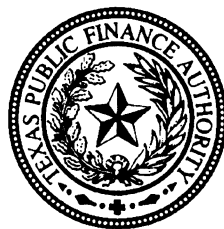


TEXAS PUBLIC FINANCE AUTHORITY

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

MAILING ADDRESS:

Post Office Box 12906
Austin, Texas 78711-2906

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

June 5, 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 10:04 a.m., Thursday, June 5, 2014, Capitol Extension Hearing Room E2.028, Austin, Texas. Present were: Ms. Ruth Schiermeyer, Vice Chair; Mr. Gerald Alley, Secretary; Mr. Walker Moody, Member; Mr. Rodney Moore, Member; and Mr. Robert Roddy, Member.

Representing the Authority's staff were: Mr. John Hernandez, Interim Executive Director; Ms. Pamela Scivicque, Director of Business Administration; and Ms. Melissa Juarez, Assistant Attorney General, Office of the Attorney General.

Present in their designated capacities were the following persons: Allen Fulkerson, Texas Windstorm Insurance Association; Dalton Smith, Bank of America/Merrill Lynch; Chris Allen, First Southwest Co.; Michael Waggoner, Texas Juvenile Justice Department; Robin Redford, Ramirez & Co.; Tim Peterson, J.P. Morgan; Art Hinojosa, Texas Juvenile Justice Department; Terry Thornton, Goldman Sachs & Co.; Art Morales, BOSC. Inc.; Julie Houston, Andrews Kurth; Debi Jones, Raymond James; Mike Meyers, Texas Juvenile Justice Department; Jim Niederle, Hutchinson Shockey Erley & Co.; Greg Shields, Andrews Kurth; Jorge Rodriguez, Coastal Securities; Paul Martin, Winstead, P.C.; Rick Menchaca, BOSC, Inc.

Ms. Schiermeyer called the open meeting to order at 10:05 a.m. and confirmed the meeting was duly posted with the Secretary of State's office.

Ms. Schiermeyer noted that a quorum was present.

Item 2. Excuse absences of board members, if necessary.

Mr. Alley moved to excuse the absences of Mr. Mark Eidman and Mr. Billy Atkinson. Mr. Roddy seconded the motion. The motion passed.

Item 3. Approve the minutes of the April 3, 2014, Work Session and Board meeting.

Ms. Schiermeyer asked if there were any corrections to the minutes as presented. Mr. Hernandez recommended a few edits. Mr. Moore moved to accept the minutes, as amended, and Mr. Alley seconded the motion. The motion passed unanimously.

Item 4. Consideration, discussion and possible action to approve the Texas Juvenile Justice Department's Request for Financing to issue approximately \$5,500,000 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 capital repair and renovation, select a method of sale, appoint outside consultants and take other necessary related action.

Mr. Hernandez stated that the TJJD adopted a Resolution on March 28, 2014, requesting that the Authority issue approximately \$5,500,000 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 TJJD for deferred maintenance and appropriated the bond debt service to the Authority. The Department anticipates that its initial expenditures will begin in August 1, 2014 and that all projects will be completed by August 2016. The Department's Resolution and expenditure schedules are attached. TJJD has submitted its request to the Legislative Budget Board for approval and the request will be presented to the Bond Review Board in July. Mr. Hernandez added that the request has been reviewed and approved by the Authority's tax counsel.

Ms. Schiermeyer asked the agency to describe the planned general capital improvement repairs. Mr. Hinojosa, Architect for TJJD, described the major categories including utility roadside work, safety and security, general building repairs, HVAC and lighting, and UTMB requirements for HIPAA. Mr. Alley asked if TJJD included energy efficiency upgrades in the improvements. Mr. Hinojosa commented, that when TJJD contracts with any outside engineers and/or architects, TJJD always stipulates that they comply with the state energy code, in which case that the latest and greatest equipment is being put in meeting those requirements. Mr. Moore asked Mr. Hinojosa to elaborate on the agency's contracting practices. Mr. Hinojosa said there were no current contracts in place and the work will be competitively bid with no construction management. Ms. Schiermeyer asked Mr. Hinojosa to elaborate on the general repairs. Mr. Hinojosa said the general repairs included pertinent repairs for five facilities.

Mr. Alley made a motion to accept the recommendation. 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 the issuance of Class 1 pre-event premium revenue taxable bonds in an amount not to exceed \$500 million, and to adopt one or more Resolutions relating thereto, to delegate certain matters to an authorized official of the Authority, select a method of sale, appoint outside consultants, take action on related legal services contracts and other related matters.

Ms. Schiermeyer recognized Mr. Hernandez to introduce this item. Mr. Hernandez stated that at its meeting on May 8, 2014, the Texas Windstorm Insurance Association (“TWIA” or “Association”) voted to approve a Resolution authorizing the request for the issuance of public securities to provide funds for the payment of claims in the event of a catastrophic storm. TWIA submitted an application to the Commissioner of the Texas Department of Insurance (“TDI”) for approval of the Request for Financing for the issuance of public securities. The Commissioner approved the request on May 29, 2014. This funding is requested to provide up to \$500 million in additional liquidity and for the timely payment of claims and related expenses following a catastrophic event. The request for all three classes is important to begin working with the team on the whole approach (all classes) in preparation for a catastrophic event. The team will work on the whole financing structure with the first phase being the pre-event financing. The initial phase of the request is only for pre-event Class 1 bonds in an amount not to exceed \$500 million. By authorizing all three classes, the team is prepared to go to market quickly should a catastrophic event occur. If necessary, the Board will be asked to reconvene to approve the form of the post-event bonds. Staff recommends the approval of the Association’s Request for Financing to issue Class 1, Class 2, and Class 3 public securities for the Texas Windstorm Insurance Association, including the issuance of Class 1 pre-event premium revenue taxable bonds in an amount not to exceed \$500 million, and to adopt one or more Resolutions relating thereto, to delegate certain matters to an authorized official of the Authority, select a method of sale, appoint outside consultants, take action on related legal services contracts and other related matters. Staff recommends the approval of the following syndicate for the sale of pre and post event Class 1 public securities as may be required following a catastrophic event in 2014 to include Bank of America Merrill Lynch as the book running senior manager, Citigroup, Goldman Sachs, JP Morgan, Raymond James, RBC, and Siebert Brandford Shank as co-managers. Staff also recommends McCall Parkhurst & Horton LLP to serve as Disclosure Counsel.

Mr. Hernandez asked Mr. Chris Allen, Financial Advisor with First Southwest Co., to provide the Board with additional information. Mr. Allen said that in January, the Authority’s underwriting pool was requested to provide ideas on financing mechanisms for the Class 1 pre-event public securities and two compliant responses were received but only one included a proposed term sheet. Mr. Allen mentioned working with the Association’s Actuarial Underwriting Committee and the Association’s Board on approvals to move forward with the terms. He also mentioned working with the Association on an application to and a subsequent approval from TDI. Mr. Allen said that the overall plan of finance included post event Class 1, 2 and 3 securities to expedite the process should an event occur. He said the team would not move forward with a post event financing without proper approvals. Mr. Roddy asked Mr. Allen to describe the difference between the current structure and the previous financing. Mr. Allen said in 2012 the Authority considered a Bond Anticipation Note and the current structure is for a long term fixed rate financing.

Mr. Moody made a motion to accept the recommendation. Mr. Alley seconded. The motion passed unanimously.

Item 6. Consideration, discussion and possible action related to the adoption of a Resolution and approval of the Preliminary Official Statement for the Texas Public Finance Authority General Obligation Refunding Bonds, Series 2014A and General Obligation Refunding Bonds, Taxable Series 2014B, designation of a Pricing Committee and take other necessary and related action thereto.

Mr. Hernandez said the proceeds of the State of Texas General Obligation Refunding Bonds, Series 2014A and Taxable Series 2014B will be used to (i) refund certain outstanding general obligation commercial paper notes of the State issued by TPFA in order to provide long term fixed rate financing for the authorized projects and (ii) pay the costs associated with the issuance of the Bonds. Mr. Hernandez described the parameters for the transaction as included in the bond documents. He added that the commercial paper is being refunded to close out the GOCP Series 2002A and GOCP Series 2002B programs and to create additional liquidity capacity in the GOCP Series 2008 and GOCP CPRIT Series A&B Programs. Staff recommends the adoption of the offering documents in substantial final form. Mr. Hernandez asked Mr. Jorge Rodriguez, Financial Advisor with Coastal Securities to provide a market update.

Mr. Rodriguez said they had been working with staff on preparing the transactions for entry into the market in June. Mr. Rodriguez described some unsteadiness in the market and provided examples of recent rate changes. He added that despite recent changes, he estimated that the Authority is well within the constraints set for the parameters of this transaction. Mr. Rodriguez said he anticipates this transaction will be well received. He added that the presence of the Texas Department of Transportation in the market during the week leading up to the Authority's sale was not a concern to him or the underwriter. Mr. Rodriguez said people are moving back into bond funds and the market is experiencing an increased demand from municipal bond funds.

Ms. Schiermeyer volunteered to attend the pricing and Mr. Moody and Mr. Moore agreed to participate via telephone and the remaining members would serve as alternates.

Mr. Alley made a motion to accept the recommendation. Mr. Roddy seconded. The motion passed unanimously.

The Board went into closed Executive Session, at 10:29 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 related to items 7 and 8.

Item 7. 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.

Ms. Schiermeyer reconvened the open session at 12:10 p.m. As a result of the executive session, the Board authorized John Hernandez to serve a one month overlap in the Executive Director line-item exempt position to accommodate management transition.

Mr. Alley made a motion to accept the recommendation. Mr. Moody seconded. The motion passed unanimously.

The Board directed the Executive Director to approve at least a ten thousand dollar increase in the former salary of John Hernandez at the Director I position and Pamela Scivicque at Director I position and further to report to the Board the impact in agency budget with an eye for considering pay increases for agency staff.

Mr. Moody made a motion to accept the recommendation. Mr. Moore seconded. The motion passed unanimously.

Item 8. Consideration and possible action regarding the Executive Director search, including possible selection, authorization of necessary related contracts and delegation of authority.

Mr. Alley said the Authority's Board has reviewed and considered all applications received for the position of the Executive Director. Mr. Alley motioned to extend the offer of employment to Lee Deviney, to serve as Executive Director of the Authority and for staff to execute any necessary agreements to contract for his services up to and following his 90 days after his retirement from State employment and to pay him the maximum gross salary in the line-item exempt Executive Director Group 4 position as stated in the General Appropriations Act of fiscal year of 2014. Following the completion of the aforementioned contract, Mr. Deviney will be placed on the Authority's payroll in the line-item exempt Executive Director Group 4 position and be paid a gross salary of \$123,624.00 as stated in the General Appropriation Act of fiscal year 2015.

Mr. Moody seconded the motion. The motion passed unanimously.

Item 9. Approve the Authority's Strategic Plan.

Ms. Scivicque outlined the core elements that are to be incorporated into the Authority's Strategic Plan. These elements include the Authority's Strategic Plan Goals, Objectives and Strategies for fiscal years 2015 through 2019, Performance Measure Definitions and five-year projections for Outcomes. HUB percentages are updated to align the statewide HUB goals which the Board has previously adopted. Ms. Scivicque noted that included in the HUB goals are some opportunities for veteran's preferences. She mentioned that the materials included interest rate assumptions for General Obligation debt service estimates, related graphs and tables representing outstanding debt as of May 30, 2014, and the Authority's Customer Service Report. Staff requested that the Board approve the Authority's Strategic Plan based on these core elements and that their plan will be adopted in accordance with the instructions from the joint budget offices.

Mr. Roddy made a motion to accept the recommendation. Mr. Moody seconded. The motion passed unanimously.

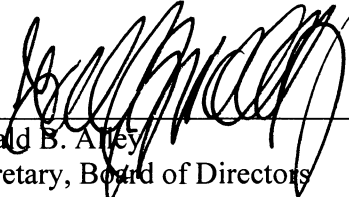
Item 10. Discussion of future meeting dates and times.

Ms. Schiermeyer asked Mr. Hernandez to confirm Board member availability for the June meeting. Ms. Schiermeyer said they would have a meeting in August as necessary.

Item 11. Adjourn.

The meeting adjourned at 12:19.

The foregoing minutes were approved and passed by the Board of Directors on July 10, 2014.



Gerald B. Alley
Secretary, Board of Directors

ATTACHMENT: Posting Notice – Exhibit A

Open Meeting Submission

Success!
Row inserted

TRD: 2014003910

Date Posted: 05/28/2014

Status: Accepted

Agency Id: 0113

Date of Submission: 05/28/2014

Agency Name: Texas Public Finance Authority

Board: Texas Public Finance Authority

Liaison Id: 5

Date of Meeting: 06/05/2014

Time of Meeting: 10:00 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 June 5, 2014 @ 10:00 A.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 April 3, 2014, Work Session and Board meeting.
4. Consideration, discussion and possible action to approve the Texas Juvenile Justice Department's Request for Financing to issue approximately \$5,500,000 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 capital repair and renovation, select a method of sale, appoint outside consultants and take other necessary related action.
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 the issuance of Class 1 pre-event premium revenue taxable bonds in an amount not to exceed \$500 million, and to adopt one or more Resolutions relating thereto, to delegate certain matters to an authorized official of the Authority, select a method of sale, appoint outside consultants, take action on related legal services contracts and other related matters.
6. Consideration, discussion and possible action related to the adoption of a Resolution and approval of the Preliminary Official Statement for the Texas Public Finance Authority General Obligation Refunding Bonds, Series 2014A and General Obligation Refunding Bonds, Taxable Series 2014B, designation of a Pricing Committee and take other necessary and related action thereto.
7. 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.
8. Consideration and possible action regarding the Executive Director search, including possible selection, authorization of necessary related contracts and delegation of authority.
9. Approve the Authority's Strategic Plan.
10. Discussion of future meeting dates and times.
11. 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.

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