

TEXAS PUBLIC FINANCE AUTHORITY

BOARD OF DIRECTORS:

Billy M. Atkinson, Jr., Chair
Ruth C. Schiermeyer, Vice Chair
Gerald B. Alley, Secretary
Mark W. Eidman
Walker N. Moody
Rodney K. Moore
Robert T. Roddy, Jr.



EXECUTIVE DIRECTOR

Robert P. Coalter

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

May 30, 2013

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 10:30 a.m., Thursday, May 30, 2013, Capitol Extension Hearing Room E2.024, Austin, Texas. Present were: Mr. Billy Atkinson, Chair; Ms. Ruth Schiermeyer, Vice Chair; Mr. Gerald Alley, Secretary; Mr. Mark Eidman, Member; Mr. Rodney Moore, Member; and Mr. Walker Moody, Member.

Representing the Authority's staff were: Robert P. Coalter, Executive Director; Susan K. Durso, General Counsel; John Hernandez, Deputy Director; Pamela Scivicque, Business Manager; and Paula Hatfield.

Present in their designated capacities were the following persons: Dalton Smith, Bank of America Merrill Lynch; Mark Ellis, Jefferies; Robin Redford, Ramirez & Co., Inc.; Jim Niederle, Hutchison Shockey Erley; Tim Kelley, Piper Jaffray; Debi Jones, Raymond James; Tim Peterson, JP Morgan; Kathryn Garner, Haynes and Boone; Barron Wallace, Bracewell & Giuliani; Julie Houston, Winstead; Emily Morganti, Legislative Budget Board; Chris Allen, Drew Masterson, First Southwest Co.; Jorge Rodriguez, Coastal Securities; Louis Edwards, Texas Southern University; and Pete Gise, Texas Windstorm Insurance Association.

Mr. Atkinson called the meeting to order at 10:46 a.m.

Item 2. Excuse absences of board members.

Mr. Eidman moved to excuse the absence of Mr. Roddy. Mr. Moore seconded. The motion passed unanimously.

Mr. Atkinson expressed appreciation for Mr. Meister's service to the Board and the State and his leadership as the Chair for the past two years. Mr. Atkinson stated that the Governor had appointed him Chair as of April 26, 2013, and that he looked forward to working with the

Board.

He welcomed Mr. Walker Moody to the Board. Mr. Moody is from Houston where he is a Managing Director at Tudor, Pickering, Holt & Co. Previously Mr. Moody served on the Board of the Cancer Prevention and Research Institute of Texas.

Item 3. Approve the minutes of the April 4, 2013, Board meeting.

Mr. Atkinson asked if there were any corrections or additions to the minutes of the Board meeting of April 4, 2013. Ms. Schiermeyer moved to approve the minutes as presented. Mr. Alley seconded. The motion passed unanimously.

Item 4. Consideration, discussion, and possible action to adopt a Ninth Supplemental Resolution authorizing the issuance of the Texas Public Finance Authority Texas Southern University Revenue Financing System Refunding Bonds, Series 2013 (the Refunding Bonds); Authorizing Actions by the Texas Public Finance Authority, Texas Southern University and Representatives thereof in connection with the Sale and Delivery of said Refunding Bonds; Appoint a Pricing Committee for Sale of the Refunding Bonds and Take Other Necessary Action Related Thereto.

Mr. Coalter stated the Board had approved the issuance of the refunding bonds for Texas Southern University last month. The approximate \$55 million refunding bonds would produce present value savings of approximately \$5.1 million, an 8% return. The resolution, bond purchase agreement and official statement were included in the board packets. The pricing is scheduled for the week of August 5 in Dallas at RBC Capital Markets. Mr. Coalter introduced Drew Masterson and Chris Allen, First Southwest Co., Barron Wallace, Bracewell Giuliani and Louis Edwards, Texas Southern University are available to answer any questions. Mr. Coalter stated a pricing committee needed to be selected and an approval to adopt the resolution was needed.

Mr. Atkinson asked if there were any questions. Ms. Durso clarified that the Board was being asked to approve a principal maximum par amount of \$67 million for refunding bonds, that no new money was included and that the refunding will achieve at a minimum the 3% present value savings established in Board Debt Management policies. She further offered that the documents are only partially complete so the Board will also be authorizing staff to make non-substantive changes to those documents.

Mr. Atkinson requested volunteers for the pricing committee. Mr. Alley stated he could attend the pricing in person. Mr. Walker and Ms. Schiermeyer agreed to participate by telephone. Mr. Moore agreed to be the alternate pricing committee member. Mr. Atkinson stated that should anyone's plans change, he would also be an alternate.

Ms. Schiermeyer moved to adopt a Ninth Supplemental Resolution authorizing the issuance of the TPFA TSU Revenue Financing System Refunding Bonds, Series 2013 in an aggregate principal amount not to exceed \$67 million, with a minimum present value savings of 3%; approve the Preliminary Official Statement, and authorize actions by the TPFA, TSU and representatives thereof in connection with the sale and delivery of said refunding bonds; and appoint a pricing committee for the sale of the refunding bonds as discussed. Mr. Moore seconded. The motion passed unanimously.

Item 5. Consideration, discussion, and possible action to approve a request for financing to issue Class 1, Class 2 and Class 3 public securities for the Texas Windstorm Insurance Association, including Issuance of a Class 1 Pre-Event Bond Anticipation Note in an Amount not to Exceed \$500 million, and the Adoption of

One or More Resolutions Relating Thereto and Delegating Certain Matters to an Authorized Official of the Authority, Appoint Outside Consultants, and Take Other Action as Necessary.

Mr. Coalter directed the Board members' attention to the packet of letters before them on the dais. He explained that the first letter was from the Commissioner of the Department of Insurance approving post-event issuance of Class 1, 2 and 3, but did not approve the Bond Anticipation Note; the second letter is from Representative Smithee requesting that the Governor have a special session and add TWIA to the call; and the third letter is from Julia Rathgeber, the new insurance commissioner. Mr. Coalter stated no action was needed at this time because the issuance of the BAN had not been approved.

Mr. Atkinson asked if there were any questions. Ms. Schiermeyer asked what happened if Texas has a hurricane. Mr. Coalter said in that case, the Board would be called back to take action on the issuance of Class 1, 2 and 3 post issuance securities.

Mr. Atkinson asked if the Board created a problem by not approving it today because the prior Commissioner of Insurance had approved the post-event issuance of Class 1, 2 and 3 securities. Ms. Schiermeyer's question, as Mr. Atkinson understood it to be was 'if action was deferred and a storm does hit the coast, has the Board created a problem for TWIA and the Department of Insurance'? Mr. Coalter stated it would not be a problem, and now, a new letter is needed from the new commissioner. From a timing perspective, Ms. Durso stated that after a hurricane hits there is going to be some period of time before claims are made and TWIA would have to start paying out claims. TWIA does have \$180 million in a cash reserve fund to begin paying claims. The BAN would have provided more liquidity during that period of time. As for the Board's approval, the Board would be called back very quickly, it would easily fall within the emergency meeting provisions of the open meetings act, if necessary, and the process would begin quickly.

Mr. Atkinson asked TWIA representative, Pete Gise, Controller, if deferring action on this matter created any problem for TWIA. Mr. Gise stated that he and Mr. Coalter had discussed the matter and were confident that Mr. Coalter could arrange the financing as soon as possible following an event and at this point the BAN is not an option that can be considered. TWIA does have the cash reserves and the \$180 million that Ms. Durso mentioned. If a storm occurs, time is of the essence, but right now there is no problem.

Mr. Eidman asked if a meeting was needed due to a storm if board members had to be present or if it could be handled by telephone. Ms. Durso stated she believed there was a three day emergency meeting and she did not believe telephone connections were adequate given the need to have audio and video access to every location as well as public availability. There is a bill that passed the Legislature that will change some of the requirements, but until September it would probably be easiest to get a four person quorum at a single location within the three day emergency meeting provisions.

Item 6. Staff Report, including a market update and update on legislative activities related to the Authority and its client agencies.

Mr. Coalter stated the agency's lost full-time equivalent (FTW) position was restored in the Appropriations Act, so the Authority still has a fourteen FTE cap. The \$500,000 debt management system was approved and that \$150,000 was appropriated for the biennium to fund a currently unfunded position. Debt service was appropriated to support various appropriations for debt issuance from the 50-g Constitutional Authorization for proceeds appropriated to

different agencies. For CPRIT, the Legislature approved another \$600 million in proceeds for the biennium.

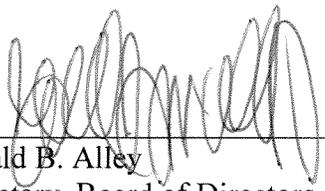
Mr. Atkinson asked what would be the process going forward to deal with the debt management system. Mr. Coalter stated he was going to start putting together requirements, what was needed, outputs, review that internally and with consultants, and then bring it to the Board for review. He stated he was also in the process of contacting other states to learn about those states' debt management systems. He thought it was necessary to have thorough understanding before going forward. Ms. Schiermeyer asked if the software would be purchased off-the-shelf or if it would be created for the Authority. Mr. Coalter indicated his past experience and preference would be to have one turnkey system, go out with a RFP so there is one individual who is responsible for it. He knew of a foundation potential system that might be possible to use along with some modifications of it.

Mr. Atkinson requested that in future meetings that in the staff report a chart or bulleted items be included to show points of update, any reset expectations for the system, the current location, tracking recent expectations for the system, and the prospect and expectation that should be reset by the Board. He also stated his understanding of the debt management system was that it would provide some efficiencies and connectivity with the agencies and he thought that was important as well.

He expressed a desire to track the work developing on the new data management system in more detail than just a verbal report.

The meeting adjourned at 11:14 a.m.

The foregoing minutes were approved and passed by the Board of Directors on August 1, 2013.



Gerald B. Alley
Secretary, Board of Directors

ATTACHMENT: Posting Notice - Exhibit A



Current Meeting Notices

Agency Name: Texas Public Finance Authority

Date of Meeting: 05/30/2013

Time of Meeting: 10:30 AM (Local Time)

Board: Texas Public Finance Authority

Status: Active

Street Location: Capitol Extension Hearing Room E2.028

City Location: Austin

Meeting State: TX

TRD ID: 2013003393

Submit Date: 05/22/2013

Emergency Meeting?: No

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.

Agenda: TEXAS PUBLIC FINANCE AUTHORITY
THURSDAY, MAY 30, 2013, 10:30 A.M.
CAPITOL EXTENSION HEARING ROOM E2.028
STATE CAPITOL
AUSTIN, TEXAS 78701

AGENDA

1. Confirm meeting posting compliance with the Open Meetings Act.
2. Excuse absences of board members, if necessary.
3. Approve the minutes of the April 4, 2013, Board meeting.
4. Consideration, discussion, and possible action to adopt a Ninth Supplemental Resolution authorizing the issuance of the Texas Public Finance Authority Texas Southern University Revenue Financing System Refunding Bonds, Series 2013 (the Refunding Bonds); Authorizing Actions by the Texas Public Finance Authority, Texas Southern University and Representatives thereof in connection with the Sale and Delivery of said Refunding Bonds; Appoint a Pricing Committee for Sale of the Refunding Bonds and Take Other Necessary Action Related Thereto.
5. Consideration, discussion, and possible action to approve a request for financing to issue Class 1, Class 2 and Class 3 public securities for the Texas Windstorm Insurance

Association, including Issuance of a Class 1 Pre-Event Bond Anticipation Note in an Amount not to Exceed \$500 million, and the Adoption of One or More Resolutions Relating Thereto and Delegating Certain Matters to an Authorized Official of the Authority, Appoint Outside Consultants, and Take Other Action as Necessary.

6. Staff Report, including a market update and update on legislative activities related to the Authority and its client agencies.

7. Executive Session:

a. 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 conflicts with Texas Government Code, chapter 551.

b. Pursuant to Texas Government section 551.074, the Board may convene in closed session at any time during this meeting to deliberate personnel issues, including the duties, responsibilities and performance of the Executive Director, the General Counsel and the duties and responsibilities and performance of other staff.

8. Reconvene Open Meeting:

The open meeting will be reconvened, and any final action required concerning matters deliberated in the Closed Meeting must be taken at this time.

9. Discussion of future meeting dates and times.

10. Adjourn.

Persons with disabilities, who have special communication or other needs, who are planning to attend the meeting should contact Paula Hatfield 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.

For comments and or questions about this website please contact *Texas Register* register@sos.state.tx.us