

TEXAS PUBLIC FINANCE AUTHORITY

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EXECUTIVE DIRECTOR
Lee Deviney

MAILING ADDRESS:

Post Office Box 12906
Austin, Texas 78711-2906

PHYSICAL ADDRESS:

300 West 15th Street, Suite 411
Austin, Texas 78701

TELEPHONE: (512) 463-5544

FACSIMILE: (512) 463-5501

Supplemental Summary for the FY 2017 Annual HUB Report for Agency 347

In compliance with Texas Government Code, Chapter 2161, the Board of the Authority has adopted the Comptroller's Statewide HUB Utilization Goals (34 TAC §20.284), as well as more detailed procedures for HUB participation goals in bond issues, in compliance with the published rules. These procedures are included in the Authority's strategic plan and reflected in its bond underwriting policies.

For negotiated bond underwritings approved during the FY 2016-2017 biennium, the Board has selected a pool of twenty (20) underwriting firms that includes one (1) HUB firm and six (6) disadvantaged business enterprise (DBE) firms. During this reporting period, the Authority completed three (3) negotiated bond sales. In accordance with its standing procedures for negotiated bond sales, underwriters are selected from the Authority's underwriting pool on a transaction by transaction basis. On one of the negotiated bond transactions, one (1) DBE firm participated in the underwriting syndicate and received 30.1% of the overall takedown of underwriting fees. Three (3) DBE firms participated in a second negotiated bond sale and received 29.9% of the underwriter takedown and on the third and final negotiated bond transaction, one (1) HUB and one (1) DBE firm participated in the underwriting syndicate and received 10.8%. Underwriter fees are netted from bond proceeds before being deposited into the state treasury; therefore, such fees are not reflected in the Authority's overall expenditures. For legal services for the biennium ending August 31, 2017, the Board pre-qualified a pool of eight (8) law firms, two (2) of which are HUBs, to serve as Bond Counsel on the Authority's bond issues. Bond Counsel firms are selected on a transaction by transaction basis. A HUB firm served as disclosure counsel on one of the three negotiated bond transactions and received 100% of the compensation paid for disclosure counsel services. Finally, a DBE firm served as the Official Statement printer on two of the three negotiated bond sales and received 100% of the printing fees paid on both transactions during FY 2017. The Authority reports expenditures related to bond issues to the Bond Review Board on a per issue basis, sixty (60) days after the closing of the bonds.

During FY 2017, approximately \$2.03 million or 96.5% of the Authority's total expenditures were related to Costs of Issuance and the ongoing administration of bonds. These include expenses such as rating agency, paying agent, escrow agent, verification agent, and arbitrage compliance to satisfy bond covenants, services that are only available from a few large service providers where qualified HUB and/or DBE firms are not available to perform the required services.

The Authority is committed to purchasing goods and services from certified HUB's and minority owned firms and continues to utilize the Centralized Master Bidders List to locate available HUB vendors. The Authority achieved 46.8% HUB participation from administrative expenditures during this period.

Please contact me at (512) 463-5544 should you have any questions.


Lee Deviney
Executive Director