

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.
Gary E. Wood

Kimberly K. Edwards
Executive Director



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

July 10, 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 10:00 a.m., Thursday, July 10, 2008, Capitol Extension Hearing Room E2.028, Austin, Texas. Present were: Mr. Bert Mijares, Chair, Ms. Ruth Schiermeyer, Vice Chair, Ms. Linda McKenna, Secretary; Mr. Gerald Alley, Member; Mr. Tom Roddy, Member; and Dr. Gary E. Wood, Member.

Representing the Authority's staff were: Ms. Judith Porras, General Counsel; Mr. John Hernandez, Deputy Director; Ms. Pamela Scivicque, Business Manager; Mr. Ricky Horne and Ms. Paula Hatfield.

Present in their designated capacities were the following persons: Matt Boles, Jodie Jiles, RBC Capital Markets; Dale Lehman, Piper Jaffray; Lester Graves Lennon, Stone & Youngblood; Art Morales, Ramirez & Co., Mark C. Kim, Depfa First Albany, Tim Kelley, Coastal Securities; Dough Hartman, Citigroup; Crystal Kaylapie, Southwest Securities; Nancy Hagquist, Julie Houston, Winstead, Sechrest & Minick; Tim Peterson, Mike Bartolotta, First Southwest Co.; Curt Shelmire, Merrill Lynch; David Potter, Morgan Stanley; and Nora Chavez, Wachovia Securities.

Item 1. Call to order.

Mr. Mijares called the meeting to order at 10:00 a.m. He welcomed Dr. Gary E. Wood to the Board.

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. Approve the minutes of the June 5, 2008 Board meeting.

Ms. Schiermeyer moved to approve the minutes. Mr. Roddy seconded. The motion passed unanimously.

Item 4. Report on the sale of the Midwestern State University Revenue Financing System Revenue & Refunding Bonds, Series 2008.

Ms. Porras introduced Matt Boles, RBC Capital Markets, the underwriter for the Midwestern State University bonds. Mr. Boles provided a summary of the market and a post-sale analysis.

Mr. Boles stated the transaction went smoothly on Tuesday, June 17, despite market uncertainties. He acknowledged Tim Peterson's work balancing the new money portion, the refinancing of the "off balance sheet" housing bonds, and the bidding and purchase of open market securities for the escrow. Mr. Boles also thanked the Board, staff, the co-mangers (Bank of America, Citigroup, First Albany, and Loop Capital) and the selling group members. Tim Peterson, First Southwest Co., stated the transaction ended with 6.6% present value savings and a true interest cost of 4.92%.

Mr. Alley stated he enjoyed participating in the pricing and appreciated everyone's work.

Item 5. Consideration, discussion, and possible approval of the defeasance of a portion of the Authority's Texas Southern University Revenue Financing System Improvement Bonds, Series 1992-A, select outside consultants, and take other necessary related action.

Ms. Porras reviewed that TSU was appropriated \$3,219,598 in FY08 and \$3,729,809 in FY09 to reimburse it for debt service on \$46,500,000 of new tuition revenue bonds, authorized in the special session in 2006, but not yet issued. The appropriation is limited to being used to reimburse the University for the retirement of tuition revenue bond debt. It would be cost effective to use the appropriation to cash defease a portion of the Series 1998A-2 tuition revenue bonds which are callable on May 1, 2009. The FY08 funds must be deposited in an escrow prior to August 31, 2008, because the appropriation does not carry forward to the next fiscal year. Likewise the FY 09 appropriation cannot be deposited prior to September 1, 2008. Staff reviewed the transaction with the University and First Southwest, and the University's Board of Regents adopted a Resolution requesting and directing the defeasance of a portion of the Series 1998A-2 Bonds.

Tim Peterson, First Southwest Co., explained that the result of the defeasance is that the State does not have to pay the interest over the life of the bonds, and the University is able to remove the defeased amount from their balance sheet which should help improve the

University's ratings. Mr. Peterson stated the \$3.1 million was calculated as the maximum amount of bonds that could be called May 1, 2009, by utilizing all the available appropriation for FY08. . As the University is considering requesting a new bond issue in FY09, the portion, if any, of the FY09 appropriation that would be available to defease additional bonds may be determined later.

Ms. Porras stated the proposed transaction was also reviewed with the Legislative Budget Board staff and they are in agreement with the use of the funds for the defeasance.

Bond Counsel and financial advisor are needed to complete the defeasance. Staff recommends Fulbright & Jaworski to serve as bond counsel and First Southwest Co. to serve as the financial advisor.

Ms. Schiermeyer moved to accept staff's recommendation. Mr. Alley seconded. The motion passed unanimously.

Item 6. Consideration, discussion, and possible approval of the Authority's Strategic Plan for 2009-2013.

Ms. Porras reviewed the blackline draft of the Strategic Plan, compared to the 2006 Plan.. Most of the changes noted in the blackline update the Authority's statistics. Ms. Porras directed the Board's attention to the Authority's organization chart, the Survey of Organizational Excellence, and the updated and changed staff demographics.

Ms. Schiermeyer moved to approve the Strategic Plan. Mr. Roddy seconded. The motion passed unanimously.

Item 7. Consideration and discussion of the Authority's Legislative Appropriation Request to the 81st Legislature.

Ms. Porras explained this item requires no action, but needs to be approved at an August board meeting.

Item 8. Other Business/Staff Report.

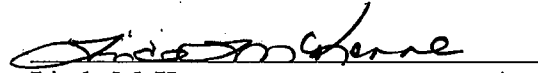
The Board indicated possible topics for a Board work session might include employee retirement eligibility, workforce issues, management succession plan and an IT plan.

Art Morales, Ramirez & Co., briefly reported on the sale of the Authority's Revenue Refunding Bonds, Series 2008, completed the day before the meeting. . The bond resolution required a \$600 million savings and a \$712 million savings was achieved. The true interest cost was 3.609% and gross savings were \$850,000. Tim Kelley, Coastal Securities, acknowledged the work of co-managers who brought in priority orders, and the Board and staff. Mr. Morales will provide a more detailed post-sale analysis at the August board meeting.

Item 9. Adjourn.

The meeting adjourned at 10:54 a.m.

The foregoing minutes were approved and passed by the Board of Directors on August 19, 2008.

A handwritten signature in black ink, appearing to read "Linda McKenna", is written over a horizontal line.

Linda McKenna
Secretary

Attachment: Posting Notice - Exhibit "A"



Open Meeting Submission

Success!
Row inserted

TRD: 2008005347
Date Posted: 07/02/2008
Status: Accepted
Agency Id: 0113
Date of Submission: 07/02/2008
Agency Name: Texas Public Finance Authority
Board: Texas Public Finance Authority
Liaison Id: 3
Date of Meeting: 07/10/2008
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, JULY 10, 2008 10:00 A.M.
 CAPITOL EXTENSION HEARING ROOM E2.028
 AUSTIN, TEXAS 78701

1. Call to order.
2. Confirm meeting posting compliance with the Open Meetings Act.
- Agenda:**
 3. Approve the minutes of the June 5, 2008 Board meeting.
 4. Report on the sale of the Midwestern State University Revenue Financing System Revenue & Refunding Bonds, Series 2008.
 5. Consideration, discussion, and possible approval of the defeasance of a portion of the Authority's Texas Southern University Revenue Financing System Improvement Bonds, Series 1992-A, select outside consultants, and take other necessary related action.

6. Consideration, discussion, and possible approval of the Authority's Strategic Plan for 2009-2013.

7. Consideration and discussion of the Authority's Legislative Appropriation Request to the 81st Legislature.

8. Other Business/Staff Report.

Closed Meeting

9. 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

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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