

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 August 11, 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., Thursday, August 11, 2005, Capitol Extension Hearing Room E1.010, Austin, Texas. Present were: Mr. David Kelly, Chairman; Mr. Bert Mijares, Vice-Chairman; Mr. Vaughn Brock, Secretary; Ms. Linda McKenna, Member; and Ms. Ruth Schiermeyer, 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; Andy Bynam, Citigroup; Debi Jones, Morgan Keegan; Curt Shelmire, Merrill Lynch; Richard Acosta, Popular Securities, Inc.; Allen R. Westerman, SAMCO Capital Markets; Richardo Villasenor, Ramirez & Company; Jim Niederle, Estrada Hinojosa & Co.; David Potter, Morgan Stanley; Yava Scott, Siebert Brandford Shank & Co., LLC; Chris Mayes, Caprock Securities; Lynn Magee, State Auditor's Office; Marlin C. Young, Lee Brittain, Danny R. Gallant, Dr. Tito Guerrero, John D. Rulfs, Stephen F. Austin State University; Barney Schultz, Texas School for the Blind & Visually Impaired; Nancy Hagquist, L. D'Onofrio, Winstead, Sechrest & Minick; and Barron F. Wallace, Vinson & Elkins.

Item 1. Call to order.

Mr. Kelly called the meeting to order at 11:04 A.M.

Item 2. Approval of minutes of the July 22, 2005 Board meeting.

Mr. Kelly asked if there were any corrections or additions to the minutes of the Board meeting of July 22. Ms. McKenna moved to approve the minutes. Mr. Mijares seconded. The motion passed unanimously.

Item 3. Consider the adoption of a Resolution and approval of the Preliminary Offering Statement for the Texas Building & Procurement Commission to refinance approximately \$40,000,000 of revenue lease obligations, and take other necessary, related action.

Ms. Edwards explained that the State had entered into several leases with a purchase option requiring Legislative authority to exercise. During this past legislative session, HB 3147 was passed giving the Texas Building & Procurement Commission the authority to either enter into a new lease with option to purchase at a lower rate or for TPFA to issue revenue bonds. The proceeds of the revenue bonds would be used to provide the funds for TBPC to exercise their purchase option. After review of the leases it was determined that the two leases on the Riverside properties provided minimal savings, about \$7,000. The State has ground leases on the Riverside properties and does not own the land, so the refinancing would be for the building only. The Commission determined not to proceed with refinancing those two leases.

Tim Kelley, Coastal Securities, advised that the transaction also included about \$6.5 million of new money for HVAC and deferred maintenance on the properties. He reported the savings to be approximately \$500,000 per year, or \$1 million for the biennium.

Staff recommended approval of the Preliminary Official Statement and Resolution, and that the Underwriting Syndicate be amended to transfer Caprock Securities to the role of co-financial advisor and to add Morgan Keegan as a co-manager. The pricing is scheduled to take place August 23 in the Dallas offices of Estrada Hinojosa. Pricing Committee members are David Kelly, Ruth Schiermeyer, and Bert Mijares, with Marcellus Taylor serving as an alternate.

Mr. Brock recused himself from the discussion and vote.

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

Item 4. Consider a Request for Financing from the Stephen F. Austin State University for the issuance of revenue bonds to finance a student recreation center, housing, and parking projects, in an estimated amount of \$59,000,000, select a method of sale, appoint outside consultants, and take other necessary, related action.

Ms. Edwards introduced Dr. Tito Guerrero, President of Stephen F. Austin State University and Mr. John Rulfs, Director of the Physical Plant to review the projects. Their request is for two projects: a \$22 million student recreation center and \$34.8 million for Phase II of the housing project and parking garage.

Dr. Guerrero reported that the student referendum required to approve a recreation center fee, represented the largest voter turnout in the history of the University and the margin favoring the fee was 81% to 19%. He noted the residence halls had been designed to represent a direct response to what was heard from students. Mr. Rulfs discussed the planning and location of campus improvements. Ms. Schiermeyer asked about the amount of the student fee. Mr. Rulfs reported that

the student fee would increase about \$9 per semester hour and that the students were aware of the amount when they voted. Mr. Rolfs also noted that there would be a gain of 550 parking spaces, and the increase for the parking garage cost is built into the housing rates. Mr. Mijares asked about the price per space. Mr. Rolfs stated it was \$9,000 per space. Mr. Mijares also asked about the draw schedule for the parking garage and if it included the housing and parking garage. Mr. Rolf said the draw schedule included amounts for both housing and parking garage, and that the initial amount was large because it included reimbursement of up-front costs such as architectural and design fees. Ms. Edwards stated the University had adopted a reimbursement resolution in order to reimburse for expenses already incurred. Mr. Kelly inquired about the nature of the soils. Mr. Rolfs reported that the soil was good and has a hard base at 16-20 feet. Demolition costs are estimated to be about \$400,000.

Staff recommended that the Board approve the financing, that First Southwest Company be retained as financial advisor and that the method of sale be negotiated. The underwriting syndicate would consist of JP Morgan as the bookrunning manager; Merrill Lynch as co-senior manager; and Ramirez & Co., AG Edwards, Edwards Jones and Morgan Keegan serving as co-managers.

Mr. Mijares moved to approve staff's recommendation. Mr. Brock seconded. The motion passed unanimously.

Item 5. Consider a Request for Financing from the Texas School for the Blind and Visually Impaired for the issuance of general obligations to finance construction and renovation projects, in an estimated amount of \$36,452,000, select a method of sale and take other necessary related action.

Ms. Edwards explained that the Legislature appropriated general obligation bond proceeds to several agencies, including the Texas School for the Blind and Visually Impaired. Barney Schultz, Chief Financial Officer of the School described the projects. The 40 acre campus was first built in 1915 and is located on 45th Street, between Lamar and Burnet Road, in Austin, Texas. The buildings or facilities that need replacing or renovating are significantly outdated. The classrooms and dormitories are no longer acceptable.

Staff recommended this request be approved and handled through the Authority's Commercial Paper program.

Mr. Brock inquired whether the commercial paper would be fixed out later. Ms. Edwards discussed the benefits of maintaining variable rate exposure. She reported the Authority has less than \$200 million of general obligation variable rate out now compared to \$2 billion of fixed rate debt. However, the capacity for variable rate debt is also limited by the liquidity. The existing liquidity agreement with the Comptroller's office has been extended until August 2007, but the amount has not yet been increased to accommodate new projects authorized by the 79th Legislature.

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

Item 6. Consider SWAP Policy.

Ms. Edwards informed the Board that the swap policy had been prepared with input from Swap Financial Group, First Southwest Group and Coastal Securities. She said the Board could table the item until Peter Shapiro was available to review with the Board. Discussion ensued. It was the consensus of the Board that they desired to have a work session on the policy with participation by financial and swap advisors, prior to adopting the policy. Ms. McKenna moved to table this item. Mr. Mijares seconded. The motion passed unanimously.

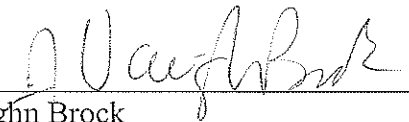
Item 7. Other Business/Staff Report

Ms. Edwards advised the Board that the work on the Authority's website and RFP process for bond counsel and underwriters pool were progressing as scheduled. She also advised that the FM Global insurance policy for coverage on State properties financed by revenue bonds was renewed for another year, at basically the same terms and conditions.

Item 8. Adjourn.

The meeting adjourned at 12:07 P.M.

The foregoing minutes were approved and passed by the Board of Directors on September 1, 2005.



Vaughn Brock
Secretary, Board of Directors

ATTACHMENT: Posting Notice - Exhibit "A"

Open Meeting Submission

Success!
Row inserted

TRD: 2005006481
Date Posted: 08/03/2005
Status: Accepted
Agency Id: 0113
Date of Submission: 08/03/2005
Agency Name: Texas Public Finance Authority
Board: Texas Public Finance Authority
Liaison Id: 3
Date of Meeting: 08/11/2005
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
 THURSDAY, AUGUST 11, 2005 11:00 A.M.
 CAPITOL EXTENSION HEARING ROOM E1.010
 AUSTIN, TEXAS 78701

1. Call to order.
2. Approval of minutes of the July 22, 2005 Board meeting.
3. Consider the adoption of a Resolution and approval of the Preliminary Offering Statement for the Texas Building & Procurement Commission to refinance approximately \$40,000,000 of revenue lease obligations, and take other necessary, related action.
4. Consider a Request for Financing from the Stephen F. Austin State University for the issuance of revenue bonds to finance a student recreation center, housing, and parking projects, in an estimated amount of \$59,000,000, select a method of sale, appoint outside consultants, and take other necessary, related action.
5. Consider a Request for Financing from the Texas School for the Blind and Visually Impaired for the issuance of general obligations to finance construction and renovation projects, in an estimated amount of \$36,452,000, select a method of sale and take other necessary related action.

6. Consider SWAP Policy.

7. Other Business/Staff Report.

Closed Meeting

8. The Board may convene in closed session to deliberate personnel matters including Executive Director evaluation and compensation as authorized by Texas Government Code, Section 551.074(a)(1).

9. Pursuant to Texas Government 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.

Agenda:

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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