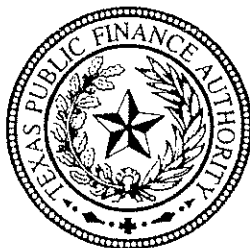


Texas Public Finance Authority

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
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300 West 15th Street
Suite 411
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Kimberly K. Edwards
Executive Director

MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF THE TEXAS PUBLIC FINANCE AUTHORITY April 7, 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, April 7, 2005, Travis Building, Room 1-111, Austin, Texas. Present were: Mr. David Kelly, Chairman; Mr. Bert Mijares, Vice President; Mr. Mark A. Ellis, Member; Mr. Vaughn Brock, 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: Laura Powell, Frank Farley, Desrye Morgan, UBS; Nancy Hagquist, Winstead Sechrest & Minick; Tim Peterson, First Southwest Co.; Mario Carrasco, AG Edwards; Mark Nitcholas, RBC Dain Rauscher; Robbi Jones, SBK Brooks; Andy Bynam, Citigroup; Carmen T. Best, Siebert Brandford Shank & Co.; Curtis V. Flowers, Loop Capital Markets; Curt Shelmire, Merrill Lynch; Ricardo Villasenor, Carlos Sharpless, Richard Acosta, Popular Securities; Jim Dong, Piper Jaffray; and John Rulfs, Roland Smith, Stephen F. Austin State University.

Item 1. Call to order.

Mr. Kelly called the meeting to order at 11:02 A.M.

Item 2. Approval of minutes of the March 3, 2005 Board meeting.

Mr. Kelly asked if there were any corrections or additions to the minutes of the Board meeting of March 3. Mr. Mijares moved to approve the minutes. Mr. Ellis seconded. The motion passed unanimously.

Item 3. Consider a Request for Financing from the Stephen F. Austin State University to finance one or more phases of housing construction projects and other capital improvements, with an initial amount of approximately \$17 million for the first phase of the financing, select a method of sale, appoint outside consultants, and take other necessary, related action.

Ms. Edwards introduced the University's request for financing for two projects, a residence hall construction and related parking garage, to be financed through the issuance of revenue bonds. The bonds will not be "tuition revenue bonds. "

Dr. Roland Smith, the University's Vice President of Business Affairs, explained the projects. The financing request is for funds needed to construct a residence hall and related parking garage. This will be the first residence hall the University has constructed in almost twenty years. It will replace a one-story, cement and block facility built in 1959. The new residence hall will add 230 or so residence spaces, and the garage will add approximately 572 parking spaces. The construction projects will be carried out under a design-build contract. Dr. Smith estimates that the design-build contract format should result in significant savings in professional fees and significant time savings. It is estimated that the project will be completed in January 2006; the regular contracting process would take at least eighteen months.

Board Member Ellis questioned the revenue pledge for the bonds and the distinction between "pure revenue bonds" and "tuition revenue bonds." Ms. Edwards explained that under the 1998 master resolution that established a consolidated revenue financing system for the University, all of the University's revenue, including tuition and fees, except legislative appropriations, are pledged to the payment of the revenue bonds. The consolidated revenue financing system pledge provides a better rating and lower cost of borrowing. What is generally referred to as "tuition revenue bonds" are an institution's revenue bonds, paid from the same consolidated pledge, but the institution receives a reimbursement from legislative appropriations of general revenue to reimburse it for all or a portion of its debt service. Also, the "tuition revenue bonds" are generally for specific projects that the Legislature has expressly authorized. Dr. Smith further explained that the University's pledged revenues represent about 60-65% of the University total budget for the year, which is about \$135 million.

Board Member Schiermeyer asked whether the financing would have an impact on the University's tuition charges. Dr. Smith responded that the additional debt would not impact tuition, but the University intends that its residence hall fees will pay for the project; that is, students who elect the new housing will be paying 30-40% more than those in standard housing. In response to the questions of Chairman Kelly, Dr. Smith also stated that the contractor is Camden Builders, and the contract is subject to payment and performance bonds, and liquidated damages of \$1,000 per day. Following further discussion concerning the University's plans timing and contingency planning for housing students, the Authority Staff recommended that this request for financing be approved and funded through a competitive bond sale, that First Southwest Co. serve as Financial Advisor and that Delgado, Acosta, Braden & Jones serve as bond counsel, and that the Board direct staff to submit the Bond Review Board application and take other necessary action to implement the bond sale. Mr. Mijares moved to accept staff recommendation. Mr. Ellis seconded. The motion passed unanimously.

Item 4. Legislative Update.

Staff reviewed certain bills of interest pending in the 79th Legislative session. Ms. Edwards discussed the status of both the House and the Senate action on appropriations for debt service. Both houses have adopted what the Authority requested for general revenue supported fixed-rate debt service. With respect to the variable rate debt, the Senate version matched the Authority's legislative appropriation request also, assuming level principal payments and a 20-year repayment schedule. The House, however, asked that we look at ways to provide additional capacity for new debt without increasing the cost. As there is no legal obligation to pay down principal annually, the House version defers principal payments until 2010, which is about \$20 million in deferred principal. In addition, the Senate version approves \$338 million of new program debt, but the House approved only \$180 million of new debt. The differences will be resolved in conference committee.

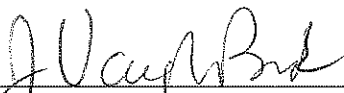
Item 5. Other Business/Staff Report

Ms. Edwards reported that the Risk Assessment had been submitted to the State Auditor's Office on March 31.

Item 6. Adjourn.

The meeting adjourned at 11:42 A.M.

The foregoing minutes were approved and passed by the Board of Directors on May 9, 2005.



Vaughn Brock
Secretary, Board of Directors

ATTACHMENT: Posting Notice - Exhibit "A"

Open Meeting Submission

Success!
 Row inserted

TRD: 2005002523
Date Posted: 03/30/2005
Status: Accepted
Agency Id: 0113
Date of Submission: 03/30/2005
Agency Name: Texas Public Finance Authority
Board: Texas Public Finance Authority
Liaison Id: 3
Date of Meeting: 04/07/2005
Time of Meeting: 11:00 AM (##:## AM Local Time)
Street Location: Travis Building, 1701 N. Congress, Room 1-111
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
 THURSDAY, APRIL 7, 2005 11:00 A.M.
 TRAVIS BUILDING, ROOM 1-111
 AUSTIN, TEXAS 78701

- Agenda:**
1. Call to order.
 2. Approval of minutes of the March 3, 2005 Board meeting.
 3. Consider a Request for Financing from the Stephen F. Austin State University to finance one or more phases of housing construction projects and other capital improvements, with an initial amount of approximately \$17 million for the first phase of the financing, select a method of sale, appoint outside consultants, and take other necessary, related action.
 4. Legislative Update.
 5. Other Business/Staff Report

Closed Meeting

6. 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

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

8. 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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