

TEXAS PUBLIC FINANCE AUTHORITY

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Supplemental Summary for the FY 2018 Semi-Annual HUB Report for Agency 347

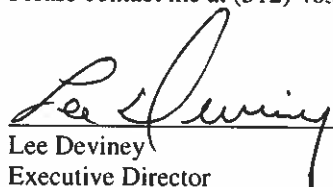
In compliance with Texas Government Code, Chapter 2161, the Board of the Authority has adopted the Comptroller's Statewide HUB Utilization Goals (34 TAC §20.284), as well as more detailed procedures for HUB participation goals in bond issues, in compliance with the published rules. These procedures are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

For negotiated bond underwritings approved during the FY 2018-2019 biennium, the Board has selected a pool of twenty (20) underwriting firms that includes (6) disadvantaged business enterprise (DBE) firms, one of which is a HUB firm. During this reporting period, the Authority completed two (2) 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 (1) of the negotiated bond transactions, a DBE firm participated in the underwriting syndicate and received 30.0% of the overall takedown of underwriting fees paid on the transaction. 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, 2019, 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. The two (2) HUB firms provided legal services on the negotiated bond transactions closing during the reporting period. On one (1) negotiated bond sale, a HUB firm received 58% of the compensation paid for legal services. On the other negotiated bond transaction, a HUB firm received 42% of the compensation paid for legal services. Finally, a DBE firm served as the Official Statement printer for the two negotiated bond sales and received 100% of the printing fees paid on both transactions during FY 2018. 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.

For the first six months of FY 2018, \$361,553 or 68% of the Authority's total expenditures were related to Cost of Issuance and the ongoing administration of bonds. These include expenses such as rating agency, paying agent, escrow agent, verification agent fees, and arbitrage compliance services to satisfy bond covenants, services that are only available from a few large service providers where HUB and/or DBE firms are not available or lack qualifications to perform required services.

The Authority is committed to purchasing goods and services from certified HUB and minority-owned businesses and continues to utilize the CPA Central Master Bidders List to locate available HUB vendors.

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


Lee Deviney
Executive Director