

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

August 1, 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, August 1, 2013, Capitol Extension Hearing Room E2.028, Austin, Texas. Present were: Mr. Billy Atkinson, Chair; Ms. Ruth Schiermeyer, Vice Chair; Mr. Tom Roddy, 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: Tim Peterson, JP Morgan; Dalton Smith, Bank of America Merrill Lynch; Jorge Rodriguez, Coastal Securities; John Young, Wells Fargo; Richard Donoghue, McCall Parkhurst & Horton; Mark Ellis, Jefferies; Robert Caccini, Siebert Brandford Shank; Art Morales, BOSC, Inc.; Debi Jones, Raymond James; Chris Allen, First Southwest Co.; Kathryn Garner, Haynes Boone; Lorraine Palacios, Ramirez & Co.; Keith Richard, Morgan Stanley; Jim Niederle, Hutchison Shockey Erley; Tim Kelley, Piper Jaffray; and Terry Thornton, Goldman, Sachs & Co.

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

Item 2. Excuse absences of board members.

Mr. Roddy moved to excuse the absence of Messrs. Eidman, Alley and Moore. Mr. Moody seconded. The motion passed unanimously.

Item 3. Approve the minutes of the May 29 and May 30, 2013, Board meetings.

Mr. Atkinson asked if there were any corrections or additions to the minutes of the Board meeting of May 29, 2013. Ms. Schiermeyer moved to approve the minutes as presented. Mr. Moody seconded. The motion passed unanimously.

Mr. Atkinson asked if there were any corrections or additions to the minutes of the Board meeting of May 30, 2013. Mr. Moody moved to approve the minutes as presented. Ms. Schiermeyer seconded. The motion passed unanimously.

Item 4. Consideration, discussion and possible action to adopt a Resolution Authorizing the Defeasance and Redemption of Texas Public Finance Authority State of Texas General Obligation Bonds (Texas Military Value Revolving Loan Fund) Series 2007A-2 Under Certain Conditions and Other Related Matters.

Ms. Durso stated TPFA received notice from the Port Authority of San Antonio of its plans to issue refunding bonds to redeem bonds held by the Commission. The Texas Military Facility Commission purchased those bonds with proceeds of bonds that TPFA issued and as part of that refunding the Port would like to use the refunding proceeds to defease TPFA's bonds. This matter has been discussed with the Texas Military Facilities Commission, which is now part of the Governor's Office, and staff agrees that if the appropriate amount of funds is escrowed, it would be good to defease the bonds. Staff is requesting the Board adopt a resolution to defease the bonds under certain conditions and for the appointment of McCall Parkhurst & Horton as bond counsel and First Southwest Company as financial advisor, and authorize the execution of documents. Ms. Durso asked if there were any questions.

Mr. Roddy moved to adopt a Resolution authorizing the defeasance and redemption of Texas Public Finance Authority State of Texas General Obligation Bonds (Texas Military Value Revolving Loan Fund) Series 2007A-2 under certain conditions, to appoint McCall Parkhurst & Horton as bond counsel and First Southwest Company as financial advisor on the transaction, and authorize the execution of documents to effectuate the transaction. Ms. Schiermeyer seconded. The motion passed unanimously.

Item 5. Consideration, discussion and possible action to authorize the issuance of Texas Public Finance Authority State of Texas General Obligation Refunding Bonds, Series 2013, and such other series and subseries as may be designated, (possibly including a refunding of Series 2003 and 2003A General Obligation Bonds and refunding of certain maturities of the Authority's Series 2006A, 2006B, and 2007 General Obligation Bonds or including a Commercial Paper fix-out) and, if authorized, appoint consultants, and take other necessary actions related thereto.

Mr. Coalter stated that the Authority's underwriters and financial advisors constantly monitor its debt. Staff would like the Board to appoint bond counsel and a financial advisor to begin work on a bond refunding and possible commercial paper fix-out transaction. Staff is recommending Jorge Rodriguez from Coastal Securities serve as financial advisor and McCall Parkhurst & Horton to serve as bond counsel. Jorge Rodriguez, Coastal Securities, and Richard Donoghue, McCall Parkhurst & Horton, were available for Board questions. Mr. Moody inquired about the

analysis timeline. Mr. Coalter indicated a proposal and a recommendation would be submitted to the Board at the next Board meeting in September. Depending upon market conditions a transaction would likely be scheduled in the fall. Ms. Schiermeyer asked for an explanation about items listed in the Board materials, the percentage savings of refunded bonds as 5.67% and the following line showing the percentage savings of refunding bonds as 5.85%. Mr. Rodriguez explained that the difference was from a mathematical calculation stemming from the amount of debt currently outstanding, which makes it necessary to issue more bonds in the refunding for the interest associated with the old bonds to be refunded. Mr. Rodriguez also stated that market volatility necessitates close monitoring for this refunding.

Mr. Moody moved to appoint McCall Parkhurst & Horton as bond counsel, and Coastal Securities, as financial advisor, to assist staff in the development of refunding transaction for certain outstanding TPFAs General Obligation Bonds and possibly a fix-out of general obligation commercial paper for 2013, with such transaction to achieve a minimum of a 3% present value savings. Ms. Schiermeyer seconded the motion. The motion passed unanimously.

Item 6. Consideration, discussion and possible action to accept the resignation of Deutsche Bank Trust Company of Americas (Deutsche Bank) as Issuing and Paying Agent for the Texas Public Finance Authority General Obligation Commercial Paper Notes, Series 2002A, 2002B and 2008, to appoint U.S. Bank National Association (U.S. Bank) as the Successor to Deutsche Bank as a result of the sale of the Deutsche Bank Municipal Bond Trustee Business to U.S. Bank, and authorize the execution of all necessary documents evidencing the resignation and appointment.

Ms. Durso stated the Deutsche Bank has been serving as the paying agent for the 2002A, 2002B and 2008 commercial paper programs. Recently Deutsche Bank sold its municipal bond trustee business to US Bank. The Authority's documents require that the resignation of Deutsche Bank be accepted and that the Board appoint a new issuing and paying agent. Staff is recommending US Bank as the successor of Deutsche Bank. Mr. Roddy asked if anything else was changing and Ms. Durso answered "no," that it was just a formality.

Mr. Roddy moved to accept the resignation of Deutsche Bank as the Issuing and Paying Agent for the TPFAs General Obligation Commercial Paper Notes, Series 2002A, 2002B and 2008, to appoint U.S. Bank as the successor to Deutsche Bank and authorize the execution of all necessary documents evidencing the resignation and appointment as discussed. Ms. Schiermeyer seconded the motion. The motion passed unanimously.

Item 7. Consideration, discussion and any necessary action regarding the amendment of TPFAs liquidity agreements with the Comptroller for the 2002A, 2002B, 2008, and CPRIT A and B General Obligation Commercial Paper programs, and the 2003 MLPP Revenue Commercial Paper program.

Mr. Coalter stated that the Comptroller of Public Accounts agreed to provide liquidity for the Authority's commercial paper programs for the following year. This year, the Authority

requested an additional \$40 million for the CPRIT program and the Comptroller agreed to the additional liquidity. This update is for informational purposes only; no action is required.

Item 8. Staff Report, including a market update, an update on the legislative session, including authorized debt and agency appropriations, and upcoming debt issuances.

Mr. Coalter stated client agencies have been canvassed to find out plans for submitting requests for financings. Four agencies plan to submit requests in September, three agencies plan to submit requests in October and one agency is planning a request for December. Mr. Coalter stated the \$325 million appropriation for the Texas Facilities Commission had been vetoed by the Governor. Mr. Coalter called the Board's attention to the last page in the Board packet showing an update of the debt management system. Mr. Coalter said he had begun development work through a document called the Debt Life Cycle and the entire staff in a group effort to define and itemize each step of the process and identify a position of responsibility to establish a foundation to know what to include. This document could be useful to vendors to provide examples of the how the system can work. Mr. Coalter stated he would bring the result to the Board when it was finished. A questionnaire is being developed and an outreach list is being compiled of other states that may have some similar system in place. Mr. Coalter stated he would continue to provide an update in the Board packets. Mr. Moody stated it was very smart and good way to develop a system without bleeding cash and taxpayers' dollars trying to build something before being ready.

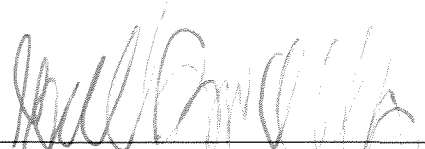
The Board began an Executive Session at 10:48 a.m. with Ms. Durso and Mr. Coalter in order to take up agenda items for which the Board seeks the advice of counsel pursuant to Government Code section 551.007(2), and pursuant to section 551.074, to take up personnel issues, including the duties, responsibilities and performance of the Executive Director, the General Counsel and duties, responsibilities and performance of other staff.

The Board adjourned the Executive Session at 11:48 a.m. and reconvened in open meeting at 11:50 a.m. As a result, of the Executive Session, the Board took no action.

The next Board meeting is scheduled for September 5, 2013.

The meeting adjourned at 11:53 a.m.

The foregoing minutes were approved and passed by the Board of Directors on September 5, 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: 09/05/2013

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: 2013005806

Submit Date: 08/28/2013

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, SEPTEMBER 5, 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 August 1, 2013, Board meeting.
4. Consideration, discussion and possible action to approve the Texas Department of Public Safety's Request for Financing to issue approximately \$15 million in general obligation debt pursuant Art. III, sec. 50-g, Texas Constitution, Texas Government Code 1232, S.B. 1, Art. IX, Sec. 17.02 83rd Legislature, Regular Session Art. IX, Sec. (2013) for deferred maintenance projects contingent upon Legislative Budget Board approval, select a method of sale, appoint outside consultants and take other necessary related action.
5. Consideration, discussion and possible action to approve the Texas Department of Criminal Justice's Request for Financing to issue approximately \$50 million in general obligation debt pursuant Art. III, sec. 50-g, Texas Constitution, Texas Government Code

1232, S.B. 1, Art. IX, Sec. 17.02 , 83rd Legislature, Regular Session (2013) for capital repairs and renovations contingent upon final approval by the Legislative Budget Board, select a method of sale, appoint outside consultants and take other necessary related action.

6. Consideration, discussion, and possible action to approve a request for financing to issue Post-Event Class 1, Class 2 and Class 3 public securities for the Texas Windstorm Insurance Association 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.

7. Consideration, discussion, and possible action to appoint an underwriting syndicate for the sale of Texas Public Finance Authority State of Texas General Obligation Refunding Bonds, Series 2013.

8. Staff Report, including a market update.

9. 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.

10. 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.

11. Discussion of future meeting dates and times.

12. 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