

OFFICIAL STATEMENT

Dated October 26, 2004

**Ratings: S&P "AAA"
Moody's "Aaa"
Fitch "AAA"**

NEW ISSUE - Book-Entry-Only

In the opinion of Winstead Sechrest & Minick P.C., and the Law Office of Renee Higginbotham-Brooks, Co-Bond Counsel, under existing law, and assuming compliance with certain covenants and the accuracy of certain representations, interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Bonds will be included in the "adjusted current earnings" of a corporation (other than an S corporation, regulated investment company, REIT, REMIC, or FASIT) for purposes of computing its alternative minimum tax liability. See "TAX MATTERS," herein.



\$14,249,398.40
TEXAS PUBLIC FINANCE AUTHORITY
State of Texas
General Obligation Park Development Refunding Bonds
Series 2004

Interest Accrual: Date of Delivery

Due: October 1, as shown on inside cover

The Texas Public Finance Authority State of Texas General Obligation Park Development Refunding Bonds, Series 2004 (the "Bonds"), are general obligations of the State of Texas being issued by the Texas Public Finance Authority (the "Authority"). Payment of the Bonds is additionally secured by a pledge of net income, if any, from park entrance fees (including fees from conservation permits). See "THE BONDS - Source of Payment of the Bonds" herein.

The Bonds are being issued for the purpose of (i) refunding a portion of the Authority's outstanding general obligation Park Development Bonds shown on Schedule I (the "Refunded Bonds") and (ii) paying the costs of issuance of the Bonds. See "PLAN OF FINANCE" herein.

Interest on the Bonds (the "Current Interest Bonds"), other than the Bonds stated to mature in the year 2008 (the "Capital Appreciation Bonds") will accrue from the Date of Delivery and will be payable on April 1 and October 1 of each year, commencing April 1, 2005. Interest on the Capital Appreciation Bonds will accrete from the Date of Delivery, will be payable only at stated maturity and will compound on April 1 and October 1 of each year, commencing April 1, 2005. Interest on the Bonds is calculated on the basis of a 360-day year composed of 12 months of 30 days each. The Current Interest Bonds will be issued only as fully registered bonds in the denomination of \$5,000 or an integral multiple thereof. The Capital Appreciation Bonds will be issued only as fully registered bonds in the amount due at stated maturity of \$5,000, or any integral multiple thereof. The Bonds are initially issuable only to Cede & Co., as the nominee of The Depository Trust Company, New York, New York ("DTC"), pursuant to the book-entry-system described herein. Such book-entry-system may be discontinued under certain conditions as described herein under "BOOK-ENTRY-ONLY SYSTEM." So long as the book-entry-system is in effect, beneficial ownership of any stated maturity of Current Interest Bonds may be acquired in denominations of \$5,000 or integral multiples thereof, and beneficial ownership of any stated maturity of Capital Appreciation Bonds may be acquired in amounts due at stated maturity of \$5,000 or integral multiples thereof. So long as DTC is the securities depository for the Bonds, no physical delivery of the Bonds will be made to the purchaser of the beneficial interest therein. Principal of and interest on the Current Interest Bonds and the maturity amount of Capital Appreciation Bonds will be payable to Cede & Co., or such other nominee as may be designated by DTC, which is required to make distributions of the payments to the participating members of DTC for subsequent remittance to the beneficial owners. See "THE BONDS" and "BOOK-ENTRY-ONLY SYSTEM" herein.

The Current Interest Bonds are subject to optional redemption prior to maturity as described herein. The Capital Appreciation Bonds are not subject to optional redemption prior to maturity. See "THE BONDS - Optional Redemption" herein.

THE BONDS ARE GENERAL OBLIGATIONS OF, AND ARE SECURED BY THE FULL FAITH AND CREDIT OF, THE STATE OF TEXAS. SEE "THE BONDS-Source of Payment of the Bonds" HEREIN. FOR GENERAL INFORMATION REGARDING THE STATE OF TEXAS, INCLUDING INFORMATION CONCERNING OUTSTANDING GENERAL OBLIGATION BONDS OF THE STATE OF TEXAS, SEE THE BOND APPENDIX INCORPORATED BY REFERENCE IN APPENDIX A HERETO.

SEE INSIDE COVER PAGE FOR MATURITY SCHEDULE



The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a financial guaranty insurance policy to be issued concurrently with the delivery of the Bonds by Financial Guaranty Insurance Company. See "BOND INSURANCE."

The Bonds are offered for delivery when, as, and if issued and accepted by the Underwriters, and subject to the approval of the Attorney General of the State of Texas and the approval of certain legal matters by Winstead Sechrest & Minick P.C., Austin, Texas, and the Law Offices of Renee Higginbotham-Brooks, Fort Worth, Texas, Co-Bond Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel Andrews Kurth LLP, Austin, Texas. It is expected that the Bonds will be delivered on or about November 18, 2004, through the facilities of DTC.

First Albany Capital

Southwest Securities

Estrada Hinojosa & Company, Inc.

MATURITY SCHEDULE

CURRENT INTEREST BONDS

CUSIP ¹	Maturity Date (October 1)	Principal Amount	Interest Rate	Initial Yield
882721 AM 5	2005	\$90,000	2.000%	1.820%
882721 AN 3	2006	90,000	2.000%	1.970%
882721 AP 8	2007	555,000	2.500%	2.110%
***	***	***	***	***
882721 AQ 6	2009	575,000	2.750%	2.660%
882721 AR 4	2010	1,405,000	3.250%	2.900%
882721 AS 2	2011	1,415,000	5.000%	3.120%
882721 AT 0	2012	1,445,000	5.000%	3.270%
882721 AU 7	2013	1,470,000	5.000%	3.420%
882721 AV 5	2014	1,495,000	5.000%	3.520%
882721 AW 3	2015	1,530,000	5.000%	3.630%
882721 AX 1	2016	1,560,000	5.000%	3.720%
882721 AY 9	2017	825,000	3.750%	3.900%
882721 AZ 6	2018	810,000	3.875%	4.000%
882721 BA 0	2019	790,000	4.000%	4.080%

(Interest Accrues from Date of Delivery)

CAPITAL APPRECIATION BONDS

CUSIP ¹	Stated Maturity (October 1)	Initial Offering Price per \$5,000 Maturity Amount	Stated Original Principal Amount	Yield to Maturity	Maturity Amount
882721 BB 8	2008	\$4.503.65	\$194,398.40	2.720%	\$560,000

(Interest Accretes from Date of Delivery)

¹ CUSIP numbers have been assigned to this issue by the Standard & Poor's CUSIP Service Bureau, a division of the McGraw-Hill Companies, Inc., and included solely for the convenience of the owners of the Bonds. Neither the Authority nor the Underwriters shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

STATE OF TEXAS

**Rick Perry
Governor**

**David Dewhurst
Lieutenant Governor**

**Greg Abbott
Attorney General**

**Carole Keeton Strayhorn
Comptroller of Public Accounts**

TEXAS PUBLIC FINANCE AUTHORITY

R. David Kelly, Chair

H. L. Bert Mijares, Jr., Vice Chair

J. Vaughn Brock, Secretary

Mark A. Ellis, Member

Helen Huey, Member

Ruth C. Schiermeyer, Member

Daniel T. Serna, Member

Kimberly K. Edwards, Executive Director

Judith Porras, General Counsel

Coastal Securities

Financial Advisor

SALE AND DISTRIBUTION OF THE BONDS

Use of Official Statement

No dealer, broker, salesman or other person has been authorized by the Authority to give any information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representation must not be relied upon as having been authorized by the Authority. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement, nor any sale made hereunder, shall, under any circumstances, create the implication that there has been no change in the affairs of the Authority or the State of Texas since the date hereof. This Official Statement is submitted in connection with the sale of securities referred to herein and may not be reproduced or used for any other purpose. In no instance may this Official Statement be reproduced or used in part.

Certain information set forth in this Official Statement has been furnished by the Authority and the State of Texas, and other sources which are believed to be reliable, but such information is not to be construed as a representation by the Underwriters.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

THIS OFFICIAL STATEMENT IS INTENDED TO REFLECT FACTS AND CIRCUMSTANCES ON THE DATE OF THIS OFFICIAL STATEMENT OR ON SUCH OTHER DATE OR AT SUCH OTHER TIME AS IDENTIFIED HEREIN. NO ASSURANCE CAN BE GIVEN THAT SUCH INFORMATION MAY NOT BE MISLEADING AT A LATER DATE. CONSEQUENTLY, RELIANCE ON THIS OFFICIAL STATEMENT AT TIMES SUBSEQUENT TO THE ISSUANCE OF THE BONDS DESCRIBED HEREIN SHOULD NOT BE MADE ON THE ASSUMPTION THAT ANY SUCH FACTS OR CIRCUMSTANCES ARE UNCHANGED.

Marketability

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The Authority has no understanding with the Underwriters regarding the reoffering yields or prices of the Bonds and has no control over the trading of the Bonds after their sale by the Authority. Information regarding reoffering yields or prices is the responsibility of the Underwriters.

Securities Laws

No registration statement relating to the Bonds has been filed with the Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon an exemption provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities laws of any other jurisdiction. The Authority assumes no responsibility for registration or qualification for sale or other disposition of the Bonds under the securities laws of any jurisdiction in which the Bonds may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE AUTHORITY AND THE STATE OF TEXAS AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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SUMMARY STATEMENT

This Summary Statement is subject in all respects to the more complete information contained in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement, including the Appendices hereto. No one is authorized to detach this Summary Statement from this Official Statement or to otherwise use it without this entire Official Statement (including the Appendices). Certain defined terms used in this Summary Statement are defined elsewhere in this Official Statement.

Issuer	Texas Public Finance Authority.
Offering	State of Texas General Obligation Park Development Refunding Bonds, Series 2004, in the principal amount set forth on the front cover page of this Official Statement.
Maturity	In the principal and maturity amounts set forth in the MATURITY SCHEDULE on the inside cover page herein. See "THE BONDS."
Interest	Interest on the Current Interest Bonds will accrue from the Date of Delivery and will be payable on April 1 and October 1 of each year, commencing April 1, 2005. Interest on the Capital Appreciation Bonds will accrete from the Date of Delivery, will compound semiannually on each April 1 and October 1, commencing April 1, 2005, and will be payable at maturity. See "THE BONDS."
Redemption	The Current Interest Bonds are subject to optional redemption in whole or in part, from time to time, prior to maturity as described herein. The Capital Appreciation Bonds are not subject to optional redemption prior to maturity. See "THE BONDS - Optional Redemption."
Book-Entry System	The Bonds are initially issuable only to Cede & Co, the nominee of The Depository Trust Company, pursuant to a book-entry system (as described herein). No physical delivery of the Bonds will be made to the beneficial owners of the Bonds. Principal of and interest on the Current Interest Bonds and the maturity amount of Capital Appreciation Bonds will be paid to Cede & Co., which will distribute the payments to the participating members of The Depository Trust Company for remittance to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM."
Purpose	The Bonds are being issued for the purpose of (i) refunding a portion of the Authority's outstanding general obligation Park Development Bonds shown on Schedule I (the "Refunded Bonds") and (ii) paying the costs of issuance of the Bonds. See "PLAN OF FINANCE."
The Department	The Texas Parks and Wildlife Department (the "Department") is an agency of the State of Texas, responsible for, among other things, maintaining all recreational, natural and historical State parks, administering the laws relating to game, fish, oysters and marine life, and protecting the State's fish and wildlife resources. See "THE TEXAS PARKS AND WILDLIFE DEPARTMENT."
Source of Payment	The Bonds are general obligations of the State, issued under the applicable Authorizing Law. Payment of the Bonds is additionally secured by a pledge of net income from park entrance fees (including fees from conservation permits). See "THE BONDS - Source of Payment of the Bonds."
Ratings	Moody's Investors Service, Standard & Poor's Rating Service, a division of the McGraw-Hill Companies, Inc., and Fitch Ratings will assign ratings of "Aaa", "AAA" and "AAA", respectively, to the Bonds. See "RATINGS."
Bond Insurance	The schedule payment of principal of and interest on the Bonds, when due, will be guaranteed under a financial guaranty insurance policy to be issued concurrently with the delivery of the Bonds by Financial Guaranty Insurance Company. See "BOND INSURANCE."
Legality	The issuance of the Bonds is subject to the approving opinion of the Attorney General of the State of Texas and the approval of certain legal matters by Winstead Sechrest & Minick P.C., Austin, Texas and the Law Offices of Renee Higginbotham-Brooks, Fort Worth, Texas, Co-Bond Counsel. See "LEGAL MATTERS."

OFFICIAL STATEMENT

relating to

\$14,249,398.40

TEXAS PUBLIC FINANCE AUTHORITY State of Texas General Obligation Park Development Refunding Bonds Series 2004

INTRODUCTION

The purpose of this Official Statement (which includes the cover page, inside cover page and attached Appendices) is to furnish information concerning the offering of \$14,249,398.40 aggregate principal amount of Texas Public Finance Authority State of Texas General Obligation Park Development Refunding Bonds, Series 2004 (the "Bonds"), which are being issued by the Authority pursuant to various provisions of the Texas Constitution including Article III, Sections 49-e (the "Constitutional Provision"); the Texas Public Finance Authority Act, specifically Chapter 1232, Texas Government Code, as amended (the "Enabling Act"); Chapter 1201, Texas Government Code, as amended; Chapter 1207, Texas Government Code, as amended; Chapter 21, Texas Parks and Wildlife Code, as amended (the "Parks and Wildlife Code"); and Chapter 1371, Texas Government Code, as amended (the Constitutional Provision, the Enabling Act, the Parks and Wildlife Code and such other statutes and any regulations promulgated by the Authority thereunder together constituting the "Authorizing Law"), and pursuant to a resolution (the "Bond Resolution") adopted by the Board of Directors of the Authority on October 25, 2004.

PLAN OF FINANCE

Purpose

The proceeds of the Bonds will be used to (i) refund a portion of the Authority's outstanding general obligation Park Development Bonds shown on Schedule I (the "Refunded Bonds") and (ii) pay the costs of issuance of the Bonds. See Schedule I for a list of the Refunded Bonds. The refunding of the Refunded Bonds will result in a present value debt service savings. Also see "ESTIMATED SOURCES AND USES OF FUNDS."

Payment of Refunded Bonds

The Refunded Bonds and the interest due thereon, are to be paid on the scheduled interest payment dates and the maturity or redemption dates of such obligations, as applicable, from funds to be deposited pursuant to an Escrow Agreement for the Refunded Bonds (the "Escrow Agreement"), between the Authority and the Comptroller, acting by and on behalf of, the Texas Treasury Safekeeping Trust Company (the "Escrow Agent"). A portion of the proceeds of the sale of the Bonds will be deposited with the Escrow Agent in an amount necessary to accomplish the discharge and final payment of the Refunded Bonds. Such funds will be held by the Escrow Agent in a separate special escrow account (the "Escrow Fund") and used to purchase direct obligations of the United States of America (the "Escrowed Securities"). Under the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of the principal of and interest on the Refunded Bonds.

Grant Thornton LLP will verify at the time of delivery of the Bonds to the initial purchaser the arithmetical accuracy of the schedules that demonstrate the Escrowed Securities purchased with the proceeds of the Bonds will mature and pay interest in such amounts which, together with uninvested funds, if any, in the Escrow Fund, will be sufficient to pay, when due, the principal of and interest on such Refunded Bonds. Such maturing principal of and interest on the Escrowed Securities, and other uninvested funds in the Escrow Fund, will not be available to pay the Bonds. See "VERIFICATION OF ARITHMETICAL AND MATHEMATICAL COMPUTATIONS."

By the deposit of the Escrowed Securities and cash with the Escrow Agent pursuant to the Escrow Agreement, the Authority will have entered into firm banking and financial arrangements for the discharge and final payment of the Refunded Bonds in accordance with applicable law. Co-Bond Counsel will render an opinion to the effect that, as a result of such firm banking and financial arrangements, such Refunded Bonds will be deemed to be fully paid and no longer outstanding except for the purpose of being paid from the funds provided therefor in said Escrow Agreement.

The Authority has covenanted in the Escrow Agreement to make timely deposits to the Escrow Fund from lawfully available funds, of any additional amounts required to pay the principal of and interest on such Refunded Bonds if, for any reason, the cash balances on deposit or scheduled to be on deposit in the Escrow Fund are insufficient to make such payment.

ESTIMATED SOURCES AND USES OF FUNDS

Sources

Par Amount of the Bonds	\$	14,249,398.40
Original Issue Premium		1,345,576.45
Transfer from Refunded Bonds Interest and Sinking Fund		<u>150,000.00</u>
Total	\$	15,744,974.85

Uses

Deposit to Escrow Fund for Refunded Bonds	\$	15,510,836.68
Underwriters' Discount		92,558.14
Costs of Issuance (including bond insurance premium)		<u>141,580.03</u>
Total	\$	15,744,974.85

THE AUTHORITY

The Authority is a public authority and body politic and corporate created in 1984 by an act of the Legislature. The Authority (formerly known as the Texas Public Building Authority) succeeded to the ownership of all property of, and all lease and rental contracts entered into by, the Texas Public Building Authority, and all of the obligations contracted or assumed by the Texas Public Building Authority became obligations of the Authority.

The Authority is currently governed by a board of directors (the "Authority Board") composed of seven members appointed by the Governor of the State (the "Governor") with the advice and consent of the State Senate. The Governor designates one member to serve as Chair at the will of the Governor. Board members whose terms have expired continue to serve on the Authority Board, until a successor therefor has been appointed by the Governor. The current members of the Authority Board, the office held by each member and the date on which each member's term expires are as follows:

<u>Name</u>	<u>Position</u>	<u>Term Expires (February 1)</u>
R. David Kelly	Chair	2007
H.L. Bert Mijares, Jr.	Vice-Chair	2005
J. Vaughn Brock	Secretary	2007
Mark A. Ellis	Member	2009
Helen Huey	Member	2005
Ruth C. Schiermeyer	Member	2007
Daniel T. Serna	Member	2003*

* Member continues to serve until a successor qualifies for office.

The Authority employs an Executive Director (the “Executive Director”) who is charged with managing the affairs of the Authority, subject to and under the direction of the Authority Board. The Executive Director is Kimberly K. Edwards, who has been employed in that position since March 1997.

Pursuant to the Enabling Act and Chapters 1401 and 1403, Texas Government Code, the Authority issues general obligation and revenue bonds for designated State agencies (including certain institutions of higher education) and administers the Master Lease Purchase Program, a revenue commercial paper program, primarily to finance equipment acquisitions by State agencies. Under these authorities, the Authority has issued revenue bonds on behalf of the Texas Parks and Wildlife Department, the Texas Building and Procurement Commission, the State Preservation Board, the Texas Department of Criminal Justice, the Texas Department of Health, the Texas Department of Agriculture, the Texas Department of Human Services, the Texas Workforce Commission, the Texas State Technical College System, Midwestern State University, Stephen F. Austin State University, Texas Southern University and the Texas Military Facilities Commission. It has also issued general obligations for the Texas Parks and Wildlife Department, the Texas Department of Criminal Justice, the Texas Department of Mental Health and Mental Retardation, the Texas Department of Public Safety, the Texas Youth Commission, the Texas National Research Laboratory Commission, the Texas Department of Health, the Texas Historical Commission, Texas School for the Blind and Visually Impaired, Texas School for the Deaf, the Texas Department of Agriculture, the Adjutant General’s Department, the Texas Department of Transportation, and the Texas Juvenile Probation Commission.

Before the Authority may issue obligations for the acquisition or construction of a building, the Legislature must have authorized the specific project for which the obligations are to be issued and the estimated cost of the project or the maximum amount of bonded indebtedness that may be incurred by the issuance of obligations. The Texas Supreme Court, in *Texas Public Building Authority v. Mattox*, 686 S.W.2d 924 (1985), ruled that revenue bonds issued by the Authority do not constitute debt of the State within the meaning of the State Constitution. As set forth in the Enabling Act, revenue obligations issued thereunder are not a debt of the State or any State agency, political corporation or political subdivision of the State and are not a pledge of the full faith and credit of them.

Sunset Review

In 1977, the Texas Legislature enacted the Texas Sunset Act (Chapter 325, Texas Government Code, as amended) which provides that virtually all agencies of the State, including the Authority, are subject to periodic review of the Legislature and that each agency subject to sunset review will be abolished unless the Legislature specifically determines to continue its existence. The Authority is next scheduled for review during the legislative session in 2009. If the Authority is not continued in existence, the Authority will cease to exist as of September 1, 2009; however, the Texas Sunset Act provides that the Authority will exist until September 1 of the following year (September 1, 2010) in order to conclude its business.

In the event the Authority is abolished pursuant to the Texas Sunset Act, the Governor is required to designate an appropriate state agency to carry out the Authority’s covenants contained in the Bonds and in the documents authorizing the Bonds. In such event, General Counsel to the Authority believes (1) the Bonds would remain valid and binding obligations, subject to all applicable terms and conditions of the laws and proceedings authorizing the Bonds, and (2) such designated agency would be obligated and authorized to carry out all such covenants and to provide payment from the sources pledged to the Bonds in accordance with the terms thereof until the Bonds are paid in full.

Other State General Obligations

Various State entities, including the Authority, have issued general obligation bonds of the State; in some instances, such State entities have authority to issue additional general obligation bonds. See the Bond Appendix incorporated by reference in Appendix A of this Official Statement for a listing of general obligation bonds authorized and unissued. In addition, Article VII, Section 19 of the Texas Constitution extends the State’s full faith and credit to the Texas Guaranteed Tuition Plan and establishes the fund as a constitutionally protected fund. The Texas Guaranteed Tuition Plan is dedicated to the prepayment of higher education tuition and fees.

Relationship with other State Agencies

Under the Enabling Act, the Authority's power is limited to financing projects and does not affect the power of the Department or any other agency or institution of the State to carry out its statutory authority. The Enabling Act directs State agencies and institutions to carry out their authority regarding projects financed by the Authority as if the projects were financed by legislative appropriation. Accordingly, the Authority will not be responsible for supervising the construction and maintenance of any project.

The Authority is directed by law to deposit the proceeds of the sale of its bonds in the State Treasury for the account of the State agency at whose request those bonds were issued. Once the funds are so deposited and the Comptroller has certified that funds are available, and after payment of costs of issuance of such bonds as specified by the Authority, the appropriate State agency may begin the project for which the bonds were issued. The owners of the Authority's bonds have no rights to the project funds so held in the State Treasury. See "THE BONDS - Source of Payment of the Bonds" and "Flow of Funds."

With certain exceptions, bonds issued by State agencies and institutions of higher education, including bonds issued by the Authority, must be approved by the Texas Bond Review Board prior to their issuance. The Texas Bond Review Board is composed of the Governor, the Lieutenant Governor, the Speaker of the House of Representatives and the Comptroller of Public Accounts. The Governor is the Chairman of the Texas Bond Review Board. Each member of the Texas Bond Review Board may, and frequently does, act through a designee. An application was submitted to the Texas Bond Review Board and approved on October 15, 2004.

THE TEXAS PARKS AND WILDLIFE DEPARTMENT

General

The Department is an agency of the State, established pursuant to Section 11.011 of the Texas Parks and Wildlife Code. The Department has under its control and custody all recreational and natural areas designated as State parks and all historical sites acquired by the Department, except as otherwise provided by law. The Department is also responsible for administering the laws relating to game, fish, oysters, and marine life and has primary responsibility for protecting the State's fish and wildlife resources. The Department currently has 10 internal divisions: Wildlife, Coastal Fisheries, Inland Fisheries, Law Enforcement, State Parks, Infrastructure, Communications, Administrative Resources, Legal, and Human Resources. Two deputy executive directors, chief of staff and general counsel report directly to the Executive Director. Intergovernmental affairs, Internal Audit and Internal Affairs are administered through the Department's Executive Office.

The Texas Parks and Wildlife Commission (the "Commission") consists of nine members appointed by the Governor with the advice and consent of the State Senate. Commission members serve staggered terms of six years, with the terms of three members expiring every two years. Commission members hold office until successors are appointed and qualified. The Commission may meet as often as necessary, but at least on a quarterly basis. The Commission's chief responsibility is the adoption of policies and rules to carry out all programs of the Department. The Commission approves the biennial budget and appropriation requests for submission to the Legislature, sets departmental policy, and appoints an Executive Director charged with the implementation of that policy and operation of the Department on a daily basis. Robert L. Cook is the Executive Director of the Department.

The current members of the Commission and the date on which each member's term expires are as follows:

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Joseph B.C. Fitzsimons	Chairman	02/01/07
Alvin L. Henry	Vice Chair	02/01/05
J. Robert Brown	Member	02/01/09
Ned S. Holmes	Member	02/01/09
Peter M. Holt	Member	02/01/05
Philip Montgomery	Member	02/01/07
John D. Parker	Member	02/01/09
Donato D. Ramos	Member	02/01/07
Mark E. Watson, Jr.	Member	02/01/05
Lee Marshall Bass	Chairman-Emeritus	N/A

Sunset Review

The Department is subject to review under the Texas Sunset Act. The next scheduled review of the Department under the Texas Sunset Act is during the legislative session in the year 2013. The Department's enabling act provides that if the Department is not continued in existence, the Department will cease to exist on September 1, 2013; however, the Texas Sunset Act provides that the Department will exist until September 1 of the following year (September 1, 2014) in order to conclude its business.

THE BONDS

General Description

The Bonds shall be dated November 1, 2004, but interest on the Bonds shall accrue from the Date of Delivery. The Bonds will be issued (i) in part as Current Interest Bonds and (ii) in part as Capital Appreciation Bonds. Interest accruing on the Current Interest Bonds and the accreted/compounded interest on the Capital Appreciation Bonds will be calculated on the basis of 360-day year of twelve 30-day months. A debt service schedule for the Bonds appears as Appendix B to this Official Statement.

Initially, the Bonds will be registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described below. No physical delivery of the Bonds will be made to the beneficial owners. Principal and maturity amounts of the Bonds and interest on the Current Interest Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will distribute the amounts paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" below for a more complete description of such system.

Current Interest Bonds

The Current Interest Bonds are to mature on the dates and in the principal amounts shown on the inside front cover page hereof. The Current Interest Bonds will each be issued as fully registered obligations in principal denominations of \$5,000 or any integral multiple thereof within a maturity. Interest on the Current Interest Bonds will accrue from the Date of Delivery at the interest rates shown on the inside front cover page hereof and such interest shall be payable to the registered owners thereof on April 1 and October 1 of each year, commencing April 1, 2005 until maturity or prior redemption.

Capital Appreciation Bonds

The Capital Appreciation Bonds will mature on the date and in the maturity amount set forth on the inside front cover page of this Official Statement. The Capital Appreciation Bonds will each be issued as fully registered obligations in maturity amount denominations of \$5,000 or any integral multiple thereof. The Capital Appreciation Bonds were initially priced by discounting the maturity amount to the issue price paid therefor by the Underwriters (being the original principal amount shown on page ii and any premium paid therefor) and using the approximate yields shown on the inside front cover page of this Official Statement as the discount rates and providing for such maturity amount to be discounted semiannually on April 1 and October 1 in each year, to April 1, 2005 and thereafter to the Date of Delivery. The maturity amounts of the Capital Appreciation Bonds will be payable only at maturity. A table of accreted values of the Capital Appreciation Bonds per \$5,000 maturity amount based on such initial offering price is set forth herein and the approximate yield set forth therefor is presented in Schedule II attached hereto, and such table of accreted values is provided for informational purposes only and may not reflect the price for the Capital Appreciation Bonds in the secondary market.

The term "Accreted Value" as used in this Official Statement and in the Order means the original principal amount of a Capital Appreciation Bond plus the initial premium, if any, paid therefor with interest thereon compounded semiannually to April 1 and October 1, as the case may be, next preceding the date of such calculation (or the date of calculation, if such calculation is made on April 1 or October 1), at the yield stated on the inside front cover page of this Official Statement and, with respect to each \$5,000 maturity amount at maturity, as set forth in the Accreted Value tables attached hereto as Schedule II. For any day other than April 1 and October 1, the Accreted

Value of a Capital Appreciation Bond shall be determined by a straight line interpolation between the values for the applicable semiannual compounding dates (based on 30-day months).

Yield on Capital Appreciation Bonds

The approximate yield of the Capital Appreciation Bonds as set forth on the inside front cover page of this Official Statement is based upon the initial offering price therefor set forth on the inside front cover page of this Official Statement. Such offering price includes the principal amount of such Capital Appreciation Bonds plus premium, if any, equal to the amount by which such offering price exceeds the principal amount of such Capital Appreciation Bonds. The yield on the Capital Appreciation Bonds to a particular purchaser may differ depending upon the price paid by the purchaser. For various reasons, securities that do not pay interest periodically, such as the Capital Appreciation Bonds, have traditionally experienced greater price fluctuations in the secondary market than securities that pay interest on a periodic basis.

Optional Redemption

The Current Interest Bonds maturing on October 1 in the years 2015 through 2019, inclusive, are subject to redemption, at the option of the Authority, in whole or in part, in such manner as the Authority may select, on October 1, 2014 or on any date thereafter, at a redemption price equal to par plus accrued interest to the date fixed for redemption. The Capital Appreciation Bonds are not subject to optional redemption prior to maturity.

Notice of Redemption

Not less than thirty (30) nor more than forty-five (45) days prior to a redemption date for the Current Interest Bonds, a notice of redemption will be sent in the name of the Authority to each Bond Owner of a Current Interest Bond to be redeemed in whole or in part at the address of such Bond Owner appearing on the Register at the close of business on the Business Day next preceding the date of mailing. Such notices shall state the redemption date, the redemption price, the place at which Current Interest Bonds are to be surrendered for payment and, if less than all the outstanding Current Interest Bonds are to be redeemed, the numbers of such Current Interest Bonds or portions thereof to be redeemed. So long as the Current Interest Bonds remain in book-entry form, the Authority shall only be required to send such notice of redemption to the securities depository (or its nominee), initially DTC. Any notice of redemption so sent will be conclusively presumed to have been duly given, whether or not the Bond Owner receives such notice by the date fixed for redemption, and due provisions shall be made with the Paying Agent/Registrar for payment of the redemption price of the Current Interest Bonds or portions thereof to be redeemed. When Current Interest Bonds have been called for redemption, in whole or in part, and notice of redemption has been given, the Current Interest Bonds or portions thereof so redeemed shall no longer be regarded as outstanding, except for the purpose of receiving payment solely from the funds so provided for redemption, and interest that would otherwise accrue after the redemption date, on any Current Interest Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

Current Interest Bonds may be redeemed only in principal amounts of \$5,000 or integral multiples thereof. If a Current Interest Bond subject to redemption is in a denomination larger than \$5,000, a portion of such Current Interest Bond may be redeemed, but only in integral multiples of \$5,000. In selecting portions of Current Interest Bonds for redemption, the Paying Agent/Registrar shall treat each Current Interest Bond as representing that number of Current Interest Bonds of \$5,000 denomination that is obtained by dividing the principal amount by \$5,000. Upon surrender of any Current Interest Bond for redemption in part, the Paying Agent/Registrar shall authenticate and deliver for exchange therefor a Current Interest Bond or Current Interest Bonds of like maturity and interest rate in an aggregate principal amount equal to the unredeemed portion of the Current Interest Bond so surrendered.

Source of Payment of the Bonds

Constitutional Appropriation for Bonds. The Bonds are general obligations of the State, issued under the applicable Authorizing Law. The following excerpt from Article III, Section 49-e of the Texas Constitution is applicable to the Bonds:

While any of the bonds, or any interest on any such bonds, is outstanding and unpaid, there is hereby appropriated out of the first moneys coming into the Treasury in each fiscal year, not

otherwise appropriated by this Constitution, an amount which is sufficient to pay the principal and interest on such bonds that mature or become due during such fiscal year, less the amount in the interest and sinking fund at the close of the prior fiscal year, which includes any receipts derived during the prior fiscal year by said Parks and Wildlife Department, or its said successor, from admission charges to State Parks, as the Legislature may prescribe by general law.

Other Sources for Payment of Bonds. In addition to the constitutionally appropriated funds described in the preceding paragraph, the Authority will credit to the Interest and Sinking Fund (Fund 0409), which secures the payment of debt service on all Park Development Bonds, including the Bonds, (1) Net Income from Entrance Fees and (2) earnings from investments of the Park Development Fund (Fund 0408).

The Net Income described in the foregoing paragraph is defined in the Bond Resolution to be Entrance Fees less the expenses incurred in collecting such Entrance Fees. Entrance Fees are defined in the Bond Resolution to be the fees (including fees from conservation permits) the Department is required to charge and collect for entrance to or at the gates of State Parks, whenever feasible and so long as any Park Development Bonds, including the Bonds, are outstanding. See “DESCRIPTION OF THE TRANSACTION DOCUMENTS.”

The Authority may also transfer Sporting Goods Sales Tax Proceeds to the Interest and Sinking Fund (Fund 0409), however such Sporting Goods Sales Tax Proceeds are not pledged to secure payment of debt service on the Bonds. Sporting Goods Sales Tax Proceeds are defined in the Bond Resolution to be the portion of sales tax proceeds to be credited to the Department under Section 151.801, Texas Tax Code, for further credit by the Department into the Conservation and Capital Account (Account 5004). The Department receives not more than \$32 million of the total sales tax collected each year. The amount of such tax deposited into the Conservation and Capital Account (Account 5004) is determined by a formula and is limited to \$1 million per year.

Chapter 1208, Government Code, applies to the issuance of the Bonds and, therefore, the pledge of the revenues granted by the Authority is therefore valid, effective, and perfected. Should Texas law be amended at any time while the Bonds are outstanding and unpaid, the result of such amendment being that the pledge of the revenues granted by the Authority is to be subject to the filing requirements of Chapter 9, Business and Commerce Code, the Authority has agreed to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business and Commerce Code and enable a filing of a security interest in said pledge to occur.

Flow of Funds

Under the terms of the Bond Resolution the Authority will create, if necessary, a Rebate Fund. The Interest and Sinking Fund (Fund 0409) has been created in the State Treasury pursuant to the Constitutional Provision and the Parks and Wildlife Code. The Escrow Fund will be created pursuant to the Escrow Agreement.

Pursuant to the Bond Resolution, the Authority will deposit into the Interest and Sinking Fund Net Income from Entrance Fees, earnings from investments of the Park Development Fund and funds made available for such purpose by legislative appropriation pursuant to the Constitutional Provision, not later than the second Business Day preceding each date on which any Bond Obligations come due and otherwise in accordance with the Funds Management Agreement. In addition, the Authority may transfer Sporting Goods Sales Tax Proceeds on deposit in the Conservation and Capital Account (Account 5004) to the Interest and Sinking Fund to pay Bond Obligations as they become due. The Authority may make any such deposit on an earlier date so long as such date is not earlier than the 50th day before the date that the Bond Obligations for which such deposit is made comes due. If, on any date that funds in the Interest and Sinking Fund are required (pursuant to the Bond Resolution and the Funds Management Agreement) to be withdrawn for the payment of Bond Obligations, the Interest and Sinking Fund does not contain sufficient funds for such purpose, an amount of immediately available funds sufficient (together with the funds then on deposit in the Interest and Sinking Fund) to pay such Bond Obligations shall be transmitted to the appropriate payee(s) for such purpose from funds made available under the Constitutional Provision, at such time as will cause such Bond Obligations to be timely paid.

The costs of issuance of the Bonds will be paid from the proceeds of the Bonds deposited in the Park Development Fund established in the State Treasury as soon as practicable after the delivery of the Bonds.

All money required to be deposited into the Escrow Fund will be, on the day of initial delivery, immediately paid to the Escrow Agent for the account of the Authority pursuant to the Escrow Agreement. The Authority anticipates that the money initially deposited into the Escrow Fund and invested in Escrowed Securities (as defined in the Escrow Agreement) will be sufficient to pay the interest on the Refunded Bonds, respectively, as such interest accrues and becomes payable, and the principal of the Refunded Bonds, on their respective dates of maturity or prior redemption.

The Rebate Fund is to be established for purposes of complying with provisions of the Code that require the Authority to pay over to the federal government any excess earnings (generally, the portion of investment income attributable to a yield on investments that is higher than the yield on the Bonds) received from investment of the proceeds of the Bonds, and certain money held in connection with the Bonds. The Rebate Fund will be established only if it is necessary in accordance with the provisions of the Bond Resolution. The Rebate Fund would be for the sole benefit of the United States of America and would not be subject to the claim of any Bond Owner. From time to time the Authority would transfer to the Rebate Fund the amounts to be paid to the federal government pursuant to the Code.

Money held in the Funds pursuant to the Funds Management Agreement may be invested (and reinvested) by the Comptroller in any investment authorized by law for State money.

DESCRIPTION OF THE TRANSACTION DOCUMENTS

Selected Definitions

The following terms that appear as capitalized terms in this Official Statement shall have the following meanings, unless the context otherwise requires. A reference to any of these terms in the singular number shall include the plural and vice versa.

Authority - the Texas Public Finance Authority or any successor thereto.

Authorizing Law - the Constitutional Provision; the Enabling Act; Chapter 1201, Texas Government Code, as amended; Chapter 1207, Texas Government Code, as amended; Chapter 21, Texas Parks and Wildlife Code, as amended; Chapter 1371, Texas Government Code, as amended; and any regulations promulgated by the Authority thereunder.

Beneficial Owner - each Person in whose name a Book-Entry Bond is recorded as the owner of a beneficial interest in such Bond by a participant in such book-entry system.

Board - the Board of Directors of the Authority.

Bond Counsel - any law firm or firms experienced in matters relating to the issuance of tax-exempt obligations, which firm or firms are engaged by the Board to render services to the Authority as bond counsel.

Bond Enhancement Agreement - means any loan agreement, revolving credit agreement, agreement establishing a line of credit, letter of credit, reimbursement agreement, insurance contract, commitment to purchase, purchase or sale agreement, interest rate swap agreement or commitment or other agreement authorized by the Authority in connection with the authorization, issuance, sale, resale, security, exchange, payment, purchase, remarketing or redemption of such Bonds, interest on the Bonds, or both, or as otherwise authorized by Chapter 1371, Texas Government Code, as amended.

Bond Obligations - the principal, premium, if any, and interest payment obligations of the Authority on any of the Bonds.

Bond Owner - the Person who is the registered owner of any Bond, as such ownership appears in the registration records for the Bonds.

Bond Resolution - the resolution authorizing the issuance of the Bonds adopted by the Authority on October 25, 2004.

Bonds - the “Texas Public Finance Authority State of Texas General Obligation Park Development Refunding Bonds, Series 2004” authorized by the Bond Resolution.

Book-Entry Bond - any Bond administered under a book-entry system pursuant to the Bond Resolution and the Blanket Letter of Representations.

Business Day - any day that is a day on which the Comptroller is open for business and:

- (1) while the Authority is the Paying Agent/Registrar, on which the Authority is open for business at its principal business office; or
- (2) while a person other than the Authority is the Paying Agent/Registrar, on which financial institutions in the city where the principal office for payment of the Paying Agent/Registrar is located are not authorized by law or executive order to close.

Chair - the Chair of the Board, or any member of the Board authorized to act as Chair.

Closing - the delivery by the Authority of the Bonds to or upon the order of the Purchasers thereof in exchange for payment therefor.

Code - the Internal Revenue Code of 1986, as amended, together with all published regulations promulgated thereunder and revenue rulings issued with respect thereto by the United States Department of the Treasury or the Internal Revenue Service on or before the date of Closing.

Comptroller - the Comptroller of Public Accounts for the State of Texas.

Conservation and Capital Account (Account 5004) - the Texas Parks and Wildlife Conservation and Capital Account (Account 5004) established as a separate account within the State General Revenue Fund in accordance with Section 11.043 of the Parks and Wildlife Code, which account consists of the amount of credits made to the Department under Section 151.801, Texas Tax Code (herein called the Sporting Goods Sales Tax Proceeds), after the allocations described in Section 11.043(b), Parks and Wildlife Code.

Constitutional Provision - Article III, Sections 49-e of the Texas Constitution.

Costs of Issuance - the “costs of issuance”, as provided in the Authorizing Law, incurred in connection with the issuance of the Bonds.

Department - the Texas Parks and Wildlife Department and any successor thereto.

Enabling Act - the Texas Public Finance Authority Act, specifically Chapter 1232, Texas Government Code, as amended.

Entrance Fees - the fees (including fees from conservation permits) the Department is required to charge and collect for entrance to or at the gates of State Parks pursuant to Section 21.111(a) of the Parks and Wildlife Code, whenever feasible and so long as any of the Park Development Bonds, including the Bonds, are outstanding, a portion of which fees less the expenses incurred in collecting them, the Department has irrevocably pledged to the payment of the principal of and interest on the Park Development Bonds, including the Bonds.

Escrow Agent - the Comptroller acting by and on behalf of the Texas Treasury Safekeeping Trust Company, as escrow agent under the Escrow Agreement, and any successor thereto as therein permitted.

Escrow Agreement - the Escrow Agreement (including any amendments thereto) between the Authority and the Escrow Agent providing for the payment for the Refunded Bonds of money sufficient to pay debt service thereon.

Escrow Fund - the “Texas Public Finance Authority State of Texas General Obligation Park Development Refunding Bonds, Series 2004 Escrow Fund” created pursuant to the Escrow Agreement.

Event of Taxability - any act or omission that could cause any amount payable with respect to any of the Bonds, which is treated as interest under the Code, not to be excludable under section 103(a) of the Code from the gross income of the owner of the Bond.

Executive Director - the Executive Director of the Authority, or any member of the staff of the Authority authorized by the Board to perform the duties of the Executive Director.

Fund - any of the Funds.

Funds - collectively, the Escrow Fund, the Interest and Sinking Fund, the Park Development Fund (Fund 0408) and the Rebate Fund, if any.

Funds Management Agreement - the funds management agreement (including any amendments thereto) between the Authority and the Comptroller providing, for the administration of the proceeds of the Bonds, and the availability of State money for the payment of the Bond Obligations.

General Counsel - the general counsel of the Authority.

Government Obligations - any of the following:

- (1) direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by the United States;
- (2) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the issuer adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent;
- (3) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the issuer adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent; and
- (4) such other investments now or hereafter authorized by Chapter 1207, Texas Government Code or any successor thereto, for the investment of escrow deposits.

Interest and Sinking Fund or Interest and Sinking Fund (Fund 0409) - the fund established with the Comptroller pursuant to the Constitutional Provision and Section 21.105 of the Parks and Wildlife Code, to be used exclusively for paying (1) the principal of Park Development Bonds, including the Bonds, as they mature, (2) the interest on Park Development Bonds, including the Bonds, as it becomes due, and (3) exchange and collection charges incurred in connection with Park Development Bonds, including the Bonds, and into which are credited (a) accrued interest received in the sale of the Park Development Bonds, including the Bonds, (b) Net Income transferred from the Parks Fee Trust Account (Account 0965), and (c) earnings from investments of the Park Development Fund (Fund 0408); and the balance of which Interest and Sinking Fund (Fund 0409) is transferred to the state parks account (Account 0064) after all Park Development Bonds, including the Bonds, have been paid.

Interest Payment Date - April 1 and October 1 of each year commencing April 1, 2005.

Issuance Cost Amount - the amount of proceeds of the Bonds expected to be expended for payment of Costs of Issuance, which amount is not to exceed the amount approved by the Texas Bond Review Board.

Legislature - the Legislature of the State.

Paying Agent/Registrar - initially, the Authority, or any financial institution appointed by the Authority in accordance with the Bond Resolution as the paying agent/registrar for the Bonds.

Person - any individual, partnership, corporation, trust, or unincorporated organization or any governmental entity.

Purchase Contract - the bond purchase agreement among the Authority and the representatives of the Purchasers pursuant to which the Bonds are sold to the Purchasers.

Purchase Price - the proceeds of the sale of the Bonds (including any premium that is paid to the Authority upon the Closing) but excluding underwriters' discount and any original issue discount.

Purchasers or Underwriters - the Persons who initially purchase the Bonds from the Authority.

Rebate Fund - the "Texas Public Finance Authority State of Texas General Obligation Park Development Refunding Bonds, Series 2004 Rebate Fund" created pursuant to the Bond Resolution.

Record Date - the 15th day of the month immediately preceding each Interest Payment Date.

Refunded Bonds - the Authority's general obligation bonds shown on Schedule I attached to this Official Statement being refunded by the Bonds.

Register - the official registration records for the Bonds maintained by the registrar for such Bonds pursuant to the Bond Resolution.

Securities Depository - initially DTC, or any Person acting as a securities depository for the Book-Entry Bonds.

Sporting Goods Sales Tax Proceeds - the portion of proceeds to be credited to the Department under Section 151.801 of the Texas Tax Code for further credit by the Department into the Conservation and Capital Account (Account 5004), pursuant to Section 11.043 of the Parks and Wildlife Code.

State - the State of Texas.

State Parks - all sites operated as parks by the Department.

Transaction Documents - collectively, the Bond Resolution; the Escrow Agreement; the Funds Management Agreement; the Purchase Contract and the Bonds.

Treasury - the funds of the State subject to the custody and control of the Comptroller.

The Bond Resolution

The Bonds will be issued pursuant to the Bond Resolution and the following is a summary of certain provisions of the Bond Resolution, adopted by the Board on October 25, 2004. This summary does not purport to be comprehensive or definitive and is qualified in its entirety by reference to the Bond Resolution. Copies of the Bond Resolution are available for examination at the offices of the Authority.

Ownership. A Bond Owner is deemed to be the absolute owner of such Bond Owner's Bond(s) for all purposes of determining the obligations of the Authority with respect to such Bond(s) and the Authority is not bound to recognize the interest (beneficial or otherwise) of any Person, notwithstanding any notice to the Authority of such Person's interest. While the Bonds are in book-entry form, the Securities Depository or its nominee will be treated as the Bond Owner for all purposes under the Bond Resolution and any transfer, exchange or replacement of a Bond shall occur on the books and records of such Securities Depository. All required notices to Bond Owners will be given to the Securities Depository.

Transfer, Exchange, and Replacement of Bonds. In the event the book-entry-only system is discontinued, the transfer of a Bond will be made upon surrender of the Bond by the Bond Owner (or the Bond Owner's duly authorized attorney) to the Paying Agent/Registrar together with an endorsement or other evidence of transfer satisfactory to the Authority and the Paying Agent/Registrar. The Paying Agent/Registrar will authenticate and deliver to the transferee a new Bond (or Bonds) of the same series, tenor, aggregate principal amount of the Bonds

and interest rate as the surrendered Bond. A transfer will be made without charge, except that any tax or other governmental charge imposed with respect to the transfer will be paid by the transferring Bond Owner.

A Bond may be exchanged by the Bond Owner for a new Bond or Bonds (each in an authorized denomination) of the same series, tenor, aggregate principal amount and interest rate of the Bonds upon surrender to the Paying Agent/Registrar by the Bond Owner (or the Owner's duly authorized attorney) of the Bond(s) as to which the exchange is desired. The Paying Agent/Registrar will authenticate and deliver to the surrendering Bond Owner the new Bond(s) in exchange for the surrendered Bond(s). The out of pocket expenses incurred by the Authority and the Paying Agent/Registrar in connection with making an exchange of Bonds and any tax or other governmental charge imposed with respect to the exchange will be paid by the Bond Owner.

The Paying Agent/Registrar is not required to transfer or exchange any Current Interest Bond: (1) between a Record Date and the Interest Payment Date, (2) during the 30 day period preceding the maturity date of the Current Interest Bond, or (3) which has been selected for redemption in whole or in part. The Paying Agent/Registrar is not required to transfer or exchange any Capital Appreciation Bond during the 30-day period preceding the maturity date of such Capital Appreciation Bond.

At the request of the Bond Owner of a mutilated, lost, stolen or destroyed Bond, the Bond will be replaced if, in the case of a mutilated Bond, the Bond Owner (or its duly authorized attorney) surrenders the mutilated Bond to the Paying Agent/Registrar, or in the case of a lost, stolen, or destroyed Bond, the Bond Owner (1) furnishes the Authority and the Paying Agent/Registrar with evidence satisfactory to the Authority and the Paying Agent/Registrar that the loss, theft, or destruction has occurred, (2) provides indemnity or security satisfactory to the Authority and the Paying Agent/Registrar to save the Paying Agent/Registrar and the Authority harmless from any loss or damage with respect thereto, and (3) satisfies such other requirements as may reasonably be imposed by the Authority and the Paying Agent/Registrar. If a mutilated, lost, stolen, or destroyed Bond has matured or will mature within the 30 day period following the Bond Owner's request for a replacement Bond, the Bond (at the Authority's direction) may be paid instead of delivering a replacement Bond. The out of pocket expenses incurred by the Authority and the Paying Agent/Registrar in connection with replacement of a Bond and any tax or other governmental charge imposed with respect to the replacement will be paid by the Bond Owner.

Unclaimed Payments. Any funds held for the payment of Bond Obligations due on any Bond, which funds are unclaimed by the Bond Owner, shall be set aside in an escrow fund, uninvested, and held for the exclusive benefit of the Bond Owner, without liability for any interest thereon. Any such funds remaining unclaimed for three years after such Bond Obligations became due (or such other period as specified by applicable law) shall be transferred to the Authority, which shall dispose of such funds pursuant to Title 6 of the Texas Property Code or other applicable law. After such disposal, all liability of the Authority and the Paying Agent/Registrar for the payment of such funds shall cease. The Authority and the Paying Agent/Registrar will comply with the reporting requirements of Chapter 74 of the Texas Property Code, as amended, or other applicable law with respect to such unclaimed money.

Tax-Exempt Status. The Authority has covenanted in the Bond Resolution that it will not take any action that could cause the interest on the Bonds to become includable in the gross income of the Bond Owners thereof for federal income tax purposes.

Noncompliance with the provisions of the Transaction Documents relating to the tax exempt status of the Bonds under the Code will only be permitted to the extent that, in the opinion of nationally recognized bond counsel, such noncompliance will not adversely affect the excludability of interest on the Bonds from the gross income of the Bond Owners thereof for federal income tax purposes.

Amendment. Except as provided below, the Bond Resolution may not be amended without the consent of the Bond Owners of at least a majority in aggregate principal amount of the outstanding Bonds affected by such amendment. The consent of the Bond Owners of all outstanding Bonds is required for any proposed amendment to the Bond Resolution that would:

- (1) permit a preference or priority of any Bond over another Bond; or

- (2) reduce the percentage of Bond Owners that is required to consent to an amendment of the Bond Resolution.

The consent of the Bond Owner of each affected outstanding Bond is required for any proposed amendment to the Bond Resolution that would:

- (1) change the time of any regularly scheduled payment of Bond Obligations, the principal amount of any Bond, the interest rate on any Bond, the currency in which Bond Obligations are required to be paid, or any of the other terms of the Bond Resolution governing the time, place, or manner of payment of Bond Obligations;
- (2) impair the security for any Bond; or
- (3) result in a reduction of any then existing rating on the Bonds.

Except as provided above, no Bond Owner consent is required for an amendment to the Bond Resolution if the amendment, in the opinion of nationally recognized bond counsel will not constitute an Event of Taxability and, if the amendment, in the opinion of nationally recognized bond counsel, will not adversely affect the rights of any Bond Owner under the Transaction Documents.

Defeasance. The Authority may provide for the irrevocable deposit into the Interest and Sinking Fund or in escrow with the Paying Agent/Registrar of an amount of money sufficient, without investment, or “Government Obligations” (as defined in the Bond Resolution, which may include direct obligations of, or obligations fully guaranteed by, the United States of America) not redeemable prior to maturity and maturing as to principal and interest in such amounts and at such times as will provide (without reinvestment) money sufficient to pay the Bond Obligations when due and all other amounts due under the Bond Resolution. Upon such a deposit, the benefits of the Bond Resolution and the covenants of the Authority including the Authority’s obligation to pay debt service on the Bonds will be deemed discharged.

No Individual Liability. No obligation imposed under the Bond Resolution, the Bonds, or any document executed by the Authority, or the Comptroller in connection therewith shall be deemed to be the obligation, in an individual capacity, of any director, officer, employee, or agent of the Authority, or the Comptroller, and no such director, officer, employee, or agent or any individual executing the Bonds or any such other document on behalf of any such entity shall be subject to any personal liability with respect thereto.

Bond Enhancement Agreement. Pursuant to the Bond Resolution, to the extent permitted by law and by adoption of a resolution, the Board of the Authority may approve the material terms of one or more Bond Enhancement Agreements for the Bonds subsequent to the authorization and issuance of the Bonds. The Board of the Authority has authorized the Executive Director to act on behalf of the Authority from time to time in negotiating and approving the details of any Bond Enhancement Agreements. The execution and delivery of any Bond Enhancement Agreement is subject to the approval of the Attorney General of Texas. Bond Owner consent is not necessary for the Authority to adopt a Bond Enhancement Agreement.

Subject to certain restrictions, Bond Owner consent is not required for an amendment to the Bond Resolution if the amendment, in the opinion of nationally recognized bond counsel, will not constitute an Event of Taxability and, in the opinion of nationally recognized bond counsel or the written advice of the Attorney General of the State of Texas, will not adversely affect the rights of any Bond Owner under the Transaction Documents, including without limitation, amendments, changes or modifications to facilitate the economic and practical utilization of interest rate swap agreements, foreign currency exchange or similar types of agreements with respect to the Bonds.

The Escrow Agreement

The following is a summary of certain provisions of the Escrow Agreement. This summary does not purport to be comprehensive or definitive and is qualified in its entirety by reference to the Escrow Agreement. Copies of the Escrow Agreement are available for examination at the offices of the Authority.

The Escrow Agreement is an agreement by and between the Authority and the Comptroller acting by and on behalf of the Texas Treasury Safekeeping Trust Company, as escrow agent, whereby certain proceeds of the Bonds and a beginning cash balance will be deposited in the Escrow Fund (as defined in the Escrow Agreement) and invested in Escrowed Securities (as defined in the Escrow Agreement). Such deposit, all proceeds therefrom, and all cash balances from time to time on deposit therein (a) shall be the property of the Escrow Fund as a special trust and irrevocable escrow fund, (b) shall be applied in strict conformity with the terms of the Escrow Agreement, and (c) shall be applied to the extent needed to pay the principal of and interest on the Refunded Bonds, respectively, as the same comes due.

In the Escrow Agreement, the Authority represents that the successive receipts of the principal of and interest on the Escrowed Securities will assure that the cash balance on deposit from time to time in the Escrow Fund will be at all times sufficient to provide money for transfer to each place of payment for the Refunded Bonds at the times and in the amounts required by each place of payment for such obligations. The Authority has also represented in the Escrow Agreement to timely deposit in the Escrow Fund, from any funds that are lawfully available therefor, additional money in the amounts required to make such payments.

The Funds Management Agreement

The following is a summary of certain provisions of the Funds Management Agreement providing for the administration of the proceeds of the Bonds and availability of funds for the payment thereof. This summary does not purport to be comprehensive or definitive and is qualified in its entirety by reference to the Funds Management Agreement. Copies of the Funds Management Agreement are available for examination at the offices of the Authority.

Establishment of Funds. The Authority is required to establish and maintain funds for the application of money with respect to the Bonds. See “THE BONDS - Flow of Funds.”

Deposit of Purchase Price. The Funds Management Agreement provides that the Purchase Price of the Bonds shall be deposited as follows: (a) the Costs of Issuance shall be deposited into the Park Development Fund; and (b) all remaining proceeds shall be deposited in the Escrow Fund.

Investment Losses. Any losses from investment of any Fund shall be charged on a pro rata basis among the Funds subject to the Funds Management Agreement and other sources of money from which such investment was made. The Comptroller will not be held liable for any losses resulting from investments made in accordance with the Funds Management Agreement.

Maintaining Tax-Exempt Status. The Comptroller shall take such action with respect to the Funds (including, without limitation, restricting the yield on investments of any Fund) as is requested by the Executive Director as being necessary to comply with Section 148 of the Code or to mitigate the effect of a violation thereof.

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate per maturity will be issued for the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities

certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC’s Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, maturity amount and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the Authority, on payable date in accordance with their respective holdings shown on DTC’s records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the

responsibility of such Direct and Indirect Participant and not of DTC nor its nominee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, maturity amount and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Authority. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

RATINGS

Moody's Investors Service, Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and Fitch Ratings have assigned their municipal bond ratings of "Aaa", "AAA" and "AAA", respectively, to the Bonds by virtue of a municipal bond insurance policy to be issued by Financial Guaranty Insurance Company. See "BOND INSURANCE." An explanation of the significance of the ratings may be obtained from the respective rating agency. The ratings reflect only the views of such organizations at the time the ratings were given, and the Authority makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by any or all of such rating companies, if in the judgment of any or all of such companies, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

BOND INSURANCE

Financial Guaranty Insurance Company ("Financial Guaranty") has supplied the following information for inclusion in this Official Statement. The Authority, the Financial Advisor and the Underwriters do not make any representation as to the accuracy or completeness of this information or as to the absence of material adverse changes in such information subsequent to the date hereof. See APPENDIX D for a specimen of Financial Guaranty's policy.

Payments Under the Policy

Concurrently with the issuance of the Bonds, Financial Guaranty will issue its Municipal Bond New Issue Insurance Policy for the Bonds (the "Policy"). The Policy unconditionally guarantees the payment of that portion of the principal or accreted value (if applicable) of and interest on the Bonds which has become due for payment, but shall be unpaid by reason of nonpayment by the Authority. Financial Guaranty will make such payments to U.S. Bank Trust National Association, or its successor as its agent (the "Fiscal Agent"), on the later of the date on which such principal, accreted value or interest (as applicable) is due or on the business day next following the day on which Financial Guaranty shall have received notice (in accordance with the terms of the Policy) from an owner of Bonds or the Paying Agent/Registrar of the nonpayment of such amount by the Authority. The Fiscal Agent will disburse such amount due on any Bond to its owner upon receipt by the Fiscal Agent of evidence satisfactory to the Fiscal Agent of the owner's right to receive payment of the principal, accreted value or interest (as applicable) due for payment and evidence, including any appropriate instruments of assignment, that all of such owner's rights to payment of such principal, accreted value or interest (as applicable) shall be vested in Financial Guaranty. The term "nonpayment" in respect of a Bond includes any payment of principal, accreted value or interest (as applicable) made to an owner of a Bond which has been recovered from such owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

Once issued, the Policy is non-cancellable by Financial Guaranty. The Policy covers failure to pay principal (or accreted value, if applicable) of the Bonds on their stated maturity dates and their mandatory sinking fund redemption dates, and not on any other date on which the Bonds may have been otherwise called for redemption, accelerated or advanced in maturity. The Policy also covers the failure to pay interest on the stated date for its payment. In the event that payment of the Bonds is accelerated, Financial Guaranty will only be obligated to pay principal (or accreted value, if applicable) and interest in the originally scheduled amounts on the originally scheduled payment dates. Upon such payment, Financial Guaranty will become the owner of the Bond, appurtenant coupon or right to payment of principal or interest on such Bond and will be fully subrogated to all of the Bondholder's rights thereunder.

The Policy does not insure any risk other than Nonpayment by the Authority, as defined in the Policy. Specifically, the Policy does not cover: (i) payment on acceleration, as a result of a call for redemption (other than mandatory sinking fund redemption) or as a result of any other advancement of maturity; (ii) payment of any redemption, prepayment or acceleration premium; or (iii) nonpayment of principal (or accreted value, if applicable) or interest caused by the insolvency or negligence or any other act or omission of the trustee or paying agent, if any.

As a condition of its commitment to insure Bonds, Financial Guaranty may be granted certain rights under the Bond documentation. The specific rights, if any, granted to Financial Guaranty in connection with its insurance of the Bonds may be set forth in the description of the principal legal documents appearing elsewhere in this Official Statement, and reference should be made thereto.

The Policy is not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law. In the event that Financial Guaranty is unable to fulfill its obligations under the Policy, the policy holder or bondholder is not protected by an insurance guaranty fund or other solvency protection arrangement.

Financial Guaranty Insurance Company

Financial Guaranty, a New York stock insurance corporation, is a direct, wholly-owned subsidiary of FGIC Corporation, a Delaware corporation, and provides financial guaranty insurance for public finance and structured finance obligations. Financial Guaranty is licensed to engage in financial guaranty insurance in all 50 states, the District of Columbia and the Commonwealth of Puerto Rico and, through a branch, in the United Kingdom.

On December 18, 2003, an investor group consisting of The PMI Group, Inc. ("PMI"), affiliates of The Blackstone Group L.P. ("Blackstone"), affiliates of The Cypress Group L.L.C. ("Cypress") and affiliates of CIVC Partners L.P. ("CIVC") acquired FGIC Corporation (the "FGIC Acquisition") from a subsidiary of General Electric Capital Corporation ("GE Capital"). PMI, Blackstone, Cypress and CIVC acquired approximately 42%, 23%, 23% and 7%, respectively, of FGIC Corporation's common stock. FGIC Corporation paid GE Capital approximately \$284.3 million in pre-closing dividends from the proceeds of dividends it, in turn, had received from Financial Guaranty, and GE Capital retained approximately \$234.6 million in liquidation preference of FGIC Corporation's convertible participating preferred stock and approximately 5% of FGIC Corporation's common stock. Neither FGIC Corporation nor any of its shareholders is obligated to pay any debts of Financial Guaranty or any claims under any insurance policy, including the Policy, issued by Financial Guaranty.

Financial Guaranty is subject to the insurance laws and regulations of the State of New York, where it is domiciled, including Article 69 of the New York Insurance Law ("Article 69"), a comprehensive financial guaranty insurance statute. Financial Guaranty is also subject to the insurance laws and regulations of all other jurisdictions in which it is licensed to transact insurance business. The insurance laws and regulations, as well as the level of supervisory authority that may be exercised by the various insurance regulators, vary by jurisdiction, but generally require insurance companies to maintain minimum standards of business conduct and solvency, to meet certain financial tests, to comply with requirements concerning permitted investments and the use of policy forms and premium rates and to file quarterly and annual financial statements on the basis of statutory accounting principles ("SAP") and other reports. In addition, Article 69, among other things, limits the business of each financial guaranty insurer, including Financial Guaranty, to financial guaranty insurance and certain related lines.

For the six months ended June 30, 2004, and the years ended December 31, 2003 and December 31, 2002, Financial Guaranty had written directly or assumed through reinsurance, guaranties of approximately \$27.1 billion,

\$42.4 billion and \$47.9 billion par value of securities, respectively (of which approximately 60%, 79% and 81%, respectively, constituted guaranties of municipal bonds), for which it had collected gross premiums of approximately \$162.9 million, \$260.3 million and \$232.6 million, respectively. For the six months ended June 30, 2004, Financial Guaranty had reinsured, through facultative arrangements, approximately 0.1% of the risks it had written.

As of June 30, 2004, Financial Guaranty had net admitted assets of approximately \$2.935 billion, total liabilities of approximately \$1.793 billion, and total capital and policyholders' surplus of approximately \$1.142 billion, determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

The unaudited financial statements of Financial Guaranty as of June 30, 2004, and the audited financial statements of Financial Guaranty as of December 31, 2003 and December 31, 2002, which have been filed with the Nationally Recognized Municipal Securities Information Repositories ("NRMSIRs"), are hereby included by specific reference in this Official Statement. Any statement contained herein under the heading "BOND INSURANCE," or in any documents included by specific reference herein, shall be modified or superseded to the extent required by any statement in any document subsequently filed by Financial Guaranty with such NRMSIRs, and shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement. All financial statements of Financial Guaranty (if any) included in documents filed by the Authority with the NRMSIRs subsequent to the date of this Official Statement and prior to the termination of the offering of the Bonds shall be deemed to be included by specific reference into this Official Statement and to be a part hereof from the respective dates of filing of such documents.

Financial Guaranty also prepares quarterly and annual financial statements on the basis of generally accepted accounting principles. Copies of Financial Guaranty's most recent GAAP and SAP financial statements are available upon request to: Financial Guaranty Insurance Company, 125 Park Avenue, New York, NY 10017, Attention: Corporate Communications Department. Financial Guaranty's telephone number is (212) 312-3000.

Financial Guaranty's Credit Ratings

The financial strength of Financial Guaranty is rated "AAA" by Standard & Poor's, a Division of The McGraw-Hill Companies, Inc., "Aaa" by Moody's Investors Service, and "AAA" by Fitch Ratings. Each rating of Financial Guaranty should be evaluated independently. The ratings reflect the respective ratings agencies' current assessments of the insurance financial strength of Financial Guaranty. Any further explanation of any rating may be obtained only from the applicable rating agency. These ratings are not recommendations to buy, sell or hold the Bonds, and are subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the Bonds. Financial Guaranty does not guarantee the market price or investment value of the Bonds nor does it guarantee that the ratings on the Bonds will not be revised or withdrawn.

Neither Financial Guaranty nor any of its affiliates accepts any responsibility for the accuracy or completeness of the Official Statement or any information or disclosure that is provided to potential purchasers of the Bonds, or omitted from such disclosure, other than with respect to the accuracy of information with respect to Financial Guaranty or the Policy under the heading "BOND INSURANCE." In addition, Financial Guaranty makes no representation regarding the Bonds or the advisability of investing in the Bonds.

TAX MATTERS

Opinion

In the opinion of Winstead Sechrest & Minick P.C., and the Law Office of Renee Higginbotham-Brooks, Co-Bond Counsel, under existing law, and assuming compliance with certain covenants and the accuracy of certain representations, discussed below, interest on the Bonds is excludable from gross income for federal income tax purposes and is not subject to the alternative minimum tax on individuals and corporations; however, interest on the Bonds will be included in the "adjusted current earnings" of a corporation (other than an S corporation, regulated investment company, Real Estate Investment Trust, Real Estate Mortgage Investment Conduit, or Financial Asset

Securitization Investment Trust) for purposes of computing its alternative minimum tax liability. Corporate purchasers of the Bonds should consult their tax advisors regarding the computation of alternative minimum tax. *See* APPENDIX C—Form of Co-Bond Counsel Opinion.

The Code establishes certain requirements that must be met at and subsequent to the issuance of the Bonds in order for interest on the Bonds to be and remain excludable from federal gross income. Included among these continuing requirements are certain restrictions and prohibitions on the use of bond proceeds, restrictions on the investment of proceeds and other amounts, and rebate to the United States of certain earnings from investments. Failure to comply with these continuing requirements may cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactively to the date of their issuance. The Authority has covenanted in the Transaction Documents to comply with certain procedures, and has made certain representations and certifications, designed to assure compliance with these Code requirements. In rendering their opinion, Co-Bond Counsel will rely on these covenants, and on representations and certifications of the Authority relating to matters solely within their knowledge (which Co-Bond Counsel have not independently verified), and will assume continuing compliance by the Authority.

Prospective purchasers of the Bonds should be aware that ownership of, accrual or receipt of interest on, or disposition of the Bonds may have collateral federal income tax consequences for certain taxpayers, including financial institutions, certain subchapter S corporations, United States branches of foreign corporations, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, taxpayers eligible for the earned income credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. The foregoing is not intended as an exhaustive list of potential tax consequences. Prospective purchasers of the Bonds should consult their tax advisors regarding any potential collateral tax consequences. Co-Bond Counsel express no opinion regarding any such collateral tax consequences.

The statutes, regulations, published rulings, and court decisions on which Co-Bond Counsel have based their opinion are subject to change by Congress, as well as to subsequent judicial and administrative interpretation by courts and the Internal Revenue Service (the "Service"). No assurance can be given that such law or its interpretation will not change in a manner that would adversely affect the tax treatment of receipt or accrual of interest on, or the acquisition, ownership, market value, or disposition of, the Bonds. No ruling concerning the tax treatment of the Bonds has been sought from the Service, and the opinion of Co-Bond Counsel is not binding on the Service. The Service has an ongoing audit program of tax-exempt obligations to determine whether, in the Service's view, interest on such tax-exempt obligations is excludable from gross income for federal income tax purposes. No assurance can be given regarding whether or not the Service will commence an audit of the Bonds. If such an audit were to be commenced, under current procedures, the Service would treat the Authority as the taxpayer, and owners of the Bonds would have no right to participate in the audit process. In this regard, in responding to or defending an audit with respect to the Bonds, the Authority might have different or conflicting interests from those of the owners of the Bonds.

The opinions set forth above are based on existing law and Co-Bond Counsel's knowledge of relevant facts on the date of issuance of the Bonds. Such opinions are an expression of professional judgment and are not a guarantee of result. Except as stated above, Co-Bond Counsel express no opinion regarding any other federal, state, or local tax consequences under current law or proposed legislation resulting from the receipt or accrual of interest on, or the acquisition, ownership, or disposition of, the Bonds. Further, Co-Bond Counsel assume no obligation to update or supplement its opinions to reflect any facts or circumstances that may come to their attention, or any changes in law that may occur after the issuance date of the Bonds. In addition, Co-Bond Counsel have not undertaken to advise in the future whether any events occurring after the issuance date of the Bonds may affect the tax-exempt status of interest on the Bonds.

Original Issue Discount

Certain of the Bonds (the "Discount Bonds") are being offered and sold to the public at an "original issue discount" ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of such Bonds. The issue price of Discount Bonds is the initial offering price to the public (other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers) at which a substantial amount of Discount Bonds of the same maturity are sold pursuant to that offering.

For federal income tax purposes, OID accrues to the owner of a Discount Bond over such Discount Bond's period to maturity based on the constant interest rate method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). Co-Bond Counsel are of the opinion that the portion of OID that accrues during the ownership period of a Discount Bond (i) is interest excludable from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as is other interest on the Bonds, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, sale, or other disposition of that Discount Bond. OID may be treated as continuing to accrue even if payment of the Discount Bonds becomes doubtful in the event that the Authority encounters financial difficulties, and it is treated as interest earned by cash-basis owners (with possible tax consequences under the corporate alternative minimum tax as discussed above), even though no cash corresponding to the accrual is received in the year of accrual. A purchaser of a Discount Bond at its issue price in the initial public offering who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of such Discount Bond.

The federal income tax consequences of the acquisition, ownership, redemption, sale, or other disposition of Discount Bonds not purchased in the initial offering at the initial offering price may be determined according to rules different from those described above. Owners of such Discount Bonds should consult their tax advisors regarding the federal, state, and local income tax treatment and consequences of acquisition, ownership, redemption, sale, or other disposition of such Discount Bonds.

Original Issue Premium

Certain maturities of the Bonds (the "Premium Bonds") are being offered and sold to the public at prices greater than their stated redemption prices (the principal amount) payable at maturity ("Bond Premium"), which, for federal income tax purposes, is amortized over the period to maturity of the Premium Bond based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, an amortization period and yield determined on the basis of the earliest call date resulting in the lowest yield on that Premium Bond), compounded semiannually. No portion of that Bond Premium is deductible by the Premium Bond owner.

For purposes of determining a Premium Bond owner's gain or loss on sale, redemption (including redemption at maturity), or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of Bond Premium that accrues during the ownership period. As a result, an owner of a Premium Bond may realize taxable gain for federal income tax purposes upon the sale or other disposition of such Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond at its issue price in the initial offering who holds that Premium Bond to maturity (or, in the case of a callable Premium Bond, to the earliest call date resulting in the lowest yield on that Premium Bond) will realize no gain or loss upon retirement of that Premium Bond. Owners of Premium Bonds should consult their tax advisors with respect to the determination for federal income tax purposes of the amount of Bond Premium properly accruable in any tax year (or portion thereof), and with respect to other federal, state, and local tax consequences of owning and disposing of Premium Bonds.

THE BONDS AS LEGAL INVESTMENTS IN TEXAS

Chapter 1201, Texas Government Code provides that obligations, such as the Bonds, are legal and authorized investments for insurance companies, fiduciaries and trustees, and for the sinking funds of municipalities and other political subdivisions or public agencies of the State. The Bonds are also eligible to secure deposits of any public funds of the State, its agencies, and political subdivisions, and are lawful and sufficient security for those deposits to the extent of their market value. For political subdivisions in the State that have adopted investment policies and guidelines in accordance with the Public Funds Investment Act (Texas Government Code, Chapter 2256), the Bonds may need to be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds. See "RATINGS" herein.

The Authority has made no investigation of other laws, rules, regulations, or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Bonds for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Bonds for such purposes.

The Authority has made no review of laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

LITIGATION

There is no litigation, proceeding, inquiry, or investigation pending by or before any court or other governmental authority or entity (or, to the best knowledge of the Authority, threatened) that affects the obligation of the Authority to deliver the Bonds or the validity of the Bonds.

The State is a party to various legal proceedings relating to its operation and government functions, but unrelated to the Bonds or the security for the Bonds. See the Bond Appendix incorporated by reference in Appendix A of this Official Statement. At the time of payment for and delivery of the Bonds, the Attorney General of the State of Texas will render an opinion to the effect that there is no litigation, proceeding, inquiry, or investigation pending by or before any court or other governmental authority or entity (or, to the best of his knowledge threatened) against or affecting the State or any of its agencies or instrumentalities (nor to the best of his knowledge is there any basis therefor) that (1) affects the existence of the Authority or the right of the present directors and officers of the Authority to hold their offices, (2) affects the validity or enforceability of the provisions pursuant to which the Bonds are being issued, and (3) would have a material adverse effect upon the power of the Authority to issue the Bonds.

GENERAL INFORMATION REGARDING THE STATE OF TEXAS

The Comptroller prepares a quarterly appendix (the “Bond Appendix”) which sets forth certain information regarding the State including its government, finances, economic profile, and other matters. The Bond Appendix is dated August 2004 and is incorporated herein as described in Appendix A. See “CONTINUING DISCLOSURE OF INFORMATION – Continuing Disclosure Undertaking of the Comptroller – General.” With respect to evaluating the ability of the State to make timely payment of debt service on the Bonds based on the information contained in the Bond Appendix, no representation is made that such information contains all factors material to such an evaluation or that any specific information should be accorded any particular significance.

The Texas 2003 Comprehensive Annual Financial Report for the year ended August 31, 2003 (the “2003 CAFR”) is currently on file with each nationally recognized municipal securities information repository (“NRMSIR”). The 2003 CAFR is incorporated by reference and made a part of this Official Statement as if set forth herein.

Article III, Section 49-j of the Texas Constitution prohibits the Texas Legislature from authorizing additional State debt payable from general revenues, including authorized but unissued bonds and lease purchase contracts in excess of \$250,000, if the resulting annual debt service exceeds 5% of an amount equal to the average amount of general revenue for the three immediately preceding years, excluding revenues constitutionally dedicated for purposes other than payment of debt service. See the Bond Appendix incorporated by reference in Appendix A of this Official Statement.

CONTINUING DISCLOSURE OF INFORMATION

Continuing Disclosure Undertaking of the Authority

Material Event Notices. In the Bond Resolution, the Authority has covenanted to provide notice of any of the following events with respect to the Bonds, if such event is material within the meaning of the federal securities laws: (1) principal and interest payment delinquencies; (2) non-payment related defaults; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions or events affecting the tax-exempt status of the Bonds; (7) modifications to rights of holders of the Bonds; (8) Bond calls; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds; and (11) rating changes. In addition, the Authority will provide timely notice of any failure by the Comptroller to provide information, data or financial statements in accordance with its agreement described below under “-Continuing Disclosure Undertaking of the Comptroller-Annual Reports.” The Authority will provide each notice

described in this paragraph to any state information depository (“SID”) and to either each nationally recognized municipal securities information repository (“NRMSIR”) or the Municipal Securities Rulemaking Board (“MSRB”).

Continuing Disclosure Undertaking of the Comptroller

General. The Comptroller currently provides and intends to continue to provide current information concerning the financial condition of State government, and the Comptroller has agreed for the benefit of the holders of the Bonds to provide certain updated information and notices while the Bonds remain outstanding. The Authority and the legal and beneficial owners of the Bonds are third-party beneficiaries of the Comptroller’s agreement. The Comptroller is required to observe its agreement for so long as the Bonds may be paid from money drawn on the State’s General Revenue Fund. Under the agreement, the Comptroller will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to certain information vendors. This information will be available to securities brokers and others who subscribe to receive the information from the vendors.

In addition to the information that the Comptroller has agreed to provide annually as described below, the Comptroller currently prepares the Bond Appendix quarterly for use in State agency securities offerings. The Comptroller intends to continue to prepare or supplement such Bond Appendix quarterly and to provide each such update or supplement to the information vendors to whom the Comptroller must provide annual information in accordance with its disclosure agreement. Quarterly updates to the Bond Appendix are also available at <http://www.window.state.tx.us/treasops/bondapp.html>. In addition, the Comptroller publishes, and intends to continue to publish, a monthly publication, *Fiscal Notes*, which includes key economic indicators for the State’s economy as well as monthly statements of cash condition, revenues and expenses for State government funds on a combined basis. Bondholders may subscribe to *Fiscal Notes* by writing to Fiscal Notes, Comptroller of Public Accounts, P.O. Box 13528, Austin, Texas 78711-3528. Information about State government may also be obtained from the Comptroller by calling 1-800-227-8392.

Annual Reports. The Comptroller will provide, within 195 days after the end of each fiscal year of the State, certain updated financial information and operating data to certain information vendors annually. The information to be updated includes all quantitative financial information and operating data with respect to the State of the general type included in the Bond Appendix in Tables A-1 through A-14 and A-31 (however, only actual tax collections and revenues in Table A-10 will be updated) and under the headings “EDUCATION” and “RETIREMENT SYSTEMS.” The Comptroller will update and provide this information within 195 days after the end of each fiscal year ending in or after 2004. The Comptroller will provide the updated information to each NRMSIR and to any SID of the United States Securities and Exchange Commission (the “SEC”).

The Comptroller may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12. The updated information provided by the Comptroller will be provided on a cash basis and will not be audited, but the Comptroller will provide audited financial statements of the State prepared in accordance with generally accepted accounting principles for governmental entities when the State Auditor completes its statutorily required audit of such financial statements. The accounting principles pursuant to which such financial statements must be prepared may be changed from time to time to comply with State law.

The State’s current fiscal year end is August 31. Accordingly, it must provide updated information by March 13 in each year (or March 12 in a leap year) unless the State changes its fiscal year. If the State changes its fiscal year, the Comptroller will notify each NRMSIR and any SID of the change.

Material Event Notices. The Comptroller will also provide timely notice of any failure to provide information, data or financial statements in accordance with its agreement described above under “Continuing Disclosure Undertaking of the Comptroller-Annual Reports.” Each notice described in this paragraph will be provided to any SID and to either each NRMSIR or the MSRB.

Availability of Information from NRMSIRs and SID

The Authority and the Comptroller have agreed to provide the foregoing information only to NRMSIRs and any SID. The information will be available to holders of Bonds only if the holders comply with the procedures and

pay the charges established by such information vendors or obtain the information through securities brokers who do so.

The Municipal Advisory Council of Texas has been designated by the State as a SID and recognized by the SEC as a qualified SID. The address of the Municipal Advisory Council is 600 W. Eighth Street, P.O. Box 2177, Austin, Texas 78768-2177, and its telephone number is (512) 476-6947.

Limitations and Amendments

The Authority and the Comptroller have agreed to update information and to provide notices of material events only as described above. Neither has agreed to provide other information that may be relevant or material to a complete presentation of the Authority's or the State's financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. Neither makes any representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. Each disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of such person's continuing disclosure agreement or from any statement made pursuant to such person's agreement, although holders of Bonds may seek a writ of mandamus to compel the Authority and the Comptroller to comply with their agreements.

The Authority and the Comptroller may amend their continuing disclosure agreements to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status or type of operations of the Authority or the State if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the SEC Rule 15c2-12 and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent or any person unaffiliated with the Authority, the Comptroller and the State (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the beneficial owners of the Bonds. If the Authority or the Comptroller so amends such person's agreement, such person must include with the next financial information and operating data provided in accordance with such person's agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of information and data provided.

Compliance with Prior Undertakings

During the last five years, neither the Authority nor the Comptroller has failed to comply in any material respect with any continuing disclosure agreement made by such person in accordance with SEC Rule 15c2-12.

UNDERWRITING

The Underwriters, for which First Albany Capital Inc. is acting as representative as set forth on the cover of this Official Statement, have jointly and severally agreed, subject to certain conditions set forth in a bond purchase agreement with the Authority, to purchase the Bonds at a Purchase Price of \$15,502,416.71 (which represents the par amount of the Bonds, plus a net original issue premium of \$1,345,576.45, less an underwriting discount of \$92,558.14). The bond purchase agreement pertaining to the Bonds provides that the Underwriters will purchase all of the Bonds, if any are purchased.

THE FINANCIAL ADVISOR

Coastal Securities (the "Financial Advisor") has acted as financial advisor to the Authority in connection with the issuance and sale of the Bonds. All fees of the Financial Advisor with respect to the issuance of the Bonds are contingent upon the sale and issuance of the Bonds. The Financial Advisor has reviewed the information in this Official Statement but does not guarantee its accuracy or completeness (except for the information concerning the Financial Advisor). Investors should not draw any conclusions as to the suitability of the Bonds from, or base any investment decisions upon, the fact that the Financial Advisor has advised the Authority.

VERIFICATION OF ARITHMETICAL AND MATHEMATICAL COMPUTATIONS

The arithmetical accuracy of certain computations included in the schedules provided by the Underwriters and reviewed by the Authority and its representatives relating to (a) computation of anticipated receipts of principal and interest on the Escrowed Securities and the anticipated payments of principal and interest to defease the Refunded Bonds, and (b) computation of the yields on the Bonds and the Escrowed Securities was verified by Grant Thornton LLP (the "Verification Agent"). Such computations were based solely upon assumptions and information supplied by the Underwriters and reviewed by the Authority and its representatives. The Verification Agent has restricted its procedures to verifying the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of future events. Such verification will be relied upon by Co-Bond Counsel in rendering their opinion with respect to the tax exemption of interest on the Bonds and with respect to defeasance of the Refunded Bonds, if any. The verification report to be prepared by the Verification Agent will state that the Verification Agent has no obligation to update the report because of events occurring, or data or information coming to its attention, subsequent to the date of the report.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

The sale of the Bonds has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any other jurisdiction. The Authority assumes no responsibility for qualification of the bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated, or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds by the Authority are subject to the unqualified approving opinion of the Attorney General of the State of Texas and the opinion of Winstead Sechrest & Minick P.C., Austin, Texas, and the Law Offices of Renee Higginbotham-Brooks, Fort Worth, Texas, Co-Bond Counsel. The compensation paid to Co-Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent on the delivery of the Bonds. Co-Bond Counsel's opinion will be rendered in substantially the form attached to this Official Statement as Appendix C.

Co-Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Statement, and such firms have not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that in their capacity as Co-Bond Counsel, such firms have reviewed the information in the Official Statement under the captions, "PLAN OF FINANCE," "THE BONDS," "DESCRIPTION OF THE TRANSACTION DOCUMENTS," "TAX MATTERS," "THE BONDS AS LEGAL INVESTMENTS IN TEXAS," "CONTINUING DISCLOSURE OF INFORMATION" (other than under the subheadings "Compliance with Prior Undertakings" and "Continuing Disclosure Undertaking of the Comptroller"), "REGISTRATION AND QUALIFICATION OF BONDS FOR SALE," and "LEGAL MATTERS" to verify that the information relating to the Bonds and the Transaction Documents contained under such captions in all respects accurately and fairly reflects the provisions thereof and, insofar as such information relates to matters of law, is true and accurate.

Certain legal matters will be passed upon for the Underwriters by their counsel, Andrews Kurth LLP, Austin, Texas.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Forward-Looking Statements

The statements contained in this Official Statement, and in any other information provided to the reader by the Authority that are not purely historical, are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements regarding the Authority's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the Authority on the date hereof, and the Authority assumes no obligation to update any such forward-looking statements. It is important to note that the Authority's actual results could differ materially from those in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Authority. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

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MISCELLANEOUS

References in this Official Statement to particular laws do not purport to be a complete statement or to describe all of the provisions thereof and in each case are qualified by reference to the entire law, a copy of which will be furnished by the Authority on request.

This Official Statement has been approved by the Authority.

TEXAS PUBLIC FINANCE AUTHORITY

By: /s/ R. David Kelly
Chair

SCHEDULE I - REFUNDED BONDS

<u>Series Designation</u>	<u>Maturities Being Refunded</u>	<u>Par Amount</u>	<u>Interest Rate</u>	<u>Redemption Date and Price</u>
General Obligation Park Development Bonds, Series 1996-A	10/01/07	\$470,000	4.80%	10/01/06 @ Par
	10/01/08	495,000	4.90%	10/01/06 @ Par
	10/01/09	520,000	5.00%	10/01/06 @ Par
	10/01/10	545,000	5.10%	10/01/06 @ Par
	10/01/11	575,000	5.20%	10/01/06 @ Par
	10/01/12	610,000	5.25%	10/01/06 @ Par
	10/01/13	640,000	5.30%	10/01/06 @ Par
	10/01/14	675,000	5.40%	10/01/06 @ Par
	10/01/15	715,000	5.40%	10/01/06 @ Par
	10/01/16	755,000	5.40%	10/01/06 @ Par
General Obligation Park Development Bonds, Series 2000	10/01/10	\$825,000	5.50%	10/01/09 @ Par
	10/01/11	825,000	5.60%	10/01/09 @ Par
	10/01/12	825,000	5.60%	10/01/09 @ Par
	10/01/13	825,000	5.60%	10/01/09 @ Par
	10/01/14	825,000	5.70%	10/01/09 @ Par
	10/01/15	825,000	5.80%	10/01/09 @ Par
	10/01/16	825,000	5.90%	10/01/09 @ Par
	10/01/17	825,000	5.90%	10/01/09 @ Par
	10/01/18	825,000	6.00%	10/01/09 @ Par
	10/01/19	825,000	6.00%	10/01/09 @ Par

**SCHEDULE II – SCHEDULE OF ACCRETED VALUES
FOR THE CAPITAL APPRECIATION BONDS**

<u>Date</u>	10/01/2008 Initial Offering Yield @ 2.72%
11/18/04	\$4,503.65
04/01/05	4,548.83
10/01/05	4,610.70
04/01/06	4,673.41
10/01/06	4,736.98
04/01/07	4,801.41
10/01/07	4,866.71
04/01/08	4,932.91
10/01/08	5,000.00

APPENDIX A

THE STATE OF TEXAS

The Bond Appendix dated August 2004 is currently on file with each NRMSIR and the Texas SID and is hereby incorporated by reference and made a part of this Official Statement. The Bond Appendix may also be obtained from the Comptroller's website at: <http://www.window.state.tx.us/treasops/bondapp.html>.

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APPENDIX B

DEBT SERVICE REQUIREMENTS

<u>Fiscal Year</u> <u>Ended 8/31</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual</u> <u>Debt Service</u>
2005	--	\$ 228,547.57	\$ 228,547.57
2006	\$ 90,000.00	617,725.00	707,725.00
2007	90,000.00	615,925.00	705,925.00
2008	555,000.00	608,088.50	1,163,087.50
2009	194,398.40	966,752.00	1,161,150.00
2010	575,000.00	593,243.75	1,168,243.75
2011	1,405,000.00	562,506.25	1,967,506.25
2012	1,415,000.00	504,300.00	1,919,300.00
2013	1,445,000.00	432,800.00	1,877,800.00
2014	1,470,000.00	359,925.00	1,829,925.00
2015	1,495,000.00	285,800.00	1,780,800.00
2016	1,530,000.00	210,175.00	1,740,175.00
2017	1,560,000.00	132,925.00	1,692,925.00
2018	825,000.00	78,456.25	903,456.25
2019	810,000.00	47,293.75	857,293.75
2020	790,000.00	15,800.00	805,800.00
	<u>\$14,249,398.40</u>	<u>\$6,260,261.67</u>	<u>\$20,509,660.07</u>

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APPENDIX C
FORM OF OPINION OF CO-BOND COUNSEL

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Winstead Sechrest & Minick PC
401 Congress Avenue, Suite 2100
Austin, Texas 78701

Renee Higginbotham-Brooks, Esq.
1612 Summit Avenue, Suite 230
Fort Worth, Texas 76102

November 18, 2004

TEXAS PUBLIC FINANCE AUTHORITY

\$14,249,398.40
General Obligation Park Development Refunding Bonds
Series 2004

We have acted as Co-Bond Counsel for the Texas Public Finance Authority (the "Authority") in conjunction with the issuance of the captioned bonds (the "Bonds"), dated November 1, 2004. The Bonds are issuable in fully registered form only, in denominations or final maturity value of \$5,000 or any integral multiple thereof (within a maturity), have stated maturities as provided in the Authority's Official Statement (the "Official Statement") unless redeemed prior to maturity in accordance with the optional or mandatory redemption provisions stated on the Bonds, and bear interest on the unpaid principal amount from their date of delivery at the rates per annum stated in the resolution adopted by the Board of Directors of the Authority and the Pricing Committee's Pricing Certificate authorizing their issuance (collectively, the "Resolution").

We have acted as Co-Bond Counsel for the Authority solely to pass upon the legality and validity of the issuance of the Bonds under the Constitution and laws of the State of Texas (the "State"), and with respect to the exclusion of the interest on the Bonds from gross income of the owners thereof for federal income tax purposes. We have not been requested to investigate or verify, and have not independently investigated or verified any records, data, or other material relating to the financial condition or capabilities of the Authority or any state agency, or the disclosure thereof in connection with the sale of the Bonds, and have not assumed any responsibility with respect thereto. Our role in connection with the Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

Our examination into the legality and validity of the Bonds included a review of the applicable and pertinent provisions of the Constitution and laws of the State, a transcript of certified proceedings of the Authority relating to the authorization and issuance of the Bonds, and other pertinent instruments authorizing and relating to the issuance of the Bonds, and an examination of the Bonds executed and delivered initially by the Authority, which we found to be in due form and properly executed.

The transcript contains certified copies of certain proceedings of the Authority and the Texas Treasury Safekeeping Trust Company, as escrow agent (the "Escrow Agent"); the report of Grant Thornton LLP verifying the sufficiency of the deposits made with the Escrow Agent for defeasance of the obligations being refunded and the mathematical accuracy of certain computations of the yield on the Bonds and obligations acquired with the proceeds of the Bonds; customary certificates of officers, agents and representatives of the Escrow Agent, the Authority, and other public officials; and other certified showings relating to the authorization and issuance of the Bonds and the firm banking and financial arrangements for the discharge and final payment of the obligations being refunded.

Based on our examination, it is our opinion that, under the applicable law of the United States of America and the State in force and effect on the date hereof:

1. The Bonds have been duly authorized by the Authority and are valid, legally binding, and enforceable general obligations of the State of Texas.

2. Interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not subject to the alternative minimum tax on individuals and corporations, except that interest on the Bonds will be included in the "adjusted current earnings" of a corporation (other than any S corporation, regulated investment company, real estate investment trust, real estate mortgage investment conduit, or financial asset securitization investment trust) for purposes of computing its alternative minimum tax liability.

3. The Bonds have been authorized and issued in accordance with the Constitution and laws of the State and a continuing appropriation is made pursuant to the Constitution of the State out of the first money coming into the State Treasury in each fiscal year, not otherwise appropriated by the Constitution of the State, in an amount that is sufficient to pay the principal of and interest on Bonds that mature or become due during that fiscal year, less the amount in any sinking fund established for the Bonds at the close of the previous fiscal year.

4. Firm banking and financial arrangements have been made for the discharge and final payment of the obligations being refunded pursuant to an Escrow Agreement entered into between the Authority and the Escrow Agent on the date of delivery of the Bonds, and therefore, such obligations are deemed to be fully paid and no longer outstanding except for the purpose of being paid from the funds provided therefore in such Escrow Agreement.

In rendering these opinions, we have relied on representations and certifications of the Authority and the Underwriters with respect to matters solely within the knowledge of the Authority and the Underwriters, respectively, which we have not independently verified, and have assumed continuing compliance by the Authority with its covenants pertaining to those sections of the Code affecting the exclusion from gross income of interest on the Bonds for federal income tax purposes. If such representations and certifications are determined to be inaccurate or incomplete, or if the Authority fails to comply with its covenants, interest on the Bonds could become includable in gross income retroactively to the date of issuance of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Except as stated above, we express no opinion regarding any other federal, state, or local tax consequences resulting from the receipt or accrual of interest on, or the acquisition, ownership, or disposition of, the Bonds.

Owners of the Bonds should be aware that ownership of obligations such as the Bonds may result in collateral federal income tax consequences to certain taxpayers, including financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, United States branches of foreign corporations, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, and individuals otherwise qualifying for the earned income credit. Owners of the Bonds should consult their tax advisors regarding the applicability of these and other collateral tax consequences. We express no opinion regarding any such collateral tax consequences.

The opinions set forth above are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may hereafter come to our attention, or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based on our review of existing law, and are made in reliance on the representations and covenants referenced above that we deem relevant to such opinions.

The Service has an ongoing audit program to determine compliance with rules relating to whether interest on state or local obligations is excludable from gross income for federal income tax purposes. No assurances can be given regarding whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service would treat the Authority as the taxpayer, and owners of the Bonds would have no right to participate in the audit process. We observe that the Authority has covenanted in the Resolution not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

The opinions contained herein are limited to the extent that the rights of the registered owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights or remedies generally and to the extent that certain equitable remedies, including specific performance, may be unavailable.

Respectfully submitted,

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APPENDIX D
SPECIMEN BOND INSURANCE POLICY

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Financial Guaranty Insurance Company
 125 Park Avenue
 New York, NY 10017
 T 212-312-3000
 T 800-352-0001

Municipal Bond New Issue Insurance Policy

Issuer:	Policy Number:
	Control Number: 0010001
Bonds:	Premium:

Financial Guaranty Insurance Company ("Financial Guaranty"), a New York stock insurance company, in consideration of the payment of the premium and subject to the terms of this Policy, hereby unconditionally and irrevocably agrees to pay to U.S. Bank Trust National Association or its successor, as its agent (the "Fiscal Agent"), for the benefit of Bondholders, that portion of the principal and interest on the above-described debt obligations (the "Bonds") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

Financial Guaranty will make such payments to the Fiscal Agent on the date such principal or interest becomes Due for Payment or on the Business Day next following the day on which Financial Guaranty shall have received Notice of Nonpayment, whichever is later. The Fiscal Agent will disburse to the Bondholder the face amount of principal and interest which is then Due for Payment but is unpaid by reason of Nonpayment by the Issuer but only upon receipt by the Fiscal Agent, in form reasonably satisfactory to it, of (i) evidence of the Bondholder's right to receive payment of the principal or interest Due for Payment and (ii) evidence, including any appropriate instruments of assignment, that all of the Bondholder's rights to payment of such principal or interest Due for Payment shall thereupon vest in Financial Guaranty. Upon such disbursement, Financial Guaranty shall become the owner of the Bond, appurtenant coupon or right to payment of principal or interest on such Bond and shall be fully subrogated to all of the Bondholder's rights thereunder, including the Bondholder's right to payment thereof.

This Policy is non-cancellable for any reason. The premium on this Policy is not refundable for any reason, including the payment of the Bonds prior to their maturity. This Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Bond.

As used herein, the term "Bondholder" means, as to a particular Bond, the person other than the Issuer who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof. "Due for Payment" means, when referring to the principal of a Bond, the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity and means, when referring to interest on a Bond, the stated date for payment of interest. "Nonpayment" in respect of a Bond means the failure of the Issuer to have provided sufficient funds to the paying agent for payment in full of all

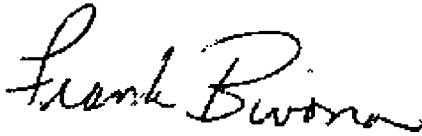


Financial Guaranty Insurance Company
125 Park Avenue
New York, NY 10017
T 212-312-3000
T 800-352-0001

Municipal Bond New Issue Insurance Policy

principal and interest Due for Payment on such Bond. "Notice" means telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from a Bondholder or a paying agent for the Bonds to Financial Guaranty. "Business Day" means any day other than a Saturday, Sunday or a day on which the Fiscal Agent is authorized by law to remain closed.

In Witness Whereof, Financial Guaranty has caused this Policy to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.



President

Effective Date:

Authorized Representative

U.S. Bank Trust National Association, acknowledges that it has agreed to perform the duties of Fiscal Agent under this Policy.



Authorized Officer



Financial Guaranty Insurance Company
 125 Park Avenue
 New York, NY 10017
 T 212-312-3000
 T 800-352-0001

Endorsement
 To Financial Guaranty Insurance Company
 Insurance Policy

Policy Number:

Control Number: 0010001

It is further understood that the term "Nonpayment" in respect of a Bond includes any payment of principal or interest made to a Bondholder by or on behalf of the issuer of such Bond which has been recovered from such Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

NOTHING HEREIN SHALL BE CONSTRUED TO WAIVE, ALTER, REDUCE OR AMEND COVERAGE IN ANY OTHER SECTION OF THE POLICY. IF FOUND CONTRARY TO THE POLICY LANGUAGE, THE TERMS OF THIS ENDORSEMENT SUPERSEDE THE POLICY LANGUAGE.

In Witness Whereof, Financial Guaranty has caused this Endorsement to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

President

Effective Date:

Authorized Representative

Acknowledged as of the Effective Date written above:

Authorized Officer
U.S. Bank Trust National Association, as Fiscal Agent



Financial Guaranty Insurance Company
 125 Park Avenue
 New York, NY 10017
 T 212-312-3000
 T 800-352-0001

Endorsement
To Financial Guaranty Insurance Company
Insurance Policy

Policy Number:

Control Number: 0010001

It is further understood that with respect to the Bonds maturing on _____, the amount insured under this Policy is that portion of the accreted value (as set forth in the bond documents under which the Bonds are issued) of said Bonds which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

NOTHING HEREIN SHALL BE CONSTRUED TO WAIVE, ALTER, REDUCE OR AMEND COVERAGE IN ANY OTHER SECTION OF THE POLICY. IF FOUND CONTRARY TO THE POLICY LANGUAGE, THE TERMS OF THIS ENDORSEMENT SUPERSEDE THE POLICY LANGUAGE.

In Witness Whereof, Financial Guaranty has caused this Endorsement to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.



President

Effective Date:

Authorized Representative

Acknowledged as of the Effective Date written above:



Authorized Officer
U.S. Bank Trust National Association, as Fiscal Agent