

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.



EXECUTIVE DIRECTOR
Lee Deviney

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

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

December 4, 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, December 4, 2014, Capitol Extension Hearing Room E1.026, Austin, Texas. Present were: Mr. Billy Atkinson, Chair; Ms. Ruth C. Schiermeyer, Vice Chair; Mr. Gerald Alley, Secretary; Mr. Mark Eidman, Member; Mr. Robert Roddy, Member; and Mr. Rodney Moore, Member.

Representing the Authority's staff were: Lee Deviney, Executive Director; John Hernandez, Deputy Director; Kevin Van Oort, General Counsel; Donna Weinberger; and John Barton.

In attendance were the following persons, representing the indicated entities: Chris Allen, First Southwest Co.; Dalton Smith, Bank of America Merrill Lynch; Jorge Rodriguez, Coastal Securities; Daniel Rodriguez, Coastal Securities; Tim Peterson, J.P. Morgan; Robin Redford, Ramirez & Co.; John Littlefeld, FTN Financial; Carol Polumbo, McCall Parkhurst & Horton; Bart Fowler, McCall Parkhurst & Horton; Mark Ellis, Jefferies; Rick Menchaca, BOSCO, Inc.; Jerry Kyle, Andrews Kurth; Tim Kelley, Piper Jaffray; Constance Sanchez, City of Corpus Christi; Natasha Fudge, City of Corpus Christi; Tom Tagliabue, City of Corpus Christi; Paul Braden, Norton Rose Fulbright; Melissa Avelino, Office of the Governor; Matt Berry, Office of the Governor; Dr. Jessie Rogers, Midwestern State University; Keith Lamb, Midwestern State University; Dr. Marilyn Fowle, Midwestern State University; Patrick Scott, Barclays; Mark Seal, M.E. Allen & Co.; Blaine Brunson, Morgan Stanley; Bill Avila, Bracewell and Giuliani; Dan Ferris, Port of San Antonio; and Collin Teague, Goldman Sachs & Co.

Item 1. Confirm meeting posting compliance with Open Meetings Act.

Mr. Atkinson called the Board meeting to order at 10:33 a.m. and confirmed that 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, if necessary.

Mr. Eidman moved to excuse the absence of Mr. Moody. Mr. Moore seconded the motion. The motion passed unanimously.

Item 3. Approve the minutes of the November 6, 2014, Board meeting.

Ms. Schiermeyer moved to approve the minutes of the November 6, 2014, Board meeting. Mr. Eidman seconded the motion. The motion passed unanimously.

Item 4. Consideration, discussion, and possible action related to the Texas Military Preparedness Commission's Request for Consent for the Port of San Antonio to substitute security on the underlying loan agreement, appoint outside consultants and take other action as necessary.

Mr. Deviney introduced the representatives from the Port Authority of San Antonio before presenting a summary of the project to the board. Discussion ensued.

Dan Ferris, Chief Financial Officer of the Port Authority of San Antonio, answered questions, explained the project in greater detail and explained the value of the replacement collateral, including how the appraisal was determined.

Motion: The Board of Directors of the Texas Public Finance Authority directs the Executive Director to deliver an instrument evidencing consent to the request of the Texas Military Preparedness Commission (TMPC) related to requested amendments to the Loan Agreement between the TMPC and the Port Authority of San Antonio. Further, the Executive Director may provide this consent upon: delivery of replacement security instruments from the Port Authority of San Antonio to the TMPC, completion of amendments to the loan agreement, and the cash defeasance of the City of San Antonio HUD Note and release of lien thereof; subject to final review by the Executive Director. The Board appoints First Southwest Company as financial advisor for this transaction.

Action: Motion by Ms. Schiermeyer, second by Mr. Alley to approve the motion. Mr. Roddy abstained due to a potential conflict. The motion passed unanimously.

Item 5. Consideration, discussion, and possible action related to the Texas Military Preparedness Commission's Request for Consent for the City of Corpus Christi to amend a loan agreement between the City and the Commission, appoint outside consultants and take other action as necessary.

Mr. Deviney presented the project to the board and stated the projects originally financed by TPFA in 2007 were related to the closure of Naval Station Ingleside. The City of Corpus Christi requested an approval for the repurposing of approximately \$5 million in unspent 2007 bond funds from the Texas Military Preparedness Commission (TMPC), which was granted by TMPC. The City also proposes replacing the City's 2007 general

obligation bonds and certificates of obligation provided as security for the TMPC loans. The City will issue 2014 Tax Notes as replacement securities and TMPC will be the sole holder of the replacement Notes. Under the replacement security structure, the City's loan repayment schedule may also change but must be sufficient to timely fund principal and interest due on the outstanding TPFA bonds. Tom Tagliabue with the City of Corpus Christi explained what the repurposed funds will be used for. Mr. Eidman asked Mr. Deviney the purpose of the TMPC Revolving Loan Program. Mr. Deviney explained that bond proceeds can be used for economic development projects by communities impacted either positively or negatively by a Base Realignment or Closure (BRAC) decision made in 2005 or thereafter. Mr. Tagliabue, representing the City of Corpus Christi, explained that the project is beneficial to the community since the military uses part of the project for roll on and roll off cargo. The TMPC approved the loan based on the program criteria and it is consistent with the legislation.

Motion: The Board of Directors of the Texas Public Finance Authority directs the Executive Director to deliver an instrument evidencing consent to the request of the Texas Military Preparedness Commission (TMPC) related to requested amendments to the Loan Agreement between the TMPC and the City of Corpus Christi. Appointment of First Southwest Company as financial advisor for this transaction. Further, the Executive Director may provide this consent upon delivery of replacement security instruments from the City to the TMPC and completion of amendments to the loan agreement, subject to review by the Executive Director.

Action: Motion by Mr. Eidman, second by Mr. Roddy to approve the motion. The motion passed unanimously.

Item 6. Consideration, discussion, and possible action to approve Midwestern State University's Request for financing to issue approximately \$38.25 million in system revenue bonds, select a method of sale, appoint outside consultants, and take other action as necessary.

Dr. Jessie Rogers, President of Midwestern State University explained that with the growing number of students, it is important to build a new dormitory to house the growing resident population on the campus.

Mr. Moore asked about the availability of water in the Wichita Falls area. Dr. Rogers reported there are procedures in place to currently provide adequate water.

Ms. Schiermeyer asked about the growth of the school and which program is growing. Dr. Rogers responded, referencing the Mass Communications program.

Mr. Alley asked about the current project budget. Dr. Fowle, Vice President for Business Affairs and Finance, reported the architect estimates are in and they have a general contractor signed and the project is moving forward. The university expects the dorm project to come in at a million dollars less than projected. Dr. Fowle stated that this is a turnkey project.

Motion: The Board of Directors of the Texas Public Finance Authority approve the request for financing submitted by Midwestern State University and appoint Andrews Kurth serving as bond counsel, and First Southwest Co., as financial advisor, to assist in the development of a revenue financing system transaction for Midwestern State University.

Action: Motion by Ms. Schiermeyer, second by Mr. Moore. The motion passed unanimously.

Item 7. Consideration and approval of a Resolution ratifying the Texas Southern University advance no. 4, pursuant to the Series A 2012-10 Note.

Mr. Deviney stated the draw amount is \$1,711,000. The draw was approved by the lender and is subject to the Board's ratification.

Motion: The Board of Directors of the Texas Public Finance Authority approve a resolution ratifying the Texas Southern University advance no. 4, pursuant to the Series A 2012-10 Note.

Action: Motion by Mr. Alley, second by Mr. Eidman. The motion passed unanimously.

Item 8. Consideration, discussion and possible action on the appointment of Texas Public Finance Authority Charter School Finance Corporation board member(s) to fill vacancies.

Mr. Deviney reported to the board that Adam Jones is a governmental relations consultant with Weaver and has his own consulting firm. Mr. Deviney also reported he has a strong background in public education and was Mr. Deviney's boss at Texas Education Agency. Education Commissioner Michael Williams was advised of the potential appointment and there was no objection from the Commissioner's Office.

Ms. Schiermeyer asked where the current board members reside. Mr. Deviney reported they are mainly from around the Austin area. Ms. Schiermeyer stated she would like to see people from different parts of the state serve. Mr. Deviney advised that staff is seeking recommendations for qualified Texas residents to serve as directors on the corporation board.

Motion: The Board of Directors of the Texas Public Finance Authority appoint Mr. Adam Jones of Austin, Texas, to serve as a member of the Texas Public Finance Authority Charter School Finance Corporation for a term ending on May 1, 2016.

Action: Motion by Mr. Roddy, second by Mr. Alley. The motion passed unanimously.

Item 9. Consideration, discussion, and possible action to evaluate refunding opportunities related to various outstanding General Obligation Bonds and Revenue Bonds, select a method of sale, appoint outside consultants, and take other action as necessary.

Mr. Deviney reported that staff is looking into refunding GO debt between \$130-150 Million and revenue debt in an amount between \$72-75 Million. Mr. Deviney reported

there is a potential for lower interest rates and savings on outstanding bonds.

Motion: The Board of Directors of the Texas Public Finance Authority approve the staff recommendation and appoint Fulbright & Jaworski as bond counsel, and Coastal Securities, as financial advisor, to assist staff in the development of a refunding transaction for certain outstanding TPFA General Obligation Bonds, and to appoint Fulbright & Jaworski as bond counsel, and First Southwest Co., as financial advisor, to assist staff in the development of a refunding transaction for certain outstanding TPFA Revenue Bonds with such transactions to achieve a minimum of a 3% present value savings, respectively.

Action: Motion by Ms. Schiermeyer, second by Mr. Alley. The motion passed unanimously.

Item 10. Update on response to the SEC's Municipalities Continuing Disclosure Cooperation Initiative (MCDC).

Mr. Van Oort reported the SEC had initiated an amnesty program that allowed issuers to self-report in any instance of any prior disclosure issues in Official Statements. Mr. Van Oort described the TPFA staff's MCDC review process, including reviewing all Official Statements relating to bonds issued by the TPFA during the past ten years and consulted with outside counsel. Mr. Van Oort further reported that at the conclusion of the review process, the TPFA staff determined that there were no material misstates in the Official Statements relating to TPFA compliance with disclosure requirements, and thus staff did not file an MCDC report with the SEC. Mr. Atkinson indicated his support for the process utilized by staff in determining whether a report needed to be filed. The Executive Session will be held after agenda Item 11 is presented.

Item 11. Staff update:

a. Legislative matters

Mr. Deviney reported that the Legislative Budget Board (LBB) met the previous Monday. At that meeting, the LBB approved a Budget Execution Order for \$85 Million to transfer funds to the Department of Public Safety, Texas Parks and Wildlife Department and the Texas National Guard for Border Security efforts. TPFA returned \$17.5 Million appropriated for General Obligation bond debt service to be used toward these efforts. Mr. Deviney reported the process of updating the LBB staff regarding surplus general revenue appropriated for debt service has been on-going since the summer of 2014.

There is no action required on the above matter.

Mr. Deviney reported TPFA is in contact with the incoming elected officials' offices.

b. Internal policies and procedures

Agency staff is reviewing current policies and will bring recommendations to the Board for changes. Mr. Deviney suggested this might be a good area for a Board Work Session.

c. Market update

Mr. Deviney reported market rates have remained stable.

d. Staff vacancies

Mr. Deviney introduced Ms. Donna Weinberger-Rourke as the newest staff member and he stated she previously worked for the Office of the Governor. Mr. Deviney reported the agency has also extended an offer for a financial analyst position. There is still an additional position to fill.

Item 12. Future agenda items, meeting dates, and times.

A potential Thursday, January 8, 2015 meeting was discussed.

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

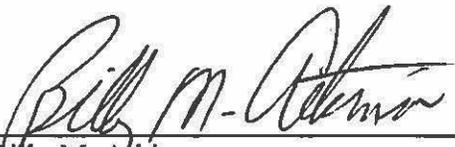
Pursuant to Government Code Chapter 551.071, the Board entered executive session at 11:48 a.m. The Chairman requested Ms. Polumbo as MCDC Special Disclosure Counsel to stay for the closed session.

The open meeting was reconvened at 12:06 p.m. No action was taken as a result of the executive session.

Item 13. Adjourn

The meeting adjourned at 12:07 p.m.

The foregoing minutes were approved and adopted by the Board of Directors on January 8, 2015.



Billy M. Atkinson
Chair, Board of Directors

ATTACHMENT: Post Notice – Exhibit A