

Texas Public Finance Authority

Board of Directors:

D. Joseph Meister, Chair
Ruth C. Schiermeyer, Vice Chair
Gerald Alley, Secretary
Billy M. Atkinson, Jr.
Mark W. Eidman
Rodney K. Moore
Robert T. Roddy, Jr.

Robert P. Coalter
Executive Director



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

September 6, 2012

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, September 6, 2012, Capitol Extension Hearing Room E2.028, Austin, Texas. Present were: Mr. Joe Meister, Chair; Ms. Ruth Schiermeyer, Vice Chair; Mr. Rodney Moore, Member; Mr. Tom Roddy, Member; Mr. Mark Eidman, Member; and Mr. Billy Atkinson, 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, Chris Gilliland, MLPP Coordinator, and Paula Hatfield.

~~Present in their designated capacities were the following persons: Tilghman Naylor, Jefferies; Terry Thornton, Goldman Sachs & Co.; Dalton Smith, Bank of America Merrill Lynch; Keith Richard, Morgan Stanley; Cheryl Allen, Southwest Securities; John Daniel, Patrick Scott, Barclays; Heath Barber, JP Morgan; Jon Arnold, Drexel Hamilton; Becky Villasenor, Cabrera Capital Markets; Rick Menchaca, BOSC, Inc.; Tim Kelley, Piper Jaffray; Lorraine Palacios, Robin Redford, Ramirez & Co.; Chris Allen, First Southwest Co.; Daniel Rodriguez, Coastal Securities; Jerry Kyle, Andrews Kurth; Richard Donoghue and Amanda Corbett, McCall Parkhurst & Horton, LLP.~~

Mr. Meister called the meeting to order at 10:34 a.m.

Item 2. Excuse absences of board members.

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

Item 3. Approve the minutes of the August 2, 2012, Board meeting.

Mr. Meister asked if there were any corrections or additions to the minutes of the Board meeting of August 2, 2012. Mr. Atkinson moved to approve the minutes. Mr. Moore seconded. The motion passed unanimously.

Item 4. Consideration, discussion and possible action to authorize staff to negotiate new liquidity agreements with the Texas Comptroller of Public Accounts for the 2002A and 2002B Texas Public Finance Authority General Obligation Commercial Paper Notes, Series 2002A, 2002B, and 2008, and the Texas Public Finance Authority Tax-Exempt Commercial Paper Revenue Notes Series 2003, terminate current Liquidity Agreements on those same series in the most cost effective manner available, amend program documents, appoint bond counsel and take other necessary action to effectuate the transactions.

Ms. Durso stated that the Authority's four commercial paper programs are currently funded with private liquidity. At the beginning of the last biennium, it was learned that the Comptroller's office would not be able to provide liquidity for those programs and the Authority secured private liquidity providers. Now, it has been learned that the Comptroller's office is able to provide liquidity for the remainder of the biennium. The rates the Comptroller's office offers are 8 basis points for the unused portion of the commitment and 12 basis points for the used portion of the commitment. Private liquidity rates range from 47.5 to 42 basis points among the four programs. Therefore, it is believed to be in the Authority's and the State's interest to terminate the current liquidity provider agreements and move to the Comptroller offered liquidity.

The ability to make the change with the private liquidity providers is possible under the terms of the contracts signed last year. The largest cost will be for bond counsel for assistance to terminate the existing contracts and redrafting new substitution liquidity documents. Staff recommends the appointment of Fulbright & Jaworski as a bond counsel to assist staff in this endeavor because this firm assisted in the drafting the current contracts. Staff also requests the authority to terminate the current liquidity agreements and enter into new liquidity agreements for those four programs.

Mr. Meister asked if there was analysis of the termination fees. Ms. Durso stated with the exception of one of the providers, the termination fees are an amount up to the first year's liquidity fees less any fees paid. If termination occurs at the end of the first year, no additional fee beyond what was paid for the first year of liquidity is due. The plan is to time the termination with the end of the first year commitment. Mr. Meister inquired about the dollar figure, for example, with Wells Fargo. Ms. Durso stated she did not have the exact figures with her. She stated it was the amount of the commitment, 47 basis points for 180 days and that she could provide the exact figures following the meeting. She stated that after her review she determined the most cost effective way to substitute liquidity providers is to terminate the agreements at the end of the commitment year. Mr. Meister asked when the new program would be set up with the Comptroller's office. Ms. Durso replied "immediately upon termination with the private liquidity providers." Mr. Meister asked if the Comptroller's fees worked the same way except it is a lower rate. Ms. Durso replied "yes." Mr. Meister asked if

use of the current arrangement would be used until the point of termination and Ms. Durso replied “yes, the commitment remains in effect until termination.” Ms. Durso stated that all four programs are currently in use for issuing commercial paper.

Mr. Meister asked for an explanation of the Comptroller’s reversal in its ability to provide liquidity. Mr. Coalter explained that the reason the Comptroller could not offer liquidity last year is because it issued \$500,000,000 for its own commercial paper program and there was a lack of funding for the Authority. Mr. Coalter stated that the Comptroller commercial paper program for funding for the Tax Revenue Anticipatory Notes (TRAN) is not being used this year so liquidity is now available. Mr. Atkinson stated “it really becomes an opportunity.” Mr. Coalter replied “yes, sir.” Mr. Eidman said the Authority could really be in and out of the Comptroller provided liquidity. Mr. Coalter agreed.

Mr. Meister asked what other kinds of costs, counsel fees, bank fees are there to put these programs in place. Mr. Coalter said the normal fees would be covered in the basis point fees, but there could be some dealer fees or those type of costs. Mr. Eidman asked what the net benefit would be from making the change. Ms. Durso stated it was the savings of that outlay of commercial paper over the course of the next year. Mr. Eidman asked for the amount and Ms. Durso stated she did not have the calculation with her. She offered to provide this amount for the Board later and Mr. Coalter said it was in the hundreds of thousands of dollars. Ms. Schiermeyer asked what was expected for the bond counsel fees. Ms. Durso stated she had not negotiated those fees because the Board had not appointed a firm yet. She stated the maximum under the Office of Attorney General fee structure is \$525 a hour so anticipating the work involved, probably \$20,000 a program or around \$80,000. Mr. Roddy said it was important to remember that it saves us hundreds of thousands of dollars by using the State’s system instead of private providers. Ms. Durso said it was a huge benefit to the Authority and the State to pay the liquidity dollars to the Comptroller so that the dollars remain within the State Treasury rather than to pay the liquidity dollars paid to third parties and have the money leave the Treasury. Ms. Durso stated that last session there was concern about how tight the budget was and that was the reason the Comptroller did not provide the Authority liquidity was that it needed the capacity for its own commercial paper program.

Mr. Meister asked how much notice the Comptroller’s office is required if the State’s circumstances change. Mr. Coalter stated there was normally a 90-day notice and that at the end of the session the needs regarding the TRAN would be known. Normally, the Comptroller provides notice to anyone it is providing liquidity to in June. Last time the Authority needed to make a change, the Comptroller granted an extension to allow more time to transition. Ms. Durso stated the Board might recall that last summer there was a special session. The Authority’s budget was not received until the beginning of July and most of the liquidity agreements are biennial. As the August 31 end of the biennium approached, the Comptroller’s office extended the agreements to allow the Authority time to negotiate the private liquidity agreements. Most of the current liquidity agreements are dated in November and terminate in November. There is no guarantee that at the end of the upcoming session that the Comptroller’s office will continue to provide liquidity for one or more of these programs.

The 2002 program is quite small so that program may not need much liquidity at all. Even though there are initial costs to outlay to change the liquidity providers, the overall balance is that funds will be saved over the course of the next year. Mr. Meister asked if the savings went back directly into the budget. Ms. Durso stated "it does" because as we discussed last month in the Legislative Appropriations Request about 70% of the budget is appropriated receipts from the Master Lease Purchase Program. This is savings to that program. One of the reasons there is a decline in receipts is because of the high cost in liquidity. Mr. Meister asked if there was a cause and effect relationship and if customers had been polled to see if customers opted to not use the MLPP because of the fee. Ms. Durso explained that the Authority's fees to the customers have not changed, but that it was the amount of receipts available to use for the Authority as opposed to use for paying the liquidity fees. The administrative fee percentage was not changed. Ms. Durso explained that the appropriated receipts from the MLPP could be used for agency operations instead of paying the liquidity fees. Mr. Coalter said one of the reasons seen for the decreasing participation in the MLPP program has to do with agencies desiring to purchase items with cash dollars instead of worrying about continuing to get appropriated dollars from the Legislature for a five or ten year period. Agencies prefer to request the funds to purchase whatever item in full instead of financing it. The MLPP program overall has a very low interest rate. Staff is revamping the program and will be making a marketing effort of both email mailings and some presentations to build up that program. Staff has also had discussions with the Legislative Budget Board to find ways of improving the Master Lease Purchase Program. Overall, it is a good benefit for the State.

Mr. Eidman asked if the Comptroller required its own liquidity again, would TPFA have to negotiate private liquidity again. Mr. Coalter stated it was always a possibility. If another problem exists like happened in 2008 liquidity rates could easily go to 75-100 basis points. The rates the Comptroller charges are extremely low and rare especially for large amounts such as for \$100-150 million. For programs larger than that, multiple liquidity providers are needed. While changing providers seems like trouble to go back and forth it does save the State funds. The Comptroller has not issued commercial paper in a long while, but it was necessary last year to issue a large amount of TRAN, \$1.8 billion and it was matched to a better instrument. That is the reason why commercial paper was chosen for that amount of time.

Mr. Meister asked if staff could provide a simple mark-up of the savings to see the gross dollar amounts of the savings and send it out after the meeting. Mr. Meister asked Mr. Coalter if there was any early warning about what the Comptroller plans to do since it seems that the Authority cannot lock in a timeframe longer than the 90 days early termination. Mr. Coalter said the Comptroller normally issues biennial contracts for liquidity, but until the budget is passed by the Legislature, which will not happen until June 1, there is no way to do a cash flow analysis for the following biennium to determine what the Comptroller's needs will be.

Ms. Schiermeyer moved to authorize staff to negotiate new liquidity agreements with the Comptroller of Public Accounts for the Texas Public Finance Authority General Obligation Commercial Paper programs, Series 2002A, 2002B and 2008, and the Texas Public Finance Authority Commercial Paper Revenue Notes, Series 2003, terminate the liquidity agreements on those same series in the most cost effective manner available, amend program documents, and

take other actions necessary to effectuate those transactions and appoint Fulbright & Jaworksi as bond counsel to assist staff. Mr. Atkinson seconded. The motion passed unanimously.

Item 5. Consideration, discussion, and possible action to adopt a Resolution, select a Pricing Committee, and approve the Preliminary Official Statement for the Texas Public Finance Authority Midwestern State University Revenue Financing System Revenue Refunding Bonds, which may be issued in one or more series, repeal conflicting resolutions, and take other action as necessary.

Ms. Durso stated that the Board had previously approved the financing request to refund debt for Midwestern State University revenue financing debt that included two series of bonds, 2002 and a portion of the 2003. The 2002 bonds are tuition revenue bonds and any savings from that bond series is returned to the State. Savings from the 2003 bonds, which are not tuition revenue bonds, is returned to the University.

Earlier, the transaction was calculated for a tax-exempt refunding for one series and a portion of the 2003 bonds because one portion of the 2003 bonds was already refunding bonds and therefore those bonds did not qualify for advance refunding. After that, the financial advisors took a look at current taxable rates and the market has changed enough to make it possible to take out the 2003 as taxable bonds and be able to take out the entire series and still achieve a savings as shown in the chart provided. Actually, several items could be accomplished. The refunding still achieves a savings while putting more cash flow in the pocket of Midwestern State and the construction projects or buildings that were constructed with tax-exempt bond proceeds are freed of the restrictions associated with the tax-exempt status of the funds.

Ms. Durso offered that Mr. Chris Allen, First Southwest Co., financial advisor and Mr. Jerry Kyle, Andrews Kurth, bond counsel on the transaction, were available to answer any questions. Staff recommends that a new resolution be adopted providing for one or more series of bonds and repealing any conflicting resolutions. Ms. Durso asked if the Board had any questions for her or anyone else. Mr. Eidman asked the amount of the additional savings. Ms. Durso stated it was \$119,000. The present value savings is a little bit lower at 10.34% and it increases the par amount of the transaction slightly--by approximately \$2 million.

Mr. Meister stated he was delighted to see the additional savings, but wondered what happened between this meeting and the prior meeting. Ms. Durso said when the numbers were first run for Midwestern State it was back in May and that is when the request for financing was presented to the Board. Since that time, market rates have fluctuated and the financial advisor has looked at the issue from a different perspective. Mr. Allen can elaborate on the details, but that is my understanding. Ms. Schiermeyer indicated a desire to hear from Mr. Allen and stated she believed she had already heard something about the market activity relevant to this transaction.

Mr. Allen, First Southwest Co., stated that as Ms. Durso so eloquently explained it, the refunding was reviewed for savings again and an anomaly in the market was discovered. The anomaly was that the difference between the taxable and tax-exempt rates. The taxable rates were very compressed at the lower end of the yield curve and are actually lower than the tax-

exempt rates. Farther out on the yield curve, the rates are compressed so there is not very much difference in the taxable and tax-exempt rates. Since the transaction is a taxable refunding the savings are still far in excess of the Authority's 3% present value savings policy. Savings are above 10% and, in addition, with some of the other things that Ms. Durso said, it will take the tax-exempt from that particular housing bond issue and prevent tax-exempt issues associated with that financings. It was believed that this option should be brought before the Board for attention and consideration.

Mr. Meister asked what the review process looked like within the financial advising company and was there an analyst who constantly reviewed bonds for savings, sent out soliciting emails for transactions structured a specific way. Mr. Allen said that was correct and the fact he and his company were in the market every day different opportunities are reviewed constantly. He also said that after a refunding was brought to the Board's attention that the bonds are continually monitored, factoring in market changes, different ideas are formed or updated as a result of that process. There is not an analyst chained to a desk, but the market is monitored regularly and ideas are brought as they are seen. Mr. Meister asked if there was a particular day when the weather changed. Mr. Allen said "no, not necessarily." Mr. Meister said "no, there was not." He explained that he was wanting a confirmation that the weather changed subsequent to the Board's last meeting and that is what precipitated the recalculation. Mr. Allen said he thought the documents would allow for a taxable refunding and when it was discovered the documents did not allow for a taxable refunding, it became an issue. The transaction would be monitored up to the day of pricing. Mr. Meister said his second question was how it worked procedurally. Ms. Durso said one reason this happened was simply the timing of the Board meetings. She explained this transaction was a pure refunding and had no new money component. When new money is a component there are other forces dictating when to market because an agency needs the cash. With a refunding the Authority monitors opportunities all year long for not just this program, but for all programs. The present value savings are monitored, but also the negative arbitrage and the closer to the first call date the lower the amount of negative arbitrage. So, it has been known that at some date near the summer or the beginning of the fall, depending on the market, this refunding opportunity for Midwestern State would be taken, but the Authority was not tied to a particular date. That is one of the reasons a negotiated transaction would be chosen over a competitive sale because the market date can be selected and changed upon changed conditions. In this case, the statute requires that the Board make certain decisions such as the par amount, the maximum interest rate and other features. So, when this particular resolution did not have broad enough features, it was decided to present it to the Board again. Procedurally, yes, normally staff would proceed with what the Board had originally adopted as its resolution, but in this case, there was time and opportunity to come back and do something better for the University and the State.

Mr. Meister asked if language needed to be included in resolutions to allow the flexibility for staff to call off a deal based on new circumstances. Ms. Durso stated that staff does have that flexibility and authority which is why this is being presented to the Board again. The resolution provides for designated persons or authorized representatives to make these decisions. Staff has obligation to bring this before the Board for reconsideration. Mr. Atkinson asked if moving any portion of the issue to non-taxable create any restrictions on the part of the issuer or the University. Ms. Durso stated that a taxable transaction has fewer restrictions and is less

burdensome on the University. She stated that Mr. Allen mentioned these bonds were for a housing project and one thing that comes up with these housing projects frequently is that perhaps the University wants to privatize management of the facility and tax-exempt paper restricts management by a private entity, so this taxable transaction frees the University's use of the facilities.

Mr. Eidman moved to adopt a Resolution for the Sale of Texas Public Finance Authority Midwestern State University Revenue Financing System Revenue Refunding Bonds, Series 2012, which may be issued in one or more series, approving the Preliminary Official Statement, authorizing actions by the Texas Public Finance Authority and Midwestern State University and Representatives thereof in connection with the sale and delivery of the bonds, repealing conflicting resolutions, and resolving other actions related thereto. Mr. Atkinson seconded. The motion passed unanimously.

Item 6. Staff Report (no action required).

Mr. Coalter stated that the Authority was in the market this morning issuing \$9.6 million for CPRIT and it was sold at 22 basis points. North Dallas Tollway Authority was in the market too and sold for 23 basis points; Dallas was in the market with a \$30 million issue and paid 24 basis points.

Item 7. Consideration, discussion, and possible action regarding the Authority's Legislative Appropriations Request submitted for the FY14-15 biennium.

Mr. Coalter directed the Board's attention to the additional information provided on the three exception items presented in the LAR. The first item deals with the funding for the agency and analysis. The graphs show how the agency is currently funded with MLPP proceeds. The calculation of the pre-payment and decreasing leases is shown in Exhibit A. Exhibit B shows the projects until 2022. The lines on the graph depict the effect of using the Comptroller's liquidity, private liquidity and the current situation. Exhibit D shows a pie chart where the upper portion shows the liquidity fees at 50 basis points. The bottom pie chart shows the Comptroller liquidity \$196,000. On Exhibit E, if those numbers are used from Exhibit D, the black line is the total revenue coming into the MLPP for that period of time, the blue line at the top expenditures and the break in the line is the private liquidity. If agency funding is achieved with private liquidity and the bottom line shown reflects the agency funding without private liquidity. The Master Lease Program right now requires \$900,000 in salaries and benefits.

The last page, Exhibit F, shows the net revenue, the next expenses. The green line shows the Comptroller liquidity, the blue line with no agency funding, but using private liquidity and the red line is the money needed to basically fund the agency. There are not enough ongoing master leases to fund the agency out of appropriated receipts so that is the reason the Authority must ask for general revenue to fund the agency.

Mr. Meister directed Mr. Coalter's attention to the break between 2011 and 2012 on Exhibit F where the red line crosses the green line. Mr. Meister asked if that suggested that the Authority was already under water. Mr. Coalter said "yes" and the Authority was eating into the money

from the Master Lease Purchase Program. Mr. Eidman asked about the burn rate. Mr. Coalter said the burn rate ends at about a month of 2014.

Mr. Coalter explained that the next section had to do with the second exception item dealing with salary money to increase the level for financial analyst as well as the salary level for the position of the Executive Director. Mr. Coalter proposed that while he was asking for the position of the Executive Director to have a higher level than what is currently appropriated, that he was not asking for his own personal raise to that level. He stated that because of his fiduciary responsibility he needed to point out issues that need to be addressed to improve TPFA's future. The first objective is to provide better funding than the current practice of using appropriated receipts. The second is that the level of staff needs to be raised for the type and quality of work performed. Exhibit A basically shows the current salary for the three different classes of financial analysts currently employed by TPFA and those salaries for each class, I, II and III. The third column shows the average salary of individuals in the State in the same job classification. Those numbers are as of September 15, 2011. The following or last column is the range for the salary that the State Auditor has determined to be the classification range. The financial analyst IV is not currently funded, but that is the position requested. One of the reasons for this is that executive staff at TPFA, in a short period of time, are all eligible for retirement. New staff is needed to handle the higher level of responsibility within the agency. Exhibit B shows the salaries and Exhibit C shows the legislation that names the classification officer to be part of the State classification officer who makes periodic studies of salaries of individuals. Exhibit D is excerpts from both the 2010 and 2012 State Auditor report for executive compensation of the Executive Director position for similar sized agencies. Exhibit E shows the calculation that was used at the last meeting prior to the 2012 State Auditor report being issued. The calculation that was used in order to determine the \$130,000 requested for the Executive Director's salary is shown and documents where the numbers were derived for the inflation adjustment by the U.S. Bureau of Labor Statistics from the Federal government. Exhibit F shows some of the other debt agencies salary information.

Ms. Schiermeyer asked what the impact to the overall budget was and how much increase is there if the vacant position is funded and the increases in all these positions. Mr. Coalter said the Authority currently does not have the funding to be able to do that. Ms. Schiermeyer stated she wanted to know if the Legislature granted the funding what would happen. Mr. Coalter said the Authority asked for \$225,000 for the biennium, or \$112,500 each fiscal year, to fund all of the positions. Mr. Atkinson asked if Mr. Coalter thought he would get it. Mr. Coalter said if he were a betting man, he would probably say "no, sir." That is the reason it was brought to the Board's attention. He said he believed it was his fiduciary duty as Executive Director to share what he believed should be done within the agency and he believes this is one of the areas that needs attention. He said he was not asking for himself, but this salary amount is not pinned to any one individual or any rates and is just a projection for the legislature to be able to see that the Authority's staff compared to staff from other agencies are underfunded. Staff diversity, along with being the largest GO issuer, and completing the most complex transaction in the state, leaders in protecting the State's ratings, pre-eminent agency and has a great future. For that future to be accomplished, it is necessary to continue on in the 21st Century with the brightest. Mr. Atkinson asked if he would be making that pitch. Mr. Coalter said "yes, sir." Ms. Schiermeyer asked what percent was the \$225,000. Ms. Durso said it was \$112,500 per

fiscal year and the current agency entire operating budget is \$925,000 so it would be a little bit over 10% --may be closer to 12%.

Ms. Schiermeyer stated she had a problem with that amount. She said she believed it was excessive since everybody was being asked to cut back on their budgets and it was a concern to her. She said that she thought part of the reason the Authority does so well and saves the State money and we need to look at the agency to save money, too. Mr. Moore said that if the Board could not justify this issue among the Board members, the request should not be made to the Legislature. But, he also said, that the Authority is controlling a lot of money with a few people and he thought it should be requested.

Mr. Atkinson said he agreed. He thought there was a lot of examples of need reflected in today's agenda withstanding the other agendas from the year to mark against the capability, the interaction with the third parties, small numbers of basis points provide big number savings to the State. Someone has to be responsible for that and should be paid for that responsibility from the talent and skill required. It is almost as if the Authority is zero-base budgeting what the agency should be as opposed to incrementally adding to its budget. That may be the more appropriate approach.

Mr. Meister asked if Mr. Coalter was finished with his presentation and requested to hear about the final item.

Mr. Coalter explained that the last exceptional item requested was a proposed debt management system. Currently, the agency has a myriad of spreadsheets that have been used to track, manage and monitor the debt. It is a critical mass stage at this point in time. A coordinated system is necessary to track and monitor the debt successfully. He provided the Board with an article from the Bond Buyer about the IRS more than doubling the auditors looking at this particular area of the law. Then, he directed the Board's attention to Exhibit C showing about \$27 million of arbitrage rebate that the agency has been refunding to the IRS due to the inability to manage and monitor debt. Since 2009, \$2.1 million has been paid to the IRS. The proposed system has two phases; one has to do with a debt tracking portion and the other one is the actual agency project tracking. Working with the Department of Information Services, Mr. Coalter provided a bid from third-party vendors for the system.

Mr. Eidman asked about the amount on the bid for software maintenance. Mr. Coalter stated there was a one-time buy and an ongoing maintenance fee. Mr. Coalter said the amount listed was for two years.

Mr. Meister asked if the savings from Comptroller liquidity could be used for the system based on those changes. Mr. Coalter explained that given talks with the Legislative Budget Board about the Authority's LAR that the money from the system would come out of debt savings that the agency provides to the State of Texas from refunding. Mr. Coalter stated the Authority really needs a cradle-to-grave approach of handling debt. He stated that a staff person is needed to visit with client agencies to help determine needs as it relates to the type of debt such as short-term, long-term, fixed rate funding, etc. and evolving records from the issuance to the defeasance and it is a growing portion of all the SEC, MSRB, IRS focus on municipal debt.

Mr. Meister asked if the LAR included the line item that the debt monitoring system would be paid for out of debt savings and Mr. Coalter confirmed it. Mr. Meister said his question was a bit different, the savings that would be realized from the Comptroller liquidity versus the private liquidity. Mr. Meister stated his understanding was that it fell to the bottom line of the budget. Mr. Coalter said it did not fall to the bottom line of the budget. It goes into the Master Lease Purchase Program of which a portion is appropriated to us. Even if funds saved from the Comptroller liquidity from the rates and projection seen now that basis will be needed just to operate and have no other costs other than just the program. Mr. Roddy asked about the \$2.1 million and would this system have saved that money. Mr. Coalter said he believed so and it requires the agencies to continue to cooperate, but that amount would be greatly reduced. Mr. Roddy asked if the savings was to our customers. Mr. Coalter said it was savings for the State and also the individual agencies.

Mr. Meister stated he would like to go to Executive Session to discuss personnel issues and the Board recessed at 11:36 a.m. The Board convened in Executive Session at 11:38 a.m. and ended the Executive Session at 12:29 p.m. The Board reconvened in open meeting at 12:31 p.m. No action was taken as a result of the Executive Session.

The Board discussed future meeting dates and announced the next meeting would be on October 4, 2012.

The meeting adjourned at 12:33 p.m.

The foregoing minutes were approved and passed by the Board of Directors on October 4, 2012.



Gerald B. Alley
Secretary, Board of Directors

ATTACHMENT: Posting Notice - Exhibit A



Open Meeting Submission

Success!
Row inserted

TRD: 2012006058

Date Posted: 08/29/2012

Status: Accepted

Agency Id: 0113

Date of Submission: 08/29/2012

Agency Name: Texas Public Finance Authority

Board: Texas Public Finance Authority

Liaison Id: 3

Date of Meeting: 09/06/2012

Time of Meeting: 10:30 AM (###:## AM Local Time)

Street Location: Capitol Extension Hearing Room E2.028

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, September 6, 2012, 10:30 A.M.

Capitol Extension, Hearing Room E2.028

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 August 2, 2012, Board meeting.
4. Consideration, discussion and possible action to authorize staff to negotiate new liquidity agreements with the Texas Comptroller of Public Accounts for the 2002A and 2002B Texas Public Finance Authority General Obligation Commercial Paper Notes, Series 2002A, 2002B, and 2008, and the Texas Public Finance Authority Tax-Exempt Commercial Paper Revenue Notes Series 2003, terminate current Liquidity Agreements on those same series in the most cost effective manner available, amend program documents, appoint bond counsel and take other necessary action to effectuate the transactions.
5. Consideration, discussion, and possible action to adopt a Resolution, select a Pricing Committee, and approve the Preliminary Official Statement for the Texas Public Finance Authority Midwestern State University Revenue Financing System Revenue Refunding Bonds, which may be issued in one or more series, repeal conflicting resolutions, and take other action as necessary.

6. Staff Report (no action required).

Agenda:

7. Consideration, discussion, and possible action regarding the Authority's Legislative Appropriations Request submitted for the FY14-15 biennium.
8. 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 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.

9. Discussion of future meeting dates and times.
10. 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.

New

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