

**MINUTES OF THE MEETING OF THE  
BOARD OF DIRECTORS OF THE  
TEXAS PUBLIC FINANCE AUTHORITY  
June 17, 2003**

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 2:00 P.M., Tuesday, June 17, 2003, Capitol Extension, Room E2.010, Austin, Texas. Present were: Mr. David Kelly, Chairman, Mr. Bert Mijares, Vice Chairman, Mr. Helen Huey, Member and Barry T. Smitherman, Member.

Representing the Authority's staff were: Ms. Kimberly Edwards, Executive Director; Ms. Judith Porras, General Counsel; Mr. John Hernandez, Deputy Director, Ms. Paula Hatfield and Ms. Donna Richardson. Also present were Pamela Scivicque, Ophelia Guerrero, Chris Gilliland and Gabriela Klein.

Present in their designated capacities were the following persons: Don Henderson, Peter Orr, Kelly Casto, JP Morgan; Curtis V. Flowers, Loop Capital Markets; Dale Lehman, US Bancorp Piper Jaffray; Curt Shelmire, Morgan Stanley; Robbi Jones, Eric Small, SBK Brooks; Chris W. Allen, Public Financial Management; Tilghman Naylor, Bear Stearns; Karin Werness, Banc One Capital Markets; Carlos Sharpless, Ramirez & Co. Inc.; J. C. Howell, Dain Rauscher; Erlinda Cortez Dimas, Siebert Brandford Shank; Keith Richard, Lehman Brothers; Mike Walker, Banc of America; Andy Bynam, Citigroup; Richard Donoghue, McCall, Parkhurst & Horton; Nancy Hagquist, Winstead, Sechrest & Minick; Greg Shields, Andrews & Kurth; Paul Martin, Winstead, Sechrest & Minick; Jorge Rodriguez, Coastal Securities; Kay Watson, CKW Financial Group; Mike Bartolotta, Tim Peterson, First Southwest Company; and Zelma Smith, Legislative Budget Board.

**Item 1. Call to order.**

Mr. Kelly called the meeting to order at 2:05 P.M.

**Item 2. Approval of minutes of the May 20, 2003 Board meeting.**

Mr. Kelly asked if there were any corrections or additions to the minutes of the Board meeting of May 20, 2003. There being none, Mr. Mijares moved to approve the minutes of the Board Meeting as presented. Ms. Huey seconded the motion. The motion passed unanimously.

**Item 3. Report on the sale of the Authority's General Obligation Bonds (Texas Department of Criminal Justice Projects) Series 2003A, and related matters concerning the financing.**

Ms. Edwards reported that \$200,000,000 general obligation and refunding bonds were priced on Tuesday, June 3. The overall true interest cost was 3.44%, the TIC on the commercial paper fixout was 3.78% and the refunding component generated over \$2.5 million of savings. Members of the Pricing Committee were Mr. Mijares, Mr. Kelly and Ms. Huey. Andy Bynam, Citigroup (formerly Salomon Smith Barney), provided an explanation of the post-sale analysis, including market conditions, timing of the sale, comparable sales and orders, allotments, and designations allocated to each co-manager.

**Item 4. Report on the sale of the Texas Southern University Revenue Financing System Revenue Bonds, Series 2003, and related matters concerning the financing.**

Ms. Edwards reported that \$29,500,000 of bonds were priced on Wednesday, June 11. The true interest cost was 4.11%. Members of the Pricing Committee were Mr. Serna, Mr. Mijares and Ms. Huey. Robbie Jones, SBK Brooks, provided an explanation of the post-sale analysis, including market conditions, timing of the sale, comparable sales that week and orders, allotments, and designations allocated to each co-manager.

**Item 5. Consider and approve the addition of refunding bonds to the issuance of revenue bonds for Midwestern State University for a combined issue of approximately \$12,000,000, the negotiated sale of the bonds, and selection of underwriters.**

Ms. Edwards stated this item was on the agenda for last month. The University had requested approximately \$9 million to do renovations on their housing facilities, and staff had recommended the sale be competitive. Coastal Securities was selected as the financial advisor and McCall, Parkhurst as bond counsel. In working on it, Tim Kelley at Coastal Securities identified a series of 1996 bonds that could be refunded. Combined with the fact the University wanted to do some capitalized interest on the new money piece, it would be more effective to execute this as a negotiated sale. The agenda item today is a request to amend your method of sale, recommend a negotiated sale and designate an underwriting syndicate. Jorge Rodriguez, Coastal Securities, explained there was quite a bit of leeway in rates, probably 40-50 basis points, to achieve savings. In addition the refunding would allow the University to release certain bond covenants and reserve funds associated with the prior bonds sooner. Ms. Edwards also pointed out that the change in method of sale would not affect the timing of the bond sale or the University's access to funds.

Ms. Huey moved to accept staff's recommendation to approve the issuance of refunding bonds in conjunction with the new money transaction and to sell the bonds through a negotiated sale and to select an underwriting syndicate. Mr Mijares seconded. The motion passed unanimously.

Ms. Huey moved to accept staff's recommendation for the underwriting syndicate to consist of Dain Rauscher as the senior manager and Seibert Shank & Brandford and Southwest Securities as co-managers. Mr. Smitherman seconded. The motion passed unanimously.

**Item 6. Other Business/Staff Report.  
Discuss Legislation of Interest to TPFA.**

Ms. Edwards provided a summary of legislation that passed during the 78<sup>th</sup> Legislature.

**Item 7. Adjourn.**

The meeting adjourned at 3:12 P.M.

The foregoing minutes were approved and passed by the Board of Directors on July \_\_, 2003.

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Vaughn Brock  
Secretary, Board of Directors

ATTACHMENT: Posting Notice - Exhibit "A"