

Minutes of the
TEXAS WATER RESOURCES FINANCE AUTHORITY
November 16, 2004

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 1-111 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 AUGUST 2004 MEETING.

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

2. CONSIDER AUTHORIZING THE PRE-PAYMENT OF \$5,115,000 TEXAS WATER RESOURCES FINANCE AUTHORITY REVENUE REFUNDING BONDS, SERIES 1999 (TAX EXEMPT BONDS).

Portfolio Manager Gerald Slater stated that in 1999 the Texas Water Resources Finance Authority (Authority) issued \$62,385,000 in Tax-Exempt Refunding Bonds. Since 1999, the Authority has received \$29,390,000 in pre-payments and only has \$5,115,000 in current outstanding debt for Series 1999 tax-exempt bonds.

The effects of the \$5,115,000 pre-payment of Series 1999 are: a lower reserve requirement making more money available to be used by the Authority as future payment to the Board; interest savings of approximately \$249,870 minus accrued interest; and the ability of underlying borrowers to now refund their bonds and make prepayments without incurring any transferred proceeds penalty.

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

3. CONSIDER AUTHORIZING A ONE-YEAR EXTENSION OF THE EXISTING FINANCIAL ADVISORY CONTRACT WITH FIRST SOUTHWEST COMPANY.

Development Fund Manager Nancy Marsteller stated that the Texas Water Resources Finance Authority (Authority) contracts with an outside investment banking firm to provide financial advisory services related to its debt issuance and on-going advice related to its many loan programs.

In October 2001, the Authority (and the Board) issued a Request for Qualifications (RFQ) for financial advisors to 19 firms throughout the southwest and at that time only one response was received.

She stated that staff has been very pleased with the services provided by First Southwest Company over the past three years. First Southwest Company is the top-ranked financial advisory firm in Texas and in addition actively promotes the Board's many loan programs to its municipal client base throughout the state.

Ms. Marsteller stated that staff recommends renewing the current contract with First Southwest Company for one year, with the new expiration date being December 31, 2005.

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

The meeting adjourned at 1:10 p.m.

APPROVED and ordered of record this the 15th day of February, 2005.

TEXAS WATER RESOURCES FINANCE AUTHORITY

D.V. Guerra, Jr., Chairman

ATTEST:

Thomas Weir Labatt III, Secretary/Treasurer