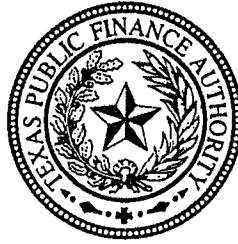


Texas Public Finance Authority

Board of Directors:

H.L. Bert Mijares Jr., Chair
Ruth C. Schiermeyer, Vice Chair
Linda McKenna, Secretary
Gerald Alley
D. Joseph Meister
Robert T. Roddy, Jr.

Kimberly K. Edwards
Executive Director



Mailing Address:
Post Office Box 12906
Austin, Texas 78711-2906

Physical Address:
300 West 15th Street, Suite 411
Austin, Texas 78701

Telephone: (512) 463-5544
Facsimile: (512) 463-5501
www.tpfa.state.tx.us

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

May 1, 2008

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 9:30 a.m., Thursday, May 1, 2008, Capitol Extension Hearing Room E2.028, Austin, Texas. Present were: Mr. Bert Mijares, Chair, Ms. Ruth Schiermeyer, Vice Chair, Mr. Joe Meister, Member, and Mr. Gerald Alley, 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, Business Manager; and Ms. Paula Hatfield.

Present in their designated capacities were the following persons: J. Dale Lehman, Piper Jaffray & Co.; Mary Williams, First Southwest Co.; Matt Boles, RBC Capital Markets; Jerry Kyle, Andrews & Kurth; Patrick Scott, Lehman Brothers; Juan R. Sandoval, Allen Goldapp, Midwestern State University; and Carol Polumbo, McCall Parkhurst.

Item 1. Call to order.

Mr. Mijares called the meeting to order at 9:43 a.m.

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. Meister moved to excuse board member absences. Mr. Alley seconded. The motion passed unanimously.

Item 4. Approval of minutes of the April 3, 2008 Board meeting.

Mr. Mijares asked if there were any corrections or additions to the minutes of the Board meeting of April 3. Ms. Schiermeyer moved to approve the minutes. Mr. Meister seconded. The motion passed unanimously.

Item 5. Consideration, discussion, and possible action to approve a Request for Financing from the Midwestern State University, in an approximate amount of \$40,000,000, select a method of sale, appoint outside consultants, and take other necessary related action.

Ms. Edwards stated the financing team was selected at the April meeting, because the transaction is more complicated than a typical university financing, and it was considered necessary to have bond counsel and the financial adviser available to assist with the preliminary analysis and structure. The selected team includes McCall Parkhurst, Bond Counsel; Coastal Securities, Financial Adviser; RBC Capital Markets, Senior Manager; and Co-Managers Bank of America, Citigroup, Depfa First Albany, and Loop Capital. Since the April meeting, the University Board of Regents approved a Request for Financing and adopted the required resolution. The request covers four separate projects. The initial project was to construct a new housing facility of 290 beds for approximately \$21.3 million. The second project is to refinance the Sunwatcher Housing Project that had been financed in 2002 through a conduit issuer, the Texas Student Housing Corporation. The University staff reviewed the numbers, interest rates, and structure and determined it would be cost effective to refinance that 2002 issue. During discussions with the Authority's staff and consultants, the University also identified two smaller projects of about \$1.9 million that had been planned for a Higher Education Fund (HEF) bond issue, which is a general obligation of the State. The two projects consist of financing \$1,000,000 of the cost of constructing a new band hall, and about \$900,000 of additional renovation work on the Ligon Coliseum; \$7.7 million of renovations to the Coliseum were financed by tuition revenue bonds in the 2007 bond issue. The University staff reviewed their budget and was comfortable pledging their revenue financing system to finance those projects, instead of doing a separate bond issue for \$1.9 million, which is not cost effective. The University is still in the process of obtaining Higher Education Coordinating Board approval to use the revenue financing for the debt.

Ms. Edwards introduced Juan Sandoval, Vice President for Finance, and Alan Goldapp, Vice President for Facilities, to describe the projects and answer any questions. Mr. Sandoval explained that the urgency is for the housing project to be ready for the fall 2009 semester. The Coordinating Board has approved the new housing, but not the other pieces of this financing. The University's Housing Market Study determined a need for 450-500 additional beds to deal with the waiting list for on campus housing. Also, the financing

department determined the University can achieve savings by refinancing the Sunwatcher Project. This off balance sheet item has 25 years worth of debt remaining, and savings from the refinancing are estimated to be over \$1.5 million. The University manages, operates, and maintains the Sunwatcher Project.

The band hall was not a priority, but the State Fire Marshall cited safety issues and requested that it be closed. The new band hall will cost about \$1.5 million. One million dollars of this cost is included in the bond issue and the remaining half a million will be paid from private donations. The final project is for the Ligon Coliseum. The University had requested \$12 million, but received approval for the \$7.7 tuition revenue bonds included in the 2007 bond issue. An engineering firm has estimated the cost of the mechanical systems to be \$8.7 million. Of the additionally needed funds, \$950,000 is included in the bond financing request, and the remaining costs will be paid with private donations.

Mr. Mijares asked if the design was started for the housing project to be ready by the fall of 2009. Mr. Sandoval responded that architectural firm had started the design work. He stated a RFP was issued that resulted in a single bid. Mr. Alley asked how the single bid was tested for competitiveness. Mr. Sandoval stated the same firm completed Sunwatcher Project, and Midwestern was pleased with the product quality. Mr. Goldapp added that several comparisons had been done to evaluate the product and comply with the University's housing group's goals as to what students can be charged and the size of the space; those parameters have been met. Mr. Alley asked about the project management contract. Mr. Goldapp stated the project manager is Collegiate, the same firm used on the Sunwatcher project. Ms. Schiermeyer asked whether the contingency was built to cover increased fuel costs. Mr Goldapp explained the contingency amount may partially cover fuel increases, but it is also for owner furnished upgrades and materials costs. Increases in excess of the allowed contract contingency will have to be absorbed by the contractor. Mr. Sandoval stated it was quite typical of construction contracts. Mr. Mijares asked if the previously built units were at full capacity and Mr. Sandoval responded affirmatively.

Ms. Edwards stated that Midwestern's enrollment has been flat for the past several years, with current enrollment at 6100. The housing study is very thorough, establishing the need for additional housing and reveals most of the campus housing was built in the 1970s. Mr. Alley asked how the student housing compared to Wichita Falls housing market. The market study indicated the campus housing was slightly lower than the market for the same product.

Ms. Schiermeyer moved to approve the Request for Financing. Mr. Alley seconded. The motion passed unanimously.

Item 6. Consideration and possible action to adopt a rule review plan for the review of the Authority's administrative rules, Title 34, Texas Administrative Code, Chapters 221, 223, and 225.

Ms. Edwards stated state agencies are required to review their rules every four years. The Authority's review plan is provided.

Ms. Schiermeyer moved to adopt the proposed rule review to be published in the Texas Register. Mr. Alley seconded. The motion passed unanimously.

**Item 7. Other Business/Staff Report
Customer Service Survey**

Ms. Edwards stated the results of the Customer Service survey were good and would be included as a part of the Strategic Plan.

Ms. Edwards also distributed copies of a New York Times article addressing the recent market turmoil that has resulted in rating downgrades of a number of bond insurance firms.

Item 8. Adjourn.

The meeting adjourned at 10:08.

The foregoing minutes were approved and passed by the Board of Directors on June 5, 2008.



Linda McKenna
Secretary

Attachment: Posting Notice - Exhibit "A"



Open Meeting Submission

Success!
Row inserted

TRD: 2008003259
Date Posted: 04/23/2008
Status: Accepted
Agency Id: 0113
Date of Submission: 04/23/2008
Agency Name: Texas Public Finance Authority
Board: Texas Public Finance Authority
Liaison Id: 3
Date of Meeting: 05/01/2008
Time of Meeting: 09:30 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, MAY 1, 2008 9:30 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 April 3, 2008 Board meeting.
 5. Consideration, discussion, and possible action to approve a Request for Financing from the Midwestern State University, in an approximate amount of \$40,000,000, select a method of sale, appoint outside consultants, and take other necessary related action.

6. Consideration and possible action to adopt a rule review plan for the review of the Authority=s administrative rules, Title 34, Texas Administrative Code, Chapters 221, 223, and 225.

7. Other Business/Staff Report.
Customer Service Survey

Closed Meeting

8. 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

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

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