Austin
State Location: TX
Liaison Name: Paula Hatfield
Additional Information Obtained From: If you need any additional information contact Paula Hatfield, 512/463-5544, 300 W. 15th Street, Suite 411, Austin, Texas 78701.

TEXAS PUBLIC FINANCE AUTHORITY
 THURSDAY, NOVEMBER 13, 2008 10:00 A.M.
 CAPITOL EXTENSION HEARING ROOM E2.026
 AUSTIN, TEXAS 78701

1. Call to order.
2. Confirm meeting posting compliance with the Open Meetings Act.
- Agenda:** 3. Approve the minutes of the October 2, 2008 Board meeting.
4. Consideration, discussion, and possible action to approve a Request for Financing from Texas Youth Commission to issue \$2,862,719 of general obligation bonds to finance new construction projects, select a method of sale, appoint outside consultants, and take other necessary related action.
5. Consideration, discussion, and possible action to select bond counsel for FY09.
6. Consideration, discussion, and possible action to adopt proposed amendments

to rules 34 TAC Chapters 221, 223, and 225.

7. Other Business/Staff Report.

Closed Meeting

8. The Board may convene in closed session, as authorized by Texas Government Code, Section 551.074(a) (1), to deliberate personnel matters including the Executive Director position and related staffing matters.

9. Pursuant to Texas Government, Section 551.071(2), the Board may convene in closed session at any time during this meeting to obtain legal advice from its counsel concerning any matter, listed on this agenda, in which the duty of its attorney under the Texas Disciplinary Rules of Professional Conduct conflict with Texas Government Code, chapter 551.

Reconvene Open Meeting

10. The open meeting will be reconvened for final action of the Board concerning matters deliberated in the Closed Meeting, if such action is required.

11. Adjourn.

Persons with disabilities, who have special communication or other needs, who are planning to attend the meeting should contact Paula Hatfield or Donna Richardson at 512/463-5544. Requests should be made as far in advance as possible.

Certification: I certify that I have reviewed this document and that it conforms to all applicable Texas Register filing requirements. Kimberly K. Edwards, Executive Director, Certifying Official; Paula Hatfield, Agency Liaison.

New

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