

Texas Public Finance Authority

Board of Directors:

Bert Mijares, 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

December 11, 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 10:03 a.m., Thursday, December 11, 2008, Capitol Extension Hearing Room E2.028, Austin, Texas. Present were: Mr. Bert Mijares, Chair; Ms. Linda McKenna, Secretary; Mr. Joe Meister, Member; Mr. Gerald Alley, Member; and Dr. Gary E. Wood, Member.

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

Present in their designated capacities were the following persons: Mark Ellis, Depfa First Albany; Debi Jones, Morgan Keegan; Patrick Scott, Barclays Capital; Keith Richard, Desrye Morgan, Banc of America Securities; Jerry Kyle, Andrews Kurth; Tim Peterson, First Southwest, Dorothy Drummer, Dorothy Drummer & Associates; Julie Houston, Nancy Hagquist, Winstead; Tim Kelley, Coastal Securities; and Nora Chavez, Stifel Nicolaus.

Item 1. Call to order.

Mr. Mijares called the meeting to order at 10:03 a.m.

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 November 13, 2008 Board meetings.

Dr. Wood moved to approve the minutes. Ms. McKenna seconded. The motion passed unanimously.

Item 4. Consideration, discussion, and possible action to adopt a Resolution and approve the Preliminary Official Statement for the Texas Public Finance Authority Stephen F. Austin State University Revenue Financing System Revenue Bonds, Series 2009, and take other necessary related action.

Ms. Porras said the Stephen F. Austin State University Revenue Financing System Revenue Bonds were approved for financing in October to finance expansion of nursing school facilities and other deferred maintenance projects for the University.

The bonds are to be sold through a negotiated sale. The Board is to adopt the Bond Resolution, including designating a pricing committee, approving the parameters of the bonds, and the Preliminary Official Statement. The maximum par amount set out in the Resolution is \$23,000,000; the maximum interest rate is 8% and the lowest price is 95% of the principal amount. Ms. Porras noted that Ms. Debi Jones, of Morgan Keegan, the Senior Underwriter, Bond Counsel, Ms. Carol Polumbo, of McCall Parkhurst, and Financial Adviser, Mr. Tim Peterson, First Southwest Company were present to respond to any questions of the Board.

The pricing is tentatively scheduled for January 14, 2009 in the Dallas offices of Morgan Keegan. Remote access is available to any Board member or staff who cannot attend the pricing. Mr. Mijares asked Mr. Peterson whether the bonds were insured. Mr. Peterson responded applications for insurance have been submitted to FSA and Assured Guaranty. There is a 7 to 12 basis point benefit having FSA or Assured insure the bonds. Mr. Peterson also said he had run the numbers without insurance and the ballpark figure is a 6% true interest cost.

Mr. Alley asked about the insurers being shaky and whether that was a philosophy change to have an insurer for a weak protection veil. Ms. Porras said there has been no fundamental change in the Authority's position on insurance; if there is a cost benefit, insurance will be used. The Authority had not had a cost benefit from insurance on recent issues that carry the State of Texas ratings, in part because of the condition of the insurance industry. However, these bonds carry the University's ratings of A2 by Moody's and A+ by Fitch, so insurance may provide a benefit, with a lower interest rate on the bonds. Mr. Peterson added that the cost-benefit analysis of insurance depends on market rates and therefore, has to be completed on the day of pricing.

Members of the Pricing Committee were designated to be Gerald Alley, Joe Meister and Gary Wood; with alternate members being Bert Mijares and Linda McKenna.

Dr. Wood moved to adopt the resolution, with the designated pricing committee, and the delegated parameters of a maximum par of \$23 million, a maximum interest rate of 8%, and a minimum price of 95% of the principal amount, and approve the Preliminary Official Statement. Mr. Alley seconded. The motion passed unanimously.

Item 5. Consideration, discussion, and possible action to adopt proposed amendments to rules 34 TAC Chapters 221, 223, and 225.

This item was postponed until a future meeting of the Board.

Item 6. Consideration, discussion, and possible action to select bond counsel to provide assistance with review and analysis of proposed legislation for the 81st Legislative session.

Ms. Porras stated her recommendation that the Authority hire Vinson Elkins (Barron Wallace) as bond counsel to assist with analysis on any extraordinary legislation that may occur during the 81st Legislative Session.

Ms. McKenna move to accept staff's recommendation. Mr. Alley seconded. The motion passed unanimously.

Item 7. Consideration, discussion, and possible action to select an Executive Search Firm for the Executive Director position and take other necessary action.

A Request for Proposal for an executive search firm was issued and posted in the Texas Register, on the State's electronic bulletin board, and on the Authority's website. Two responses were received. Dr. Wood commented that the Authority had prior experience working with one of the applicants, Ms. Drummer, and Mr. Mijares indicated that Ms. Drummer had helped hire the previous executive director twelve years ago. Ms. McKenna asked if the fee being proposed was in line with expectations. Ms. Porras said she thinks the proposed fee is reasonable based on the fees other agencies have paid recently for similar services. Mr. Alley asked if her fee included expenses. Ms. Porras responded expenses that may be reimbursed, including travel for the consultant and possibly for applicants, would be additional. Staff recommended that the Board hire Dorothy Drummer & Associates.

Dr. Wood moved to accept staff's recommendation. Ms. McKenna seconded. The motion passed unanimously.

Mr. Mijares asked Ms. Drummer to briefly explain the process and the anticipated schedule. Ms. Drummer stated the perfect search takes 90 days and there are very few perfect searches. The first step is to put together the position description and ideal candidate specification and these tasks usually take about ten days. From that point forward it usually takes 4 to 6 weeks to assemble a group of candidates for the Board to interview. After the Board interviews the candidates, some times a second round of interviews is required and references are checked. Finally, an agreement is reached with a successful candidate.

Ms. Drummer added she perceives working for the State of Texas is attractive and there are many candidates seeking employment at this time. The Authority really needs someone who wants the job for the right reasons and will stay long enough to make a difference in this job. The challenge will be sorting through the larger pool of candidates.

Mr. Meister asked about process and Ms. Drummer indicated she would begin working with Ms. Porras and Mr. Mijares immediately. Ms. McKenna inquired whether the position was posted on the Authority's website. Ms. Porras said information about the position and contacting Ms. Drummer will be posted on the website as soon as possible.

Item 8. Designate a search committee of the Board for the selection of an Executive Director.

The search committee for the selection of an Executive Director consists of all Board members with Mr. Mijares as the Chair of the Committee.

Item 9. Other Business/Staff Report.

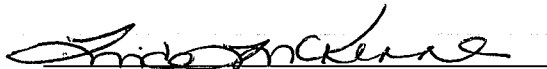
Ms. Porras thanked Mr. Hernandez and the accounting staff for completion of the Annual Financial Report. She also indicated that at the request of the Comptroller, the liquidity commitment of the 2002A general obligation commercial paper program had been reduced from \$300,000,000 to \$265,000,000, and the 2008 program commitment was reduced to \$185 million from \$300 million for the remainder of the biennium.

Mr. Mijares stated he had been contacted by the Governor's office regarding potential work for the Authority to help 27 counties and state agencies that do not have the ability to issue bonds to deal with the consequences of Hurricane Ike. There are about \$1.8 billion dollars of available funds.

Item 10. Adjourn.

The meeting adjourned at 10:50 a.m.

The foregoing minutes were approved and passed by the Board of Directors on February 5, 2009.

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

Linda McKenna
Secretary

Attachment: Posting Notice - Exhibit "A"



Open Meeting Submission

Success!
Row inserted

TRD: 2008009758
 Date Posted: 12/03/2008
 Status: Accepted
 Agency Id: 0113
 Date of Submission: 12/03/2008
 Agency Name: Texas Public Finance Authority
 Board: Texas Public Finance Authority
 Liaison Id: 3
 Date of Meeting: 12/11/2008
 Time of Meeting: 10:00 AM (##:## AM Local Time)
 Street Location: Capitol Hearing Extension Room E2.028
 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, DECEMBER 11, 2008 10:00 A.M.
 CAPITOL EXTENSION HEARING ROOM E2.028
 AUSTIN, TEXAS 78701

1. Call to order.
2. Confirm meeting posting compliance with the Open Meetings Act.
3. Approve the minutes of the November 13, 2008 Board meeting.

- Agenda:
4. Consideration, discussion, and possible action to adopt a Resolution and approve the Preliminary Official Statement for the Texas Public Finance Authority Stephen F. Austin State University Revenue Financing System Revenue Bonds, Series 2009, and take other necessary related action.
 5. Consideration, discussion, and possible action to adopt proposed amendments to rules 34 TAC Chapters 221, 223, and 225.

Closed Meeting

10. 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 matters.
11. The Board may convene in closed session as authorized by Texas Government Code, Section 551.071(2), 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

12. The open meeting will be reconvened for final action of the Board concerning matters deliberated in the Closed Meeting, if such action is required.
13. 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. If you need any additional information contact Paula Hatfield, 512/463-5544, 300 W. 15th Street, Suite 411, Austin, Texas 78701.