

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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EXECUTIVE DIRECTOR

Robert P. Coalter

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

April 4, 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, April 4, 2013, Stephen F. Austin State Office Building, 1700 North Congress Avenue, Room 170, Austin, Texas. Present were: Mr. Joe Meister, Chair; Ms. Ruth Schiermeyer, Vice Chair; Mr. Gerald Alley, Secretary; Mr. Mark Eidman, Member; Mr. Billy Atkinson, Member; and Mr. Tom Roddy, 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: Rick Menchaca, BOSC, Inc.; Clarence Grier, RBC Capital; Dalton Smith, Bank of America Merrill Lynch; Debi Jones, Raymond James; Kathryn Garner, Haynes Boone; Art Morales, Siebert, Brandford Shank & Co.; Andy Bynam, Mesirow Financial; Desrye Morgan, Wells Fargo; Mark Ellis, Jefferies; Kim Edwards, Piper Jaffray; Karl Biggers, Duncan-Williams; A. Frank Parker, Wells Fargo; Daniel Rodriguez, Coastal Securities; Chris Allen, First Southwest Co.; Louis Edwards, Jim McShan, Andrew C. Hughey, Marcus Ford, Texas Southern University; and Barron Wallace, Bracewell & Giuliani LLP.

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

Item 2. Excuse absences of board members.

Ms. Schiermeyer moved to excuse the absence of Mr. Moore. Mr. Alley seconded. The motion passed unanimously.

Item 3. Approve the minutes of the February 7, 2013, Board meeting.

Mr. Meister asked if there were any corrections or additions to the minutes of the Board meeting of February 7, 2013. Ms. Schiermeyer moved to approve the minutes. Mr. Roddy seconded. The motion passed unanimously.

Item 4. Consideration, discussion, and possible action to approve a Request for Financing for Texas Southern University to refund Revenue Financing System Revenue Bonds in an Aggregate Amount not to Exceed \$67 million; Appoint Consultants and take Other Necessary Action Related Thereto.

Mr. Coalter stated that the Texas Southern University request for financing was to refund some existing bonds, including but not limited to Series 1998A-1, 1998A-2, 1998B, 2002 and 2003 tuition revenue bonds. Mr. Coalter invited Mr. Jim McShan, Chief Financial Officer for the University to provide background information for the Board. Mr. McShan answered several questions posed by Mr. Meister. The recent audit was conducted by Bill Harris Company, a company that focuses primarily on municipalities. Mr. McShan stated that prior to the University's new President's arrival, TSU had been an open enrollment university. There is now a minimum GPA of 2.5. Enrollment is currently up to 10,000 and there has been a slow, steady increase from the low of 8,500 students. The bond rating for the University was below investment grade at one time, but has risen three levels; therefore, no problems are anticipated in completing the refunding.

Mr. Atkinson moved to approve Texas Southern University's Request for Financing to refund Revenue Financing System Revenue bonds in an aggregate par amount not to exceed \$67 million by a negotiated sale to achieve at least a 3% positive present value savings, to appoint First Southwest Company to serve as the Authority's Financial Advisor, to appoint Bracewell & Giuliani as Bond Counsel, and an underwriting syndicate led by RBC Capital Markets as bookrunner, with Mesirow Financing and Loop Capital serving as co-managers, and to authorize staff to take such necessary action related thereto. Mr. Alley seconded. The motion passed unanimously.

Item 5. Consideration, discussion and possible action to adopt amendments to rules in chapters 221 and 225, specifically, sections 221.2, 221.3, 221.4, 225.1, and 225.3 as published in the March 1, 2013, issue of the *Texas Register* (38 TexReg 1347-1349) without changes to the published text and to readopt chapter 223, related to Historically Underutilized Businesses, without changes, as part of the agency rule review, which was published in the March 1, 2013, issue of the *Texas Register* (38 TexReg 1378).

Ms. Durso stated amendments to rules in chapter 221 and 225 were published in the *Texas Registrar*, along with a request for comment on chapter 223 rules. No comments were received. Staff recommends adoption of the rules.

Mr. Alley asked what changes were made to the rules for Historically Underutilized Businesses. Ms. Durso stated no changes were made to the rules and this process was for re-adoption only. Ms. Schiermeyer recalled that a lease payment change was approved by the Board at a recent meeting and she did not see that change in the rules. Ms. Durso stated that the Board had made a change to Rule 225.7, the Master Lease Purchase Program Recovery of Costs and these changes are simply other changes in the same chapter. There was a change in the language clarifying that only a single representative from a client agency needed to attend a board meeting. Mr. Coalter stated that all the agencies had been billed for the Master Lease Purchase Program administrative fees without any problems.

Mr. Meister asked about the rulemaking process and how the changes make it into the Texas Administrative Code. Ms. Durso explained that the publication *Texas Registrar* is within the Secretary of State's office and the Authority submits proposed amendments, the document is published and after Board adoption, it is sent again to the *Texas Registrar* for publication in the next edition and it becomes effective 20 days after publication. Further, the Secretary of State is the source for the rules in the Texas Administrative Code.

Mr. Eidman stated that the language "at least one representative from a client agency must attend" just re-enforces the Board's current policy and asked whether there is a policy about attendance for people at the meeting when the consultants are chosen such as bond counsel, financial advisor, etc. Ms. Durso stated staff does inform representatives that staff intends to recommend them so they can be present if the Board has questions. Up until the time that the Board appoints them, staff is only making a recommendation, but the consultants are provided a heads-up notification.

Mr. Eidman moved to adopt the amendments to 34 Texas Administrative Code sections 221.2, 221.3, 221.4, 225.1 and 225.3 without changes to the proposed text as published in the *Texas Registrar* and to readopt 34 Texas Administrative Code chapter 223, without changes as a part of the agency's rule review. Mr. Atkinson seconded. The motion passed unanimously.

Item 6. Staff Report, including market update, update on Texas Windstorm Insurance Association (TWIA) financing possibilities presented to the TWIA actuarial subcommittee and update on legislative activities related to the Authority and its client agencies.

Mr. Coalter directed the Board's attention to the last page in the packet summarizing the proposals received from members of the underwriting syndicate for the Texas Windstorm Insurance Association funding for this year. This information was presented to the TWIA actuarial subcommittee and staff recommended that Bank of America Merrill Lynch provide the Bank Anticipation Note (BAN) similar to the one proposed the prior year. The actuarial subcommittee agreed with TPFA's recommendation and that information will be shared with the overall TWIA Board. The transaction looks very similar to the transaction last year and will be in the amount of \$500,000,000.

The budget is the primary focus of the legislative activity at the moment. The House bill has money included for the system that was requested. The Senate bill has the money for the system as well as the reinstatement and funding for the position that the Legislative Budget Board indicated was at risk. The Authority will continue to monitor these bills.

Item 7. Executive Session.

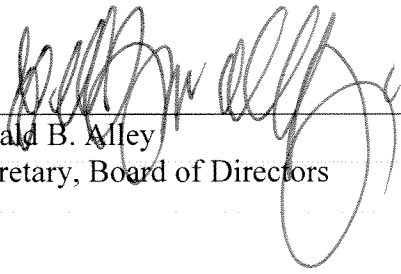
The Board recessed the open meeting at 10:49 a.m. in order to go into Executive Session. The purpose was to take up items on the agenda for which the Board seeks the advice of counsel pursuant to Government Code Section 551.071(2), and pursuant to Section 551.074, to take up personnel issues, including the duties, responsibilities and performance of the Executive Director, the General Counsel and duties, responsibilities and performance of other staff.

The Board convened the Executive Session at 10:50 a.m. and adjourned its discussion at 11:25 a.m. The Board reconvened in open meeting at 11:25 a.m. Mr. Meister stated no action would be taken as a result of the Executive Session.

Mr. Coalter discussed possible meeting dates for the summer. He stated he expected the need for a board meeting on May 30, and then on July 9, to accommodate work requirements and adjusting the July date for the July 4 holiday.

The meeting adjourned at 11:30 a.m.

The foregoing minutes were approved and passed by the Board of Directors on May 30, 2013.



Gerald B. Alley
Secretary, Board of Directors

ATTACHMENT: Posting Notice - Exhibit A



Open Meeting Submission

Success!
Row inserted

TRD: 2013001981
Date Posted: 03/27/2013
Status: Accepted
Agency Id: 0113
Date of Submission: 03/27/2013
Agency Name: Texas Public Finance Authority
Board: Texas Public Finance Authority
Liaison Id: 3
Date of Meeting: 04/04/2013
Time of Meeting: 10:30 AM (###:## AM Local Time)
Street Location: Stephen F. Austin State Office Building, 1700 N. Congress Avenue, Room 170
City Location: Austin
State Location: TX
Liaison Name: Paula Hatfield
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.

TEXAS PUBLIC FINANCE AUTHORITY
 THURSDAY, April 4, 2013, 10:30 A.M.
 STEPHEN F. AUSTIN STATE OFFICE BUILDING, ROOM 170
 1700 North Congress Avenue, Austin, Texas
 AUSTIN, TEXAS 78701

AGENDA

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 7, 2013, Board meeting.
4. Consideration, discussion, and possible action to approve a Request for Financing for Texas Southern University to refund Revenue Financing System Revenue Bonds in an aggregate Amount not to Exceed \$67 million; Appoint Consultants and take Other Necessary Action Related Thereto.

5. Consideration, discussion and possible action to adopt amendments to rules in chapters 221 and 225, specifically, sections 221.2, 221.3, 221.4, 225.1, and 225.3 as published in the March 1, 2013 issue of the Texas Register (38 TexReg 1347-1349) without changes to the published text and to readopt chapter 223, related to Historically Underutilized Businesses, without changes, as part of the agency rule review, which was published in the March 1, 2013 issue of the Texas Register (38 TexReg 1378).

6. Staff Report, including market update, update on Texas Windstorm Insurance Association (TWIA) financing possibilities presented to the TWIA actuarial subcommittee and update on legislative activities related to the Authority and its client agencies.

7. 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.

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.

8. Discussion of future meeting dates and times.

9. 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.

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