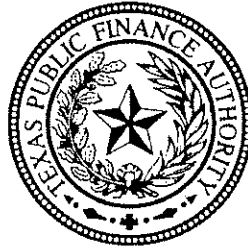


# Texas Public Finance Authority

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 October 25, 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 2:00 P.M., Monday, October 25, 2004, Capitol Extension Hearing Room E2.016, Austin, Texas. Present were: Mr. David Kelly, Chairman; Mr. Vaughn Brock, Secretary and Mr. Mark A. Ellis, Member, Ms. Helen Huey, Member and Ms. Ruth Schiermeyer, 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, Ms. Gabriela Klein and Ms. Paula Hatfield.

Present in their designated capacities were the following persons: Curt Shel mire, Morgan Stanley; Richard Ramirez, Goldman Sachs; Nora Chavez, Amelia Bond, AG Edwards; Dale Lehman, Piper Jaffray; David Potter, First Albany Capital; Carmen T. Best, Siebert Brandford & Shank; Andy Bynam, Citigroup; Allen Westerman, SAMCO Capital Markets; Nancy Hagquist, Winstead, Sechrest & Minick; Jerry Kyle, Andrews & Kurth; Tim Kelley, Coastal Securities; Tim Peterson, First Southwest Co., Celeste Byrne, Rebecca Rowley, Jerry McGinty, Texas Department of Criminal Justice; Jack Foster, Amadeo Saenz, Texas Department of Transportation; and Al Casals, Governor's Office.

### **Item 1. Call to order.**

Mr. Kelly called the meeting to order at 1:58 P.M.

### **Item 2. Approval of minutes of the September 28, 2004 Board meetings.**

Mr. Kelly asked if there were any corrections or additions to the minutes of the Board meeting of September 28, 2004. Mr. Ellis moved to approve the minutes. Ms. Huey seconded. The motion passed unanimously.

**Item 3. Consideration and possible action to approve a Request for Financing from the Office of the Governor for the issuance of \$50 million of general obligations to finance additional grants to counties for the Colonia Roadways.**

Ms. Edwards introduced this request for \$50 million as the second phase of the \$175 million program authorized in 2001 to provide grants to border counties for the Colonias Roadways. The program is jointly administered by the Governor's office and Texas Department of Transportation. Ms. Edwards explained that TPFA established a commercial paper program in 2002 to fund the program. Amadeo Saenz, Texas Department of Transportation, provided an update on the program and expenditure of bond proceeds. Discussion ensued.

Staff recommended that this request be funded through the Series 2002B General Obligation Commercial Paper program. Mr. Schiermeyer moved to accept staff's recommendation. Ms. Huey seconded. The motion passed unanimously.

**Item 4. Consideration and possible action to approve a Request for Financing from the Texas Department of Criminal Justice for the issuance of approximately \$34,500,000 of general obligations to finance construction projects.**

Ms. Edwards provided a brief history of the legislative authorization and TPFA and Texas Bond Review Board approvals of this request. Celeste Byrne, Brad Livingston and Jerry McGinty of Texas Department of Criminal Justice were available to answer questions. Ms. Byrne provided an explanation of TCDJ's facilities maintenance program and funding procedures. Ms. Schiermeyer questioned how the fringe benefits were allocated and paid. Ms. Byrne explained that state statute and accounting procedures require that fringe benefits be paid from the same funding source as salaries. Since some TDCJ staff salaries directly related to project construction are paid from bond funds, the fringe benefits must also be paid from bond proceeds. Ms Edwards noted that typically interest earnings on bond proceeds are used to offset the cost of fringe benefits.

Staff recommended the request be funded through the Series 2002A General Obligation Commercial Paper program. Mr. Brock moved to accept staff's recommendation. Ms. Schiermeyer seconded. The motion passed unanimously.

**Item 5. Consider adoption of Resolutions and approval of the Preliminary Official Statements, for the Authority's Revenue Refunding Bonds, Series 2004A in an approximate par amount of \$110,000,000; Series 2004B, in an approximate par amount of \$42,000,000; Series 2004C in an approximate par amount of \$36,000,000; and Series 2004D, in an approximate par amount of \$27,000,000; and the Authority's State of Texas General Obligation Park Development Refunding Bonds, Series 2004 in an approximate par amount of \$14,227,742, and resolve other matters related to the sale and delivery of such bonds.**

Ms. Edwards stated the General Obligation Park Development Refunding Bonds, Series 2004, were scheduled to price tomorrow. Pricing Committee members, Messrs. Brock and Ellis will participate by telephone. Staff recommended that the savings parameters consist of net present

value savings of 3% of the total amount of refunded bonds or at least \$450,000 overall savings. David Potter of First Albany, book-running senior manager, provided an update on the market and financing structure.

Mr. Ellis moved to accept staff's recommendation to approve the bond resolution and distribute the Preliminary Official Statement. Ms. Huey seconded. The motion passed unanimously.

Ms. Edwards stated the current market conditions produced a \$193 million revenue refunding transaction with a net present value savings of \$6.4 million (3.32%). She explained that the transaction was broken into four separate series, one for each client agency, so that the lease agreements, debt service appropriations and other bond documents would not be combined. These refunding bonds are scheduled to be priced on October 27 in the offices of Piper Jaffray in Minneapolis. Mr. Kelly plans to attend the pricing in Minneapolis and Messrs. Mijares and Ellis will participate by telephone. Staff recommended the Board adopt the savings parameters established at the September meeting: a combined net present value savings of 3% of the total amount of refunded bonds and at least \$1 million. Bond insurance will be used on both the General Obligation Bonds and the Revenue Refunding Bonds. Dale Lehman, Piper Jaffray, and Tim Kelley of Coastal Securities provided an update of the market and financing structure.

Ms. Huey moved to approve staff recommendations to approve the bond resolutions and distribute the Preliminary Official Statement. Mr. Ellis seconded. The motion passed unanimously.

**Item 6. Consideration and possible action to adopt underwriting policies.**

Ms. Edwards stated the policies were updated to reflect the input from financial advisors and the work session. Ms. Huey moved to approve the underwriting policies. Mr. Ellis seconded. The motion passed unanimously.


**Item 7. Other Business/Staff Report**

Ms. Edwards reported that given the current schedules of the Board members, that the regular TPFA meetings would be on the first Thursday of the month.

**Item 8. Adjourn.**

The meeting adjourned at 2:50 P.M.

The foregoing minutes were approved and passed by the Board of Directors on December 2, 2004.

  
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Vaughn Brock  
Secretary, Board of Directors

ATTACHMENT: Posting Notice - Exhibit "A"



## Open Meeting Submission

*Success!*  
Row inserted

**TRD:** 2004009122  
**Date Posted:** 10/15/2004  
**Status:** Accepted  
**Agency Id:** 0113  
**Date of Submission:** 10/15/2004  
**Agency Name:** Texas Public Finance Authority  
**Board:** Texas Public Finance Authority  
**Liaison Id:** 3  
**Date of Meeting:** 10/25/2004  
**Time of Meeting:** 02:00 PM ( ##:## AM Local Time)  
**Street Location:** Capitol Extension Hearing Room E2.016  
**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  
 MONDAY, OCTOBER 25, 2004 2:00 P.M.  
 CAPITOL EXTENSION HEARING ROOM E2.016  
 AUSTIN, TEXAS 78701

1. Call to order.
2. Approval of minutes of the September 28, 2004 Board meeting.
3. Consideration and possible action to approve a Request for Financing from the Office of the Governor for the issuance of \$50 million of general obligations to finance additional grants to counties for the Colonia Roadways.
4. Consideration and possible action to approve a Request for Financing from the Texas Department of Criminal Justice for the issuance of approximately \$34,500,000 of general obligations to finance construction projects.

5. Consider adoption of Resolutions and approval of the Preliminary Official Statements, for the Authority's Revenue Refunding Bonds, Series 2004A in an approximate par amount of \$110,000,000; Series 2004B, in an approximate par amount of \$42,000,000; Series 2004C in an approximate par amount of \$36,000,000; and Series 2004D (Texas Department of Health Laboratory Projects), in an approximate par amount of \$27,000,000; and the Authority's State of Texas General Obligation Park Development Refunding Bonds, Series 2004 in an approximate par amount of \$14,227,742, and resolve other matters related to the sale and delivery of such bonds.

6. Consideration and possible action to adopt underwriting policies.

7. Other Business/Staff Report

#### Closed Meeting

#### Agenda:

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.

#### 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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