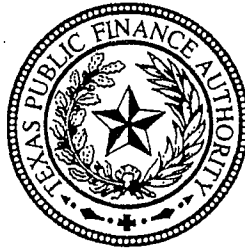


Texas Public Finance Authority

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

January 4, 2007

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 10:00 A.M., Thursday, January 4, 2007, Capitol Extension Hearing Room E2.026, Austin, Texas. Present were: David Kelly, Chairman; Bert Mijares, Vice-Chairman; Mr. Vaughn Brock, Secretary; Ms. Ruth Schiermeyer, Member; Ms. Linda McKenna, Member; and Ms. Carin Barth, Member.

Representing the Authority's staff were: Ms. Kimberly Edwards, Executive Director, Ms. Judith Porras, General Counsel; Mr. John Hernandez, Deputy Director; Ms. Pamela Scivicque, Mr. Rick Horne, and Ms. Paula Hatfield.

Present in their designated capacities were the following persons: Patrick Scott, Lehman Brothers; Dale Lehman, Piper Jaffray; and Tim Kelley, Coastal Securities, Inc.

Item 1. Call to order.

Mr. Kelly called the meeting to order at 10:05 A.M.

Item 2. Confirm meeting posting compliance with the Open Meetings Act.

Mr. Kelly confirmed the meeting had been duly posted in compliance with the Open Meetings Act.

Item 3. Excuse board member absences.

Mr. Brock moved to excuse the absence of Mr. Taylor. Ms. McKenna seconded. The motion passed unanimously.

Item 4. Approval of minutes of the December 7, 2006 Board meeting.

Mr. Kelly asked if there were any corrections or additions to the minutes of the Board meeting of December 7. Ms. McKenna moved to approve the minutes. Ms. Barth seconded. The motion passed unanimously.

Item 5. Consider the adoption of a Resolution and approval of the Preliminary Official Statement and Notice of Sale for the Texas Parks and Wildlife Department Fish Hatchery Project, Series 2007 and take other necessary, related action.

Ms. Edwards stated that the \$15,000,000 revenue bonds for the Texas Parks and Wildlife Department Fish Hatchery Project would be sold the morning of the February 1 Board meeting. She also reviewed the procedures for the competitive sale, which will be conducted electronically through Parity. Mr. Tim Kelley, Coastal Securities, stated electronic sales with Parity had worked well in the past and that Parity was an industry accepted electronic bidding platform.

The Preliminary Offering Statement will be distributed and posted online. Bidders will have to register with Parity to bid. They will not have to submit two manually signed bid forms and document their good faith HUB efforts, prior to bidding, as has been required previously. After reviewing this procedure with Bond Counsel and the Financial Advisor, we determined that pre-bid signed forms were not legally necessary and deleting the requirement will improve the competitive bid process. Alternatively, bids may still be submitted in written, hard copy. The bids will be accepted at 10:00 a.m., and the Board meeting will convene at 10:30 a.m. to award the sale of the Bonds and adopt the Bond Resolution.

Mr. Mijares moved to approve distribution of the Preliminary Official Statement and Notice of Sale. Mr. Brock seconded. The motion passed unanimously.

Item 6. Report on the responses to the Request for Proposal regarding property insurance.

Ms. Edwards explained that the revenue bond documents require the Authority to obtain property insurance on bond financed property if it can be obtained at a reasonable cost. In June the Board authorized staff to extend the existing property insurance policy to February 1, 2007. A Request for Proposal for a new annual contract was issued in November, and one response, from the incumbent FM Global, was received. The State Office of Risk Management (SORM), which has statutory authority to purchase insurance for all agencies, inquired about the RFP process, and informed staff that a second waiver would be required before TPFA could contract with FM Global instead of purchasing insurance through SORM's statewide program.

Ms. Edward directed the Board's attention to a comparison of coverages and costs between FM Global's proposal and the statewide program, prepared by SORM staff. In summary, the statewide program would cost about \$330,000 more than FM Global for similar coverages.

The Board questioned the need to continue purchasing this insurance and discussed broader policy considerations, restating their consensus that the issue should be reviewed as part of the legislative budgeting process. Ms. Edward agreed and will continue her efforts to have the matter addressed. Ms. Edward also explained the history of the insurance requirement, pointing out that when the Authority began issuing revenue bonds, property insurance on the financed assets was perceived to be necessary. However, it no longer seems to be a material factor affecting the sale of the bonds. The Board asked staff to inquire what other issuers, such as the institutions of higher education are doing, and what effect dropping the requirement would have on the Authority's bonds,

from underwriters' perspective. The Board also requested that a further comprehensive discussion of the subject be scheduled for a future meeting after staff has received additional information from others. Following this discussion, Ms. Edward reviewed the Board's alternatives for acting on the FM Global proposal and following SORM's requirements: The Board may instruct staff to request a waiver from SORM, and if granted, further instruct staff to enter into a contract with FM Global for the insurance coverage as set out in FM Global's proposal; namely: maximum coverage of \$800 million, with additional terrorism coverage, a \$100,000 deductible, for a one-year policy term, and a premium of \$553,463. If SORM does not grant a waiver, the Board may authorize obtaining insurance from the statewide program or determine that such insurance is not available at a reasonable cost, or require the matter to be returned to the Board for its further consideration and action. Ms. Schiermeyer moved to request a waiver from the State Office of Risk Management and if granted, award the contract for property insurance to FM Global. If an exemption is not granted from SORM, staff is to return the item for further Board consideration. Mr. Mijares seconded. The motion passed unanimously.

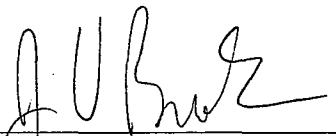
Item 7. Other Business/Staff Report.

Ms. Edward reminded the Board that the competitive sale would take place prior to the Board meeting on February 1 and that the next meeting will be held at the Central Services Building, 1711 San Jacinto.

Item 8. Adjourn.

The meeting adjourned at 10:53 A.M.

The foregoing minutes were approved and passed by the Board of Directors on February 1, 2007.



Vaughn Brock
Secretary, Board of Directors

ATTACHMENT: Posting Notice - Exhibit "A"



Open Meeting Submission

Success!
Row inserted

TRD: 2006010876
Date Posted: 12/27/2006
Status: Accepted
Agency Id: 0113
Date of Submission: 12/27/2006
Agency Name: Texas Public Finance Authority
Board: Texas Public Finance Authority
Liaison Id: 3
Date of Meeting: 01/04/2007
Time of Meeting: 10:00 AM (###:## AM Local Time)
Street Location: Capitol Hearing Extension, 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, JANUARY 4, 2007 10:00 A.M.
 CAPITOL EXTENSION HEARING ROOM E2.026
 AUSTIN, TEXAS 78701

1. Call to order.
2. Confirm meeting posting compliance with the Open Meetings Act.
3. Excuse board member absences.
4. Approve the minutes of the December 7, 2006 Board meeting.

Agenda:

5. Consider the adoption of a Resolution and approval of the Preliminary Offering Statement and Notice of Sale for the Texas Parks and Wildlife Department Fish Hatchery Project, Series 2007 and take other necessary, related action.

6. Report on the responses to the Request for Proposal regarding property insurance.

7. Other Business/Staff Report.

Closed Meeting

8. 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

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.

New