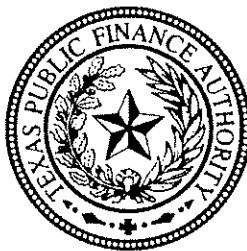


Texas Public Finance Authority

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



Post Office Box 12906
Austin, Texas 78711-2047
Telephone: 512/463-5544

300 West 15th Street
Suite 411
Austin, Texas 78701
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Kimberly K. Edwards
Executive Director

MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF THE TEXAS PUBLIC FINANCE AUTHORITY January 6, 2005

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., Thursday, January 6, 2005, Travis Building, Room 1-111, Austin, Texas. Present were: Mr. Bert Mijares, Vice-Chairman; Mr. Vaughn Brock, Secretary; Mr. Mark A. Ellis, Member; Mr. Dan Serna, 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. Gabriela Klein, Ms. Pamela Scivicque and Ms. Paula Hatfield.

Present in their designated capacities were the following persons: Tilghman Naylor, Bear Stearns; Dale Lehman, Piper Jaffray; Keith Richard, Lehman Brothers; Curtis V. Flowers, Loop Capital Markets; Robbi J. Jones, SBK Brooks; Mario Carrasco, A. G. Edwards; Tim Peterson, First Southwest Co.; Art Morales, Jim Buie, Banc of America Securities; Richard Donoghue, McCall, Parkhurst & Horton, Laura Powell, Frank Farley, UBS; and Duane Westerman, SAMCO Capital Markets.

Item 1. Call to order.

Mr. Mijares called the meeting to order at 11:09 A.M.

Item 2. Approval of minutes of the December 2, 2004 Board meeting.

Mr. Mijares asked if there were any corrections or additions to the minutes of the Board meeting of December 2. Mr. Serna moved to approve the minutes. Mr. Ellis seconded. The motion passed unanimously.

Item 3. Select Commercial Paper Dealer and Paying Agent for the Texas Military Preparedness Commission Texas Military Value Revolving Loan Fund Program.

Ms. Edwards reminded the Board that Senate Bill 652 authorized the Authority to issue up to \$250 million of general obligation debt for the Texas Military Preparedness Commission. The proceeds would be used to fund loans for defense dependent communities to enhance the military value of military installations in their community. The Texas Military Preparedness Commission, which is within the Office of the Governor, has developed the loan application, evaluation criteria and has now approved requests from the City of Temple and the City of Corpus Christi totaling \$8.5 million. Staff, financial advisors, and bond counsel recommended a commercial paper program be established to provide the financing.

In December, staff issued a request for proposals for commercial paper dealers to members of the TPFA underwriting pool and a second request for proposal to commercial banks to serve as paying agent on the program. Ms. Edwards also noted that she had requested the Comptroller of Public Accounts to provide liquidity on the CP program, but that the request was declined, because of the large amount of liquidity they currently have outstanding. As a result, TPFA issued a request for proposals for liquidity. The proposals are due January 17, and a recommendation will be presented at the February Board meeting. Discussion concerning the role of the liquidity provider and the impact and additional cost of using outside liquidity ensued. The Board expressed a desire for Ms. Edwards to convey their concerns to the Comptroller's office and request reconsideration.

Ms. Edwards stated that the Authority received 13 proposals for CP dealer and 5 proposals for paying agent. The proposals were evaluated based on fees, quality of the proposals submitted, and experience. Based on these evaluations, staff recommends US Bank for the Paying Agent and Lehman Brothers for CP Dealer. Mr. Serna requested clarification of the fees of one of the proposals. Further discussion regarding the program, program fees, use of commercial paper, and liquidity ensued. Mr. Serna moved to accept staff's recommendation. Ms. Schiermeyer seconded. The motion passed unanimously.

Item 4. Consideration and possible action regarding final adoption of administrative rule amendments, Title 34, Texas Administrative Code, Chapters 221 and 225.

Ms. Edwards explained that the Texas Government Code Section 2001.039 requires state agencies to review the administrative rules governing agency operations and consider them for re-adoption every four years. In July, the Board adopted a plan to review the rules. Then, the proposed changes to the rules were provided to the Board in September. The revisions primarily updated statutory references. The proposed rules were published in the Texas Register and the required thirty day public comment period has elapsed. No public comment was received. Ms. Schiermeyer moved to adopt the changes in the rules. Mr. Ellis seconded. The motion passed unanimously.

Item 5. Consider any need to request legislation in the upcoming Legislative Session.

Ms. Edwards stated that no date had yet been set for Senate confirmation hearings for Board Members Schiermeyer and Ellis.

Ms. Porras expressed interest in proposing a reasonable, narrow exception for the Authority to some of the contract reporting requirements for state agencies.

Item 6. Other Business/Staff Report

Ms. Edwards reported that she and Bob Kline, the Executive Director of the Bond Review Board had presented a Bonds 101 Workshop that was very successful and well attended by the Legislative Budget Board staff, Legislative staff and representatives from state agencies. She expressed her appreciation to John Hernandez for his assistance.

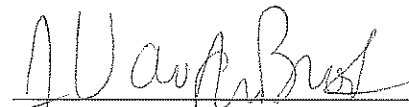
Item 7. Executive Session to consider personnel matters in accordance with Texas Government Code §551.074.

This matter was not considered.

Item 8. Adjourn.

The meeting adjourned at 11:58 A.M.

The foregoing minutes were approved and passed by the Board of Directors on February 3, 2005.



Vaughn Brock
Secretary, Board of Directors

ATTACHMENT: Posting Notice - Exhibit "A"



Open Meeting Archive

Agency Name: Texas Public Finance Authority
Date of Meeting: 01/06/2005
Time of Meeting: 11:00 AM
Board: Texas Public Finance Authority
Street Location: Travis Building, 1701 N. Congress
City Location: Austin
State Location: TX
Status: Active
Date of Submission: 12/29/2004
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.
Emergency Mtg: N

Agenda: TEXAS PUBLIC FINANCE AUTHORITY
 THURSDAY, JANUARY 6, 2005 11:00 A.M.
 TRAVIS BUILDING, ROOM 1-104
 AUSTIN, TEXAS 78701

1. Call to order.
2. Approval of minutes of the December 2, 2004 Board meeting.
3. Select Commercial Paper Dealer and Paying Agent for the Texas Military Preparedness Commission Texas Military Value Revolving Loan Fund Program.
4. Consideration and possible action regarding final adoption of administrative rule amendments, Title 34, Texas Administrative Code, Chapters 221 and 225.
5. Consider any need to request legislation in the upcoming Legislative Session.
6. Other Business/Staff Report
7. Executive Session to consider personnel matters in accordance with Texas Government Code §551.074.

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.

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.

TRD ID: 2004010913
Datestamp: 12/29/2004 10:15 AM
Archive Date: 01/08/2005

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subadmin@sos.state.tx.us