

Texas Public Finance Authority

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Kimberly K. Edwards
Executive Director

MINUTES OF THE MEETING OF THE TEXAS PUBLIC FINANCE AUTHORITY CHARTER SCHOOL FINANCE BOARD MEETING December 7, 2004

The Board of Directors (the "Board") of the Texas Public Finance Authority Charter School Finance Corporation (the "CSFC") convened in open meeting, notice duly posted pursuant to law (a copy of which notice is attached hereto as Exhibit "A") at 2:45 P.M., Tuesday, December 7, 2004, William P. Clements Building, Room 103, Austin, Texas. Present were: Mr. Bob Schulman, Mr. Omar Garcia and Dr. Marina Walne. Representing TPFA's staff were: Ms. Kimberly Edwards, Executive Director, Ms. Judith Porras, General Counsel, John Hernandez, Deputy Director, Tracey Pena and Paula Hatfield.

Item 1. Call to order and introduction of guests.

Ms. Edwards called the meeting to order at 2:45 P.M. She thanked the Board members for their time and agreement to serve on this Board. She introduced herself as the Executive Director of the Authority, the Authority's General Counsel, Judith Porras, Barron Wallace of Vinson & Elkins, Bond Counsel, and Chris Allen, Public Financial Management, Financial Advisor. She also introduced representatives of the School of Excellence of San Antonio, a charter school: Ricky Hooker, Superintendent; Bruce Henderson, Consultant; Jeff Gaitley, General Counsel; Greg Richardson, President of the School Board; and Greg Woodall, the School's financial officer. Additional representatives attending the meeting on behalf of the School's transaction were Russell Caldwell with Kirkpatrick Pettis, Underwriter, and Paul Martin, Winstead, Sechrest & Minick, Underwriter's Counsel.

As background, Ms. Edwards explained that TPFA, a state agency with fifteen employees, is responsible for issuing bonds on behalf of other state agencies as directed by the Legislature. The Authority currently issues debt for 26 state agencies. In 2001, the 77th Legislature passed HB 6, relating to charter schools, which included a specific provision instructing the TPFA Board to establish a nonprofit corporation to issue bonds to finance the acquisition, construction, repair, or renovation of educational facilities for open-enrollment charter schools. The TPFA Board requested recommendations of the Commissioner of Education for persons to sit on the corporation's board, as the TPFA Board wanted persons with more background and expertise in charter schools.

In 2002, the School of Excellence of San Antonio ("School" or "SOE") approached TPFA about doing a financing, and pursuant to the Authority's standing procedural rules, submitted a request for financing to the TPFA Board. At that time, the TPFA Board engaged Public Financial Management ("PFM"), Financial Advisor, and Vinson & Elkins, Bond Counsel, to work on the transaction. PFM identified the investment banking firm of Kirkpatrick Pettis as having substantial expertise in financing charter schools, and Kirkpatrick has identified investors, prepared analyses and documents for the financing, with the assistance of its underwriter counsel, Winstead Sechrest. Before the CSFC Board can take action on the SOE financing request and bond issue, it must act on certain initial organization matters, including the election of officers and the adoption of by-laws, and other administrative matters. Ms. Edwards recognized Barron Wallace, Vinson & Elkins, Bond Counsel, who prepared the organization documents for the CSFC.

Item 2. Adopt by-laws governing the Corporation

Mr. Wallace explained he had modeled the CSFC bylaws after higher education finance corporations around the State. The bylaws are simple in form, setting forth the procedures and rules for scheduling meetings, selecting new officers, establishing subcommittees, if needed, and a few other basic operational items. Mr. Schulman moved to approve the bylaws. Ms. Walne seconded. Mr. Wallace declared the bylaws adopted. Ms. Walne volunteered to serve as interim presiding officer to accept nominations for offices.

Item 3. Discuss and take necessary action to elect officers of the Board of Directors of the Corporation, including a Chair, Vice Chair and Secretary.

Mr. Omar Garcia nominated Mr. Bob Schulman as President. Ms. Walne seconded. Mr. Schulman accepted. Ms. Walne called for nominations for Vice President and Secretary. Mr. Schulman nominated Ms. Walne for Vice President and Mr. Garcia for Secretary. Ms. Walne and Mr. Garcia agree to serve in those capacities. Ms. Walne moved to accept the nominations. The nominations passed by acclamation.

Item 4. Discuss and take necessary action regarding the establishment of annual meeting dates.

Mr. Schulman assumed the chair. Mr. Wallace explained that the statute under which the CSFC is created requires at least an annual meeting, which can be a set meeting date, or delegated to TPFA to monitor and schedule as a meeting may be required. Mr. Schulman moved for staff to monitor the scheduling of the required annual meeting. Mr. Garcia seconded. The motion passed unanimously.

Item 5. Discuss and take necessary action regarding Contract for Administration and Support Services between the Corporation and the Texas Public Finance Authority.

Mr. Wallace explained that a contract for administration and support services memorializes everything that the TPFA staff has done on behalf of the CSFC Board. As the CSFC will not have employees or staff, the contract provides that the Board's duties and responsibilities will be performed on its behalf by TPFA staff. The services to be performed include administrative work such as posting open meeting notices, receiving mail, accounting, bill paying, and general administration. No fees are associated with this contract, but there is a reimbursement provision, if needed. Mr. Schulman requested an amendment to add a No. 11 to state, "to provide all other administrative services as delegated by the Board." Ms. Walne stated the effective date would be today, December 7, 2004. Mr. Garcia moved to adopt the contract as amended. Ms. Walne seconded. The motion passed unanimously.

Item 6. Adopt rules governing the issuance of bonds by the Corporation on behalf of open-enrollment charter schools.

Mr. Wallace introduced this item stating that the statute requires the Board to adopt rules. He drafted the rules to provide the maximum flexibility in the Board's review and approval process. The rules provide the parameters of review and interactions with TPFA staff, set forth the structure and administrative services that will be provided by agents and consultants, and specify what a charter school will be required to submit for a financing request. Ms. Edwards stated that these rules for a financing mirror the Authority's requirement for a financing request from a state agency.

Mr. Schulman requested an addition to read, "take any other action consistent with the rules and responsibilities of the Board, as long as it is consistent with law." Ms. Walne moved to adopt the rules, as amended. Mr. Garcia seconded. The motion passed unanimously.

The Board briefly discussed the need for screening, selection or standard policies to be used in evaluating requests for financings. Ms. Walne asked if this body had screening or selection standards by which they would even allow a submission, and Ms. Edwards said the basics were laid out in the adopted rules. Ms. Walne asked that the minutes reflect the fact the Board would seek to work on developing criteria for evaluating financing requests. Mr. Schulman and Mr. Garcia agreed.

Item 7. Discuss and take necessary action to approve contract for Legal Services.

Mr. Wallace informed the Board that Vinson & Elkins had been retained early on by the TPFA Board. However, the client is in fact the issuer, the CSFC, and the contract for Bond Counsel services has to be approved by the CSFC Board. All compensation relates totally to the bond issuance transaction. The term of the contract ends when the transaction closes and fees are

paid out of proceeds of the bonds. Mr. Schulman asked if the fee agreement or contract was the standard one existing with the Authority. Mr. Wallace explained that it is similar in substance, but the Authority's outside counsel contracts are in the form approved and required by the Attorney General for all state agencies. The Attorney General's contract form is not required here because the CSFC is not a state agency. Ms. Walne asked how organizational and incorporation-related fees would be paid. Ms. Porras stated those fees would be paid out of bond proceeds, after closing. Mr. Schulman inquired about the differences between the contract for bond counsel services and the Attorney General's form contract. Ms. Porras explained that the Attorney General's contract form is different primarily in restricting reimbursements for expenses and providing a mandatory dispute resolution procedure for state agencies. Mr. Wallace stated this transaction was a "flat fee" arrangement so reimbursements would not be an issue. Ms. Walne questioned the reasonableness of the fee. Ms. Edwards answered that the fee was within the range of what is normally paid for similar transactions, and she believes it is reasonable. Mr. Schulman moved to adopt the bond counsel contract. Mr. Garcia seconded. The motion passed unanimously.

Item 8. Discuss and take necessary action to approve contract for Financial Advisor Services.

Ms. Edwards explained that the contract for financial advisor services with PFM was the standard contract that the Authority enters into with financial advisors on a transaction-by-transaction basis. Ms. Walne moved to approve the PFM contract. Mr. Garcia seconded.

Ms. Walne commented she lives in a non-profit world and that the fees seemed high. She questioned whether it meant less money for the school if the fees were paid out of bond proceeds. Chris Allen, PFM, responded that the fee structure was standard and the fees were contingent on closing the bond issue. Ms. Edwards explained that the financial advisor's role is to serve in a fiduciary relationship with the issuer to establish that the financing is structured in the most cost-effective way and to provide a second opinion. The underwriter's job is actually to go out and find investors for the bonds and to represent the interest rate at which those investors would be willing to purchase the bonds. The financial advisor advises the issuer on whether it is a realistic rate or market rate. PFM brought significant technical expertise to this transaction because of its experience with charter school financings. These transactions require evaluation of the charter school as a business entity. PFM analyzed the fundamentals of the school, its operation and ability to secure financing, and evaluated the cost-effectiveness of financing through a bond issue or a private loan with a bank. It was through the process of evaluating investment banking firms that Kirkpatrick Pettis was identified as the most qualified firm, having the broadest range of investors. Also, the financial advisor coordinates efforts of the working group, the rating agencies, and the trustee, and provides the numerical analysis, the debt service schedules, etc. Mr. Garcia asked which of the persons listed on Exhibit A (an addendum to the contract listing assigned personnel and their hourly rates) does most of the work? Ms. Edwards stated Ben Rayer of the Philadelphia office, who has significant charter school expertise, and Chris Allen of the Austin office performed most of the services. Mr. Schulman was pleased the contract had indemnity provisions and insurance, but wanted more detail regarding reimbursable expenses. The Board was assured that the PFM invoice would contain a detailed expense report and be

scrutinized before it is paid. The motion to approve the financial advisor services contract passed unanimously.

The Board had additional general questions concerning the costs of issuance for the transaction. Ms. Walne was curious as to whether the total budgeted \$275,000 cost of issuance is standard. Ms. Edwards responded that it is higher than the Authority's typical bond issue, but the Authority does not incur a number of the expenses we have in this case, such as the incorporation expenses, the additional outside business consultant, or an outside Trustee fee. In response to Ms. Walne's specific question about the \$10,000 Trustee fee, Mr. Wallace explained that the bond funds will be deposited with and administered by the Trustee who will make sure all project and administrative expenses are paid, that funds are available to pay debt service, and that it is paid timely. Ms. Edwards added that the School selected the Wells Fargo, which is the School's depository bank. One of the things investors would prefer in a transaction like this is what is called a "lock box" guarantee on funds to repay the debt. TEA has determined that charter schools cannot provide a "lock- box" guarantee, but having all the school's funds with the same institution was considered to be the next best thing.

Item 9. Discuss and take necessary action regarding Directors and Officers Insurance Liability Policy.

Mr. Wallace requested approval of a directors and officers liability insurance policy from Mid-Continent Casualty Insurance Co., which would provide coverage which is common for nonprofit corporations. The policy is for \$1,000,000 aggregate coverage and \$1,000 per claim, for an annual premium of \$1,500, which will be paid from bond proceeds as part of the costs of issuance. In fact, Mr. Wallace recommended that 3 to 4 years of premium be reserved. The Board questioned whether the policy would cover one issue or an annual period and the method of paying the policy. Ms. Edwards said one policy would cover all future actions of the Board, and it is intended to spread the annual premiums among future borrowers. However, the entire premium for the current year would be taken from proceeds of the SOE bond issue. Further discussion ensued concerning the fairness and reasonability of the SOE's bond funds paying the entire premium and how the cost of such insurance could be shared with subsequent borrowers. Mr. Garcia stated his understanding that in the event the CSFC issues bonds for a second borrower while the insurance policy is in effect, it would be possible for the second borrower to be assessed a portion of the premium, with that amount reimbursed back to the SOE's project fund, which is held by the Trustee.

The Board discussed and questioned the extent of their liability as board members further. Mr. Schulman stated that as volunteers the board members have certain immunities and asked whether the board members are entitled to representation by the Attorney General. Mr. Wallace responded that since the board is a public body created under statute, this suggests the board members would be entitled to representation by the Attorney General, but this needs to be confirmed. Mr. Schulman requested that this be determined as soon as possible. Ms. Walne asked what the Board's liability would be if the bonds were not repaid. Mr. Wallace explained that the rights and responsibilities of the parties are set out in the transaction documents, particularly the Loan Agreement and the Trust Indenture. These are the critical documents

informing bondholders that: (1) the bonds are payable only from the School's revenues pledged in the Loan Agreement, secured by the mortgage on the financed property; and (2) through numerous disclosures, no public funds and no other public entity is liable for payment. In the event of a default in payments, Bondholders would have to sue the borrower (ie, the SOE). While this Board issues the bonds, it has no liability for payment. Mr. Paul Martin, Winstead, Sechrest & Minick, Underwriter's Counsel added that the Bond Purchase Agreement, in fact, includes an indemnification provision from the Underwriter to the issuer and expressly provides that no Board member can be personally liable.

Mr. Wallace again recommended the Board purchase the directors and officers liability insurance policy in the amount of \$1 million, for an annual premium of \$1,500, with a \$1,500 deductible. Ms. Walne so moved and Mr. Garcia seconded. Mr. Schulman asked about the exclusions, and Mr. Wallace said the exclusions are standard such as for fraud and intentional malfeasance. Ms. Walne amended her motion to include that the exclusions are standard and the policy be purchased at the time of closing. Mr. Garcia seconded. The motion passed unanimously.

- Item 10. Texas Public Finance Authority Charter School Finance Corporation Charter School Revenue Bonds (School of Excellence in Education Project), Series 2004-A and 2004-B**
- a. **Consider a Request for Financing from the School of Excellence in Education for the issuance of revenue bonds for approximately \$9,080,000.**
 - b. **Discuss and take necessary action regarding Resolution Authorizing Texas Public Finance Authority Charter School Finance Corporation Charter School Revenue Bonds (School of Excellence in Education Project), Series 2004-A and 2004-B, Loan Agreement, Indenture of Trust, TEFRA Hearing and Other Matters in Connection Therewith.**

Mr. Russell Caldwell, of Kirkpatrick Pettis, the Underwriter, reviewed his experience underwriting charter school financings generally and the details of the proposed issue for the SOE. Charter school financing is a new market; nationally, there have been less than 100 charter school bond issues. He has been involved in 35 transactions for about \$350 million in different states, mostly in Colorado, and a pool of five in Chicago. There are now two states that are enhancing charter school bonds so the vast majority of the charter schools that have tried to access the capital markets have generally done their transactions on a non-rated basis and probably 25 of so have been able to get to a minimum investment grade rating, which would be "BBB."

Mr. Caldwell explained that Kirkpatrick Pettis has a fairly detailed due diligence process. For this transaction, they spent a lot of time in the school, actually observing instruction and assessing whether the School understands its market, and analyzed how successful it has been with its state level authorizer to get the additional enrollment caps. Based on its very good performance for the past seven years, Mr. Caldwell thought it important for the School to try to obtain a credit rating for this issue. Even though it is not a minimum investment grade rating,

Mr. Caldwell believes the Standard & Poor's "BB" rating is producing almost ½ a percent lower borrowing than comparable non-rated transactions. In addition, because the School went to the time and cost of the getting the "BB" rating, it will have a benchmark to get it up to a "BBB" and help lower their debt cost in the future. The total transaction is over \$9 million, with a \$225,000 taxable portion, required to comply with federal tax law limit of 2% cost of issuance for the bonds. The bonds will be sold in \$100,000 denominations, and a purchaser is required to sign a qualified investor letter. Mr. Caldwell said they have about 17 institutional investors in their national market, and the bonds were purchased by three of them, one of which is an in-state Texas tax exempt bond fund.

Ms. Walne asked about the bond rating system. Mr. Caldwell explained the ratings go from AAA, AA, A, BBB (Standard Poors & Fitch use capitals and Moody's makes it Baa); below that it goes to BB, CC, and then it gets into some really bad credits. Ms. Walne asked what was junk bond status. Mr. Caldwell said it is a debatable issue, but at "BB", the bonds are not really suitable for the regular retail investor because there are some speculative elements to the transaction; it is not junk status, but is slightly below an appropriate purchase for a retail client. That is why the team insisted that these bonds be sold to institutional investors who will sign a letter certifying that they are qualified investors.

Mr. Garcia asked if Mr. Caldwell was familiar with North Hills School in Dallas. Ms. Edwards stated North Hills School had issued bonds, as have about a dozen other charter schools. A lot of them have gone directly to banks, through local issuing authorities created by local government entities. Under federal tax law, if an entity issues \$10 million or less per year, the bonds are bank qualified, providing an extra tax break to the investor, which results in a lower interest rate.

Ms. Walne asked if schools like North Hills can issue through local entities, what is the advantage of the CSFC? Mr. Caldwell explained that there are several reasons. Often times, local banks would not have an appetite for a \$9 million loan. In addition, local banks would be taking the loan on a placement basis and not setting them up with an underlying rating to get the school moved up in credit quality. However, at the end of the day, access to capital is a statewide issue for charter schools every place.

Mr. Garcia commented that on a local level there is a political process to go through rather than simply qualifying based on merit, and one reason the TPFSA was given this authority in 2001 was because many schools went to their local government for conduit financing and were turned down. Mr. Schulman clarified that under statute a school does not have to go to its local government, but can use a financing authority anywhere in the state.

Responding to further questions from the Board, Mr. Caldwell stated that of the 35 charter school transactions he has worked on, only about 12 were rated investment grade ("BBB"); most were lower or not rated. There have been no defaults and he is comfortable with the "BB" rating on the SOE, and selling the SOE bonds, despite the current uncertainty in Texas with school finance generally and charter school funding.

The Board recognized representatives of the SOE to provide information about the School and its financing request. First, Mr. Bruce Henderson, former member of the SOE Board, and currently a business consultant to the School, stated that three of the school's campuses were rated "acceptable" and one of the school's campuses rated as low-performing in a prior year has been improved to "recognized" in the current year. Mr. Greg Richardson, President of the SOE Board, who has been on the Board for three years and is in his second year as President, explained that this improvement resulted from the Board's providing direction and the tools needed by the superintendent and teachers to effect the improvement. Mr. Richardson also reviewed the composition of the Board: it currently has five members and can expand to seven, if necessary. The Board's Vice President, Joan McGee, is a parent; Board Secretary, Jay Braden, who has an IT background, has been on the Board 5 years; Board member, Vergie Washington, has 25 years experience as a teacher in SAISD; and the 5th Board member, Jeanine Queen, is in administration at Trinity University and entering her doctorate program in education. All Board members have been through the required training (apparently presented by Mr. Schulman.)

The Board inquired about the litigation that was disclosed in the Official Statement. Mr. Jeff Gaitly, General Counsel for the School, stated that both lawsuits are not covered by the School's insurance policy. One of them is an employment-related matter that is specifically excluded from the policy. It is, however, subject to a \$100,000 indemnity cap. Discovery is in process. The School's defense is that there was no employment relationship between the SOE and the plaintiff. Mr. Gaitly summarized the facts of the case supporting the School's position that the plaintiff abandoned her employment and the lawsuit is without merit. No amount has been set aside or budgeted for this claim. The second matter is a claim involving corporal punishment. Suit has not yet been filed and may not be. A student was paddled pursuant to the School's corporal punishment policy. The School had signed consents from the parent, and had obtained verbal consent at the time of the incident from both the mother and the father separately. The Board pursued questions about the SOE corporal punishment policy. Discussion ensued. Mr. Richardson and Mr. Hooker, Superintendent of the School, discussed the demographic composition of the student body and the school's philosophy. The Board cautioned the SOE representatives on the matter.

The Board then turned to questions about environmental risks of the projects, the School's "501(c)(3)" status, and miscellaneous issues about the School's finances, proposed projects, and financial and operating projections. Regarding environmental matters, the School confirmed that it had done an environmental assessment and is confident there are no environmental hazards. Additionally, it had to abate the asbestos in the Oblique facility.

With respect to its 501(c)(3) status and religion issues, Mr. Henderson explained that two of the School's facilities were former churches. As churches, religious symbols were engraved in areas such as some of the sidewalks, and there is a cross on top of the four-story building. The School does not have specific plans to remove these symbols, except to get some cost estimates. Mr. Wallace, Bond Counsel, advised that the federal constitution would prohibit using bond proceeds to do anything to support any religious artifacts within the school, but using proceeds to get rid of the symbols would not be a problem. The School further confirmed that it currently has

no relationship with the Family Praise Center or any other religion, and its curriculum in no way promotes religion.

Mr. Garcia asked about an original loan from a Jack Beegler and his relation to the School. The SOE responded that its relationship with Mr. Beegler was a business relationship, and the Beegler note has been paid off. Basically, Mr. Beegler is a pro-education businessman in the community, currently president of St. Mary's University. He saw the SOE needed facilities and purchased the facility and financed it for the SOE.

In response to Mr. Garcia's questions about their projected revenue, the SOE stated that it was using a 3% annual increase as recommended by TEA. Mr. Garcia and Mr. Schulman questioned this, and Mr. Schulman also questioned the School's practice in not withholding for Social Security and a TRS contribution. Ms. Walne inquired about teacher's salaries. The SOE is paying starting teachers \$28,000, with \$500 annual increases for the first three years and \$1,000 annual increases thereafter, to a \$43,000 cap. This is around \$6,000 less than public schools in San Antonio in the first year, to \$3,000 less in the sixth year. Approximately 25% of the SOE teachers are certified; the SOE does not believe it is required to have certified teachers, but Mr. Schulman suggested they look at the issue posed by No Child Left Behind's requirement that all teachers be "highly qualified."

Following final questions and comments regarding the SOE's audit track record, enrollment projections, and waiting list, the SOE summarized that it offers a private school education at a public school price.

Mr. Schulman requested the Board take a short break so that he could make a phone call. The Board reconvened at 5:25 p.m.

Ms. Walne inquired about the nature of the investors willing to purchase the bonds. Mr. Caldwell listed the investors, explaining that they were part of a select group of national mutual funds, each of which had their own research analyst devoted to charter schools to follow the industry and do their own due diligence on the School of Excellence. In response to questions from the Board, Ms. Edwards pointed out that the role of the Board as a conduit issuer was to focus on the transaction's legal and financial structure, not the educational policy of the school. Under the bond documents, the ultimate liability is between the bondholder, i.e., the investors, and the borrower, i.e., the School. Ongoing compliance with those documents will be monitored by an outside trustee. She noted that these bonds had been purchased by nationally recognized institutional mutual funds, which indicated a high degree of scrutiny of the school as a business entity and of the legal and financial structure of the bonds.

After further discussion, Mr. Schulman called for a motion.


No changes to the School's financing request, financials, or other material information published in the Official Statement were requested or required. Mr. Garcia moved to adopt the Bond Resolution. Ms. Walne seconded. The motion passed unanimously.

Item 11. Any other matters to come before the meeting and comments from Directors.

Item 12. Adjourn.

The meeting adjourned at 5:42 P.M.

The foregoing minutes were approved and passed by the Board of Directors on December 19, 2005.



Omar Garcia
Secretary, Board of Directors

ATTACHMENT: Posting Notice - Exhibit "A"



Open Meeting Archive

Agency Name: Texas Public Finance Authority
Date of Meeting: 12/07/2004
Time of Meeting: 02:30 PM
Board: Texas Public Finance Authority Charter School Finance Corporation
Street Location: William P. Clements Bldg., 300 West 15th Street
City Location: Austin
State Location: TX
Status: Active
Date of Submission: 11/29/2004
Additional Information Obtained From: If you need any additional information contact Paula Hatfield, 512/463-5544, 300 W. 15th Street, Suite 411, Austin, Texas 78701.
Emergency Mtg: N
Agenda: Texas Public Finance Authority

- Charter School Finance Corporation (the "Corporation")
 Tuesday, December 7, 2004 @ 2:30 p.m.
 William P. Clements Building, Room 103
1. Call to order and introduction of guests.
 2. Adopt by-laws governing the Corporation.
 3. Discuss and take necessary action to elect officers of the Board of Directors of the Corporation, including a Chair, Vice Chair and Secretary.
 4. Discuss and take action regarding the establishment of annual meeting dates.
 5. Discuss and take necessary action regarding Contract for Administration and Support Services between the Corporation and the Texas Public Finance Authority.
 6. Adopt rules governing the issuance of bonds by the Corporation on behalf of open-enrollment charter schools.
 7. Discuss and take necessary action to approve contract for Legal Services.
 8. Discuss and take necessary action to approve contract for Financial Advisor Services.
 9. Discuss and take necessary action regarding Directors and Officers Insurance Liability Policy.
 10. Texas Public Finance Authority Charter School Finance Corporation Charter School Revenue Bonds (School of Excellence in Education Project), Series 2004-A and 2004-B
 1. Consider a Request for Financing from the School of Excellence in Education for the issuance of revenue bonds for approximately \$9,080,000.
 2. Discuss and take necessary action regarding Resolution Authorizing Texas Public

Finance Authority Charter School Finance Corporation Charter School Revenue Bonds (School of Excellence in Education Project), Series 2004-A and 2004-B, Loan Agreement, Indenture of Trust, TEFRA Hearing and Other Matters In Connection Therewith.

11. Any other matters to come before the meeting and comments from Directors.

12. Adjourn.

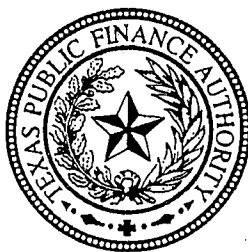
Certification: I certify that I have reviewed this document and that it conforms to all applicable Texas Register filing requirements. Kimberly K. Edwards, Executive Director, Certifying Official; Paula Hatfield, Agency Liaison.

TRD ID: 2004010337
Datestamp: 11/29/2004 04:16 PM
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Kimberly K. Edwards
Executive Director

MINUTES OF THE MEETING OF THE TEXAS PUBLIC FINANCE AUTHORITY CHARTER SCHOOL FINANCE BOARD MEETING December 19, 2005

The Board of Directors (the "Board") of the Texas Public Finance Authority Charter School Finance Corporation (the "CSFC") convened in open meeting, notice duly posted pursuant to law (a copy of which notice is attached hereto as Exhibit "A") at 10:28 A.M., Monday, December 19, 2005, Capitol Extension Hearing Room E2.010, Austin, Texas. Present were: Ms. Marina Walne, Vice President and Mr. Omar Garcia, Secretary. Representing TPFA's staff were: Ms. Kimberly Edwards, Executive Director, Ms. Judith Porras, General Counsel, John Hernandez, Deputy Director, and Paula Hatfield.

Present in their designated capacities were the following persons: Pasty O'Neill, Resource Center for Charter Schools; Mary Perry, Texas Education Agency; Nancy Hagquist, Winstead, Sechrest & Minick; Chris Allen, Public Financial Management; Tom Sage, Vinson & Elkins; Lewis Wilks, Coastal Securities; and Jerry Kyle, Andrews & Kurth.

Item 1. Call to order.

Ms. Walne called the meeting to order at 10:28 A.M.

Item 2. Approval of minutes of the December 7, 2004 Board meeting.

Ms. Walne asked if there were any corrections or additions to the minutes of the Board meeting of December 7, 2004. Mr. Garcia moved to approve the minutes. Ms. Walne seconded. The motion passed unanimously.

Item 3. Consideration and discussion of an application process and application form for the Texas Credit Enhancement Program for Charter Schools, and possible action to adopt the application form, and resolve other necessary related matters.

Ms. Walne opened the floor to discussion of the application process and draft application form. As background, Patsy O'Neill, Executive Director for the Resource Center, explained that the CSFC, the Texas Education Agency and the Resource Center formed a consortium and applied to the U. S. Department of Education for a multi-million dollar grant. The consortium was awarded a \$6.9 million grant for the Texas Credit Enhancement Program ("TCEP"). She stated that Texas might be awarded an additional \$3 million, depending on the level at which Congress funds the program for 2006. Kim Edwards, TPFA, added that the TCEP funds are available to provide credit enhancement by funding a debt service reserve fund for bonds issued by the CSFC. In the event of a payment default, the funds could be paid to the trustee, on behalf of the bondholders, or directly to the bondholders. The debt service reserve funds would be held in the State treasury, and not provided directly to the grant recipients.

Beginning the review of the application form, Mary Perry, TEA, explained it is intended that charter schools will have to have a rating of academically acceptable or higher for two consecutive years, including 2006, and be fiscally sound as determined under the Financial Integrity Rating System of Texas ("FIRST"), to be eligible for an award.

Ms. Edwards directed the Board's attention to an initial policy issue of setting a cap on the amount that would be available to any particular applicant, in order to balance the two objectives of allocating all of the grant proceeds to benefit charter schools, but ensuring availability to as many charters as possible. She said the work group had discussed setting the cap at \$1 million or \$1.5 million. The Board recognized Mr. Tom Sage, Vinson & Elkins, who has served as Bond Counsel for a number of charter school transactions. Mr. Sage commented that a cap made sense and a maximum amount known ahead of time also helps with managing expectations in planning transactions. Mr. Sage said this leads to other issues concerning the timing of the awards and whether the guarantee fund would be available for transactions that have already closed. With respect to setting a cap, Mr. Sage asked whether a combination approach would be possible where there is a cap per bond issue and a total cap per borrower. Ms. Edwards asked whether \$1 million per series of bonds with no more than \$3 million per charter holder would be reasonable.

Mr. Lewis Wilks, Coastal Securities, who has served as a financial advisor on a number of charter school financings, explained that he has worked on one transaction of about \$15 million par, which had a maximum annual debt service of \$1.2 million, but from his experience most transactions are in the range of \$3- \$6 million par amount, and typically the schools do not have more than one bond issue outstanding at one time. Considering Mr. Sage's and Mr. Wilks' comments, the Board concluded that setting a cap at \$1 million per bond issue and \$3 million per charter holder, as Ms. Edwards suggested, would be acceptable.

The Board further questioned the timing of the awards, the need for specific criteria evaluating the applicants and a process to rank them if the requests for funds exceed the program's capacity.

Ms. Walne asked whether an applicant who has already secured financing would be a more attractive applicant for the TCEP funds. Ms. Edwards responded they would be and suggested this raises the fundamental issue previously mentioned by Mr. Sage; that is, whether TCEP funds could be used to replace the debt service reserve funds on bonds that have already been issued by other issuers, and whether the TCEP funds could be used for bonds issued by entities other than the TPFA CSFC. Discussion ensued as to whether such use of the grant funds would comply with the terms of the federal grant and governing state law, policy considerations, and the market need for such a program. From a policy perspective, Ms. Edwards commented, in theory, the TEA could have applied for the grant, and used it as they chose, without involving the CSFC. The CSFC was included in the consortium because it issues bonds. Secondly, it seems the overriding goal of the federal program is to assist schools in accessing capital markets; using the funds for schools that have been paying debt service for years might make it difficult to argue that the program is achieving the federal purposes. With respect to the state law issue, Mr. Sage clarified that under current state law, the federal grant would have to be used for bonds issued by the CSFC, but he suggested that an amendment to the statute to permit an expanded use of the grant would not be difficult to draft, and at the same time, existing administrative difficulties with the current law could be fixed. Mr. Sage emphasized that his firm would not proceed with such work unless the Board approved such a policy direction.

Mr. Sage, joined by Mr. Wilks, explained how charter school bonds are typically issued and marketed, which prompted the discussion of the potential merits of a modified program. Most of the charter school bond issues have been "bank qualified" issues. Federal tax law provides an incentive to banks to purchase bonds from small issuers - entities that issue less than \$10 million of bonds per calendar year - through favorable tax treatment on the interest earnings from the bonds. As a result, bank qualified bonds sold to banks carry a lower interest rate than comparable municipal bonds. Bonds issued by the CSFC are not bank qualified, because the CSFC is created by the State of Texas, which issues more than \$10 million bonds every year. In Mr. Wilks' opinion, the trading difference between a bank qualified and a non-bank qualified bond is about 25 basis points, assuming a similar credit. Therefore, the financial benefit to the schools by issuing bonds through a bank qualified issuer, i.e., a local education facilities authority, is lost if they issued bonds through the CSFC. So while TCEP participants would receive the benefit of the reserve fund guarantee, they would lose the benefit of the lower bank qualified interest rate.

Ms. Edwards commented this is only relevant if a bank is going to be purchasing the bonds. If national mutual funds are going to buy them, they would not care whether the bonds are bank qualified. She noted that this was the case for the only bonds issued to date by the CSFC (The \$9 million issue for the School of Excellence in December 2004). Mr. Wilks added that in his experience it has been more difficult to issue non-bank qualified bonds, and sometimes it could be almost impossible because of the school's credit. Mr. Wilks said that some

of the transactions he had worked on probably could not have been completed without the ability and interest of the banks, usually a local bank, to buy the bonds. Ms. Edwards concurred and noted that you would have to look at each financing on a case by case basis to determine what offers the most benefit: bank qualified status or the TCEP guarantee. This is the work of the investment banker and the financial advisor, to identify potential investors and the interest rate they are willing to pay, and then determine if bank qualified would be cheaper.

Following the discussion, the Board concluded that it would be appropriate to go forward with the TCEP as currently structured and consider modification or an expansion of the use of the program funds if the state law amendments are enacted. The Board continued reviewing and editing the draft application form.

The Board requested that language be added to limit the amount of credit enhancement funds to \$1 million per series of bonds with no more than \$3 million per charter holder, as previously discussed. The timeline is to be amended reflecting that after the first round of grants is awarded, an annual process would be established to award any unallocated grant funds. However, schools could also submit an application on an ad-hoc basis if necessary to meet their bond issuance schedule. The bond issue must close within twelve (12) months of the credit enhancement grant award. Extensions could be granted, but the awarded funds could not be held indefinitely.

Mr. Garcia asked that the phrase "large proportion", under the "Criteria," section be changed to a specific percentage. The Board further discussed the application of the FIRST rating to the charter applicants, requesting that the phrase "fiscally sound" be clarified to apply a standard that the applicants would have to be rated either A (Superior) or B (Standard/above standard) under the FIRST system. In the event FIRST will not be used, an alternative standard that provides a comparable rating will have to be specified.

The Board discussed the need to provide an evaluation or grading criteria. Ms. O'Neill suggested a priority system of awarding points based on exemplary, recognized and acceptable ratings. She said the application would be revised to include scoring criteria using the academic rating and the financial rating, possibly incorporating criteria used by NCLR, as Bob Schulman had suggested to her. TEA and the Resource Center will incorporate that into the application form.

Ms. Walne stated that a determination of the value of the project based on its relationship to the fundamental issue of educating must be made. That is, projects for classrooms should be given priority over projects for ancillary services. This factor will require evaluation of the applicant's detailed project description and project budget, which will be part of the application. Ms. Walne also said she would place an emphasis on the quality of the charter's financial projections. The application is to be amended to require submission of 3 years of pro forma operating budgets.

Mr. Garcia requested inclusion of a Payment Ledger Report, an online report compiled by TEA, showing whether the charter owes TEA money or whether TEA owes the charter money. He also requested charter schools provide a Cash Flow Statement. Ms. Edwards requested the enrollment assumptions be clarified.

Ms. Walne also requested that a letter of completion of a Phase I environmental assessment showing no toxic wastes be required, if charters are acquiring land as part of their projects.

Ms. Edwards recapped the changes for the application.

Mr. Garcia moved to amend the draft application and instructed staff to make the changes for reconsideration by the Board. Ms. Walne seconded. The motion passed unanimously.

Item 4. Consideration, discussion and possible action to amend the Rules of the Texas Public Finance Authority Charter School Finance Corporation, adopted December 7, 2004.

This item was deferred until a later meeting date.

Item 5. Consideration, discussion, and possible action concerning the renewal of a Directors and Officers Liability Insurance Policy.

Ms. Porras explained that the Directors and Officers Liability Insurance Policy had recently expired. The insurance agent agreed to leave the policy open for the Board to determine whether to renew the policy. She reminded the Board they were not individually responsible for any action on the bond issue, and are protected as volunteers under Chapter 284, Civil Practices and Remedies Code. Ms. Porras stated the coverage was for \$1 million with a premium cost of \$1,500 per year. When the financing for the School of Excellence was completed last year, the amount for an insurance premium was sized in to pay a premium of \$1,500 a year for three years.

Mr. Garcia moved to accept the Mid-Continent Casualty Company coverage. Ms. Walne seconded. The motion passed unanimously.

Item 6. Adjourn.

The meeting adjourned at 11:56 A.M.

The foregoing minutes were approved and passed by the Board of Directors on January 31, 2006.



Omar Garcia
Secretary, Board of Directors

ATTACHMENT: Posting Notice - Exhibit "A"

Open Meeting Submission

Success!
Row inserted

TRD: 2005010181
Date Posted: 12/09/2005
Status: Accepted
Agency Id: 0113
Date of Submission: 12/09/2005
Agency Name: Texas Public Finance Authority
Board: Texas Public Finance Authority Charter School Finance Corporation
Liaison Id: 3
Date of Meeting: 12/19/2005
Time of Meeting: 10:00 AM (##:## AM Local Time)
Street Location: Capitol Extension Hearing Room E2.010
City Location: Austin
State Location: TX
Liaison Name: Paula Hatfield
Additional Information Obtained From: If you need any additional information contact Paula Hatfield, 512/463-5544, 300 W. 15th Street, Suite 411, Austin, Texas 78701.

TEXAS PUBLIC FINANCE AUTHORITY
 CHARTER SCHOOL FINANCE CORPORATION
 MONDAY, DECEMBER 19, 2005 10:00 A.M.
 CAPITOL EXTENSION HEARING ROOM E2.010
 AUSTIN, TEXAS 78701

- Agenda:**
1. Call to order.
 2. Approval of minutes of the December 7, 2004 Board meeting.
 3. Consideration and discussion of an application process and application form for the Texas Credit Enhancement Program for Charter Schools, and possible action to adopt the application form, and resolve other necessary related matters.
 4. Consideration, discussion and possible action to amend the Rules of the Texas Public Finance Authority Charter School Finance Corporation, adopted December 7, 2004.
 5. Consideration, discussion, and possible action concerning the renewal of a Directors and Officers Liability Insurance Policy.
 6. Adjourn.

Persons with disabilities, who have special communication or other needs, who are planning to attend the meeting should contact Paula Hatfield or Donna Richardson at

512/463-5544. Requests should be made as far in advance as possible.

Certification: I certify that I have reviewed this document and that it conforms to all applicable Texas Register filing requirements. Kimberly K. Edwards, Executive Director, Certifying Official; Paula Hatfield, Agency Liaison.

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Texas Public Finance Authority

Board of Directors:
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H.L. Bert Mijares, Jr., Vice-Chairman
J. Vaughn Brock, Secretary
Linda McKenna
Ruth C. Schiermeyer
Marcellus A. Taylor



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Kimberly K. Edwards
Executive Director

MINUTES OF THE MEETING OF THE TEXAS PUBLIC FINANCE AUTHORITY CHARTER SCHOOL FINANCE BOARD MEETING

January 31, 2006

The Board of Directors (the "Board") of the Texas Public Finance Authority Charter School Finance Corporation (the "CSFC") convened in open meeting, notice duly posted pursuant to law (a copy of which notice is attached hereto as Exhibit "A") at 10:00 A.M., Tuesday, January 31, 2006, Capitol Extension Hearing Room E2.026, Austin, Texas. Present were: Mr. Bob Schulman, President, Ms. Marina Walne, Vice President and Mr. Omar Garcia, Secretary. Representing TPFA's staff were: Ms. Kimberly Edwards, Executive Director, Ms. Judith Porras, General Counsel, John Hernandez, Deputy Director, and Paula Hatfield.

Present in their designated capacities were the following persons: Pasty O'Neill, Resource Center for Charter Schools; Mary Perry, Kirsten Moody, Texas Education Agency.

Item 1. Call to order.

Mr. Schulman called the meeting to order at 10:13 A.M.

Item 2. Approval of minutes of the December 19, 2005 Board meeting.

Mr. Schulman asked if there were any corrections or additions to the minutes of the Board meeting of December 19, 2005. Mr. Garcia moved to approve the minutes. Ms. Walne seconded. The motion passed unanimously.

Item 3. Consideration and discussion of an application process and application form for the Texas Credit Enhancement Program for Charter Schools, and possible action to adopt the application form, and resolve other necessary related matters.

Ms. Edwards noted that the staff had edited the application as requested at the December meeting. She asked for direction on the Board's role in the review and scoring process. Discussion

ensued. It was noted that the Board's role in awarding the grants was separate from issuing bonds and that the grant process required closer attention to a charter school's credit quality and likelihood of drawing on the grant funds. The Board determined that staff would review and score the applications and provide a recommendation with supporting background materials to the Board.

The Board discussed what policy objectives, if any, they wanted to support by giving higher priority to schools with certain missions or that serve certain populations, or for certain types of projects.

Mr. Schulman identified several areas of the National Council of La Raza matrix that he thought could be useful: Part III – Intent and Vision, which describes the mission statement, communities served, and determines whether the school has sought and obtained financial support other than state funding; Part IV – School Governance, which measures how well the school is fulfilling its mission and continuity of Board membership; Part V - Administration and Organizational Capacity – all questions; Part VII – Facilities and Financial Capacity, which measure the status of current facilities, how badly do the applicants need funds compared to other schools, and how well they maintain current facilities.

After extensive discussion on policy objectives, the Board determined they would give priority to schools that had a clearly articulated mission and met that mission, but would not give priority to any particular mission or service population.

Ms. Walne pointed out that the scoring matrix needed to pick up more information from the application. This would make it more efficient for the Board to review the applications and also give the applicants guidance on what they are being scored on. Ms. Edwards suggested the matrix needed to be expanded to add several questions to each subcategory. Ms. Moody asked what documents could be used to determine effective governance. There was general discussion regarding various sources: biographies of board and key staff, how often the board meets, are minutes kept up to date, required training, organizational structure, selection process for new board members, and whether actual policies and practices conform with the charter and bylaws. Mr. Schulman reviewed policies that charter schools have to have in place and that cannot be delegated.

After discussion regarding the timing, i.e., when the Board needed to approve the application, the Board agreed that staff needed to make further modifications to the application and scoring matrix before it could be approved, and recommended doing so at a future meeting. Ms. Walne suggested the Board give staff direction on which items to weight in the scoring matrix. Discussion on various factors ensued, including: credit history, FIRST rating, and other financial factors such as fund balance and debt service coverage. There was further discussion on whether to give preference to schools providing programs not offered elsewhere. The Board concluded that it would not give preference regarding the type of program or population served, but simply how well the school's mission is articulated and how well the school meets that mission.

The Board also discussed whether measures such as accountability ratings, TAKS scores and AYP (Adequate Yearly Progress under No Child Left Behind) could be used to determine whether

the school met its mission. Ms. O'Neil stated she would confirm whether the U.S. Department of Education expected charter schools receiving grant funds to comply with AYP.

The Board agreed to give priority for projects that are instructional facilities. Mr. Garcia suggested using the TEA's definition of instructional facilities for the Instructional Facilities Allotment Program. Ms. Edwards suggested adding a question to determine how well the project is defined, i.e., does the applicant have a clear project description and sound budget and cost estimates.

The Board discussed the list of recommended governance policies suggested by Mr. Schulman and concluded to have applicants certify that such policies were in place.

Ms. Walne noted that she would also give priority to the stability of administration and staff and the sustainability of the enterprise.

Ms. Moody asked if the Board wanted TEA staff to assist the charters with correcting inaccurate or incomplete applications after the applications were submitted. The Board deferred a decision until they could determine how much staff time such assistance would require and whether providing such assistance would be feasible.


Item 4. Consideration, discussion and possible action to amend the Rules of the Texas Public Finance Authority Charter School Finance Corporation, adopted December 7, 2004.

No action was taken on this item.

Item 5. Adjourn.

The meeting adjourned at 11:28 A.M.

The foregoing minutes were approved and passed by the Board of Directors on April __, 2006.



Omar Garcia
Secretary, Board of Directors

ATTACHMENT: Posting Notice - Exhibit A

Open Meeting Submission

Success!
Row inserted

TRD: 2006000763
Date Posted: 01/23/2006
Status: Accepted
Agency Id: 0113
Date of Submission: 01/23/2006
Agency Name: Texas Public Finance Authority
Board: Texas Public Finance Authority Charter School Finance Corporation
Liaison Id: 3
Date of Meeting: 01/31/2006
Time of Meeting: 10:00 AM (##:## AM Local Time)
Street Location: Capitol Extension Hearing Room E2.026
City Location: Austin
State Location: TX
Liaison Name: Paula Hatfield
Additional Information Obtained From: If you need any additional information contact Paula Hatfield, 512/463-5544, 300 W. 15th Street, Suite 411, Austin, Texas 78701.

TEXAS PUBLIC FINANCE AUTHORITY
 CHARTER SCHOOL FINANCE CORPORATION
 TUESDAY, JANUARY 31, 2006 10:00 A.M.
 CAPITOL EXTENSION HEARING ROOM E2.026
 AUSTIN, TEXAS 78701

- Agenda:**
1. Call to order.
 2. Approval of minutes of the December 19, 2005 Board meeting.
 3. Consideration and discussion of an application process and application form for the Texas Credit Enhancement Program for Charter Schools, and possible action to adopt the application form, and resolve other necessary related matters.
 4. Consideration, discussion and possible action to amend the Rules of the Texas Public Finance Authority Charter School Finance Corporation, adopted December 7, 2004.
 5. Adjourn.

Persons with disabilities, who have special communication or other needs, who are planning to attend the meeting should contact Paula Hatfield or Donna Richardson at 512/463-5544. Requests should be made as far in advance as possible.

Certification: I certify that I have reviewed this document and that it conforms to all applicable Texas Register filing requirements. Kimberly K. Edwards, Executive Director, Certifying Official; Paula Hatfield, Agency Liaison.

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Texas Public Finance Authority

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Linda McKenna
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Marcellus A. Taylor



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Kimberly K. Edwards
Executive Director

MINUTES OF THE MEETING OF THE TEXAS PUBLIC FINANCE AUTHORITY CHARTER SCHOOL FINANCE BOARD MEETING

April 24, 2006

The Board of Directors (the "Board") of the Texas Public Finance Authority Charter School Finance Corporation (the "CSFC") convened in open meeting, notice duly posted pursuant to law (a copy of which notice is attached hereto as Exhibit "A") at 2:00 P.M., Monday, April 24, 2006, Clements Building, Room 103, Austin, Texas. Present were: Mr. Bob Schulman, President, Ms. Marina Walne, Vice President and Mr. Omar Garcia, Secretary. Representing TPFA's staff were: Ms. Kimberly Edwards, Executive Director, Ms. Judith Porras, General Counsel, John Hernandez, Deputy Director, and Paula Hatfield.

Present in their designated capacities were the following persons: Pasty O'Neill, Resource Center for Charter Schools; Mary Perry, Kirsten Moody, Erika Pierce, Texas Education Agency; and Lewis Wilkes, Coastal Securities.

Item 1. Call to order.

Mr. Schulman called the meeting to order at 1:58 P.M.

Item 2. Approval of minutes of the January 31, 2006 Board meeting.

Mr. Schulman asked if there were any corrections or additions to the minutes of the Board meeting of January 31, 2006. Mr. Garcia moved to approve the minutes. Ms. Walne seconded. The motion passed unanimously.

Item 3. Consideration and discussion of an application process and application form for the Texas Credit Enhancement Program for Charter Schools, and possible action to adopt the application form, and resolve other necessary related matters.

Ms. Edwards stated the application for the Texas Credit Enhancement Program had been revised to conform to the Board's guidance from the last meeting. She thanked Ms. O'Neill, Ms. Moody and Ms. Perry for their assistance. In addition to the application revisions, the scoring matrix was enhanced. Ms. O'Neill stated that informational sessions for potential applicants were scheduled for May 15 and May 23 at TEA offices.


The changes in the application were noted to include more detailed instructions and a request for the chair of the charter or the governing body of the charter-holder to sign a certification that all statements are true. Discussion ensued. Both the application and matrix were reviewed in detail. The Board further deliberated an overriding policy issue as to whether the TCEP grant allocations would be awarded solely on the basis of an applicant's score, which would favor already successful schools, or consider additional factors to provide the financial assistance to other schools. The Board concluded that the matrix scoring would be one piece of information in their decision-making process along with the application, supplemental materials and an executive summary presented for consideration.

Ms. Walne moved approval of the application and matrix with the following changes: (i) change Section 1.4, 5, 6 and 7 to add (3) after recognized and (5) after exemplary; (ii) change Section D.5 to become C.5 and change the scoring from a maximum of 5 points to 10 points; (iii) on page 8, add another item requiring certification of compliance with applicable bidding and procurement law; and (iv) in Section E.12 to rephrase the fundraising endowment question and request 3-year historical data. Mr. Garcia seconded. The motion passed unanimously.

Item 4. Adjourn.

The meeting adjourned at 3:33 P.M.

The foregoing minutes were approved and passed by the Board of Directors on August 17, 2006.



Omar Garcia
Secretary, Board of Directors

ATTACHMENT: Posting Notice - Exhibit A



Open Meeting Submission

Success!
Row inserted

TRD: 2006003139
Date Posted: 04/13/2006
Status: Accepted
Agency Id: 0113
Date of Submission: 04/13/2006
Agency Name: Texas Public Finance Authority
Board: Texas Public Finance Authority Charter School Finance Corporation
Liaison Id: 3
Date of Meeting: 04/24/2006
Time of Meeting: 02:00 PM (##:## AM Local Time)
Street Location: 300 West 15th Street, Room 103
City Location: Austin
State Location: TX
Liaison Name: Paula Hatfield
Additional Information Obtained From: If you need any additional information contact Paula Hatfield, 512/463-5544, 300 W. 15th Street, Suite 411, Austin, Texas 78701.

TEXAS PUBLIC FINANCE AUTHORITY
 CHARTER SCHOOL FINANCE CORPORATION
 MONDAY, APRIL 24, 2006 2:00 P.M.
 WILLIAM P. CLEMENTS BUILDING, ROOM 103
 AUSTIN, TEXAS 78701

- Agenda:**
1. Call to order.
 2. Approval of minutes of the January 31, 2006 Board meeting.
 3. Consideration and discussion of an application process and application form for the Texas Credit Enhancement Program for Charter Schools, and possible action to adopt the application form, and resolve other necessary related matters.
 4. Adjourn.

Persons with disabilities, who have special communication or other needs, who are planning to attend the meeting should contact Paula Hatfield or Donna

Richardson at 512/463-5544. Requests should be made as far in advance as possible.

Certification: I certify that I have reviewed this document and that it conforms to all applicable Texas Register filing requirements. Kimberly K. Edwards, Executive Director, Certifying Official; Paula Hatfield, Agency Liaison.

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Kimberly K. Edwards
Executive Director

MINUTES OF THE MEETING OF THE TEXAS PUBLIC FINANCE AUTHORITY CHARTER SCHOOL FINANCE BOARD MEETING

August 17, 2006

The Board of Directors (the "Board") of the Texas Public Finance Authority Charter School Finance Corporation (the "CSFC") convened in open meeting, notice duly posted pursuant to law (a copy of which notice is attached hereto as Exhibit "A") at 2:00 P.M., Thursday, August 17, 2006, Capitol Extension Hearing Room E2.026, Austin, Texas. Present were: Mr. Bob Schulman, President, Ms. Marina Walne, Vice President and Mr. Omar Garcia, Secretary. Representing TPFA's staff were: Ms. Kimberly Edwards, Executive Director, Ms. Judith Porras, General Counsel, and Paula Hatfield.

Present in their designated capacities were the following persons: Lewis Wilkes, Coastal Securities; Tom Sage, Vinson & Elkins; Paul Braden, Delgado Acosta Braden & Jones; Mark C. Kim, First Albany Capital; Michael Walker, Morgan Keegan; Jim Niederle, Estrada Hinojosa; Andy Bynam, Citigroup; and Jody Wright, Legislative Budget Board.

Item 1. Call to order.

Mr. Schulman called the meeting to order at 10:44 A.M.

Item 2. Approval of minutes of the August 17, 2006 Board meeting.

Mr. Schulman asked if there were any corrections or additions to the minutes of the Board meeting of January 31, 2006. Ms. Walne moved to approve the minutes. Mr. Garcia seconded. The motion passed unanimously.

Item 3. Consideration, discussion, and possible action on a Request for Financing from KIPP, Inc, Houston, including action to adopt and approve a trust indenture, loan agreement, and other necessary related matters for the issuance of the KIPP, Inc. Education Revenue Bonds, Series 2006A and 2006B.

Ms. Edwards stated that the KIPP bonds were priced yesterday and that representatives from Coastal Securities, financial advisor, and Vinson & Elkins, bond counsel, were available to report to the Board.

Mr. Wilkes stated the bond's total par amount of \$35,415,000 consists of a tax-exempt Series A and taxable Series B (\$525,000). A syndicate consisting of co-senior managers, RBC Capital Markets and UBS Investment Bank and three co-managers, Citigroup, Morgan Keegan and Morgan Stanley underwrote the bonds. The bonds received an investment grade rating of BBB- from Standard & Poors. American Capital Access insured the bonds and provided a commitment letter that helped to broaden the search for investors and improved the credit rating to A.

The schools will use the bond proceeds to buy two new pieces of land for two new campuses, KIPP Liberation and KIPP Spirit. The money will be used to improve those sites by moving portables or modular buildings on the site. KIPP will also complete the construction of a Shine Building and pay off two loans with the Bank totaling about \$10.5 million. A debt service reserve fund was created in the amount of maximum annual debt service. Cost of issuance, underwriters' discount, the insurance premium and some management consultants' fees have been rolled into the transaction.

The bonds have a true interest cost of 5.32%, and an all in TIC, which reflects the reserve funds, costs of issuance, and insurance of 5.46% for the 30 year financing. The debt service schedule will become final upon the Board's approval. The underwriting syndicate received strong investor demand for the bonds. The bonds were significantly over-subscribed, allowing the yields to be lowered so the school received a better interest rate. The KIPP Board approved the transaction at their meeting last night.

Ms. Edwards asked Mr. Wilkes to explain the bond insurance policy for the Board's benefit. Mr. Wilkes stated the bond insurance provides investors an irrevocable payment of the bond debt service. In case of a default by the school, the insurance company would pay the debt service to investors, and then seek recourse against the school. Ms. Edwards pointed out that the insurance company can also represent the bondholders for purposes such as modifying any of the bond documents in the future. The insurance premium was \$1.2 million, and a financial analysis is conducted to determine if the cost of the insurance is offset by the lower interest rates and wider investor base it provides.

Ms. Walne asked if there was a document reflecting KIPP Board approval. Ms. Edwards indicated a certificate would be included in the closing documents.

Mr. Sage stated all the legal documents, including the trust indenture, loan agreements as well as the resolution were prepared for consideration. The resolution authorizes the transaction to go forward and authorizes the execution of all necessary documents for filing with the State Attorney General. The transaction is scheduled to close on September 20. Ms. Edwards stated the Bond Purchase Agreement is also provided.

Mr. Schulman asked if any analysis had been made concerning the interest the State may have in the charter school's property. Mr. Sage responded that this issue had been reviewed in depth with the conclusion that the State does have an unperfected, unrecorded security interest in the properties.


Ms. Schulman disclosed that he has previously represented several of the KIPP entities and had questioned whether this posed a conflict of interest. Ms. Porras stated she had reviewed applicable statutes and concluded there was not a conflict requiring Mr. Schulman's recusal on the matter. Mr. Schulman stated he had reviewed the matter independently and was in agreement with that conclusion. Ms. Walne also disclosed that she had been on the KIPP Academy advisory board five years ago, but has had no recent involvement with that board.

Mr. Garcia moved to approve the financing request and adopt the resolution, and approve the trust agreement, and loan agreement. Ms. Walne seconded. The motion passed unanimously.

Item 4. Adjourn.

The meeting adjourned at 11:14 A.M.

The foregoing minutes were approved and passed by the Board of Directors on September 19, 2006.



Omar Garcia
Secretary, Board of Directors

ATTACHMENT: Posting Notice - Exhibit A



Open Meeting Submission

Success!

Row inserted

TRD: 2006007130
Date Posted: 08/09/2006
Status: Accepted
Agency Id: 0113
Date of Submission: 08/09/2006
Agency Name: Texas Public Finance Authority
Board: Texas Public Finance Authority Charter School Finance Corporation
Liaison Id: 3
Date of Meeting: 08/17/2006
Time of Meeting: 10:30 AM (##:## AM Local Time)
Street Location: Capitol Extension Hearing Room E2.206
City Location: Austin
State Location: TX
Liaison Name: Paula Hatfield
Additional Information Obtained From: If you need any additional information contact Paula Hatfield, 512/463-5544, 300 W. 15th Street, Suite 411, Austin, Texas 78701.

TEXAS PUBLIC FINANCE AUTHORITY
 CHARTER SCHOOL FINANCE CORPORATION
 THURSDAY, AUGUST 17, 2006 10:30 A.M.
 CAPITOL EXTENSION HEARING ROOM E2.026
 AUSTIN, TEXAS 78701

1. Call to order.

Agenda:

2. Approval of minutes of the April 24, 2006 Board meeting.

3. Consideration, discussion, and possible action on a Request for Financing from Kipp, Inc, Houston, including action to adopt and approve a trust indenture, loan agreement, and other necessary related matters for the issuance of the Kipp, Inc. Education Revenue Bonds, Series 2006A and 2006B.

4. Adjourn.

Persons with disabilities, who have special communication or other needs, who are planning to attend the meeting should contact Paula Hatfield or Donna Richardson at 512/463-5544. Requests should be made as far in advance as possible.

Certification: I certify that I have reviewed this document and that it conforms to all applicable Texas Register filing requirements. Kimberly K. Edwards, Executive Director, Certifying Official; Paula Hatfield, Agency Liaison.

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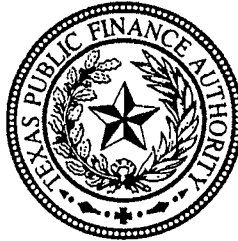
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MINUTES OF THE MEETING OF THE TEXAS PUBLIC FINANCE AUTHORITY CHARTER SCHOOL FINANCE BOARD MEETING

September 19, 2006

The Board of Directors (the "Board") of the Texas Public Finance Authority Charter School Finance Corporation (the "CSFC") convened in open meeting, notice duly posted pursuant to law (a copy of which notice is attached hereto as Exhibit "A") at 10:30 AM, Tuesday, September 19, 2006, Capitol Extension Hearing Room E2.026, Austin, Texas. Present were: Mr. Bob Schulman, President, Ms. Marina Walne, Vice President and Mr. Omar Garcia, Secretary. Representing TPFA's staff were: Ms. Kimberly Edwards, Executive Director, Ms. Judith Porras, General Counsel, and Paula Hatfield.

Present in their designated capacities were the following persons: Iris B. Burnham, Burnham Wood Charter School; Nancy Rocha, Wells Fargo Brokerage, LLC; and Paul Braden, Delgado, Acosta, Braden & Jones.

Item 1. Call to order.

Mr. Schulman called the meeting to order at 10:38 a.m.

Item 2. Approval of minutes of the August 17, 2006 Board meeting.

Mr. Schulman asked if there were any corrections or additions to the minutes of the Board meeting of August 17, 2006. Mr. Garcia moved to approve the minutes. Mr. Schulman seconded. The motion passed unanimously.

Mr. Schulman requested Item 4 to be discussed next.

Item 4. Consideration, discussion, and possible action concerning the administration and governance of the corporation, including ethics issues, fee structure, and the composition of the board of directors.

Ms. Edwards stated there are three components of this agenda item: (1) clarification of ethics standards; (2) composition of the Board of Directors; and (3) fee structure to charge borrowers. Under the Bylaws, the Board Members themselves can name additional people to the Board. Ms. Porras confirmed that this Board may increase or decrease the number of its members as long as it does not decrease below three and no maximum is specified.

Mr. Schulman asked for an explanation of why ethically it might be a good idea to increase the number of Board members. Ms. Porras stated that with a three member Board, if one or two members feel that they need to recuse themselves, the Board cannot function because a majority is needed to conduct business. Therefore, the work of the Board would cease unless the Board increased its membership.

Mr. Schulman suggested the Board be increased to seven members. He suggested that each Board member nominate a member and TEA provide a recommendation for the fourth member. Discussion ensued regarding procedures to submit and evaluate nominations pursuant to the Open Meetings Act.

Mr. Garcia asked about a standard way of placing nominations. Ms. Edwards stated that each nominee submit a resume to her and she would disseminate to the Board. The Board agreed to provide nominee information to Ms. Edwards.

Mr. Garcia suggested term limits be set for the current Board and for new members. Ms. Walne suggested staggered terms. Mr. Schulman asked if that was something that needs to be addressed in the Bylaws. Ms. Porras responded that it should be, and added that the current Bylaws provide that the current Board members were appointed for a two-year term, that will expire in December, 2006.

Mr. Schulman asked if any additional change in the Bylaws needed addressing and asked staff to review and make a recommendation. Ms. Porras stated the Board might consider appointing assistant officers, who would not have to be Board members, to help handle the corporation's work. Mr. Schulman asked if it was appropriate to rely on staff for that and to provide compensation for that.

Ms. Edwards said it was typical for conduit issuers to charge a fee to issuers. The two or three issues already done were charged a nominal fee to cover the expense of liability insurance. Ms. Edwards proposed that the Board consider a \$5,000 fee be charged for future bond issues. The fee would be used to cover administrative expenses of the Corporation. To date, that has been the liability insurance policy, but could be expanded if members request travel expenses or to reimburse TPFAs for staff time under the Memorandum of Understanding that exists between the Authority and the Corporation for staffing the Corporation.

Mr. Schulman asked for an example of estimated time and cost per issuance. Ms. Porras stated that the structure of how the bonds are issued is minimal or hard to measure, but the grant program has required an extensive amount of time.

Ms. Edwards stated that it was conceivable that once all the grants are awarded that a few schools may still request financing through the Corporation. Mr. Schulman stated that if the program worked, it would be self-perpetuating. Ms. Walne asked if there was logic for sliding scale. Discussion ensued. Ms. Edwards stated the workload was essentially the same.

Ms. Walne moved to accept the recommendation for a \$5,000 fee per financing. Mr. Garcia seconded. The motion passed unanimously.

Ms. Porras stated after review of certain facts pertaining to Mr. Schulman and others there is a fundamental question as to whether the Board members are considered solely to be members of a non-profit corporate board or whether they are state officers. There are a few older Attorney General's opinions that suggest the board members could be considered state officers. Discussion ensued. Ms. Porras suggested obtaining an updated Attorney General opinion. Mr. Schulman requested a memo or email on the issue, stating there may be far-reaching implications for charter schools.

Ms. Walne asked if there was any risk associated with requesting an AG opinion. Mr. Schulman stated the risk was that he may not have done the right thing during the last meeting, but it was done in good faith with current counsel. Ms. Porras stated that it may be necessary to ensure compliance with other ethics reporting.

Additionally, Ms. Porras reviewed a requirement, enacted in the last legislative session, for mandatory open meeting training, which sitting board members must complete by January. The AG provides a training module on DVD and that training module is available on the AG's website. Ms. Porras stated she would inquire if the AG's office would approve the training Mr. Schulman is already certified to give. Mr. Schulman requested Ms. Porras to contact the AG's office and determine if his current training or certificate could be accepted.

Mr. Garcia moved to authorize Ms. Porras to request an Attorney General opinion. Ms. Walne seconded. The motion passed unanimously.

Mr. Schulman recused himself from further discussion prior to consideration of the third agenda item and left the meeting.

Item 3. Consideration, discussion, and possible action on a Request for Financing from the Burnham Wood Charter School, El Paso, including adopting a resolution authorizing the Texas Public Finance Authority Charter School Finance Corporation Education Revenue Bonds (Burnham Wood Charter School Project), Series 2006 A and Taxable Series 2006B, a Trust Indenture, Loan Agreement, Public Hearing, and other related matters.

Mr. Schulman recused himself due to a conflict and left the meeting. Ms. Walne chaired the meeting. Ms. Edwards noted the Board had been provided a presentation on the school that was prepared for potential investors, the Resolution, Preliminary Official Statement, Loan Agreement and the Master Indenture. She explained that the procedure was slightly different for this financing because, in order to accommodate the school's financing schedule and the availability of the Board, the bonds would be priced after the Board meeting. Therefore, the Resolution specifies maximum parameters regarding principal amount, interest rate, ratings and maturity dates and delegates authority to determine the final terms and conditions of the bond issue to Authorized Representatives. This delegation expires on October 20. Pricing is expected later this week. After the bonds are priced, bond counsel will incorporate the specific terms into the loan agreement and trust indenture.

Ms. Edwards introduced Paul Braden, from Delgado, Acosta & Braden, bond counsel; Nancy Rocha, Wells Fargo Brokerage, underwriter; and Iris Burnham from the school.

Mr. Braden explained the parameter sale information and delegation of authority in the Resolution. Section 6 specifies the parameters; the par amount cannot exceed \$9 million; the true interest costs is limited to 7.75% for the tax-exempt portion and 9.75% for the taxable portion. The underwriter determined it was most cost effective to sell the bonds as non-rated and without bond insurance.

Ms. Edwards explained that you pay for the rating and you also pay an upfront premium on the bond insurance. The insurance analysis compares the cost of the upfront premium to the debt service saved by the bond insurance. The cost of the premium is determined by the school's credit quality and can be significant if the school does not have an investment grade rating. It is quite possible that the cost of the insurance would not be off-set by the lower debt service. The underwriter makes a decision whether they want to sell the bonds as non-rated or rated, depending on what type of investor they plan to sell the bonds to. If they plan to sell to sophisticated investors such as a mutual fund, they may determine that they do not need the rating because that investor can perform its own due diligence and on-going surveillance more cost effectively than through a rating agency. Also, investors seek to diversify their portfolio and sometimes have a specific demand for non-rated bonds.

Nancy Rocha from Wells Fargo explained that they had arranged site visits for potential investors and conducted conference calls with investors to review the school's credit. She said they planned to price the bonds at 9 am tomorrow morning.

Ms. Walne asked what facility was being purchased and what provisions had been made for any environmental issues. Ms. Burnham stated a church called the Harvest Christian Center was being purchased and an environmental study was being provided to the school's attorney.

Mr. Garcia moved to approve the certificate of resolution. Ms. Walne seconded. The motion passed unanimously. Ms. Walne moved to designate Ms. Edwards, Mr. Garcia or herself as the Authority Representative authorized to determine the final conditions of the pricing. Mr. Garcia seconded. The motion passed unanimously.

Item 5. Adjourn.

The meeting adjourned at 11:34 a.m.

The foregoing minutes were approved and passed by the Board of Directors on March 2, 2007.



Omar Garcia
Secretary, Board of Directors

ATTACHMENT: Posting Notice - Exhibit A



Open Meeting Submission

Success!
Row inserted

TRD: 2006008105
Date Posted: 09/11/2006
Status: Accepted
Agency Id: 0113
Date of Submission: 09/11/2006
Agency Name: Texas Public Finance Authority
Board: Texas Public Finance Authority Charter School Finance Corporation
Liaison Id: 3
Date of Meeting: 09/19/2006
Time of Meeting: 10:30 AM (###:## AM Local Time)
Street Location: Capitol Extension Hearing Room E2.014
City Location: Austin
State Location: TX
Liaison Name: Paula Hatfield
Additional Information Obtained From: If you need any additional information contact Paula Hatfield, 512/463-5544, 300 W. 15th Street, Suite 411, Austin, Texas 78701.

TEXAS PUBLIC FINANCE AUTHORITY
 CHARTER SCHOOL FINANCE CORPORATION
 THURSDAY, SEPTEMBER 19, 2006 10:30 A.M.
 CAPITOL EXTENSION HEARING ROOM E2.014
 AUSTIN, TEXAS 78701

1. Call to order.

Agenda: 2. Approval of minutes of the August 17, 2006 Board meeting.
 3. Consideration, discussion, and possible action on a Request for Financing from the Burnham Wood Charter School, El Paso, including adopting a resolution authorizing the Texas Public Finance Authority Charter School Finance Corporation Education Revenue Bonds (Burnham Wood Charter School Project), Series 2006 A and Taxable Series 2006B, a Trust Indenture, Loan Agreement, Public Hearing, and other related matters.

4. Consideration, discussion, and possible action concerning the administration and governance of the corporation, including ethics issues, fee structure, and the composition of the board of directors.

5. Adjourn.

Persons with disabilities, who have special communication or other needs, who are planning to attend the meeting should contact Paula Hatfield or Donna Richardson at 512/463-5544. Requests should be made as far in advance as possible.

Certification: I certify that I have reviewed this document and that it conforms to all applicable Texas Register filing requirements. Kimberly K. Edwards, Executive Director, Certifying Official; Paula Hatfield, Agency Liaison.

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Board of Directors:

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Kimberly K. Edwards
Executive Director

MINUTES OF THE MEETING OF THE TEXAS PUBLIC FINANCE AUTHORITY CHARTER SCHOOL FINANCE BOARD MEETING

March 2, 2007

The Board of Directors (the "Board") of the Texas Public Finance Authority Charter School Finance Corporation (the "CSFC") convened in open meeting, notice duly posted pursuant to law (a copy of which notice is attached hereto as Exhibit "A") at 2:30 PM, Friday, March 2, 2007, Travis Building, Room 1-111, Austin, Texas. Present were: Mr. Bob Schulman, President, Ms. Marina Walne, Vice President; Mr. Omar Garcia, Secretary; Ms. Mary Perry, Director of the Division for Charter Schools, Texas Education Agency; Ms. Patsy O'Neil, Executive Director of the Resource Center for Charter Schools. Representing TPFA's staff was: Ms. Kimberly Edwards, Executive Director, Ms. Judith Porras, General Counsel, and Paula Hatfield.

Present in their designated capacities were the following persons: Jim Neal, Arnold Alaniz and Teresa Dill.

Item 1. Call to order.

Mr. Schulman called the meeting to order at 2:33 p.m.

Item 2. Approval of minutes of the September 19, 2006 Board meeting.

Mr. Schulman asked if there were any corrections or additions to the minutes of the Board meeting of September 19, 2006. Ms. Walne moved to approve the minutes. Mr. Garcia seconded. The motion passed unanimously.

Item 3. Consider TCEP applications and award grants.

Ms. Edwards thanked Ms. Perry and her staff for their assistance in reviewing the applications and all the schools that submitted applications. She noted that the program has \$10 million in grant funds to award and received 14 applications, requesting a total of \$8.77 million. As background she explained that the statute that created the TPFA CSFC Board and its ability to issue bonds on behalf of charter schools provided that the Comptroller could set up a fund for credit enhancement for bonds issued under Section 53.351 of the Education Code. Therefore, under current State law, the bonds must be issued by the TPFA Charter School Finance Corporation, in order to qualify for the grant funds.

She noted that seven of the applicants had already issued their bonds through a different conduit issuer, two had issued through TPFA CSFC and five had not yet issued bonds. Therefore, the summary sheet provided to the Board lists the applicants alphabetically, by the status of the bond issue and by their score to clarify which schools qualify under current statute and which schools would need a statutory change to receive the grant funds. Burnham Woods and KIPP are the only applicants that have issued their bonds through the TPFA CSFC, but Harmony Science Academy has requested the Board to issue bonds on their behalf in April, so they would also qualify.

Two bills have been filed that would amend the statute. House Bill 1400 by Representative Dutton, provides that the credit enhancement fund could be used for bonds issued by any issuer, and has some clean-up provisions to make some minor technical changes. Senator Shapiro offered a committee substitute to Senate Bill 4 that would simply say the credit enhancement fund could be used for schools issued by any issuer, but it does not have any of the technical clean-up language in HB 1400.

Ms. Edwards suggested that the Board could award the grants to schools that did not issue bonds through the TPFA CSFC contingent on passage of the legislation or ask the non-qualifying schools to reapply. She noted a second application process would probably be needed later this year, since we did not get applications in excess of the funds available. Ms. Walne asked if the current applicants knew that the bonds had to be financed through this organization. The Board was assured that this point had been emphasized in orientation sessions and was included in the TCEP application form.

Ms. Walne stated it was not totally satisfactory because there might be a school out there that did not apply. Mr. Schulman asked what was the balance of the grant. Ms. Edwards stated it was \$1.3 million, and if the schools that issued through other issuers were excluded, the balance was \$3.9 million. Ms. Walne also asked if the \$10 million amount was the cap. Ms. O'Neil stated the Corporation could apply for additional funds in April, but that it would probably not be advantageous because the current \$10 million had not yet been awarded. Mr. Schulman asked what the significance would be if a large chunk of funds were not dispersed. Ms. Edwards responded the Corporation has a performance agreement with the federal Department of Education under which the agreement is to make "good faith milestones," meaning to putting the money to use. After further

discussion, the Board also agreed to consider the need and schedule for a second round of applications at its next meeting.

The Board and staff had further extensive discussion on the impact of the facilities financing provisions and charter renewal requirements of SB 4. Jim Neal, representing Southwest Prep, one of the grant applicants, offered his understanding that SB4 would not, in fact, cause any of his campuses to be closed. The Board discussed several alternatives through which they could approve a grant application and ensure compliance with current state law and prospective changes, including contingency approvals and various effective dates. Ultimately, the Board determined that the legal contract between the Board and the grant recipient, which would most likely be in the form of a surety policy, would include a provision that the contract would be contingent on the grant recipient remaining in compliance with state law.

The Board also discussed at what level the accountability ratings should be evaluated for the purposes of the grant applications. The application required the applicant to have an acceptable rating for 2005 and 2006. Some applicants were using a portion of the bond funds for facilities at new campuses, to be operated under new charters, which did not have two years of ratings. Ms. Edwards explained that most of the bond financings were structured to pledge revenues of all campuses, so the relevant financial analysis was of the charter holder, not individual charters or campuses. Ms. O'Neill explained that it was not unusual for an expanding school to apply for a new charter for new campuses in order to be eligible for start-up funds. Ms. Perry and Ms. Walne expressed concern that the more restrictive language of the TCEP application may have discouraged some schools from applying for the grants.

The Board further questioned the evaluations and scoring of the applications by the TCEP work group. Although varying scores were assigned, Ms. Edwards pointed out much of the information submitted by applicants required some subjective analysis, but the work group was unanimous in their conclusion that all applications should be considered; they found no basis upon which to disqualify any applications on their substance.

Mr. Schulman excused himself from the decision-making portion of the meeting at 3:20 p.m. and Ms. Walne began chairing the meeting.

Mr. Garcia moved to approve the KIPP and Burnham Wood applications. Ms. Walne seconded. The motion passed unanimously.

Mr. Garcia moved to approve all the other applicants, specifically Arlington, Gateway, Southwest Preparatory, Island, Mainland, NYOS and North Hills, contingent on their eligibility according to State law and documentation of award that the school will continue under the standards in proposed legislation. Ms. Walne seconded. The motion passed unanimously.

Mr. Schulman returned to the Board meeting at 3:50 p.m. to participate in a brief discussion regarding a possible meeting date for April.

Item 4. Adjourn.

The meeting adjourned at 4:00 p.m.

The foregoing minutes were approved and passed by the Board of Directors on April 26, 2007.



Omar Garcia
Secretary, Board of Directors

ATTACHMENT: Posting Notice - Exhibit A



Open Meeting Submission

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TRD: 2007001649
Date Posted: 02/22/2007
Status: Accepted
Agency Id: 0113
Date of Submission: 02/22/2007
Agency Name: Texas Public Finance Authority
Board: Texas Public Finance Authority Charter School Finance Corporation
Liaison Id: 3
Date of Meeting: 03/02/2007
Time of Meeting: 02:30 PM (###:## AM Local Time)
Street Location: 1701 N. Congress Avenue, Room 1-111
City Location: Austin
State Location: TX
Liaison Name: Paula Hatfield
Additional Information Obtained From: If you need any additional information contact Paula Hatfield, 512/463-5544, 300 W. 15th Street, Suite 411, Austin, Texas 78701.

TEXAS PUBLIC FINANCE AUTHORITY
 CHARTER SCHOOL FINANCE CORPORATION
 FRIDAY, MARCH 2, 2007 2:30 P.M.
 TRAVIS BUILDING, ROOM 1-111
 1701 N. CONGRESS AVENUE
 AUSTIN, TEXAS 78701

- Agenda:**
1. Call to order.
 2. Approval of minutes of the September 19, 2006 Board meeting.
 3. Consider TCEP applications and award grants.
 4. Adjourn.

Persons with disabilities, who have special communication or other needs, who are planning to attend the meeting should contact Paula Hatfield or Donna Richardson at 512/463-5544. Requests should be made as far in advance as

possible.

Certification: I certify that I have reviewed this document and that it conforms to all applicable Texas Register filing requirements. Kimberly K. Edwards, Executive Director, Certifying Official; Paula Hatfield, Agency Liaison.

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