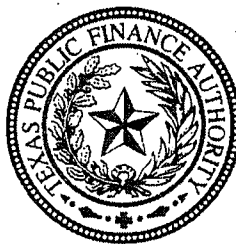


Texas Public Finance Authority

Board of Directors:

H.L. Bert Mijares Jr., Chair
Ruth C. Schiermeyer, Vice Chair
Linda McKenna, Secretary
Carin M. Barth
R. David Kelly
D. Joseph Meister
Robert T. Roddy, Jr.

Kimberly K. Edwards
Executive Director



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MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF THE TEXAS PUBLIC FINANCE AUTHORITY

December 6, 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, December 6, 2007, Capitol Extension Hearing Room E2.028, Austin, Texas. Present were: Mr. Bert Mijares, Chairman, Mr. David Kelly, Member, Mr. Tom Roddy, Member, Ms. Linda McKenna, Member, Ms. Carin Barth, Member, and Mr. Joe Meister, 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, Ms. Gabriela Klein, Mr. Rick Horne and Ms. Paula Hatfield.

Present in their designated capacities were the following persons:

Item 1. Call to order.

Mr. Mijares called the meeting to order at 10:00 a.m. Lester G. Lennon, Stone & Youngberg; Debi Jones, Morgan Keegan; Richard Ramirez, Goldman Sachs; Andy Bynam; Citigroup; Dale Lehman, Patrick Scott, Piper Jaffray; Art Morales, Ramirez & Co.; Curtis Flowers, Loop Capital; Tilghman Naylor, Bear Stearns; David Potter, Morgan Stanley; Nora Chavez, Wachovia; Paige Ziegler, Merrill Lynch; Allen Westerman, SAMCO Capital Markets; Tim Coffin, Fidelity Capital Markets; Desrye Morgan, UBS; Jim Buie, Banc of America Securities; Danny R. Gallant, Lee Brittain, Baker Pattillo, Stephen F. Austin State University; C. E. Burton, Michael Waggoner, Sami Chadli, Kenneth Ming, Texas Youth Commission; Lisa Duecker, Andy Mokry, Oscar Ybarra, Texas Department of Public Safety; Bill Daugherty, Malcom Cleveland, John Daude, John Raff, Texas School for the Blind and Visually Impaired; Tim Kelley, Coastal Securities; Tim Peterson, First Southwest Co.; Paul Braden, Fulbright & Jaworski; and Barron Wallace, Vinson & Elkins.

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

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

Item 3. Excuse board member absences.

Mr. Kelly moved to excuse board member absences. Ms. McKenna seconded. The motion passed unanimously.

Item 4. Approval of minutes of the October 4, 2007 Board meeting.

Mr. Mijares asked if there were any corrections or additions to the minutes of the Board meeting October 4. Mr. Meister moved to approve the minutes. Mr. Roddy seconded. The motion passed unanimously.

Item 5. Election of Officers

Mr. Kelly nominated Ruth Schiermeyer for Vice Chairman and Linda McKenna for Secretary. Mr. Meister seconded. The motion passed unanimously.

Item 6. Report on the sale of the Texas Public Finance Authority General Obligation Bonds, Series 2007 (TDCJ and TFC).

Ms. Edwards stated these bonds were priced on December 4 with Citigroup. Tim Kelley served as financial advisor and Andy Bynam from Citigroup is here to report on the sale. Mr. Bynam provided an overview of market conditions and reviewed the post sale analysis. The market was relatively stable, with good investor demand for the bonds. The overall true interest cost was 4.19%. He thanked the Board for the opportunity to serve the Authority.

Item 7. Consideration, discussion and possible action concerning the Authority's approximate \$240,000,000 General Obligation Refunding Bonds, Series 2008, including the composition of the underwriting syndicate and/or a selling group, and other necessary related action.

Ms. Edwards stated that when the syndicate was first selected for this transaction it was anticipated to be a forward delivery refunding. Syndicates for a forward refunding are typically smaller because most of the orders are placed primarily through the senior manager. The syndicate currently consists of UBS as senior manager, Bear Stearns, Banco Popular, Lehman, Loop Capital Markets and Piper Jaffray. Since the syndicate members are primarily institutional firms, and the transaction is no longer a forward delivery, staff recommends that the syndicate be expanded to include firms with a retail presence, specifically Wachovia Securities (recently merged with AG Edwards) and Ramirez & Co., to serve as co-managers.

This transaction is expected to price in early January. Ms. Barth moved to accept staff's recommendation. Mr. Kelly seconded. The motion passed unanimously.

Item 8. Consideration, discussion, and possible action to approve a Request for Financing from Stephen F. Austin State University to issue approximately \$29,000,000 of revenue bonds to finance construction of the Education Research Center, select a method of sale, appoint outside consultants, and take other necessary related action.

Ms. Edwards stated the Legislature approved \$31 million of tuition revenue bonds during the Special Session in 2005, but the bonds were not funded until this past session. The University is requesting a portion of those funds now for their education research center. Dr. Baker Pattillo, President, Danny Gallant, the interim Vice President for Finance and Administration and Lee Brittain, Director of the Physical Plant were introduced to review the financing request.

Mr. Kelly asked for clarification on the requests and project costs. Ms. Edwards stated the total project cost is \$28 million and the University plans to fund \$20,178,000 of the costs with this tuition revenue bond issue and the balance with their Higher Education Fund (HEF) bond allocation. The University intends to use the proceeds of the revenue bonds first, to best maximize the benefit of its appropriations.

Dr. Pattillo explained Stephen F. Austin is one of the largest providers of teachers, principals and superintendents for the State of Texas. The College of Education makes up about one third of the student body or about 4,000 students out of 12,000. The new Education Research Center will provide a unique education and research facility, combining the Department of Elementary Education, Early Childhood Center, and a charter, lab school into one facility.

Ms. McKenna noted the vote on the adoption of the resolution included two nays and asked for an explanation of those votes. Dr. Pattillo explained that two new regents wished to vote against another item on the Board's consolidated consent agenda and did not appreciate that the vote was against all items in the committee recommendation, including this financing request. Dr. Pattillo assured the Board that the University's Regents support the financing unanimously.

Ms. Barth asked about the total number of HEF bonds authorized by the Legislature. Dr. Pattillo stated on this particular project it was approximately \$8 million. Mr. Gallant stated the Legislature authorized approximately \$7 million per year. Mr. Kelly asked about the building square footage differential, the contingency amount and the age of the estimate. Mr. Gallant explained the square footage was initially estimated and included a separate plant facility. Mr. Brittain stated the estimate was about a year old and acknowledged the project was tight. Mr. Mijares asked if the contingency fee was usually 3%. Mr. Brittain stated he could not address all of the projects, but the contingency fees have been fairly tight before and construction managers have been able to come in at the guaranteed maximum amount.

Staff recommends this \$21 million bond issue be a competitive sale using First Southwest as the financial advisor and Fulbright and Jaworski as bond counsel.

Ms. Barth moved to accept staff's recommendation. Mr. Meister seconded. The motion passed unanimously.

Item 9. Consider the adoption of a resolution to defease and redeem the Authority's outstanding Unemployment Compensation Obligation Assessment Revenue Bonds Series 2003, and take other necessary related action.

Ms. Edwards stated that in 2003 a \$1.4 billion bond issue was done for the Texas Workforce Commission to fund the unemployment insurance trust fund. The financing was well structured and has been very successful. The unemployment insurance trust fund was in a deficit situation when these bonds were issued, but now the fund is in a surplus situation. The Legislature authorized the use of surplus funds to defease all the outstanding debt.

The resolution authorizes the Authority to set-up the escrow that will be used to defease the fixed rate debt. The variable rate debt will be defeased next Wednesday (December 12, 2007), before its next interest re-set date.

Ms. McKenna moved to approve the resolution. Mr. Roddy seconded. The motion passed unanimously.

Item 10. Consideration, discussion, and possible action to approve a Request for Financing from the Texas School for the Blind and Visually Impaired to finance approximately \$68,000,000 of construction projects, select a method of sale, appoint outside consultants, and take other necessary related action.

Item 11. Consideration, discussion, and possible action to approve a Request for Financing from the Texas Youth Commission to finance approximately \$29,000,000 of construction projects, select a method of sale, appoint outside consultants, and take other necessary related action.

Item 12. Consideration, discussion, and possible action to approve a Request for Financing from the Texas Department of Public Safety to finance approximately \$200,000,000 of construction projects, select a method of sale, appoint outside consultants, and take other necessary related action.

Mr. Mijares stated that Items 10, 11 and 12 would be considered together.

Ms. Edwards stated these requests were authorized from both Proposition 8 and Proposition 4. Proposition 8 is the general obligation bonds approved by the voters in 2001 and Proposition 4 is the new \$1,000,000 of general obligation authority approved this past November for various state agencies. Representatives from each of the agencies were present to review their projects.

In summary, DPS has 20 separate projects, the Youth Commission has eight projects plus another miscellaneous one, and the School for the Blind and Visually Impaired request is for a multi-year, 6 to 10 year replacement of almost their entire campus.

The Legislature appropriated \$68 million for the School for the Blind and Visually Impaired (TSBVI) in a multi-year, multi-phased project. The Legislative Budget Board approval was for the first six months of expenditures of \$2 million. Staff recommended that the Board consider and approve the entire \$68 million. TSBVI was represented by Bill Daugherty, Superintendent, John Daude, Facilities Manager, John Raff, Texas Facilities Commission Manager for the project, and Malcolm Cleveland, Director of Accounting.

Mr. Daugherty stated this request is to rebuild almost all of the 91-year-old campus. The \$2 million for use through May is for renovations of the living centers, student activity center and the main building. The construction of the main educational building, a natatorium, the arts center and cafeteria projects follow next.

Mr. Mijares asked if a lot of demolition was involved. Mr. Daugherty responded there would be; many of the buildings have no historical significance and will be demolished.

Ms. Edwards introduced Robin McKeever, Chief Financial Office and Art Hinojosa, Architect and Director of Maintenance and Construction Division, to review the Texas Youth Commission's (TYC) request. Ms. McKeever explained the \$29.8 million financing has two main parts. The first part is related to repair and rehabilitation of facilities throughout the State and that total is estimated at \$9.8 million. The second part is for remodeling existing dorms for smaller populations estimated at approximately \$20 million. TYC is under conservatorship and is undergoing major reforms pursuant to SB 103. That legislation prioritized strong staffing ratios. The dormitory reconstruction will help to address that issue.

Ms. Edwards introduced Oscar Ybarra, Chief Financial Officer from the Department of Public Safety. Mr. Ybarra stated their \$200 million request includes expansion, new construction and land acquisition for ten separate projects throughout the State. The Legislature provided for expansions in the Crime Laboratories in the cities of Abilene, El Paso, Tyler, Austin and Houston, and a new building for the Crime Laboratory in Corpus Christi. Provisions for a regional office and land in Hidalgo County, a regional office and crime laboratory in Lubbock, an area office for Rio Grande City and an Emergency Vehicle Operations course were also included.

Ms. Barth questioned who was involved in the assessment with respect to the needs of the particular cities, projects and crime labs. Mr. Ybarra responded that the initial recommendations were prepared by DPS and reviewed with, and approved by Legislators. Mr. Kelly asked about the Emergency Vehicle Operations training course. Mr. Ybarra responded that driving tracks set up in a controlled environment make training safer reducing mistakes. The priority for the facility is training/retraining DPS recruits and certifying troopers. DPS's current practice of making its training facility available to other local law enforcement will be continued for the new facility.

Staff recommended financing all of the requests with commercial paper or fixed rate bonds, depending on agencies' spending schedules, timing, and market conditions. The financings authorized under Proposition 8 (TSBVI and TYC) may be financed through the existing Series 2002A commercial paper program. A new commercial paper program for the Proposition 4 projects, including the DPS financing and other agencies' financings that are expected to be received in coming months was recommended. Staff further recommended Coastal Securities serve as financial advisor and Andrews & Kurth as bond counsel for the new commercial paper program. In the event one or more fixed rate bonds issues appear to be more advantageous, the method of sale of such issues and the financing teams will have to be determined by the Board at subsequent open meetings. However, financing through commercial paper and establishing the new program should proceed immediately.

Ms. McKenna moved to accept staff's recommendation. Ms. Barth seconded. The motion passed unanimously.


Item 13. Other Business/Staff Report.

Ms. Edwards informed the Board that the Operating Budget was submitted.

Item 16. Adjourn.

The meeting adjourned at 11:20 a.m.

The foregoing minutes were approved and passed by the Board of Directors on January 10, 2008.



Linda McKenna
Secretary

Attachment: Posting Notice – Exhibit "A"



Open Meeting Submission

Success!
Row inserted

TRD: 2007009918
Date Posted: 11/28/2007
Status: Accepted
Agency Id: 0113
Date of Submission: 11/28/2007
Agency Name: Texas Public Finance Authority
Board: Texas Public Finance Authority
Liaison Id: 3
Date of Meeting: 12/06/2007
Time of Meeting: 10:00 AM (###:## AM Local Time)
Street Location: Capitol Extension Hearing Room E2.028
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, DECEMBER 6, 2007 10:00 A.M.
 CAPITOL EXTENSION HEARING ROOM E2.028
 AUSTIN, TEXAS 78701

Agenda:

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 October 4, 2007 Board meeting.
5. Election of Officers
6. Report on the sale of the Texas Public Finance Authority General Obligation Bonds, Series 2007 (TDCJ and TFC).

7. Consideration, discussion and possible action concerning the Authority's approximate \$240,000,000 General Obligation Refunding Bonds, Series 2008, including the composition of the underwriting syndicate and/or a selling group, and other necessary related action.
8. Consideration, discussion, and possible action to approve a Request for Financing from Stephen F. Austin State University to issue approximately \$29,000,000 of revenue bonds to finance construction of the Education Research Center, select a method of sale, appoint outside consultants, and take other necessary related action.
9. Consider the adoption of a resolution to defease and redeem the Authority's outstanding Unemployment Compensation Obligation Assessment Revenue Bonds Series 2003, and take other necessary related action.
10. Consideration, discussion, and possible action to approve a Request for Financing from the Texas School for the Blind and Visually Impaired to finance approximately \$68,000,000 of construction projects, select a method of sale, appoint outside consultants, and take other necessary related action.
11. Consideration, discussion, and possible action to approve a Request for Financing from the Texas Youth Commission to finance approximately \$29,000,000 of construction projects, select a method of sale, appoint outside consultants, and take other necessary related action.
12. Consideration, discussion, and possible action to approve a Request for Financing from the Texas Department of Public Safety to finance approximately \$200,000,000 of construction projects, select a method of sale, appoint outside consultants, and take other necessary related action.
13. Other Business/Staff Report.

Closed Meeting

14. Pursuant to Texas Government, 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

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

16. 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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