

Texas Public Finance Authority

Board of Directors:
R. David Kelly, Chairman
H.L. Bert Mijares, Jr., Vice-Chairman
J. Vaughn Brock, Secretary
Mark A. Ellis
Helen Huey
Ruth C. Schiermeyer
Daniel T. Serna



Post Office Box 12906
Austin, Texas 78711-2047
Telephone: 512/463-5544

300 West 15th Street
Suite 411
Austin, Texas 78701
Fax: 512/463-5501
www.tpfa.state.tx.us

Kimberly K. Edwards
Executive Director

MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF THE TEXAS PUBLIC FINANCE AUTHORITY September 28, 2004

The Board of Directors (the "Board") of the Texas Public Finance Authority (the "Authority") convened in open meeting, notice duly posted pursuant to law (a copy of which notice is attached hereto as Exhibit "A") at 2:00 P.M., Tuesday, September 28, 2004, Capitol Extension Hearing Room E2.026, Austin, Texas. Present were: Mr. David Kelly, Chairman; Bert Mijares, Vice-Chairman, Mr. Vaughn Brock, Secretary and Mr. Mark A. Ellis, Member.

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

Present in their designated capacities were the following persons: Dale Lehman, Piper Jaffray; Desrye Morgan, Laura Powell, Frank Furley, UBS; Al Rodriguez, Merrill Lynch; Curtis Flowers, Loop Capital Markets; Tilghman Naylor, Bear Stearns; Ajay Thomas, Morgan Stanley; Jodie Jiles, David Potter, First Albany; Robert Collins, Banc of America Securities; Nancy Hagquist, Winstead, Sechrest & Minick; Barron Wallace, Visnon & Elkins; Jerry Kyle, Andrews & Kurth, Chris Allen, Public Financial Management; Mike Bartolotta, Tim Peterson, First Southwest Co.; Tim Kelley, Coastal Securities and Peter Shapiro, SWAP Financial Group.

Item 1. Call to order.

Mr. Kelly called the meeting to order at 2:03 P.M.

Item 2. Approval of minutes of the August 16, 2004 and September 16, 2004 Board meetings.

Mr. Kelly asked if there were any corrections or additions to the minutes of the Board meeting of August 16, 2004 and September 16, 2004. Mr. Mijares moved to approve the minutes. Mr. Ellis seconded. The motion passed unanimously.

Item 3. Report on the sale of the Texas Public Finance Authority Stephen F. Austin State University Tuition Revenue Financing System Revenue Bonds, Series 2004A.

Chris Allen, Public Financial Management, presented the post sale analysis of the \$5,460,000 Stephen F. Austin State University Tuition Revenue Financing System Revenue Bonds, Series 2004A. The bonds were sold on August 17, 2004, via a competitive sale using the Parity electronic bidding system, which allows underwriters to submit bids through an Internet website. The Authority received four bids and Southwest Securities submitted the winning bid of 4.285%. Mr. Allen noted the comparable bond sales in the market that week and congratulated the Authority on a successful sale. Ms. Edwards thanked Mr. Allen for his assistance.

Item 4. Consideration and possible action to finally adopt a plan of review of the Authority's rules in Title 34, Texas Administrative Code, Chapters 221 and 225, and to propose amendments to rule sections 221.2, 221.3, 221.6 and 225.1 - 225.7.

Mr. Mijares moved to adopt the proposed rules. Mr. Ellis seconded. The motion passed unanimously.

Item 5. Consideration and possible action to approve a Request for Financing from Texas Department of Criminal Justice for the issuance of approximately \$34,500,000 of general obligations to finance renovation projects and select a method of sale.

This item was tabled. Ms. Edwards noted that she expected the request to be ready prior to the next Board meeting.

Item 6. Consideration and possible action to authorize refunding certain of the Authority's outstanding revenue and/or general obligation bonds, select underwriters, bond counsel, and financial adviser, and take other necessary related action.

Ms. Edwards explained that recent market movements had created a refunding opportunity for certain revenue and general obligation bonds. Tim Kelley, Coastal Securities, explained the situation could be an anomaly created by the relationship of tax exempt to taxable rates, but he recommended the Authority prepare to issue refunding bonds in the event that current market conditions continue. Ms. Edwards identified the refunding candidates to be combined for a revenue bond refunding, consisting of various series of bonds issued on behalf of the Building and Procurement Commission, Parks and Wildlife Department, Department of Health, and State Preservation Board. She noted that the materials presented to the Board were structured to illustrate the debt service savings for each agency, but to establish the savings parameters, the four components can be aggregated for the overall transaction. She also noted that certain general obligation bonds issued on behalf of the Parks and Wildlife Department were also refunding

candidates, but these must be structured as a separate series due to the different security pledge. Discussion ensued.

Staff recommended that Winstead, Sechrest & Minick and Renee Higginbotham-Brooks serve as co-bond counsel and that Coastal Securities serve as financial advisor. Staff recommended that Piper Jaffray serve as the book running senior manager for the Building Revenue Refunding Bonds with the following firms as co-managers: Citigroup, Lehman Brothers, Loop Capital Markets, Morgan Keegan, Morgan Stanley, Siebert Branford & Shank. Staff recommended First Albany serve as the book running senior manager for the General Obligation Parks Refunding Bonds with the following firms as co-managers: Southwest Securities and Estrada Hinojosa. Ms. Edwards noted that the senior manager underwriter recommendations were based on the bankers who had identified the refunding opportunities. Mr. Brock moved to proceed with the refunding and accept staff's recommendations for the financing teams. Mr. Mijares seconded. The motion passed unanimously. Ms. Edwards thanked all the members of the Authority's underwriting pool for continuing to provide ongoing service and coverage to the Authority.

Ms. Edwards noted that typically the Board names the pricing committee and specifies the savings parameters when adopting the bond resolution. However, she suggested that the Board take that action at this meeting due to the accelerated schedule that would probably be necessary to take advantage of current market rates. She recommended an overall 3% net present value savings parameter and \$1,000,000 minimum present value savings for the revenue bonds and an overall 3% net present value savings parameter and \$450,000 minimum net present value savings on the general obligation bonds. David Kelly, Mark Ellis and Bert Mijares were designated Pricing Committee members with Vaughn Brock serving as an alternate member. Mr. Mijares moved to accept staff's recommendation. Mr. Ellis seconded. The motion passed unanimously.


Item 7. Other Business/Staff Report

Ms. Edwards introduced Peter Shapiro, SWAP Financial Group, who had conducted staff training earlier in the day.

Item 8. Adjourn.

The meeting adjourned at 2:38 P.M.

The foregoing minutes were approved and passed by the Board of Directors on October 25, 2004.



Vaughn Brock
Secretary, Board of Directors

ATTACHMENT: Posting Notice - Exhibit "A"



Open Meeting Submission

Success!
Row inserted

TRD: 2004008388
Date Posted: 09/20/2004
Status: Accepted
Agency Id: 0113
Date of Submission: 09/20/2004
Agency Name: Texas Public Finance Authority
Board: Texas Public Finance Authority
Liaison Id: 3
Date of Meeting: 09/28/2004
Time of Meeting: 02:00 PM (##:## 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
 TUESDAY, SEPTEMBER 28, 2004 2:00 P.M.
 CAPITOL EXTENSION HEARING ROOM E2.010
 AUSTIN, TEXAS 78701

1. Call to order.
2. Approval of minutes of the August 17, 2004 and September 16, 2004 Board meetings.
3. Report on the sale of the Texas Public Finance Authority Stephen F. Austin State University Tuition Revenue Financing System Revenue Bonds, Series 2004A.
4. Consideration and possible action to finally adopt a plan of review of the Authority's rules in Title 34, Texas Administrative Code, Chapters 221 and 225, and to propose amendments to rule sections 221.2, 221.3, 221.6 and 225.1 - 225.7.
5. Consideration and possible action to approve a Request for Financing from Texas Department of Criminal Justice for the issuance of approximately \$34,500,000 of general obligations to finance renovation projects and select a method of sale.

6. Consideration and possible action to authorize refunding certain of the Authority's outstanding revenue and/or general obligation bonds, select underwriters, bond counsel, and financial adviser, and take other necessary related action.

7. Other Business/Staff Report

Closed Meeting

8. Pursuant to Texas Government Code, Section 551.071(2), the Board may convene in closed session at any time during this meeting to obtain legal advice from its counsel concerning any matter, listed on this agenda, in which the duty of its attorney under the Texas Disciplinary Rules of Professional Conduct conflict with Texas Government Code, chapter 551.

Agenda:

Reconvene Open Meeting

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

10. 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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