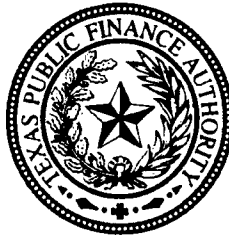


TEXAS PUBLIC FINANCE AUTHORITY

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.



INTERIM EXECUTIVE DIRECTOR
John Hernandez

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

January 16, 2014

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, January 16, 2014, Capitol Extension Hearing Room E2.028, Austin, Texas. Present were: Mr. Billy Atkinson, Chair; Ms. Ruth Schiermeyer, Vice Chair; Mr. Gerald Alley, Secretary; Mr. Mark Eidman, Member; Mr. Walker Moody, Member; and Mr. Rodney Moore, Member.

Representing the Authority's staff were: John Hernandez, Deputy Director; Pamela Scivicque, Business Manager; and John Barton, Senior Bond Analyst.

Present in their designated capacities were the following persons: Jorge Rodriguez, Coastal Securities; Patrick Scott, Barclays; Amanda Dillon, LBB; Rick Menchaca, BOSC, Inc.; Barron Wallace, Bracewell & Giuliani LLP; Chris Allen, FSC; Michael Bartolotta, FSC; Pete Gise, TWIA; Tim Peterson, J.P. Morgan; Art Morales, BOSC, Inc.; Tim Kelley, Piper Jaffray; Danielle Bradford, Piper Jaffray; Richard McMonagle, TPWD; Joseph Molis, TPWD; Colonel Tracy Norris, TMD; Pam Darden, TMD; Amanda Hafer, TMD; Louis Edwards, TSU; Gregory Williams, TSU; Melissa Juarez, Office of the Attorney General.

Mr. Atkinson called the meeting to order at 10:35 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 absence of Mr. Roddy. Mr. Alley moved to excuse the absences. Mr. Eidman seconded the motion. The motion passed unanimously.

Item 3. Approve Minutes of November 7, 2013, Board Meeting.

Mr. Atkinson asked if there were any corrections or additions to the minutes of the Board Meeting of November 7, 2013. Ms. Schiermeyer moved to approve the minutes as presented. Mr. Moody seconded the motion. The motion passed unanimously.

Item 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.

Mr. Hernandez stated that TPFA staff worked with tax counsel to review the Department's request and approved the Department's project list. Staff is recommending the Department's request for financing to issue \$11,000,000 for deferred maintenance projects be financed using the Authority's Series 2008 GO Commercial Paper Program due to the structure of the expenditure schedule and the size of the request.

Mr. Hernandez introduced Richard McMonagle, Division Director, Infrastructure Division and Joseph Molis, Branch Manager, Administration and Finance, Infrastructure Division to describe the projects in more detail and answer any questions.

Mr. McMonagle introduced himself and asked if the Board had any questions. Mr. Atkinson commented that the materials were very well presented.

Mr. Moody made a motion to approve the Department's request for financing in accordance with staff's recommendation to issue \$11,000,000 in general obligation debt through the Authority's 2008 Commercial Paper Program pursuant to the authority provided in Article III, section 50-g of the Texas Constitution and section 17.02 of the General Appropriations Act of the 83rd Legislature. Ms. Schiermeyer seconded. The motion passed unanimously.

Item 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..

Mr. Hernandez stated that staff reviewed the Department's request with tax counsel and approved the project list. The structure of the Department's expenditure schedule and the size of the request are suited for short term interim financing; therefore, staff is recommending the Department's request for financing to issue \$2,500,000 for deferred maintenance projects be financed using the Authority's Series 2008 GO Commercial Paper Program.

Mr. Hernandez introduced the Texas Military Department representatives including Colonel (COL) Tracy Norris, Director, Construction and Facility Management Office, Pam Darden, Chief Fiscal Officer, and Amanda Hafer, Deputy Chief Fiscal Officer.

Mr. Eidman asked for a description of the work to be performed. COL Norris described the work on the three facilities, Camp Mabry State Guard Headquarters, New Braunfels reserve center, and a new Hondo reserve center.

Mr. Alley asked if the Department would bid out the work and COL Norris confirmed the Department would follow the state contracting procedures.

Mr. Moody asked if the Department would include any force protecting measures in these projects. COL Norris described the Departments responsibilities under the Department of Defense directive for additional force protection measures and stated the Department would determine if any would be included after completion of the Department's site surveys.

Mr. Eidman asked for confirmation of the number of people benefiting from the work at the Hondo reserve center. COL Norris confirmed that a reserve infantry was located at the facility and added that the Department would also receive a federal match for this project.

Mr. Eidman made a motion to approve the Department's request for financing in accordance with staff's recommendation to issue \$2,500,000 in general obligation debt through the Authority's 2008 Commercial Paper Program pursuant to the authority provided in Article III, section 50-g of the Texas Constitution and section 17.02 of the General Appropriations Act of the 83rd Legislature. Mr. Moody seconded. The motion passed unanimously.

Item 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.

Mr. Hernandez recounted that TPFA issued the TPFA/Texas Southern University Revenue Financing System Note, Series A 2012-10 on behalf of the University in order to finance the construction of additional campus student housing. Upon the issuance of the Note, the University made its first draw to pay the cost of issuance.

Mr. Hernandez added that Barron Wallace and his team at Bracewell & Giuliani worked with TPFA and University staff on a process by which the University will request subsequent draws.

Mr. Hernandez introduced Mr. Wallace and University representatives including Louis Edwards, Assistant Vice President & Treasurer, and Gregory Williams, Executive Director of Procurement Services.

Mr. Wallace described the process agreed to by the Attorney General, University staff and TPFA staff that would ensure that the Board was aware of the drawdown process, whereby the team would issue the initial note and subsequently provide the information to the Board to ratify the draw. Mr. Wallace added that the University has been expending its own funds and is ready for its first post issuance draw. Mr. Wallace described the various documents presented to the Board including the Memorandum of Understanding (MOU). He described the process included in the MOU whereby the TPFA and the University would review the draw request and review the items to be funded. The MOU includes a reliance certificate for the University to attest that all obligations and conditions and all other items that the University agreed to in the Loan Agreement have been complied with at the time of the draw. Mr. Wallace added that the

Resolution would approve the first post issuance compliance request in the approximate amount of \$3.5 million and would also approve the form of the Resolution for subsequent meetings.

Mr. Eidman asked if the Board was required to approve every draw request. Mr. Wallace responded that the requirement is that staff approve the request and the Board ratify.

Mr. Atkinson asked if there were any timing issues that may arise as a result of the process. Mr. Wallace responded that the process is flexible enough to allow the Board to ratify any requests at the next available meeting.

Mr. Alley asked if the costs included in the Board materials were pre-construction costs. Mr. Louis Edwards introduced himself and responded to the question in the affirmative, adding that the items to be reimbursed are primarily for soft costs.

Mr. Eidman made a motion 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. Ms. Schiermeyer seconded. The motion passed unanimously.

Item 7. Report on the sale of the Texas Public Finance Authority General Obligation Refunding Bonds, Series 2013.

Mr. Hernandez introduced Tim Kelley and Danielle Bradford of Piper Jaffray & Co to provide a post-sale analysis of the TPFAs General Obligation Refunding Bonds, Series 2013 and Jorge Rodriguez of Coastal Securities to provide his perspective as financial advisor.

Mr. Kelley introduced himself and commented on the fact that the State received an interest rate of slightly over 2% and achieved savings of approximately \$6.2M in present value terms. He added that the transaction was priced on December 4th with co-managers Fidelity Capital Markets and Ramirez & Co. Mr. Kelley provided some highlights of the transaction and thanked the Board for the opportunity to serve as lead underwriter on the transaction.

Mr. Alley and Mr. Atkinson stated their appreciation for the firm's efforts.

Item 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

Mr. Hernandez directed the Board to the Staff Report, particularly the commercial paper activity, adding that staff will update the Board on anticipated use of commercial paper in future meetings.

Mr. Hernandez updated the board on anticipated and potential transactions including two remaining Requests for Financings of general obligation debt pursuant to Article IX, Section

17.02, 83rd Legislature, Regular Session as authorized by Article III, section 50-g, of the Texas Constitution. One of the agencies estimates they will submit their request for financing in June of this year. The second agency is still evaluating their projects.

Mr. Hernandez informed the Board that staff and First Southwest Company are reviewing proposals submitted to the Texas Workforce Commission (TWC) regarding potential savings involving the remaining outstanding TPFA TWC Unemployment Compensation Obligation Assessment Revenue Bonds, Series 2010ABC. In addition, First Southwest Company requested proposals from TPFA's underwriting pool in an effort to develop financing strategies for the Texas Windstorm Insurance Association (TWIA). The TWIA proposals are due by January 22, 2014.

Item 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.**

The Board began an Executive Session at 11:09 a.m. with Mr. Hernandez, Ms. Scivicque 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 10. Reconvene Open Meeting:

The Board reconvened in Open Session at 12:06 p.m.

Item 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.

As a result of the Executive Session, upon motion by Ms. Schiermeyer, and second by Mr. Eidman, the Board appointed John Hernandez as Interim Executive Director at a salary of \$107,000. The motion passed unanimously. Ms. Schiermeyer also moved that the Board raise Ms. Scivicque's salary to \$98,000 during the interim. Mr. Moody seconded. The motion passed unanimously. The Board instructed Mr. Hernandez to post all vacant positions for filling. Ms. Scivicque asked for clarification that Mr. Hernandez is to post and make the selections. Mr. Atkinson responded in the affirmative.

Item 12. Discussion of future meeting dates and times.

The Board agreed the next board meeting would be held on February 6, 2014 to be supplemented with a possible work session.

Item 13. Adjourn.

The meeting adjourned at 12:14 p.m.

The foregoing minutes were approved and passed by the Board of Directors on February 6, 2014.



Gerald B. Alley
Secretary, Board of Directors

ATTACHMENT: Posting Notice – Exhibit A