

Texas Public Finance Authority

Board of Directors:
R. David Kelly, Chairman
H.L. Bert Mijares, Jr., Vice-Chairman
J. Vaughn Brock, Secretary
Mark A. Ellis
Helen Huey
Ruth C. Schiermeyer
Daniel T. Serna



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Kimberly K. Edwards
Executive Director

MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF THE TEXAS PUBLIC FINANCE AUTHORITY August 17, 2004

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 11:00 A.M., Tuesday, August 17, 2004, Capitol Extension Hearing Room E2.026, Austin, Texas. Present were: Mr. Bert Mijares, Vice-Chairman, Mr. Vaughn Brock, Secretary, Mr. Mark A. Ellis, Member, Ms. Ruth C. Schiermeyer, Member and Mr. Dan Serna, Member.

Representing the Authority's staff were: Ms. Kimberly Edwards, Executive Director, Mr. John Hernandez, Deputy Director, Ms. Judith Porras, General Counsel, Ms. Pamela Scivicque, Business Manager, Mr. Ricky Horne, Ms. Gabriela Klein and Ms. Paula Hatfield.

Present in their designated capacities were the following persons: Mark Nitcholas, RBC Dain Rauscher; Nora Chavez, Mario Carrasco, AG Edwards; Dale Lehman; Piper Jaffray; Robert Nickell, Morgan Keegan; Keith Richard, Lehman Brothers; Jim Buie, Banc of America; Richard Acosta, Ramirez & Co.; Laura Powell, UBS; Richard Ramirez, Goldman Sachs; Curt Shelmire, Morgan Stanley; Allen Westerman, SAMCO Capital Market; Tim Peterson, First Southwest Co.; Chris Allen, Leandro Garcia, PFM; Paul Braden, Delgado, Acosta & Braden; Jerry Kyle, Andrews & Kurth; Nancy Hagquist, Winstead, Sechrest & Minick; and Barron Wallace, Vinson & Elkins.

Item 1. Call to order.

Mr. Mijares called the meeting to order at 11:10 A.M.

Item 2. Approval of minutes of the July 20, 2004 Board meeting.

Mr. Mijares asked if there were any corrections or additions to the minutes of the Board meeting of July 20, 2004. Mr. Ellis moved to approve the minutes. Ms. Schiermeyer seconded. The motion passed unanimously.

- Item 3. Select winning bid and adopt a resolution authorizing the issuance of approximately \$5,460,000 Texas Public Finance Authority Stephen F. Austin State University Revenue Financing System Revenue Bonds, Series 2004A, the execution of documents in connection therewith, and other related actions to effect the sale and delivery of the bonds and resolve related matters.**

Ms. Edwards explained that bids for the \$5,460,000 Texas Public Finance Authority Stephen F. Austin State University Revenue Financing System Revenue Bonds, Series 2004A, were received at 10 a.m. through Parity electronic bidding system, which allows underwriters to submit bids through an Internet website. No bids were submitted via hand delivery. The bids were verified by the Authority's financial advisers, Chris Allen and Leandro Garcia, Public Financial Management. The compliant bids were: Southwest Securities, 4.285449%; AG Edwards & Sons, 4.300832%; First Albany Capital Inc., 4.318026%; and Piper Jaffray, 4.355973%. Mr. Brock moved to accept the lowest bid, awarding the bonds to Southwest Securities and approve the Resolution. Mr. Ellis seconded. The motion passed unanimously.

- Item 4. Consider and approve the Legislative Appropriation Request for FY 2006-07.**

Ms. Edwards stated that the LAR contained the same numbers the Board reviewed at the prior meeting and that she had included the refundings savings in the Administrator's Statement as the Board requested. Mr. Ellis moved to approve the LAR. Ms. Schiermeyer seconded. The motion passed unanimously.

- Item 5. Consider approval of a two-year renewal term of the Authority's arbitrage consulting contract with First Southwest Asset Management, Inc.**

Ms. Edwards explained that in 2000 a Request for Proposal (RFP) was issued for this contract. First Southwest Asset Management, Inc. has served as the Authority's arbitrage consultants since the rules went into effect. The contract included an option to renew for two two-year terms. Staff recommends that the third option to renew be exercised. Ms. Schiermeyer moved to accept staff's recommendation. Mr. Brock seconded. The motion passed unanimously.

- Item 6. Provide update on escrow accounts on outstanding TPFAs refunding bonds.**

The Authority initiated restructuring the escrows for the Series 2002 Refunding and the Series 2003 GO Refunding Bonds on June 28, 2004, for a net savings of \$36,000. First Southwest continued to monitor the rates of the escrowed securities (the State and Local Government Securities or "SLGS") to determine whether additional savings might be achieved. Spreadsheets prepared by First Southwest showing no additional movement in the Authority's favor, as of August 19, were reviewed. It is expected that the transaction initiated on June 28 will close August 28 as scheduled. Mr. Tim Peterson of First Southwest also informed the Board that the Bureau of Public Debt issued a press release announcing changes in the SLG regulations. The proposed rules, which are anticipated to prohibit such restructurings prospectively, will be published by September 30 and will be followed by a public 30-day comment period. No Board action was required.

**Item 7. Other Business/Staff Report
– TWC Financing Update**

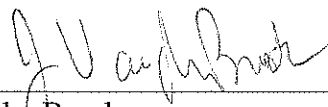
Ms. Edwards provided a brief update on the Texas Workforce Commission variable rate bonds since a portion of them was converted from taxable to tax-exempt. She reviewed charts in the standard Board report showing comparisons between taxable and tax-exempt rates and the performance of the five remarketing firms. Most of the firms have split their rolls, placing some short and some long, hedging against the uncertainty about the timing and amount of further anticipated Federal Reserve interest rate increases. With rate increases that have already occurred, our tax-exempt rates are now ranging from about 1.15% to 1.30%, which is the range of the taxable rates we were paying a year ago, in the lower rate environment.

Ms. Edwards also reviewed the fact that the bonds were structured so that about \$100 million of debt service would be paid in each of the five years of the debt. The bulk of the obligation assessments have been collected or will have been collected by the end of September, allowing about \$85 million of principal to be paid off. She stated that when we chose to have five dealers, part of the thinking was that the firms would be monitored and performance would be taken into consideration. Ms. Edwards suggested that we should try to pay down at least one complete series, reducing the dealers to four firms, which will be administratively less burdensome. Staff could determine which to pay off based on the performance as demonstrated in the materials. No Board action was required.

Item 8. Adjourn.

The meeting adjourned at 11:32 A.M.

The foregoing minutes were approved and passed by the Board of Directors on September 28, 2004.



Vaughn Brock
Secretary, Board of Directors

ATTACHMENT: Posting Notice - Exhibit "A"



Open Meeting Submission

Success!
Row inserted

TRD: 2004007103
Date Posted: 08/09/2004
Status: Accepted
Agency Id: 0113
Date of Submission: 08/09/2004
Agency Name: Texas Public Finance Authority
Board: Texas Public Finance Authority
Liaison Id: 3
Date of Meeting: 08/17/2004
Time of Meeting: 11:00 AM (##:## AM Local Time)
Street Location: Capitol Extension Hearing Room E2.026
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, Texas 78701.

TEXAS PUBLIC FINANCE AUTHORITY
 TUESDAY, AUGUST 17, 2004 11:00 AM
 CAPITOL EXTENSION HEARING ROOM E2.026
 AUSTIN, TEXAS 78701

1. Call to order.
2. Approval of minutes of the July 20, 2004 Board meeting.
3. Select winning bid and adopt a resolution authorizing the issuance of approximately \$5,460,000 Texas Public Finance Authority Stephen F. Austin State University Revenue Financing System Revenue Bonds, Series 2004A, the execution of documents in connection therewith, and other related actions to effect the sale and delivery of the bonds and resolve related matters.
4. Consider and approve the Legislative Appropriation Request for FY 2006-07.
5. Consider approval of a two-year renewal term of the Authority's arbitrage consulting contract with First Southwest Asset Management, Inc.

6. Provide update on escrow accounts on outstanding TPFA refunding bonds.

7. Other Business/Staff Report
i TWC Financing Update

Closed Meeting

8. Pursuant to Texas Government Code, 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 conflict with Texas Government Code, chapter 551.

Agenda:

Reconvene Open Meeting

9. The open meeting will be reconvened for final action of the Board concerning matters deliberated in the Closed Meeting, if such action is required.

10. Adjourn.

Persons with disabilities, who have special communication or other needs, who are planning to attend the meeting should contact Paula Hatfield or Donna Richardson 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. Kimberly K. Edwards, Executive Director, Certifying Official; Paula Hatfield, Agency Liaison.

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