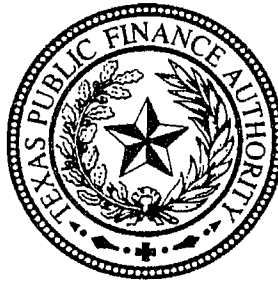


Texas Public Finance Authority

Board of Directors:

Gary E. Wood, Chair
Ruth C. Schiermeyer, Vice Chair
D. Joseph Meister, Secretary
Gerald Alley
Rodney K. Moore
Robert T. Roddy, Jr.
Massey Villarreal

Dwight D. Burns
Executive Director



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

December 3, 2009

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, December 3, 2009, Capitol Extension Hearing Room E2.028, Austin, Texas. Present were: Dr. Gary Wood, Chair; Ms. Ruth Schiermeyer, Vice Chair; Mr. Joe Meister, Secretary; Mr. Rodney Moore, Member; Mr. Gerald Alley, Member; and Mr. Massey Villarreal, Member.

Representing the Authority's staff was: Mr. Dwight D. Burns, Executive Director; Ms. Susan Durso, 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: Dale Lehman, Piper Jaffray; Patrick Scott, John Daniel, Barclays; Becky Villasenor, Ramirez & Co., Inc.; Jim Stewart, Raymond James & Associates; Andy Bynam, Citigroup; Lisa Vanderbeek, Stifel Nicolaus; Debi Jones, Morgan Keegan; Keith Richard, Bank of America Merrill Lynch; Mark Ellis, Mark Kim, Jefferies; Robbi J. Jones, Kipling Jones & Co., Yava Scott, Siebert Brandford; Desrye Morgan, Jere McQuffer, Mesirow Financial, Inc.; Curtis V. Flowers, Lop Capital; Julie Houston, Winstead; Paul Jack, Estrada Hinojosa; Dennis Waley, Public Financial Management; Heath Barber, JP Morgan; Liz Prado, Legislative Budget Board; Robin McKeever, Art Hinojosa, Michael Waggoner, Texas Youth Commission; Tim Peterson, First Southwest Co.; and Tim Kelley, Coastal Securities .

Item 1. Call to order.

Dr. Wood called the meeting to order at 10:03 a.m.

Dr. Wood welcomed new Board member, Massey Villarreal. Mr. Villarreal is President and CEO of Precision Task Group, Inc., a computer consulting firm that provides

data processing solutions to public and private sector firms. He is a past chair of the Houston Hispanic Chamber of Commerce, where he currently serves on the Board. Previously, he has served as the chair of the Texas Department of Economic Development. Mr. Villarreal stated he looked forward to serving to the TPFA Board.

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

Dr. Wood confirmed the meeting had been duly posted in compliance with the Open Meetings Act.

Item 3. Excuse absences of board members.

Ms. Schiermeyer moved to excuse the absences of Mr. Tom Roddy. Mr. Alley seconded. The motion passed unanimously.

Item 4. Approve the minutes of the October 8, 2009 Board meetings.

Dr. Wood asked if there were any corrections or additions to the minutes of the meeting held on October 8. Changes requested were to remove Mr. Moore's name from the sentence indicating Board attendance and to correct the spelling of Dana Rhyne's name in the guest section of the minutes. Mr. Alley moved to approve the minutes of October 8 as presented. Ms. Schiermeyer seconded. The motion passed unanimously.

Item 5. Consideration, discussion, and possible action to approve a Request for Financing from the Texas Youth Commission to issue approximately \$5,556,651 of general obligation bonds to finance repair and renovation of existing facilities to include utility, road and site work; roof repairs and replacements; rehabilitation of buildings and systems; and professional design fees, construction contract administration fees, associated fees and administrative costs associated with the construction projects, select a method of sale, appoint outside consultants, and take other necessary related action.

Mr. Burns introduced Robin McKeever, Director of Administrative Services of Texas Youth Commission to discuss its request for financing. Ms. Schiermeyer asked if the facility was in Austin. Ms. McKeever said the facilities were spread throughout Texas. Mr. Alley asked if all the projects would be bid at the same time. Ms. McKeever stated the design portion would be bid at one time, but the construction contracts would be bid separately. She introduced Art Hinojosa, Director of Construction and Maintenance. Mr. Hinojosa said three or four facilities would be grouped together based on geography for the interested architects interested to bid on and then one general contractor would be hired to oversee the group as a project.

Mr. Burns recommend the request be approved contingent upon Legislative Budget Board and Bond Review Board approval and that it be funded through long term debt issuance or the Authority's commercial paper program. Mr. Meister asked if the motion authorizes staff to elect fixed rate debt issuance or commercial paper. Mr. Burns replied "yes" and stated the motion allowed flexibility given market conditions. He stated that if long term debt was determined to be best, staff would return to the Board for certain direction regarding structure, dates, sale parameters, etc.

Ms. Schiermeyer moved to accept staff's recommendation. Mr. Meister seconded. The motion passed unanimously.

Item 6. Consideration, discussion and possible action on a proposed Request for Information for Underwriters and a Request for Proposals for Financial Advisors.

Mr. Burns stated the last comprehensive request and review of financial advisors and underwriters was in 2005 and the Authority's Board composition has changed. Mr. Burns's opinion is that the Board should have some ownership of its consultants. Over the past few years, considerable volatility occurred in the capital markets. Prior policy has been to maintain a broad pool, a mixture of national and regional firms, historically underutilized business firms.

Staff requests that it be permitted to issue requests for information from underwriters on December 4, 2009. Mr. Burns indicated a matrix would be available for the Board's review for selection of a new underwriting pool at its January meeting.

Staff plans to submit a request for proposal for financial advisors in January. Mr. Meister asked if the format for the request for information and the request for proposal would be something used in the past and asked for more detail. Mr. Burns stated drafts of both documents were in the Board packets.

Ms. Durso, General Counsel, stated the request for proposal is standardized by the rules and requirements of the Comptroller's office which oversees procurement for the state. The drafts follow what has been done in the past for any procurement. One difference is the request for information and one request is for proposals. The difference relates to the difference in procurement. The request for underwriting does not ask for a particular service that corresponds to a monetary charge. The fee is determined by each transaction. The proposal for financial advisors seeks a fee structure. Otherwise, the documents are very much the same. Ms. Durso explained that the Authority will put together a team that evaluates the responses, set up a matrix and it will be provided to the Board at its next meeting for discussion and explanation of staff recommendations. The Board will select the underwriting pool and financial advisors.

Ms. Schiermeyer asked about the time element being over a period including Christmas and New Year's and whether it will be possible to complete. Mr. Burns indicated the information is due before the Christmas holidays and that he was pushing staff a bit to complete the deadline. Ms. Schiermeyer asked that staff speak to the timing and John Hernandez, Deputy Director, stated the scheduling was a tight timeframe, but some financings are expected early in the year and having updated information for a new pool was important.

Mr. Burns stated requests for financings from universities were expected and he wanted the Board to have some ownership over its consultants since there had been so much volatility in the capital markets. Dr. Wood restated the proposed dates for issuing the RFI for underwriters and stated that during this process neither the Board nor the staff should have any contact with prospective candidates. Mr. Burns stated this was correct and since this is the holiday season asked that firms restrain from providing gifts. Ms. Durso stated firms should refrain from gifts at all times. She stated that the underwriters might need to contact the Authority on matters unrelated to the RFI and to the extent that is necessary that is not discouraged. The process does need to be fair and on an even playing field for all participants particularly those who have not worked with the Authority in the past. Mr. Alley asked if he understood correctly that the current financial advisors would be a part of the evaluation process. Ms. Durso stated that if the financial advisors assist with the evaluation process those firms cannot submit a response.

Mr. Moore moved to accept staff's recommendation to issue the RFI and RFP. Mr. Villarreal seconded. The motion passed unanimously.

Item 7. Staff Report
Update on Operating Budget
Update on Survey of Organization Excellence

Pamela Scivicque, Business Manager, directed the Board's attention to Tab D of its packet. Ms. Scivicque stated that this is an informational item presented to close the loop on the FY10 Operating Budget as requested in the Authority's Legislative Appropriation Request and approved by the 81st Legislature. She indicated that some costs have been adjusted in the overall budget to reflect the change in management and the associated training and travel costs for two new executive staff members and to accommodate some small staff salary increases.

Mr. Burns stated this was for informational purposes to be transparent with its operating budget and discussed briefly the spreadsheet titled "TPFA Administrative Operating Budget 2010."

Ms. Scivicque explained that the Authority had entered into an engagement with the University of Texas, School of Social Work, to administer a Survey of Employee

Engagement to assess employee perception of the agency. The information gathered from the survey is part of the Authority's strategic planning process. The Survey of Employee Engagement replaces the Survey of Organizational Excellence and with the change in the survey the actual results will establish new benchmarks for the Authority for 2010. An executive summary will be provided to the Board when available in early 2010.

Mr. Burns stated the Authority's Annual Financial Report had been completed and could be accessed on TPFA's website.

Executive Session:

8. a. Pursuant to Texas Government 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 conflicts with Texas Government Code, chapter 551.
- b. Pursuant to Texas Government 551.074, the Board may convene in closed session at any time during this meeting to deliberate regarding the duties and performance of the Executive Director or General Counsel.

Dr. Wood convened a closed session at 10:31 a.m.

Reconvene Open Meeting

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

Dr. Wood ended the executive session of the meeting at 10:54 a.m.

14. Adjourn.

Dr. Wood reconvened the open meeting at 10:55 a.m. and stated no action would be taken as a result of the closed session. Dr. Wood adjourned the meeting at 10:58 a.m.

The foregoing minutes were approved and passed by the Board of Directors on January 7, 2010.



D. Joseph Meister
Secretary

Attachment: Posting Notice - "Exhibit A"



Open Meeting Submission

Success!
Row inserted

TRD: 2009008873
Date Posted: 11/24/2009
Status: Accepted
Agency Id: 0113
Date of Submission: 11/24/2009
Agency Name: Texas Public Finance Authority
Board: Texas Public Finance Authority
Liaison Id: 3
Date of Meeting: 12/03/2009
Time of Meeting: 10:00 AM (##:## AM Local Time)
Street Location: Capitol Extension Hearing 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, TX 78701.

TEXAS PUBLIC FINANCE AUTHORITY
 THURSDAY, DECEMBER 3, 2009, 10:00 A.M.
 Capitol Extension Hearing Room E2.028
 AUSTIN, TEXAS 78701

- Agenda:**
1. Call to order.
 2. Confirm meeting posting compliance with the Open Meetings Act.
 3. Excuse absences of board members.
 4. Approve the minutes of the October 8, 2009, Board meeting.
 5. Consideration, discussion, and possible action to approve a Request for Financing from the Texas Youth Commission to issue approximately \$5,556,651 of general

obligation bonds to finance repair and renovation of existing facilities to include utility, road and site work; roof repairs and replacements; rehabilitation of buildings and systems; and professional design fees, construction contract administration fees, associated fees and administrative costs associated with the construction projects, select a method of sale, appoint outside consultants, and take other necessary related action.

6. Consideration, discussion and possible action on a proposed Request for Information for Underwriters and a Request for Proposals for Financial Advisors.

7. Staff Report

Update on Operating Budget

Update on Survey of Organization Excellence

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Reconvene Open Meeting

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

10. 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. Susan K. Durso, General Counsel, Certifying Official; Paula Hatfield, Agency Liaison.

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