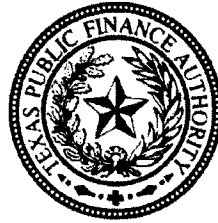


TEXAS PUBLIC FINANCE AUTHORITY

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.



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

November 7, 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, November 7, 2013, Capitol Extension Hearing Room E2.028, Austin, Texas. Present were: Mr. Billy Atkinson, Chair; Ms. Ruth Schiermeyer, Vice Chair; Mr. Gerald Alley, Secretary; and Mr. Walker Moody, Member; Rodney Moore, Member.

Representing the Authority's staff were: Robert P. Coalter, Executive Director; John Hernandez, Deputy Director; Pamela Scivicque, Business Manager; John Barton, Senior Bond Analyst; and Carolina Faz, Executive Assistant.

Present in their designated capacities were the following persons: Jorge Rodriguez, Coastal Securities; Carol Polumbo, McCall, Parkhurst & Horton; Heidi McConnell, CPRIT; Warren Glass, DADS; Heath Barber, Coastal Securities; Patrick Scott, Barclays; Emily Morganti, LBB; Amanda Dillon, LBB; Dalton Smith, B of A, Merrill Lynch; Rick Menchaca, BOSC, Inc.; Wayne Roberts, CPRIT; Diane Warner, TFC; Clarence Grier, RBC; Justin Groll, BRB; Barron Wallace, Bracewell & Giuliani LLP; Gary Lawrence, DSHS; Victor Moore, HHSC; David Umscheid, HHSC; Chris Allen, FSC; Kay Molina, TFC; Rebecca Sanchez, TFC; John Raff, TFC; Teresa Griffin, HHSC; Debi Jones, Raymond James; Andy Bynam, Mesirow Financial; Jana Edwards, McCall, Parkhurst & Horton; Peter Maass, TFC; Tim Peterson, J.P. Morgan; Art Morales, BOSC, Inc.; Danielle Bradford, Piper Jaffray; Laurie Bricker, Jefferies LLC; James Dawson, DSHS; Melissa Juarez, Office of the Attorney General.

Mr. Atkinson called the meeting to order at 10:30 a.m.

Mr. Atkinson noted that a quorum was present.

Item 2. Excuse absences of board members.

Mr. Atkinson asked for a motion to excuse the absences of Mr. Roddy and Mr. Eidman. Mr. Moore moved to excuse the absences. Mr. Moody seconded the motion. The motion passed unanimously.

Item 3. Approve Minutes of September 5, 2013, Board Meeting.

Mr. Atkinson asked if there were any corrections or additions to the minutes of the Board Meeting of September 5, 2013. Ms. Schiermeyer moved to approve the minutes as presented. Mr. Alley seconded the motion. The motion passed unanimously.

Item 4. Consideration, discussion and possible action to approve the Texas Facilities Commission's Request for Financing to issue approximately \$31,031,000 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, select a method of sale, appoint outside consultants and take other necessary related action.

Mr. Coalter stated that TPFPA received a request for financing from the Texas Facilities Commission (TFC) for \$31,031,000 in general obligation debt for capital repairs and renovations. Mr. Coalter introduced Diana Warner, the Chief Financial Officer; Rebecca Sanchez, the Construction Accountant ; John Raff, Deputy Executive Director of Facilities Design and Construction; Peter Maas, Director of Project Management; and Kay Molina, the General Counsel of the TFC to discuss the project and answer questions.

Mr. Raff said that in response to TFC's legislative appropriations request to the 83rd Legislative Session, totaling almost \$80,000,000 for deferred maintenance strategies, the Legislature authorized \$31,031,000. Completion of an extensive backlog of repairs and renovations for all state owned office buildings maintained by the Facilities Commission remains a top priority. The entire list of deficiencies and needed repairs for TFC's building inventory is extensive. This request focuses on those projects necessary to address prioritized risks to occupant health and safety and the continuity of operations. It contains only those items determined to be a top priority based on the metrics established in the original 2006 comprehensive facility condition assessment. Continued delay in addressing the entirety of the backlog exponentially increases the critical status of those items that remain unaddressed. This list of strategies encompasses 31 buildings. Deferred maintenance improvements for 15 of these buildings will be supplemented with 2013 supplemental GR appropriations. Improvements include security systems, electrical systems, fire suppression systems, elevators, building envelopes, lighting and mechanical equipment replacements that are critical to the continuity of operations for the buildings they serve. TFC is currently planning the implementation of the improvements for these 31 buildings while in the early stages of developing the budgets in more detail, performing needs and risk assessments for the contracts, selecting project delivery methods and preparing solicitations for professional services to support the efforts.

Mr. Alley asked about TFC's delivery process in the construction procurement. Mr. Raff responded that TFC will award these to construction managers at risk. This process allows TFC to assess the designs and improvements. The construction manager provides a valuable cost

estimating resource, so that at the end of the design, the design actually matches the budget for the construction.

Mr. Alley asked if this is going to be one or multiple firms. Mr. Raff stated it would be multiple firms.

Mr. Atkinson asked for the amount of supplemental GR. Mr. Raff confirmed it was \$20,000,000.

Mr. Moore asked for the reasoning behind not using turnkey contracts in place of construction management. Mr. Raff stated the work being performed is specifically mechanical, which is better suited to the designers working for TFC directly.

Mr. Moore asked if TFC goes through a general contractor or directly to sub-contractors. Mr. Raff responded that for some of the smaller efforts, TFC may have some requirements contracts that TFC can accomplish more quickly and more agilely, but in most cases TFC will package all of the efforts into larger packages and hand them to CMRs. Mr. Moore asked how many contractors would be employed. Mr. Raff estimated TFC would have five different contracts. Mr. Raff confirmed that TFC will award the contracts based on fees and general conditions.

Mr. Alley asked if savings will be used for other projects. Mr. Raff confirmed that savings will be repackaged and used to accomplish more work.

Mr. Moody moved to approve the Texas Facilities Commission's Request for Financing to issue \$31,031,000 in General Obligation debt for capital repair and renovation projects and accept staff recommendation to issue that debt under the Authority's Series 2008 General Obligation Commercial Paper Program. Ms. Schiermeyer seconded. The motion passed unanimously.

Item 5. Consideration, discussion and possible action to approve the Texas Department of Aging and Disability Service's Request for Financing to issue approximately \$17 million in general obligation debt pursuant to 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, select a method of sale, appoint outside consultants and take other necessary related action.

Mr. Coalter stated that the Texas Department of Aging and Disability Services (DADS) submitted a request for financing to issue approximately \$17 million for capital repairs and renovations. Mr. Coalter introduced Mr. Victor Moore, Manager of Special Projects, Teresa Griffin, Director of Maintenance and Construction from HHSC, and Warren Glass from the Department of Aging and Disability Services.

Mr. Victor Moore stated that HHSC is charged with managing and completing the construction for repairs and renovations for the DADS. This \$17 million will go towards all the deferred maintenance that DADS facilities have experienced through the years on all 12 campuses. Mr. Victor Moore stated that HHSC generally uses a lowest and best bid method. HHSC has

selected architects and engineers, but have not yet contracted with any. HHSC will enter into contracts and start the construction and design process, as soon as financing is available.

Mr. Rodney Moore commended Mr. Victor Moore for using the turnkey bidding process adding that it is the best way to spend the state's money. Mr. Victor Moore agreed adding that HHSC has benefitted through the years from the lowest and best bid method.

Mr. Coalter introduced Ms. Melissa Juarez, the Assistant Attorney General from the Administrative Law Division of the Office of the Attorney General. Mr. Atkinson thanked Ms. Juarez for attending the meeting.

Ms. Schiermeyer made a motion to approve the DADS Request for Financing to issue \$17 million in General Obligation debt for capital repair and renovation projects and accept the staff's recommendation to issue that debt under the Authority's Series 2008, General Obligation Commercial Paper Program. Mr. Rodney Moore seconded. The motion passed unanimously.

Item 6. Consideration, discussion and possible action to approve the Texas Department of State Health Service's Request for Financing to issue approximately \$10 million in general obligation debt pursuant to 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, select a method of sale, appoint outside consultants and take other necessary related action.

Mr. Coalter stated the Texas Department of State Health Services (DSHS) submitted a request for financing to issue \$10 million in General Obligation debt for capital repairs and renovations. Mr. Coalter introduced Mr. Victor Moore, Manager of Special Projects from HHSC, Teresa Griffin, Director of Maintenance and Construction, James Dawson, the Deputy Chief Fiscal Officer of the DSHS, and Gary Lawrence, Accounting Director of the DSHS.

Mr. Victor Moore stated that HHSC is also charged with managing the construction program of the DSHS state hospitals, which are composed of 11 facilities and 12 campuses across the state. Mr. Victor Moore stated that HHSC will use the lowest and best bid method like the process described for the DADS.

Mr. Alley asked HHSC to provide a percentage of internal management costs. Mr. Victor Moore stated that HHSC is reimbursed for direct costs out of bond funds based on a project allocation.

Ms. Schiermeyer asked if HHSC was going to hire new internal personnel for the listed projects. Mr. Victor Moore stated that HHSC has requested one additional project manager and plans to perform all project management with internal personnel. Mr. Victor Moore added that HHSC provides support to client maintenance departments and other construction related services that are reimbursed out of appropriated funds.

Mr. Rodney Moore made a motion to approve the Texas Department of State Health Services Request for Financing to issue \$10 million in general obligation debt for capital repair and

renovation projects and accept the staff's recommendation to issue that debt under the Authority, Series 2008, GOCP Program. Mr. Walker Moody seconded. The motion passed unanimously.

Item 7. Consideration, discussion, and possible action to adopt a Resolution authorizing the issuance of one or more series of Texas Public Finance Authority State of Texas General Obligation Refunding Bonds Series 2013; approving the Preliminary Official Statement; authorizing and appointing a Pricing Committee of the Board; authorizing the refunding, defeasance and redemption of certain outstanding general obligation bonds and execution of an Escrow Agreement, Purchase Contract and other related documents; and authorizing taking other necessary action related thereto.

Mr. Coalter stated that in previous meetings, the board appointed Coastal Securities as Financial Advisor and McCall, Parkhurst & Horton as bond counsel on this transaction. Mr. Coalter discussed the parameters of the sale. Mr. Coalter introduced Mr. Jorge Rodriguez, from Coastal Securities and Ms. Carol Polumbo from McCall, Parkhurst & Horton, and Ms. Danielle Bradford from Piper Jaffrey.

The Board appointed a pricing committee comprised of Mr. Moody, attending in person, Ms. Schiermeyer and Mr. Moore, participating by telephone, with all other members serving as alternates.

Mr. Moody made a motion to appoint the pricing committee as discussed and approve the Resolution authorizing the issuance of the State of Texas General Obligation Refunding Bonds including the approval of the Preliminary Official Statement and other transaction documents. Ms. Schiermeyer seconded. The motion passed unanimously.

Item 8. Consideration, discussion, and possible action to approve the Cancer Prevention and Research Institute of Texas' Request for Financing to issue approximately \$300 million in general obligation debt for authorized Program costs appropriated in the 2014 state fiscal year, and appropriated in previous state fiscal biennia (including the (i) \$225,000,000 appropriated in the 2010 state fiscal year, (ii) \$225,000,000 appropriated in the 2011 state fiscal year, (iii) \$300,000,000 appropriated in the 2012 state fiscal year and (iv) \$300,000,000 appropriated in the 2013 state fiscal year), together with related costs of issuance and other ancillary costs to be determined at the time of issuance to fund the operations and program of the Institute, select a method of sale and appoint outside consultants and other financing participants; provided that the total amount of Obligations issued in a year may never exceed \$300 million in accordance with the requirements of Authorizing Law.

Mr. Coalter introduced the Cancer Prevention and Research Institute of Texas' request for \$300 million. The funds to be expended are associated with grant award years: 2014, 2013, 2012, 2011 and 2010. Staff recommends using the General Obligation Commercial Paper [Cancer Prevention and Research Institute ("CPRIT") of Texas Project], Series A (Taxable) program to fund this request. The program has approximately \$75 million in outstanding commercial paper

and a liquidity limit of \$200 million. The Board was directed to CPRIT's Resolution, and a letter issued on October 30, 2013 by the Governor, Lt. Governor and Speaker to CPRIT lifting the moratorium on CPRIT.

Mr. Coalter introduced Ms. Heidi McConnell, Chief Operation Officer, and Mr. Wayne Roberts, the Interim Executive Director of CPRIT. Ms. McConnell estimated that CPRIT would commit about \$282.3 million for cancer prevention and research grant awards, and estimated that CPRIT would issue \$145.5 million in bond proceeds on as needed basis to cover grant award obligations from fiscal years 2011, 2012 and 2013 as well as any new grant award obligations made during this fiscal year and operating costs for the general agency administration and pre and post award grant management processes.

Mr. Moody made a motion to approve CPRIT's request for financing in an amount not to exceed \$300 million in 2014 fiscal year for awards and administrative expenses in award years 2014, 2013, 2012, 2011 and 2010 under the CPRIT Series A, Taxable General Obligation Commercial Paper program as appropriate, and delegate authority to staff to execute and deliver documents, including updating the Offering Memorandum, if necessary, and take other necessary related action to effectuate the authorization. Mr. Moore seconded. The motion passed unanimously.

Item 9. Consideration, discussion, and possible action to appoint outside counsel to advise and assist the Authority with bond and commercial paper tax law compliance.

Mr. Coalter stated that in addition to looking at compliance and developing a manual for the Authority and client agencies, staff recommends appointing an outside counsel to advise and assist the Authority with bond and commercial paper tax law compliance in order to ensure the application of a consistent compliance methodology. The fees would be paid from unused debt service appropriations. Staff recommends appointing Bracewell & Giuliani. Mr. Coalter introduced Mr. Barron Wallace from Bracewell & Giuliani.

Ms. Schiermeyer made a motion to delegate the authority for staff to negotiate and execute a contract with Bracewell & Giuliani LLP for bond counsel services related to bond and commercial paper tax law compliance as discussed. Mr. Moody seconded. The motion passed unanimously.

Item 10. Report on the Texas Southern University Revenue Financing System Refunding Bonds Series 2013.

Mr. Coalter introduced Mr. Clarence Grier from RBC Capital Markets and Chris Allen from First Southwest Company.

Mr. Grier expressed his appreciation to the board for managing the transaction and acknowledged the team under the leadership of Mr. Coalter and his staff, First Southwest Company, Bracewell & Giuliani as Bond Counsel, Bates & Coleman as Underwriter's Counsel, and co-managers Loop Capital Markets and Mesirow Financial.

The transaction priced on August 8th for the purpose of refunding existing debt. Texas Southern's ratings are BBB+ and Baa1 from Fitch and Moody's, respectively, and we had the benefit of a guarantor, Build America Mutual, which lifted that rating from Baa1 to AA. The transaction saved approximately \$4.2 million in present value savings or 6.64%

The chairman thanked Mr. Grier for his great presentation. Mr. Coalter expressed his thanks to RBC, First Southwest Company, and to Bracewell & Giuliani for their hard work on the transaction.

Item 11. Administrative Matters, including:

- a. A market and system update,**
- b. General Counsel vacancy,**
- c. Personnel matters related to the Executive Director.**

Mr. Coalter introduced new staff including Carrie Faz, Executive Assistant and John Barton, Senior Bond Analyst. The Board welcomed the new employees.

Mr. Coalter discussed the Authority's commercial paper activity, provided the Board with an update of the debt management system, and a description of the next steps.

Mr. Coalter stated that he had obtained job postings from other agencies and requested job postings from outside consultants regarding the General Counsel vacancy. He added that he reached out to the Attorney General's office who agreed to assist the Authority in day- to- day operations, as needed. He expressed his appreciation for Ms. Juarez' assistance with the agenda.

Item 12. 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 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 of other staff, as specifically identified in a separate item on this agenda.**

The Board began an Executive Session at 11:30 a.m. with Mr. Coalter and Ms. Juarez to obtain the advice of counsel pursuant to Government Code 551.071 and to discuss personnel matters pursuant to Government Code 551.074.

Item 13. Reconvene Open Meeting.

The Board reconvened in Open Session at 11:48 a.m.

Item 14. The open meeting will be reconvened, and any final action required concerning matters deliberated in the Closed Meeting must be taken at this time.

The Board took no action concerning matters deliberated in closed session.

Item 15. Discussion of future meeting dates and times.

The Board agreed the next board meeting would be held on January 16, 2014.

Item 16. Adjourn.

The meeting adjourned at 11:49 a.m.

The foregoing minutes were approved and passed by the Board of Directors on January 16, 2014.



Gerald B. Alley
Secretary, Board of Directors

ATTACHMENT: Posting Notice – Exhibit A

Open Meeting Submission

Success!
Row inserted

TRD: 2014000159
Date Posted: 01/08/2014
Status: Accepted
Agency Id: 0113
Date of Submission: 01/08/2014
Agency Name: Texas Public Finance Authority
Board: Texas Public Finance Authority
Liaison Id: 5
Date of Meeting: 01/16/2014
Time of Meeting: 10:30 AM (##:## AM Local Time)
Street Location: 1400 N. Congress Avenue Capitol Extension Room E2.028
City Location: Austin
State Location: TX
Liaison Name: John Barton
Additional Information Obtained From: John Barton, 512/463-5544, 300 W. 15th Street, Suite 411, Austin, TX 78701.

TEXAS PUBLIC FINANCE AUTHORITY
THURSDAY, JANUARY 16, 2014 - 10:30 A.M.
CAPITOL EXTENSION HEARING ROOM E2.028
STATE CAPITOL
1400 N. Congress Ave.
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 November 7, 2013, Board meeting.
4. Consideration, discussion and possible action to approve the Texas Parks and Wildlife Department's Request for Financing to issue approximately \$11 million in general obligation debt pursuant to 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, select a method of sale, appoint outside consultants and take other necessary related action.
5. Consideration, discussion and possible action to approve the Texas Military Department's Request for Financing to issue approximately \$2.5 million in general obligation debt pursuant to 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, select a method of sale, appoint outside consultants and take other necessary related action.
6. Consideration, discussion and possible action to adopt a Resolution Approving an Initial Post-Closing Advance and an Advance Approval Process related to the Texas Southern University Series A 2012-10 Note.
7. Report on the sale of the Texas Public Finance Authority General Obligation Refunding Bonds, Series 2013.

Agenda:

8. Administrative Matters, including:
 - a. Staff Report
 - b. Anticipated Requests for Financing
 - c. Personnel matters related to the Executive Staff, including the posting of job vacancies for the positions of Executive Director, Interim Executive Director, and General Counsel
 - d. Appointment of an Interim Executive Director
 - e. Employment and duties of the Deputy Director and Business Manager
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 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 to

deliberate certain personnel matters.

10. Reconvene Open Meeting:

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

12. Discussion of future meeting dates and times.

13. Adjourn.

Persons with disabilities, who have special communication or other needs, who are planning to attend the meeting should contact John Barton at 512/463-5544. Requests should be made as far in advance as possible. Contact John Barton if you need any additional information, Texas Public Finance Authority, 300 W. 15th Street, Suite 411, Austin, TX 78701.

Certification: We certify that we have reviewed this document and that it conforms to all applicable Texas Register filing requirements. John Hernandez, Deputy Director and Pamela Scivicque, Business Manager, Certifying Officials; John Barton, Agency Liaison.

New