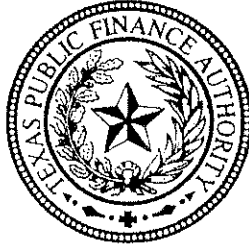


# Texas Public Finance Authority

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



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Kimberly K. Edwards  
Executive Director

## MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF THE TEXAS PUBLIC FINANCE AUTHORITY October 6, 2005

The Board of Directors (the "Board") of the Texas Public Finance Authority (the "Authority") convened in open meeting, notice duly posted pursuant to law (a copy of which notice is attached hereto as Exhibit "A") at 11:30 A.M., Thursday, October 6, 2005, Capitol Extension Hearing Room E2.010, Austin, Texas. Present were: Mr. David Kelly, Chairman; Bert Mijares, Vice-Chairman; Mr. Vaughn Brock, Secretary; Mr. Mark Ellis, Member; Ms. Linda McKenna, Member; and Ms. Ruth Schiermeyer, Member.

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

Present in their designated capacities were the following persons: Allen Westerman, SAMCO Capital Markets; Andy Bynam, Citigroup; Desrye Morgan, A. Frank Farley, UBS; David Potter Morgan Stanley; Mario Carrasco, AG Edwards; John Daniel, Lehman Brothers; Charlotte Knight-Marhsall, TKG & Associates; Richard Acosta, Popular Securities; Debi Jones, Morgan Keegan; Jim Buie, Banc of America; Dale Lehman, Piper Jaffray; Mark Nitcholas, RBC Dain Rauscher; Yava Scott, Siebert Brandford Shank & Co.; Julie Houston, Winstead, Sechrest & Minick; Cynthia Ellis, Michael Waggoner, Dwayne A. Gava, Bill Holland, Art Hinojosa, Ace Myrick, Texas Youth Commission; Victor Moore, Health and Human Services Commission; Kevin Nolty, Kathleen Barnett, Department of Disability Services; Jody Wright, Legislative Budget Board; Tim Kelley, Coastal Securities; and Mike Bartolotta, First Southwest Co.

### **Item 1. Call to order.**

Mr. Kelly called the meeting to order at 11:45 A.M.

### **Item 2. Approval of minutes of the September 1, 2005 Board meeting.**

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

**Item 3. Consider and take possible action on the adoption of Swap policies.**

The Board requested staff to make the edits discussed in the work session and present the policies at the next meeting. Mr. Mijares moved to postpone consideration of the Swap policies. Mr. Brock seconded. The motion passed unanimously.

**Item 4. Consider the adoption of a Resolution and approval of the Preliminary Offering Statement for the Stephen F. Austin Revenue Financing System Revenue Bonds, Series 2005A, and take other necessary, related action.**

Ms. Edwards reviewed that this bond issue finances two projects: a student recreational center and Phase II Housing project and related parking garage. The Board selected a negotiated sale, with JP Morgan serving as the senior managing underwriter. The pricing is scheduled for Wednesday, October 19.

Paul Braden, Delgado Acosta Braden & Jones, explained the Board needed to specify certain parameters in the bond resolution and recommended the following: par amount not to exceed \$59 million and true interest cost not to exceed 6%, and to designate a Pricing Committee.

Ms. Edwards reviewed the changes to the POS distributed to the Board, in particular the updated Fall 2005 enrollment data, which indicated a 1.3% increase. She explained that conference calls with the rating agencies were scheduled for the next day. The rating agencies have noted the positive enrollment, but have expressed concerns about the University's capacity to incur additional debt for future projects. Ms. Schiermeyer asked if the University had the ability to cover the debt if the enrollment remained as it is currently. Ms. Edwards stated in terms of the legally pledged revenues the University would have sufficient coverage.

Further discussion regarding the coupon structure ensued. The Board determined the Pricing Committee would consist of Bert Mijares, Linda McKenna and Vaughn Brock. Ms. Schiermeyer volunteered to serve as an alternate to participate by telephone.

Mr. Mijares moved to approve distribution of the POS, adopt the resolution and to designate the Pricing Committee as stated above. Ms. Schiermeyer seconded. The motion passed unanimously.

**Item 5. Consider a Request for Financing from the Texas Youth Commission for the issuance of general obligations to finance construction and repair projects, in an estimated amount of \$9,857,750, appoint outside consultants, and take other necessary related action.**

**Item 6. Consider a Request for Financing from the Texas School for the Deaf for the issuance of general obligations to finance construction and repairs, in an estimated amount of \$1,729,500, appoint outside consultants, and take other necessary related action.**

**Item 7. Consider a Request for Financing from the Texas Department of State Health Services for the issuance of general obligations to finance construction and repairs, in an estimated amount of \$24,931,500, appoint outside consultants, and take other necessary related action.**

**Item 8. Consider a Request for Financing from the Texas Department of Aging & Disability Services for the issuance of general obligations to finance construction and repairs, in an estimated amount of \$26,086,000, appoint outside consultants, and take other necessary related action.**

Ms. Edwards introduced the four Requests for Financings from the Texas Youth Commission (\$9.8 million), Texas School for the Deaf (\$1.7 million), Texas Department of State Health Services (\$21.9 million) and Texas Department of Aging and Disability Services (\$26 million). These projects are all approved by the 79<sup>th</sup> Legislature to be financed with general obligation bonds. Each of these agencies have provided their request for financing and project description for construction, renovation, repair or deferred maintenance projects. Staff recommends these requests be funded through the General Obligation Commercial Paper Program, Series 2002A. Ms. Edwards stated representatives from each agency are available to answer any specific questions on the projects.

Mr. Kelly asked about how the cost estimates were developed for the Department of State Health Services request. Mr. Victor Moore, Health and Human Services Commission, explained that the Department's data base contains all the identified deficiencies for every building on every campus. The facilities build their budget request from the database. The computer program builds in contingencies and some escalation factors including related issues such as asbestos abatement.

Mr. Mijares questioned whether any of the renovations trigger any ADA compliance issues. Mr. Moore stated that some of the renovations for the bathrooms in some of the facilities include ADA accessibility issues.

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

**Item 9. Consider renewal of a contract for arbitrage compliance services in connection with the Authority's fixed rate bond issues.**

Ms. Edwards requested this item be postponed. Mr. Mijares moved to table this item. Mr. Ellis seconded. The motion passed unanimously.

**Item 10. Other Business/Staff Report.**

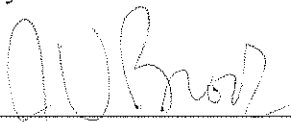
Ms. Edwards acknowledged that the Authority's SWAP policy has been developed. She reported the Board had a thorough discussion in their work session and identified a few changes

to be made to the policy. She stated she would circulate a final document next week, and she expressed appreciation for everyone's time and effort to develop the policies.

**Item 11. Adjourn.**

The meeting adjourned at 12:07 P.M.

The foregoing minutes were approved and passed by the Board of Directors on November 3, 2005.

  
\_\_\_\_\_  
Vaughn Brock  
Secretary, Board of Directors

ATTACHMENT: Posting Notice - Exhibit "A"



## Open Meeting Submission

*Success!*  
Row inserted

**TRD:** 2005008121  
**Date Posted:** 09/28/2005  
**Status:** Accepted  
**Agency Id:** 0113  
**Date of Submission:** 09/28/2005  
**Agency Name:** Texas Public Finance Authority  
**Board:** Texas Public Finance Authority  
**Liaison Id:** 3  
**Date of Meeting:** 10/06/2005  
**Time of Meeting:** 11:30 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  
 THURSDAY, OCTOBER 6, 2005 11:30 A.M.  
 CAPITOL EXTENSION HEARING ROOM E2.010  
 AUSTIN, TEXAS 78701

1. Call to order.
2. Approval of minutes of the September 1, 2005 Board meeting.
3. Consider and take possible action on the adoption of Swap policies.
4. Consider the adoption of a Resolution and approval of the Preliminary Offering Statement for the Stephen F. Austin Revenue Financing System Revenue Bonds, Series 2005A, and take other necessary, related action.
5. Consider a Request for Financing from the Texas Youth Commission for the issuance of general obligations to finance construction and repair projects, in an estimated amount of \$9,857,750, appoint outside consultants, and take other necessary related action.
6. Consider a Request for Financing from the Texas School for the Deaf for the issuance of general obligations to finance construction and repairs, in an estimated amount of \$1,729,500, appoint outside consultants, and take other necessary related action.

7. Consider a Request for Financing from the Texas Department of State Health Services for the issuance of general obligations to finance construction and repairs, in an estimated amount of \$24,931,500, appoint outside consultants, and take other necessary related action.

8. Consider a Request for Financing from the Texas Department of Aging & Disability Services for the issuance of general obligations to finance construction and repairs, in an estimated amount of \$26,086,000, appoint outside consultants, and take other necessary related action.

9. Consider renewal of a contract for arbitrage compliance services in connection with the Authority's fixed rate bond issues.

10. Other Business/Staff Report.

#### Closed Meeting

#### Agenda:

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

#### Reconvene Open Meeting

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

13. Adjourn.

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

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

New

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