

Texas Public Finance Authority

Board of Directors:
R. David Kelly, Chairman
H.L. Bert Mijares, Jr., Vice-Chairman
J. Vaughn Brock, Secretary
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

February 2, 2006

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, February 2, 2006, Capitol Extension Hearing Room E2.026, Austin, Texas. Present were: Bert Mijares, Vice-Chairman; Mr. Vaughn Brock, Secretary; Ms. Linda McKenna, Member; and Mr. Marcellus A. Taylor, Member.

Representing the Authority's staff were: Ms. Kimberly Edwards, Executive Director, Ms. Judith Porras, General Counsel, Ms. Pamela Scivicque, Ms. Gabriela Klein, and Ms. Paula Hatfield.

Present in their designated capacities were the following persons: Andy Deskins, Ron Pang, Kaiser Jamil, Wachovia; Yava Scott, Siebert Brandford Shank; Bob Kinney, Desrye Morgan, UBS; Andy Bynam, Doug Hartman, Citigroup; Curt Shelmire, Merrill Lynch; Keith Richard, Lehman Brothers; Jim Neiderle, Estrada Hinojosa; Dale Lehman, Piper Jaffray; Art Morales, Ramirez & Co., Inc.; Richard Acosta, Popular Securities; Curtis Flowers, Loop Capital Markets; Charlotte Knight-Marshall, TKG & Associates; Ian Jackson, Bear Stearns; Michael Walker, Morgan Keegan; Allen Westerman, SAMCO Capital Markets; Nancy Hagquist, Winstead, Sechrest & Minick; Tim Peterson, First Southwest Co.; Tim Kelley, Coastal Securities, Inc., Steve Whiston, Severine Halls, Joseph Molis, Mark Gentle, Texas Parks & Wildlife Department; and Jody Wright, A. Farias, Legislative Budget Board.

Item 1. Call to order.

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

Item 2. Approval of minutes of the December 1, 2005 Board meeting.

Mr. Mijares asked if there were any corrections or additions to the minutes of the Board meeting of December 1. Mr. Brock moved to approve the minutes. Mr. Taylor seconded. The motion passed unanimously.

Item 3. Consider a Request for Financing from the Texas Parks and Wildlife Department for the issuance of general obligations to finance repair projects, in an estimated amount of approximately \$18,075,000, select method of sale, appoint outside consultants, and take other necessary related action.

Ms. Edwards introduced the Request for Financing from the Texas Parks and Wildlife Department. The 79th Legislature appropriated \$18,075,000 of general obligation proceeds to the Texas Parks and Wildlife Department (TPWD) for major repairs in state parks, wildlife management areas and fish hatcheries statewide including the repair and renovation of water and wastewater systems at parks. Mr. Steve Whiston, Director, TPWD Director, Infrastructure, stated that the projects included in this request represent about 37 sub-projects scattered across the state, including the repair and reconstruction of restrooms in state parks throughout the state, and ADA compliance. TPWD estimates that a little over \$3.1 million will be needed for the reconstruction and repair of facilities that were damaged recently by Hurricane Rita. TPWD has applied for FEMA assistance and reimbursement with respect to damages from Hurricane Rita, although none of their requests had been formally approved except for one. If FEMA reimbursements are received, the state GO proceeds can be applied to other projects, in accordance with the TPWD project priority lists. Mr. Whiston stated the prioritization of projects includes an assessment of criticality to determine the most important and highest priority for the State opposed to geography or any other factors.

Staff recommended that this request be financed through the Authority's Commercial Paper program. Mr. Brock moved to accept staff's recommendation. Mr. Taylor seconded. The motion passed unanimously

Ms. Edwards reminded the Board that in December they approved a similar request from TDCJ and discussed fixing out the commercial paper and variable rate exposure versus fixed rate exposure. Tim Kelley, Coastal Securities, updated the fixed rate versus variable rate analysis and the breakeven analysis that was reviewed in December. Mr. Kelley stated in December the TIC was about 4.40% and the same transaction would have a TIC of about 4.30% in today's market. He noted that although the fixed rate market has continued to decline, it has been volatile in recent weeks.

Item 4. Consider amendments to the Authority's Debt Management Guidelines.

Ms. Edwards reviewed the changes suggested to the Authority's Debt Management Guidelines discussed in December. Mr. Brock moved to accept the draft as amended. Ms. McKenna seconded. The motion passed unanimously.

**Item 5. Other Business/Staff Report.
Survey of Organizational Excellence.**

Ms. Edwards stated the Survey of Organization Excellence was provided for the Board's information. The survey leads into the agency's strategic planning process, which begins in March and April.

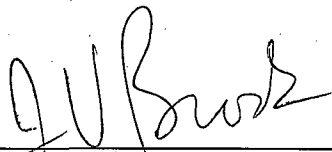
Ms. Edwards reported that when she and Mr. Kelley were reviewing the fixed vs variable rate analysis they noted that it would probably be beneficial to convert a portion of the taxable variable rate debt for the Texas Workforce Commission to a weekly interest rate rest mode. The debt is currently in a Flexible Mode that operates like commercial paper, in order to comply with the provisions in the liquidity agreement with the Comptroller's Office that limit the amount of debt maturing on any one day to \$100 million (i.e., the daily commitment). Ms. Edwards reported that

now that at least half of the variable rate debt has been paid off, it would be feasible to convert a portion of it to weekly mode, with a slight modification to the liquidity agreement. She noted that there is about 15-20 basis point differential between the two modes, primarily because the weekly taxable market is much larger and more liquid than the taxable CP mode. In addition, there are significant administrative advantages in that interest is paid monthly when in the weekly reset mode. She noted that TPFA staff has discussed the idea with Tim Peterson at First Southwest and Tim Kelley at Coastal. The conversion does not require Board action, but if Board agreed, the item could be presented in March for consideration. Discussion ensued and the Board requested staff to proceed with requesting the necessary amendments to the liquidity agreement and other aspects of the conversion.

Item 6. Adjourn.

The meeting adjourned at 11:25 A.M.

The foregoing minutes were approved and passed by the Board of Directors on June 8, 2006.



Vaughn Brock
Secretary, Board of Directors

ATTACHMENT: Posting Notice - Exhibit "A"

Open Meeting Submission

Success!
Row inserted

TRD: 2006000831
Date Posted: 01/25/2006
Status: Accepted
Agency Id: 0113
Date of Submission: 01/25/2006
Agency Name: Texas Public Finance Authority
Board: Texas Public Finance Authority
Liaison Id: 3
Date of Meeting: 02/02/2006
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
 THURSDAY, FEBRUARY 2, 2006 11:00 A.M.
 CAPITOL EXTENSION HEARING ROOM E2.026
 AUSTIN, TEXAS 78701

- Agenda:**
1. Call to order.
 2. Approval of minutes of the December 1, 2005 Board meeting.
 3. Consider a Request for Financing from the Texas Parks and Wildlife Department for the issuance of general obligations to finance repair projects, in an estimated amount of approximately \$18,075,000, select method of sale, appoint outside consultants, and take other necessary related action.
 4. Consider amendments to the Authority's Debt Management Guidelines.
 5. Other Business/Staff Report.
Survey of Organizational Excellence
- Closed Meeting
6. 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.

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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