

Texas Public Finance Authority

Board of Directors:
R. David Kelly, Chairman
H.L. Bert Mijares, Jr., Vice-Chairman
J. Vaughn Brock, Secretary
Mark A. Ellis
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 July 22, 2005

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 11:00 A.M., Friday, July 22, 2005, Capitol Extension Hearing Room E1.010, Austin, Texas. Present were: Mr. Mark Ellis, Member; Mr. Marcellus Taylor, Member; Mr. Vaughn Brock, Member; and Ms. Linda McKenna, Member.

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

Present in their designated capacities were the following persons: Dale Lehman, Piper Jaffray; Sammy Carranza, Estrada Hinojosa; John Daniel, Lehman Brothers; Tim Kelley, Coastal Securities; Michael Bartolotta, First Southwest Co.; Cindy Reed, Edward Johnson, Texas Building and Procurement Commission; Nancy Hagquist, Winstead, Sechrest & Minick; Brian T. McCabe, Cantey & Hanger; and Chris Mayes, Caprock Securities, Inc.

Item 1. Call to order.

Mr. Ellis called the meeting to order at 11:10 A.M.

Item 2. Approval of minutes of the June 8, 2005 and July 7, 2005 Board meetings.

Mr. Ellis asked if there were any corrections or additions to the minutes of the Board meeting of June 8 or July 7. Mr. Brock moved to approve the minutes. Ms. McKenna seconded. The motion passed unanimously.

Item 3. Consider a Request for Financing from the Texas Building & Procurement Commission to issue approximately \$40 million of revenue obligations to refinance seven (7) existing leases, select a method of sale and necessary outside consultants, and take other necessary, related action.

Ms. Edwards explained that the 79th Legislature passed HB 3147, which authorized TPFA to issue revenue bonds on behalf of the Texas Building and Procurement Commission (the "Commission"). She introduced Cindy Reed, Executive Director, and Edward Johnson, Governmental Affairs, of the Commission. Ms. Reed discussed the opportunity to refinance seven Leases With Option to Purchase agreements which would produce a savings of approximately \$9.9 million over the term of the leases. The Commission's Board adopted a resolution on Wednesday, July 20 to move forward with the refinancing. The savings will return to the State's General Revenue Fund. Mr. Ellis inquired about the timeline, and Ms. Edwards explained the financing had a tight timeline since the leases have two stipulations that are most important: (1) Legislative approval was required to authorize the purchase of the buildings and (2) the purchase option can only be exercised on September 1 of odd numbered years.

Ms. Edwards also explained that two of the leases are for buildings, but the State does not actually own the ground. There is a separate long-term ground lease for each of these properties. Financial and legal analyses are being evaluated to determine whether it is feasible to include those two leases and, if they are not included, the savings would drop accordingly, to approximately \$7.7 million.

Ms. Edwards also informed the Board that the Commission's Request included \$6.5 million of new money for deferred maintenance and repairs on the building.

Mr. Brock recused himself from the discussion and vote because he built one of the buildings in question 10 years ago and still owns adjacent property. Staff recommended the sale be negotiated, Coastal Securities serve as Financial Advisor and Winstead Sechrest & Minick and Locke Liddell & Sapp serve as Co-bond Counsel. Staff recommended the Underwriting Syndicate consist of Estrada Hinojosa as book-running senior manager, Caprock Securities as co-senior manager, and Citigroup, Siebert Brandford Shank and Piper Jaffray, as co-managers. Ms. Edwards noted that although Caprock Securities was not a member of TPFA's Underwriting Pool, she recommended them as co-senior manager because they brought the idea to TPFA and participated in the passage of HB 3147. She also noted she had provided the Board with information on the firm's capital and distribution capitalization.

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

Item 4. Consider issuing Requests for Proposals for Financial Advisors and the Underwriting Pool for the 2006-07 biennium.

Ms. Edwards reported that the service received from the current pool of financial advisors was quite satisfactory and there was a benefit to having continuity of service. She recommended that the current contracts with First Southwest Company, Coastal Securities and Public Financial Management be renewed until August 31, 2007, rather than issuing a new RFP.

She also stated that the Underwriting Pool had been selected in March 2004, but because underwriting firms often experience frequent changes in staff, organization, distribution capabilities and capital, a draft RFP was provided for consideration.

Mr. Taylor moved to accept staff's recommendation to renew the Financial Advisors' contracts and to issue a RFP for Underwriting Services. Mr. Brock seconded. The motion passed unanimously.

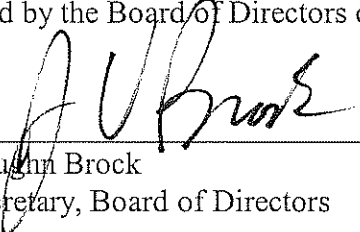
Item 5. Other Business/Staff Report

Mike Bartolotta, First Southwest Co., provided a Post Sale Analysis from the Stephen F. Austin State University Revenue bonds sold competitively on June 7.

Item 6. Adjourn.

The meeting adjourned at 11:43 A.M.

The foregoing minutes were approved and passed by the Board of Directors on August 11, 2005.



Vaughn Brock
Secretary, Board of Directors

ATTACHMENT: Posting Notice - Exhibit "A"



Open Meeting Submission

Success!
Row inserted

TRD: 2005005891
Date Posted: 07/14/2005
Status: Accepted
Agency Id: 0113
Date of Submission: 07/14/2005
Agency Name: Texas Public Finance Authority
Board: Texas Public Finance Authority
Liaison Id: 3
Date of Meeting: 07/22/2005
Time of Meeting: 11:00 AM (###:## AM Local Time)
Street Location: Capitol Extension Hearing Room E1.010
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
 FRIDAY, JULY 22, 2005 11:00 A.M.
 CAPITOL EXTENSION HEARING ROOM E1.010
 AUSTIN, TEXAS 78701

- Agenda:**
1. Call to order.
 2. Approval of minutes of the June 8, 2005 and July 7, 2005 Board meeting.
 3. Consider a Request for Financing from the Texas Building & Procurement Commission to issue approximately \$40 million of revenue obligations to refinance seven (7) existing leases, select a method of sale and necessary outside consultants, and take other necessary, related action.
 4. Consider issuing Requests for Proposals for Financial Advisors and the Underwriting Pool for the 2006-07 biennium.
 5. Other Business/Staff Report
Closed Meeting
 6. Pursuant to Texas Government Code, 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

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

8. 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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