

Texas Public Finance Authority

Board of Directors:

R. David Kelly, Chairman
H.L. Bert Mijares Jr., Vice Chairman
Carin M. Barth
Linda McKenna
D. Joseph Meister
Robert T. Roddy, Jr.
Ruth C. Schiermeyer



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Kimberly K. Edwards
Executive Director

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

June 7, 2007

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, June 7, 2007, Capitol Extension Hearing Room E2.028, Austin, Texas. Present were: Mr. Bert Mijares, Vice-Chairman; Ms. Linda McKenna, Member; Ms. Carin Barth, Member; Ms. Ruth Schiermeyer, Member, Mr. D. Joseph Meister, Member; and Mr. Robert T. (Tom) Roddy, Jr., Member.

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

Present in their designated capacities were the following persons: Jamie Liang, Dalton Smith, Merrill Lynch; Tilghman Naylor, Bear Stearns; Richard Ramirez, Goldman Sachs; Debi Jones, Morgan Keegan; Patrick Scott, Lehman Brothers; Jodie Jiles, RBC; Allen Westerman, SAMCO Capital Markets; Mario Carrasco, AG Edwards; Barry Adair, Morgan Stanley; Art Morales, Ramirez & Co., Inc.; J.Dale Lehman, Piper Jaffray; Andy Bynam, Citigroup; Carmen T. Best, Siebert Brandford Shank; Michael G. Blalock, Lydia Giesbers, Adjutant General's Department; Tim Kelley, Coastal Securities; Jack Addams, Mary Williams, First Southwest Co.; and Juan Sandoval, Midwestern State University.

Item 1. Call to order.

Mr. Mijares called the meeting to order at 10:00 A.M. He introduced new Board members, Mr. D. Joseph Meister and Mr. Robert T. (Tom) Roddy, Jr. He also expressed appreciation to Mr. Vaughn Brock and Mr. Marcellus A. Taylor for their service on 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. Excuse board member absences.

Ms. Barth moved to excuse board member absences. Ms. Schiermeyer seconded. The motion passed unanimously.

Item 4. Approval of minutes of the February 1, 2007 Board meeting.

Mr. Mijares asked if there were any corrections or additions to the minutes of the Board meeting of February 1. Ms. Schiermeyer moved to approve the minutes. Ms. Barth seconded. The motion passed unanimously.

Item 5. Consideration, discussion, and possible action to approve a Request for Financing from Midwestern State University to issue approximately \$24 million of revenue bonds to finance construction projects, select a method of sale, appoint outside consultants, and take other necessary related action.

Ms. Edwards introduced requests for financing for three University projects: \$12,835,000 for a student recreation and health facility; \$2.7 million Fowler Engineering Renovation; and \$7.7 million D. L. Ligon Renovation for athletic and classroom space. The University has enacted a student service fee that will pay for the debt service on the recreation facility. The 80th Legislature appropriated general revenue to reimburse the University for debt service on the Fowler Engineering and D. L. Ligon renovations.

Mr. Juan Sandoval, Vice President for Administration and Finance reviewed the projects and responded to questions. Students held a referendum for a recreation center and approved a new student fee that will pay the debt service for the facility. The fees available for debt service would range from \$800,000 to \$1 million. The other projects are in the capital improvement plan. Some donors and foundations are contributing \$4.5 million out of \$7.2 million in total project costs for the engineering building. The Ligon project is to renovate the facility, replace mechanical systems and address safety concerns of the Fire Marshall.

Mr. Mijares asked about contingencies. Mr. Sandoval stated contingencies would be revisited and that the University was concerned with escalating construction costs. Mr. Mijares questioned the draws being equal over twelve months. Ms. Edwards stated the draw schedule was necessary to size the bond issue and that it was relevant to tax law compliance. Ms. Edwards stated that the Authority would assist the University in formulating a more accurate draw schedule before the bonds are sold.

Ms. Barth asked about the size of the student body. Mr. Sandoval indicated the University's students numbered approximately 6,100. Ms. Barth also asked what percent of the debt plus operations would be covered by the student fees. Mr. Sandoval responded that all the debt service is to be paid by student fees.

Ms. Schiermeyer asked if the entire student body approved or had an opportunity to vote on the referendum. Mr. Sandoval confirmed that everyone had an opportunity to vote.

Staff recommended a negotiated sale and the following financing team of First Southwest Company, Financial Advisor; Delgado, Acosta, Braden & Jones, Bond Counsel; RBC Dain Rauscher, Senior Underwriter and A.G. Edwards & Co. and Estrada Hinojosa & Company to serve as Co-Managers.

Ms. Schiermeyer moved to approved the request for financing and accept staff's recommendation. Ms. Barth seconded. The motion passed unanimously.

Item 6. Consideration, discussion, and possible action to approve a Request for Financing from Texas Adjutant General's Office to issue approximately \$4.5 million of general obligation bonds to finance renovations at Camp Mabry, select a method of sale, appoint outside consultants, and take other necessary related action.

Ms. Edwards stated the 79th Legislature had appropriated \$4.5 million of GO bond proceeds to the Adjutant General for renovations at Camp Mabry.

Mr. Michael Blalock, Deputy Executive Director of the Texas Adjutant General's office discussed the renovation project. The project is a continuation of an overall project to bring buildings built in World War I up to code. Some federal funds will be received to supplement the bond financing.

Mr. Mijares asked about the total project budget and contingencies. Mr. Blalock indicated some appropriations and federal dollars would be used to cover additional costs. Ms. Schiermeyer asked if the maintenance costs were long-term expense. Mr. Blalock stated that the maintenance to be financed with bond proceeds is for long-term major improvements such as the replacement of heating and air conditioning systems. They will use general revenue appropriations for short-term, routine maintenance.

Staff recommended this financing be funded through the Authority's commercial paper program. Ms. Barth moved to approve the request for financing and to accept staff's recommendation to fund through the commercial paper program. Mr. Meister seconded. The motion passed unanimously.

Item 7. Consideration, discussion, and possible action to approve potential refundings, select a method of sale, appoint outside consultants, and take other necessary action.

Ms. Edwards stated that the Authority usually issues 20 year bonds with a call on the tenth year. All of the bonds issued in 1997 and 1998 are approaching their 10-year call, including the Series 1997 General Obligation Refunding Bonds and the Series 1998 Revenue Bonds that refunded leases for the Texas Department of Criminal Justice. Ms. Edwards noted that she had received a number of refunding proposals from members of the Underwriting Pool and thanked them for their submissions.

Mr. Tim Kelley, Coastal Securities, reviewed the refundings being considered. Although the Authority's Debt Management Policies provide that a net present value savings of at least 3% should be realized from a refunding, that standard is most applicable for advance refundings. Even for advance refundings, the existing policies permit inclusion of any bonds that are within one year of their call date as long savings are greater than zero. The refunding of the 1997 and 1998 bonds would be current refundings. The Series 1997 GO bonds are callable on April 1, 2008 and the Series 1998 Revenue Bonds are callable on February 1, 2008. Mr. Kelley explained that if the call date is passed the benefit or cost of the call is wasted. Ms. Edwards suggested that a savings threshold might need to be more lenient in order to provide for savings and realize the benefit of the early call. In response to Mr. Mijares, she stated that a 2% threshold may be appropriate for current refundings.

Staff recommended putting a team together and obtaining Bond Review Board approval for the current refundings. Then, based upon market conditions, the Board can make a determination whether or not a refunding should go forward. Staff recommended the team for the Series 1997 GO Refunding: Coastal Securities, Financial Advisor; Vinson & Elkins, Bond Counsel; UBS

Securities, Senior Underwriter; and Co-Managers, Bear, Stearns & Co., Lehman Brothers, Loop Capital Markets, Piper Jaffray and Popular Securities.

Staff recommended the following team for the 1998 Building Revenue bonds: Coastal Securities, Financial Advisor; Andrews & Kurth, Bond Counsel; AG Edwards, Senior Underwriter; and Co-Managers, Grigsby Browne & Co., Morgan Keegan and Ramirez & Co. Grigsby Browne & Co. is a Texas based firm and certified as a HUB although not a current member of our Underwriting Pool. The company was formed after the last Underwriting RFP process.

Ms. Barth recused herself from the discussion and vote. Ms. Schiermeyer moved to accept staff's recommendation. Mr. Meister seconded. The motion passed unanimously.

Item 8. Report on the sale of TPFA General Obligation Bonds (Texas Military Value Revolving Loan Program), Series 2007 A-1, A-2, and B.

The Bonds were issued in 3 series to reflect the tax status of each series. The Series A-1 \$10,745,000 for the City of Corpus Christi road and utility improvements (tax-exempt) were priced on February 7 and the Series A-2 \$10,000,000 for the Port Authority of San Antonio airport facilities (tax-exempt qualified private activity bonds, subject to AMT) and Series B \$28,500,000 for the Port Authority of San Antonio office/flex space, (taxable) were priced on February 22 to facilitate federal tax law compliance. Ms. Jones reviewed the market conditions, orders, allotments, performance of members of the underwriting syndicate, and buyers of the bonds. She thanked the Board for the opportunity to serve as senior manager, and the members of the underwriting syndicate and finance team for their work on the financing.

Item 9. Consideration of the approval of modifications to the Texas Public Finance Authority Charter School Finance Corporation bylaws, by the Board of the Charter School Finance Corporation.

Ms. Edwards explained that the Charter School Finance Corporation was a non-profit corporation set up in 2001 by the Authority. The modifications to the Bylaws allows for an expansion of the original three-member board to five members. The CSFC Board approved the modifications to the Bylaws at its April 27, 2007 meeting. Two additional board members are Kirsten Moody and Tom Camby.

Ms. McKenna moved to approve the modifications to the CSFC Bylaws. Mr. Roddy seconded. The motion passed unanimously.

Item 10. Other Business/Staff Report.

- A) Report on legislation of the 80th Legislature
- B) Review proposed schedule for Requests for Proposals for outside consultants

Ms. Edwards provided the Board an update on legislation passed by the 80th Legislature that impacts the Authority. She stated the Authority's administrative budget was fully funded as well as all the exceptional items requested in the LAR. The Authority's Sunset Review was extended to 2011.

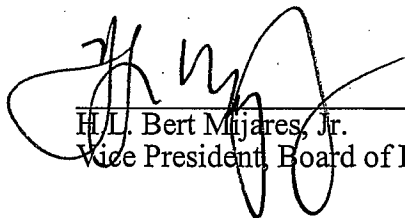
The Authority's July meeting scheduled for July 5 has been moved to July 12 due to the July 4 holiday.

Ms. Edwards also discussed the RFP process that occurs at the end of each biennium. The Bond Counsel Request for Proposal is required to be issued prior to August 31 because the Office of Attorney General approves outside counsel contracts. Because the RFPs for Financial Advisors and Underwriter Pool are at the Board's discretion, she proposed that the RFP for Financial Advisor be issued later in 2008 in order to accommodate the Authority's work schedule. She proposed that instead of issuing a full Underwriter RFP this summer, a request be sent to the current pool and anyone one else interested to update the information in the proposals currently on file. This schedule would allow the staff to complete the financings scheduled for this fall prior to undertaking a new RFP process.

Item 11. Adjourn.

The meeting adjourned at 11:20 a.m.

The foregoing minutes were approved and passed by the Board of Directors on July 12, 2007.



H.L. Bert Mijares, Jr.
Vice President, Board of Directors

ATTACHMENT: Posting Notice - Exhibit "A"



Open Meeting Submission

Success!
Row inserted

TRD: 2007004413
Date Posted: 05/30/2007
Status: Accepted
Agency Id: 0113
Date of Submission: 05/30/2007
Agency Name: Texas Public Finance Authority
Board: Texas Public Finance Authority
Liaison Id: 3
Date of Meeting: 06/07/2007
Time of Meeting: 10:00 AM (###:## AM Local Time)
Street Location: Capitol Extension Hearing Room E2.208
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, JUNE 7, 2007 10:00 A.M.
 CAPITOL 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 February 1, 2007 Board meeting.
 5. Consideration, discussion, and possible action to approve a Request for Financing from Midwestern State University to issue approximately \$24 million of revenue bonds to finance construction projects, select a method of sale, appoint outside consultants, and take other necessary related action.

6. Consideration, discussion, and possible action to approve a Request for Financing from Texas Adjutant General's Office to issue approximately \$4.5 million of general obligation bonds to finance renovations at Camp Mabry, select a method of sale, appoint outside consultants, and take other necessary related action.
7. Consideration, discussion, and possible action to approve potential refundings, select a method of sale, appoint outside consultants, and take other necessary action.
8. Report on the sale of TPFA General Obligation Bonds (Texas Military Value Revolving Loan Program), Series 2007 A-1, A-2, and B.
9. Consideration of the approval of modifications to the Texas Public Finance Authority Charter School Finance Corporation bylaws, by the Board of the Charter School Finance Corporation.
10. Other Business/Staff Report.
 - A) Report on legislation of the 80th Legislature
 - B) Review proposed schedule for Requests for Proposals for outside consultants

Closed Meeting

11. 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.

Reconvene Open Meeting

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

13. 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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