

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.



MAILING ADDRESS:

Post Office Box 12906
Austin, Texas 78711-2906

PHYSICAL ADDRESS:

300 West 15th Street, Suite 411
Austin, Texas 78701

TELEPHONE: (512) 463-5544

FACSIMILE: (512) 463-5501

INTERIM EXECUTIVE DIRECTOR

John Hernandez

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

April 3, 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 1:00 p.m., Thursday, April 3, 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; and Mr. Walker Moody, Member.

Representing the Authority's staff were: Mr. John Hernandez, Interim Executive Director; Ms. Pamela Scivicque, Director of Business Administration; and, Mr. John Barton, Financial Analyst.

Present in their designated capacities were the following persons: Art Morales, BOSC, Inc.; Chris Allen, First Southwest Co.; Dalton Smith, BOA & Merrill Lynch; Randy Townsend, Texas Workforce Commission; Jerry Kyle, Andrews Kurth; Justin Groll, Bond Review Board; Mark Chytal, Bond Review Board; Ashley Lundberg, Raymond James; Amanda Dillon, Legislative Budget Board; Tim Kelley, Piper Jaffray; Lynn Ward, Texas Historical Commission; Mark Wolfe, Texas Historical Commission; Karen Sands, Texas Historical Commission; Megan Koch, Texas Historical Commission; Sharon Fleming, Texas Historical Commission; Jim Niederle, Hutchinson Shockey Erley & Co; and Barron Wallace, Bracewell & Giuliani, LLP.

Mr. Atkinson called the open meeting to order at 1:05 p.m. and confirmed the meeting was duly posted with the Secretary of State's office.

Mr. Atkinson noted that a quorum was present.

Item 2. Excuse absences of board members.

Mr. Alley moved to excuse the absences of Mr. Tom Roddy and Mr. Rodney Moore. Mr. Moody seconded the motion. The motion passed.

Mr. Eidman stepped away from the Open Meeting to take an important call at 1:06 p.m..

Item 3. Approve the Minutes of February 6, 2014, Work Session and Board meeting.

Mr. Atkinson asked if there were any additions or corrections to the minutes as presented. Ms. Schiermeyer asked whether the Board met in executive session during the Work Session. Ms. Scivicque confirmed that the Board did not go into executive session during the Work Session. Ms. Schiermeyer moved to approve the minutes and Mr. Moody seconded the motion. The motion passed unanimously.

Item 4. Consideration, discussion and possible action to approve the Texas Historical Commission's Request for Financing to issue approximately \$4,216,705 in general obligation debt pursuant to Art. III, Sec. 50-g, Texas Constitution, Texas Government Code 1232, S.B. 1, 83rd Legislature, Regular Session (2013), Art. IX, Sec. 17.02, for courthouse grants, select a method of sale, appoint outside consultants and take other necessary related action.

Mr. Hernandez stated that the Texas Historical Commission adopted a Resolution on July 26, 2013, requesting that the Authority issue approximately \$4,216,705 in general obligation debt as authorized by Article III, section 50-g, Texas Constitution, and the 83rd Legislature, Regular Session (2013), which appropriated the requested amount to the Texas Historical Commission for courthouse grants and appropriated the bond debt service to the Authority. Mr. Hernandez added the Commission anticipates its initial expenditures will begin on June 1, 2014, and that all projects will be completed by March 2015. The Texas Historical Commission has received Legislative Budget Board approval and the request will be presented to the Bond Review Board in May. The Authority's tax counsel reviewed and approved the projects for tax exempt financing. Mr. Hernandez introduced the Texas Historical Commission staff representatives including Mark Wolfe, Executive Director, Sharon Fleming, Division Director of Architecture and Lynn Ward, Director of Staff Services.

Mr. Alley motioned to approve the request as submitted and Mrs. Schiermeyer seconded the motion. Mr. Atkinson asked if there were any questions. Mrs. Schiermeyer asked if the Texas Historical Commission had received requests for these funds. Ms. Sharon Fleming, Director of the Court House Preservation Program, responded that they received 24 applications in February and will be awarding the grants at their next Commission meeting. Mr. Atkinson asked for clarification on the use of the grants. Ms. Fleming said all the projects in this grant cycle are publicly owned and operated buildings. Mr. Alley asked for clarification on the procedures for allocating the funds to the applicants. Ms. Fleming stated the Texas Historical Commission rules set out the criteria for evaluating applications and that awards are based on the particular merit of a project, according to the criteria as set out in the rules. She added that the statute places a cap of \$6 million per project and in this application round, the Texas Historical Commission imposed a \$450,000 maximum award given, relative to the amount of the appropriation in this biennium.

Motion carries.

The board acknowledges Mr. Eidman as rejoining the meeting at 1:10 p.m.

Item 5. Consideration, discussion, and possible action to adopt a Resolution authorizing the issuance of one or more series of Texas Public Finance Authority Texas Workforce Commission Unemployment Obligation Assessment Revenue Refunding Bonds, Series 2014 authorizing the refunding, defeasance and redemption of certain outstanding bonds; authorizing and appointing a Pricing Committee of the Board; approving the Preliminary Official Statement and authorizing the distribution of same; authorization and approval of the Financing and Pledge Agreement, as amended and restated, a Funds Management Agreement, Escrow Agreement, Purchase Contract and other related documents pertaining to such Series 2014 Bonds; and authorizing taking other necessary action related thereto.

Mr. Hernandez stated that at its meeting on January 21, 2014, the Commissioners of the Texas Workforce Commission (“TWC”) voted to approve a Resolution authorizing the request for the issuance of refunding bonds to result in the savings of debt service for outstanding Unemployment Compensation Obligation Assessment Revenue Bonds, Series 2010A, 2010B, and 2010C (the “Bonds”). At its February 6, 2014 Board meeting, TPFA approved moving forward with a refunding of the outstanding Bonds. TPFA and its consultants have confirmed potential savings of approximately \$24M or 3.54% of refunded bonds, subject to market conditions. It is the Authority’s goal to achieve at least 3% savings when advance refunding bonds, however, the TWC has expressed an interest in achieving positive savings that may fall below the Authority’s 3% guideline. TWC has indicated they would be interested in any savings above 2% in order to reduce the overall cost to employers.

Mr. Hernandez described the potential structure of the refunding Bonds. The primary structuring criteria would be to generate the maximum savings while providing the lowest cost of borrowing and the most flexibility to redeem bonds early. Mr. Hernandez introduced members of the finance team available to answer questions.

Ms. Schiermeyer moved to approve the motion to adopt a Resolution authorizing the issuance of one or more series of Texas Public Finance Authority Texas Workforce Commission Unemployment Obligation Assessment Revenue Refunding Bonds, Series 2014 authorizing the refunding, defeasance and redemption of certain outstanding bonds; authorizing and appointing a Pricing Committee of the Board; approving the Preliminary Official Statement and authorizing the distribution of same; authorization and approval of the Financing and Pledge Agreement, as amended and restated, a Funds Management Agreement, Escrow Agreement, Purchase Contract and other related documents pertaining to such Series 2014 Bonds, as outlined by Mr. Atkinson. Mr. Moody seconded.

Mr. Atkinson asked for comments. Randy Townsend, Chief Financial Officer, Texas Workforce Commission, stated their goal of achieving the lowest cost option for employers who actually pay this obligation assessment to repay the bonds and asked for a favorable consideration of the request. Mr. Atkinson asked for clarification on the provision that the refunded Bonds have a

certain present value debt service savings. Mr. Hernandez responded that the Workforce Commission hoped to achieve a 3% savings; however, the client was interested in at least a 2% present value debt service savings, which is equivalent to approximately a \$15 million savings. Mr. Atkinson asked if it was reasonable for the Board to set some floor where the transaction would stop. Chris Allen, First Southwest Co. responded that given the magnitude of the savings, even at the 2% is \$15-\$16 million and given the structure and the magnitude of this savings, it makes sense to deviate from the 3% savings and that not having a floor provides the Authority more flexibility. Mr. Eidman asked Mr. Townsend for the lowest dollar savings he would view as material to the Commission. Mr. Townsend said the Commission would like to be above the \$14-\$15million range. Mr. Baron Wallace, Bracewell & Giuliani, wanted to make clear that the pricing committee has the ultimate authority to set a higher floor and exercise that while pricing the bonds. Mr. Atkinson asked if it would be prudent for them to insert a floor of 2% or more expectation or as otherwise determined by the pricing committee under the circumstances. Mr. Moody stated that he would feel more comfortable if the Board remained flexible and not put a hard number in. Mr. Atkinson wondered if that was a liberty that they should allow in the transaction or not and asked if setting a 1 ½ % or 2% floor would aggrieve Mr. Townsend's Commissioners as far as the expectation of the final funding. Mr. Townsend said he did not think it would necessarily be a problem if the Board felt the need to establish 1% or 1 ½ % floor. Mr. Allen reminded the Board that the pricing committee would have the final say at pricing. Mr. Atkinson said, he was just trying to make sure they did not diminish a discipline that they tried to put into these transactions. Mr. Townsend said he would be comfortable with a 1 % floor if that would help in this arrangement. Mr. Hernandez stated that the Authority has previously issued refunding bonds for a net saving of zero to achieve a specific goal. Mr. Hernandez added that the Authority may have to explain their position at some point in the future.

Mr. Eidman amended the motion on the floor to go with 1% as the floor. Mr. Alley seconded the motion. Mr. Atkinson asked for a vote on the amended motion. The motion passed three votes to two. Mr. Atkinson said that as a part of the motion that they needed to name a pricing committee. Ms. Schiermeyer agreed to attend the pricing. Mr. Alley and Mr. Eidman agreed to participate via telephone and Mr. Atkinson agreed to serve as alternate. Mr. Eidman agreed to add the pricing committee to his motion. The motion passed unanimously.

Item 6. Administrative matters related to the employment and duties of the Interim Executive Director and Director of Business Administration, and including the posting, review, and selection of candidates for the Executive Director and General Counsel positions.

Mr. Atkinson stated that the Board met in executive session to conduct some interviews and that the Board is still in the process of reviewing applicants and are moving in a diligent manner. Mr. Atkinson added that the Board approved a subcommittee consisting of Mr. Eidman, Mr. Atkinson, and Mr. Alley to follow-up on related matters.

Item 7. Update on open meeting options via teleconference or video conference.

Mr. Atkinson mentioned that they had a discussion with Ms. Melissa Juarez from the Attorney General's Office who provided an update on options, if any, and to hold Board meetings, where

one or more Board Members would attend by either phone or teleconference or video conference.

Item 8. Consideration and possible action regarding the Executive Director search.

Mr. Atkinson asked the staff if there were any issues that they need to deal with other than the search process, including the search process for support staff or if there was anything else they needed to discuss. Mr. Hernandez responded that he did not have anything else to add. Mr. Atkinson commented that they were understaffed yet everyone was getting the job done and that he appreciated their efforts.

Item 9. Discussion of future meeting dates and times

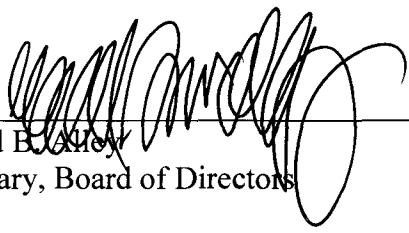
Mr. Atkinson stated that the next meeting was scheduled for Thursday, May 1, 2014.

Item 10. Adjourn

THE BOARD WILL NOT GO INTO CLOSED EXECUTIVE SESSION REGARDING ANY ITEM ON THE AGENDA IF PERMITTED UNDER THE OPEN MEETINGS ACT.

The meeting adjourned at 1:39 p.m.

The foregoing minutes were approved and passed by the Board of Directors on June 5, 2014.



Gerald B. Alley
Secretary, Board of Directors

ATTACHMENT: Posting Notice – Exhibit A

Open Meeting Submission

Success!
Row inserted

TRD: 2014002216

Date Posted: 03/26/2014

Status: Accepted

Agency Id: 0113

Date of Submission: 03/26/2014

Agency Name: Texas Public Finance Authority

Board: Texas Public Finance Authority

Liaison Id: 5

Date of Meeting: 04/03/2014

Time of Meeting: 01:00 PM (###:## 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 April 3, 2014 1:00 P.M.
Capital 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 February 6, 2014, Work Session and Board meeting.
4. Consideration, discussion and possible action to approve the Texas Historical Commission's Request for Financing to issue approximately \$4,216,705 in general obligation debt pursuant to Art. III, Sec. 50-g, Texas Constitution, Texas Government Code 1232, S.B. 1, 83rd Legislature, Regular Session (2013), Art. IX, Sec. 17.02, for courthouse grants, select a method of sale, appoint outside consultants and take other necessary related action.
5. Consideration, discussion, and possible action to adopt a Resolution authorizing the issuance of one or more series of Texas Public Finance Authority Texas Workforce Commission Unemployment Obligation Assessment Revenue Refunding Bonds, Series 2014 authorizing the refunding, defeasance and redemption of certain outstanding bonds; authorizing and appointing a Pricing Committee of the Board; approving the Preliminary Official Statement and authorizing the distribution of same; authorization and approval of the Financing and Pledge Agreement, as amended and restated, a Funds Management Agreement, Escrow Agreement, Purchase Contract and other related documents pertaining to such Series 2014 Bonds; and authorizing taking other necessary action related thereto.
6. Administrative matters related to the employment and duties of the Interim Executive Director and Director of Business Administration, and including the posting, review, and selection of candidates for the Executive Director and General Counsel positions.
7. Update on open meeting options via teleconference or video conference.
8. Consideration and possible action regarding the Executive Director search.
9. Discussion of future meeting dates and times.
10. Adjourn.

Agenda:

THE BOARD MAY GO INTO CLOSED EXECUTIVE SESSION REGARDING ANY ITEM ON THE AGENDA IF PERMITTED UNDER THE OPEN MEETINGS ACT, GOVERNMENT CODE CHAPTER 551.

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, Interim Executive Director and Pamela Scivicque, Business Manager, Certifying Officials; John Barton, Agency Liaison.

New