

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
Linda McKenna
Ruth C. Schiermeyer
Marcellus A. Taylor



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Kimberly K. Edwards
Executive Director

MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF THE TEXAS PUBLIC FINANCE AUTHORITY September 1, 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, September 1, 2005, Capitol Extension Hearing Room E2.010, Austin, Texas. Present were: Mr. Bert Mijares, Vice-Chairman; Mr. Vaughn Brock, Secretary; Mr. Mark Ellis, Member; Mr. Marcellus Taylor, 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 and Ms. Paula Hatfield.

Present in their designated capacities were the following persons: Sammy Carranza, Estrada Hinojosa & Co., Inc.; Art Morales, Ramirez & Co.; Curtis V. Flowers, Loop Capital Markets; Yava Scott, Siebert Brandford Shank; Robbi Jones, SBK Brooks; Dale Lehman, Piper Jaffray; Desrye Morgan, UBS; Julie Houston, Nancy Hagquist, Winstead, Sechrest & Minick; Curt Ashmos, Locke Liddell & Sapp; Barron F. Wallace, Vinson & Elkins; Michael Walker, Morgan Keegan; Mario Carrasco, AG Edwards; Jody Wright, Alejandra Farias, Legislative Budget Board; Lisa Duecker, Oscar Ybarra, Andy Mokry, Carmen Hernandez, Tavia Wendlandt, Texas Department of Public Safety; and Tim Kelley, Coastal Securities.

Item 1. Call to order.

Mr. Mijares called the meeting to order at 11:00 A.M.

Item 2. Approval of minutes of the August 11, 2005 Board meeting.

Mr. Mijares asked if there were any corrections or additions to the minutes of the Board meeting of August 11. Ms. Schiermeyer moved to approve the minutes. Mr. Brock seconded. The motion passed unanimously.

Item 3. Report on the sale of the Texas Public Finance Authority Revenue Bonds (Texas Building and Procurement Commission Projects) Series 2005.

Ms. Edwards reported the bonds were priced on August 23, 2005 and introduced Bob Estrada, Estrada Hinojosa and Co., who served as the senior managing underwriter on the revenue refunding bonds. Mr. Hinojosa thanked the Board for the opportunity to serve as senior manager and noted this complex transaction had been successfully completed in less than six weeks to meet the September 1 deadline imposed in the existing leases. He reviewed the post sale analysis report in detail, pointing out that strong participation from the entire syndicate produced a solid book of orders, which resulted in oversubscribed maturities being repriced to produce a true interest cost of 3.95%. Tim Kelley, Coastal Securities, served as financial advisor and reported that the transaction produced \$9.1 million in gross debt service savings, or \$6.28 million on a present value basis. Ms. Edwards expressed her appreciation to all the members of the underwriting pool for their participation in the underwriting effort and to the entire work group, particularly the financial advisor and legal team, for their diligent review of the leases and work to close the transaction by September 1.

Item 4. Consider selection of bond counsel pool for FY 06-07 and select bond counsel for Stephen F. Austin State University Revenue Financing System Revenue Bonds, Series 2005A.

Ms. Edwards reviewed the process for the selection of bond counsel. The retention of outside counsel is subject to the approval and oversight of the Office of the Attorney General. That Office requires agencies to issue a Request for Proposal (RFP) to hire outside counsel. An RFP for outside counsel is further subject to state statute which requires the selection of counsel based solely on qualifications and prohibits soliciting or considering proposed fees. In accordance with these requirements and the Board's approval, staff issued an RFP for bond counsel in July and received a number of proposals in response. The responses were reviewed and evaluated and summarized on the evaluation matrix provided to the Board. Based on this evaluation, staff recommended the selection of the following firms: (1) McCall Parkhurst & Horton, Vinson & Elkins and Winstead Sechrest & Minick, for lead bond counsel; (2) Delgado, Acosta, Braden & Jones, for lead or co-bond counsel; (3) Bates & Coleman and Escamilla & Poneck, for co-bond counsel; and (4) Andrews & Kurth, Hunton & Williams and Locke Liddell & Sapp, as firms that may be used for special projects and assignments. Staff also recommended that Delgado Acosta Braden & Jones be selected to serve as bond counsel for the Stephen F. Austin State University Revenue Financing System Revenue Bonds, Series 2005A.

Mr. Brock moved to accept staff recommendations for the bond counsel pool and for Delgado Acosta Braden & Jones to serve as lead counsel on the Stephen F. Austin State University Revenue Financing System Revenue Bonds, Series 2005A. Mr. Taylor seconded. The motion passed unanimously.

Item 5. Consider Request for Financing from Department of Public Safety to issue approximately \$25,745,577 general obligation bonds to finance construction of facilities, select a method of sale and necessary outside consultants, and take other necessary, related action.

Ms. Edwards introduced the Request for Financing from the Department of Public Safety (DPS) for four projects. Mr. Oscar Ybarra, DPS Chief of Finance, Accounting and Budget Control, reviewed the proposed projects and explained the need for them. As authorized by the 79th Legislature, the DPS requests the issuance of general obligations to finance construction of a new district office in the Bryan area, a new area office in Waxahachie, the expansion of the crime lab in Garland, and a new a Texas Rangers headquarters in Waco. The project description and analysis for the Texas Rangers' headquarters that DPS provided is for the total authorized project, which includes a Texas Ranger Hall of Fame and Museum. Ms. Schiermeyer asked if the museum would be part of the financing through state general obligations. Mr. Ybarra explained that the space to be financed with state funds is only for the headquarters offices and training, and no state funds are appropriated or would be used for the museum.

Staff recommended financing the projects through the Commercial Paper program. Mr. Brock moved to approve staff's recommendation. Mr. Taylor seconded. The motion passed unanimously.

Item 6. Consider and take action to approve the Executive Director's compensation in accordance with and as authorized by Section 3.05, Article IX, page IX-20 of the General Appropriations Act for the 2006-2007 fiscal biennium.

Mr. Mijares stated that the Board had approved the change in the Executive Director's compensation when the agency's legislative appropriation request was submitted for the Legislative session. To effect the change, a letter documenting the Board's action approving the compensation increase, in an open meeting, has to be sent to the Governor, the Legislative Budget Board, and the Comptroller's offices stating Board approval. Mr. Ellis moved to approve the letter and its submission as required. Ms. Schiermeyer seconded. The motion passed unanimously.

Item 7. Other Business/Staff Report.

Ms. Edwards provided copies of the Authority's Fiscal Year 2006 Operating Budget. She explained that although the Legislature did approve several of the Authority's exceptional item requests not all items were funded, and the Legislature also increased longevity pay for state employees, but did not fund the increase. As a result some items in the budget were reallocated such as reducing hardware purchases and cutting some staff conferences, training and travel.

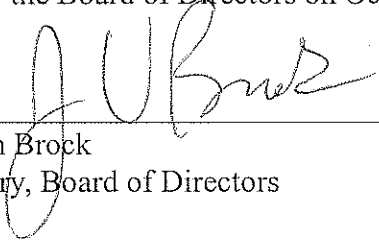
Ms. Edwards announced the Authority would be launching its new website tomorrow and commended John Hernandez for his work, along with Eric Benson, and outside consultants.

She also reminded the Board that the October 6 meeting would include a separate SWAP worksession with Peter Shapiro.

Item 8. Adjourn.

The meeting adjourned at 11:32 A.M.

The foregoing minutes were approved and passed by the Board of Directors on October 6, 2005.



Vaughn Brock
Secretary, Board of Directors

ATTACHMENT: Posting Notice - Exhibit "A"



Open Meeting Submission

Success!
Row inserted

TRD: 2005007192
Date Posted: 08/24/2005
Status: Accepted
Agency Id: 0113
Date of Submission: 08/24/2005
Agency Name: Texas Public Finance Authority
Board: Texas Public Finance Authority
Liaison Id: 3
Date of Meeting: 09/01/2005
Time of Meeting: 11:00 AM (##:## AM Local Time)
Street Location: 300 West 15th Street, Room 411
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, SEPTEMBER 1, 2005 11:00 A.M.
 CAPITOL EXTENSION HEARING ROOM E2.010
 AUSTIN, TEXAS 78701

1. Call to order.
2. Approval of minutes of the August 11, 2005 Board meeting.
3. Report on the sale of the Texas Public Finance Authority Revenue Bonds (Texas Building and Procurement Commission Projects) Series 2005.
4. Consider selection of bond counsel pool for FY 06-07 and select bond counsel for Stephen F. Austin State University Revenue Financing System Revenue Bonds, Series 2005A.
5. Consider Request for Financing from Department of Public Safety to issue approximately \$25,745,577 general obligation bonds to finance construction of facilities, select a method of sale and necessary outside consultants, and take other necessary, related action.
6. Consider and take action to approve the Executive Director's compensation in accordance with and as authorized by Section 3.05, Article IX, page IX-20 of the General

Appropriations Act for the 2006-2007 fiscal biennium.

7. Other Business/Staff Report.

Closed Meeting

8. The Board may convene in closed session, as authorized by Texas Government Code, Section 551.074(a)(1), to deliberate personnel matters including Executive Director evaluation and compensation .

9. Pursuant to Texas Government 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

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

11. 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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