

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

August 19, 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, August 19, 2008, Capitol Extension Hearing Room E2.028, Austin, Texas. Present were: Mr. Bert Mijares, Chair, Ms. Ruth Schiermeyer, Vice Chair, Mr. Gerald Alley, Member; Mr. Tom Roddy, Member; and Dr. Gary E. Wood, 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; Mr. Ricky Horne; Ms. Gabriela Klein; and Ms. Paula Hatfield.

Present in their designated capacities were the following persons: Art Morales, Becky Villasenor, Robert Collins, Ramirez & Co., Inc.; Andy Bynam, Citigroup; Dale Lehman, Piper Jaffray; Nora Chavez, Stifel Nicolaus; Curtis Flowers, Loop Capital Markets; Tilghman Naylor, Depfa First Albany; Crystal Kaylakle, Southwest Securities; Curt Shelmire, Merrill Lynch; Carmen T. Best, Siebert, Brandford Shank & Co.; Mark Deuff, Regions Bank; Richard Ramirez, Goldman Sachs; Nora Gardner, David Potter, Morgan Stanley; Liz Prada, Legislative Budget Board; and Nancy Hagquist, Julie Houston, Winstead & Sechrest;

Item 1. Call to order.

Mr. Mijares called the meeting to order at 10:00 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. Approve the minutes of the July 10, 2008 Board meeting.

Mr. Roddy moved to approve the minutes. Dr. Wood seconded. The motion passed unanimously.

Item 4. Report on the sale of the Texas Public Finance Authority Building Revenue Refunding (Texas Facilities Commission Projects) Bonds, Series 2008.

Ms. Edwards said these bonds were priced on July 9, and she introduced the senior manager, Art Morales, Ramirez & Co. Mr. Morales introduced Becky Villasenor from Ramirez' San Antonio office and Robert Collins, in the Houston office who also worked on the transaction. He reviewed the executive summary in the pricing books and stated that the bonds were five times oversubscribed and ended with yields being reduced 3 to 5 basis points. The resolution required a minimum of \$600,000 present value savings and \$712,000 of savings was achieved. Mr. Morales thanked TPFAs, Coastal Securities, financial advisor, and co-managers, Morgan Keegan, Southwest Securities, bond counsel, Vinson & Elkins, and underwriter's counsel, Winstead Sechrest.

Ms. Edwards stated she had been unable to attend the sale and thanked Judith Porras and John Hernandez for handling the sale in the TPFAs offices. She also thanked Ramirez & Co. for providing the online platform of the bond desk activities where bids could be seen in real time. She encouraged all other members of the Authority's underwriter pool to provide similar services as it was extremely helpful. Mr. Mijares said the sale was well organized.

Item 5. Report on the sale of the Texas Public Finance Authority State of Texas General Obligation and Refunding Bonds, Series 2008A.

Ms. Edwards said these bonds were sold July 16 at the offices of Piper Jaffray in Minneapolis, Minnesota. Ms. Schiermeyer attended the pricing in person and Mr. Mijares and Ms. McKenna participated by phone. Ms. Edwards introduced Dale Lehman, Piper Jaffray who reviewed the post-sale analysis. Mr. Lehman stated there was strong interest in the market for high quality credits and so yields were dropped from 1 to 8 basis points, particularly in the early maturities. The true interest cost for the new money was 4.22%, and the refunding achieved over \$8 million of present value savings for the State.

Mr. Lehman thanked the eight syndicate members and selling group of six firms. The sale had 24% retail participation. Ms. Edwards commended the syndicate for their work on the transaction.

Item 6. Consideration, discussion, and possible action to approve a Request for Financing from the Texas Adjutant General's Office, in an approximate amount of \$13,527,712, select a method of sale, appoint outside consultants, and take other necessary related action.

Ms. Edwards stated that the Texas Adjutant General's Department administers the Texas National Guard. The Department has been appropriated general obligation proceeds to renovate and restore buildings at Camp Mabry and armory sites at various locations in the State. Michael Blalock, Executive Director of the Adjutant General's Department, explained that the Department took over responsibility for the armories as a result of the 80th Legislature's merger of the Texas Military Facilities Commission with the Department. The projects for which financing is requested include both interior and exterior renovations to buildings which range in age from 20 to 53 years. Some buildings may require asbestos remediation and energy efficiency upgrades needed to maximize fuel cost savings. The facilities provide a place for national guard members to be proud of when training as well as providing a center for the community activities that occur throughout the year.

Mr. Roddy asked how much of the appropriation would be for asbestos and lead remediation and why two of the projects stated "if required." Mr. Blalock explained that some senior staff believe that remediation has already been done on a couple of the buildings, but documentation is not available. Mr. Mijares asked if cost estimates were made in-house Mr. Blalock said some estimates are done in-house, but the Department also contracts with outside engineers for costs estimates. Mr. Mijares asked about what contingencies are carried on renovation projects. Mr. Blalock responded that contingencies may be absorbed with additional federal funds from the cooperative agreements with the federal government. Although federal funds are not always available, the Department makes an effort to maximize use of such funds, and sometimes as much as 50% of federal funds can be used on a given project. The estimated project costs are estimates of the total work required, but if federal funds are received for a portion of the project, the Department will be able to reallocate the funds to other critical work. Likewise, if bids exceed the estimated project cost allocations, the Department is prepared to revise its work priorities and drop lower priority projects. Mr. Alley asked if the bids were stand alone or submitted together. Mr. Blalock stated typically the bids are stand alone due to different locations, but could be consolidated where there is similar work at one location.

Ms. Edwards stated the financing documents permit project substitutions and cost modifications, upon notification to the Executive Director and approval of any change of projects in order to ensure compliance with federal tax requirements and State appropriation laws.

Ms. Edwards informed the Board that the Adjutant General's office had submitted their request for Legislative Budget Board approval and the Authority would be submitting its application to the Bond Review Board later in the week. Staff recommended the request be funded by commercial paper. Dr. Wood moved to approve staff's recommendation. Mr. Alley seconded. The motion passed unanimously.

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

Ms. Edwards explained the Legislative Appropriation Request (LAR) document is prepared according to the LBB and Governor's budget office instructions, and includes all the required reports from the state's budgeting system (ABEST). The printouts reflect the Authority's strategies to issue and administer bonds. The request is for a base funding amount of \$1,850,000, plus an exceptional item of \$33,000 for a merit raise pool, to be funded from Appropriated Receipts. The method of finance is \$1,127,202 from general revenue and \$755,954 from Appropriated Receipts, which are the administrative fees collected from other agencies under the Master Lease Program. She called the Board's attention to the administrator's statement, the performance measures, and reviewed the debt service portion of the budget. The administrator's statement includes a request to increase the not to exceed limit on the executive director's salary by \$5,000. The executive director position was moved to Group 5 in the last legislative session and was effective September 1, 2007.

Mr. Alley inquired about the HUB participation report. Ms. Edwards stated the HUB goals are divided into two portions. The first portion deals with office administration expenses and the 33% goal is often met or exceeded. The other portion of HUB participation deals with bond transactions and meeting the 33% goal is difficult.

Ms. Edwards thanked Ms. Pamela Scivicque and Mr. Ricky Horne for their assistance in preparing the LAR as well as other staff. Dr. Wood moved to approve the Authority's Legislative Appropriation Request including staff's recommendations. Mr. Roddy seconded. The motion passed unanimously.

Item 8. Consideration, discussion, and possible action on an agency management contingency plan.

This item was postponed.

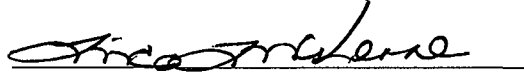
**Item 9. Other Business/Staff Report.
Underwriter Policies Review
Rules Review
Bond Counsel RFP Schedule**

Ms. Edwards advised the Board that the Authority's underwriter policies and rules review would be posted for discussion at the October meeting. She indicated that responses to the Bond Counsel Request for Proposals would be posted for consideration in November.

Item 10. Adjourn.

The meeting adjourned at 11:02 a.m.

The foregoing minutes were approved and passed by the Board of Directors on October 2, 2008.

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

Linda McKenna
Secretary

Attachment: Posting Notice - Exhibit "A"



Current Meeting Notices

Agency Name: Texas Public Finance Authority

Date of Meeting: 08/19/2008

Time of Meeting: 10:00 AM (Local Time)

Board: Texas Public Finance Authority

Status: Active

Street Location: Capitol Extension Hearing Room E2.026

City Location: Austin

Meeting State: TX

TRD ID: 2008006508

Submit Date: 08/11/2008

Emergency Meeting?: No

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.

Agenda: TEXAS PUBLIC FINANCE AUTHORITY
THURSDAY, AUGUST 19, 2008 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. Approve the minutes of the July 10, 2008 Board meeting.

4. Report on the sale of the Texas Public Finance Authority Building Revenue Refunding (Texas Facilities Commission Projects) Bonds, Series 2008

5. Report on the sale of the Texas Public Finance Authority State of Texas General Obligation and Refunding Bonds, Series 2008A.

6. Consideration, discussion, and possible action to approve a Request for Financing from the Texas Adjutant General's Office, in an approximate amount of \$13,527,712, select a method of sale, appoint outside consultants, and take other necessary related action.

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

8. Consideration, discussion, and possible action on an agency management contingency plan.

9. Other Business/Staff Report.
Underwriter Policies Review
Rules Review
Bond Counsel RFP Schedule

Closed Meeting

10. 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

11. The open meeting will be reconvened for final action of

the Board concerning matters deliberated in the Closed Meeting, if such action is required.

12. 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.

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.

For comments and or questions about this website please contact *Texas Register* register@sos.state.tx.us