

Minutes of the
TEXAS WATER RESOURCES FINANCE AUTHORITY
April 19, 2005

Chairman D. V. Guerra, Jr. called to order the meeting of the Texas Water Resources Finance Authority at approximately 1:00 p.m. in Room 1-100 of the William B. Travis Building, Austin, Texas. The following Board members were present, constituting a quorum:

D. V. Guerra, Jr., Chairman
Bill Meadows, Vice Chairman
Thomas Weir Labatt III, Secretary/Treasurer
Jack Hunt, Member
E.G. Rod Pittman, Member
James Herring, Member

Persons attending were among those present at the Texas Water Development Board meeting of the same date.

The Authority then considered items on the formal agenda in the following order.

1. CONSIDER APPROVAL OF THE MINUTES OF THE FEBRUARY 2005 MEETING.

Mr. Hunt moved to approve the minutes as submitted; Mr. Labatt seconded the motion; it passed unanimously 6-0.

2. CONSIDER AUTHORIZING AN EXTENSION OF THE CURRENT UNDERWRITING TEAM'S SERVICES UNTIL AUGUST 31, 2006.

Development Fund Manager Nancy Marstiller gave a brief background on the selection of a team of underwriters to be used for the negotiation of any Texas Water Resources Finance Authority's (TWRFA) bonds, if necessary, and the Texas Water Development Board's (Board) bonds. She said that due to the reduced number of transactions and the smaller sized transactions for this team, the agency has not been able to utilize the expertise of all of the firms or even provide opportunities for all of the firms to sell the agency's bonds.

When the team was selected in August 2003, the Request for Qualifications stated that TWRFA/Board reserved the right to shorten or lengthen the two-year duration of the syndicate, and may add or remove firms from the team at any time. She stated that other than a few bankers changing firms, no material changes have occurred in the 20 months that the syndicate has been together.

Ms. Marstiller stated that given the limited number of bond transactions authorized to date, and not being able to rotate through the group or even utilize all of the firms in co-manager positions, staff recommends a one-year extension for the team until August 31, 2006 without changes to the team at this time.

She said that staff will continue to make a formal recommendation of firms to serve in senior

manager and/or co-manager positions for each new bond transaction, and will also continue to report on the performance of the firms after each bond transaction is completed.

Mr. Pittman moved to approve the staff recommendation; Mr. Labatt seconded the motion; it passed unanimously 6-0.

The meeting adjourned at 1:05 p.m.

APPROVED and ordered of record this the 17th day of May, 2005.

TEXAS WATER RESOURCES FINANCE AUTHORITY

D.V. Guerra, Jr., Chairman

ATTEST:

Thomas Weir Labatt III, Secretary/Treasurer