

# TEXAS PUBLIC FINANCE AUTHORITY

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## MINUTES OF THE MEETING OF THE TEXAS PUBLIC FINANCE AUTHORITY CHARTER SCHOOL FINANCE CORPORATION

July 11, 2013

The Board of Directors of the Board of the Texas Public Finance Authority Charter School Finance Corporation (the "TPFA CSFC") convened in open meeting, notice duly posted pursuant to law (a copy of which notice is attached hereto as Exhibit "A") at 10:30 a.m., Thursday, July 11, 2013, Capitol Extension Hearing Room E2.028, Austin, Texas. Present in their designated capacities were: Dr. Susan Barnes, Vice-Chair; Mr. Tom Canby, Member; and Mr. Bob Schulman, Member. Representing TPFA's staff was: Mr. Robert Coalter, Executive Director; Ms. Susan K. Durso, General Counsel; John Hernandez, Deputy Director; and Paula Hatfield.

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

Dr. Barnes called the meeting to order at 10:40 a.m.

Mr. Canby moved to excuse the absences of Mr. Jack and Mr. Calvos. Mr. Schulman seconded. The motion passed unanimously.

### **Item 2. Approve the minutes of the December 10, 2012 Board meeting.**

Dr. Barnes asked if there are any changes to the minutes as presented. Mr. Canby moved to approve the minutes as presented. Mr. Schulman seconded. The motion passed unanimously.

### **Item 3. Consideration and possible action on Texas Credit Enhancement Program as it relates to refunded debt secured by a Texas Credit Enhancement Grant.**

Ms. Durso introduced the item and reminded the Board of their previous action requesting that Ms. Durso develop a policy to address this issue. Ms. Durso outlined her thoughts on how the policy might work. She stated that if a grantee wanted to roll-over funds, they would provide notice to all charter schools in whatever form the Board prescribes and give all the charter schools notice of the opportunity to apply for these grants and all that the charter schools would have to do is respond to TPFA that they have a reasonable expectation that within the next year they may issue municipal debt. If the grantee didn't

receive a response, then there would be no reason to not allow the grantee refunding debt to roll-over the grant. The Board could still limit the grantees to the current limitation which is no more than 3 awards and no more than a million per award. TPFA CSFC would provide notice to the charter schools through the Charter School Association, Texas Education Agency (TEA), the Authority's website and the Texas Register.

Dr. Barnes opened up the item up for board discussion and questions.

Mr. Schulman asked why they might not have received previous responses and expressed concern that the exercise of noticing all charters would be costly for the grantees and everyone else involved in sending out the information. He added that such a policy would require perimeters be outlined for notice to the charters. Mr. Schulman also inquired if there was a form for completion by the charters. Ms. Durso responded in the affirmative. Mr. Canby asked for thoughts on a reasonable time frame rather than the proposed 12-months. Ms. Durso picked 12 months because it coincided with the grant application timeline and that the requesting charter identify a plan to initiate a planned financing, through bonds, within the next 12 months may be a better phrasing. Mr. Canby asked for information on the CSFC grant capacity over the next five years. Ms. Durso said that most of their funds are tied except for a grant returned due to a refunding, which is one of the only methods to create capacity in the grant program as the majority of the grant funds are tied up for twenty or thirty years. Mr. Schulman asked about the legality of the refunding policy. Ms. Durso stated that she has reviewed the language of the grant and it did speak to the fact that a grant could be used for a refunding but it was silent on whether it could be rolled over. Mr. Schulman said he would like to see a premise on the policy that expresses the Board's intent to make sure that the charter community is aware that the funds are out there and has the opportunity to apply for them. He also wanted to make sure the policy addressed the approval of the Board.

Mr. Schulman motioned to adopt a policy allowing the transfer of a grant award to a refunding and incorporate that policy into future grant awards applications, with the changes as discussed. Mr. Canby seconded the motion. The motion passed unanimously.

Mr. Coalter stated that staff has updated the information in the application and that it would include the policy discussed during the meeting. The application timeline calls for the packets to be available by August 15<sup>th</sup>, the charter schools will have until the end of October to reply for funds to be awarded in December.

Dr. Barnes asked if the required notice should be part of the application since they just made the change to the policy on refunding. Ms. Durso expressed an interest in having the Board weigh-in on the notice. Ms. Durso added that she did not see the application as being notice to the world of the policy. Ms. Durso volunteered to draw up a new policy for the Board. Mr. Schulman provided commentary concerning a third party opinion letter and the possibility of including this requirement as part of the new policy. Ms. Durso stated that the previous comments on the grant application included a requirement that the signature from the superintendent that the charter was in compliance.

**Executive Session:**

At 11:15 a.m., the Board of the TPFA Charter School Finance Corporation recessed and went into Executive Session in accordance with Texas Government Code 551.071(1) to obtain legal advice from counsel regarding matters posted on the agenda.

At 11:24 a.m., the Board of the TPFA CSFC reconvened in Open Session as result of the Closed Session the Board will take no action and returned to the discussion of Agenda Item No. 3 dealing with the possible issuance of a grant application.

Mr. Coalter stated that staff will include the refunding language in the application and issue the applications on August 15, 2013.

Mr. Canby motioned to move forward with the grant application, with the changes as discussed. Mr. Schulman seconded the motion. The motion passed unanimously.

**Item 4. Discussion, consideration and possible action on a Request for Financing by LTTS Charter School Inc., d/b/a Universal Academy, including adopting a Resolution authorizing issuance of Texas Public Finance Authority Charter School Finance Corporation Education Revenue Bonds (Universal Academy) Series 2013A, Texas Public Finance Authority Charter School Finance Corporation Education Revenue Bonds (Universal Academy), Series 2013B and Texas Public Finance Authority Charter School Finance Corporation Taxable Education Revenue Bonds (Universal Academy) Series 2013Q (Qualified School Construction Bonds – Direct Pay) in an amount not to exceed \$42.4 million and the execution of a Loan Agreement, a Trust Indenture and other documents and resolving other matters in connection therewith.**

Mr. Coalter outlined the request for financing from LTTS Charter Schools DBA Universal Academy. This particular school in Irving initially received its Charter in 1998 and has another campus in Coppell, which received its Charter in 2000. The request for financing would include funding for the purchase and renovation of Coppell and Irving facilities as well as to pay off a small loan which the institution currently has. The total request for financing is \$43,730,000, which includes costs of issuance estimated to be \$696,000.00.

Mr. Schulman stated his previous relationship with one of the attorneys on the transaction but stated that he believed he could remain objective.

Mr. Coalter asked the applicant to provide additional information regarding the transaction. Mr. Fuller described the arms-length transaction.

Mr. Canby motioned to approve the request for financing. Mr. Schulman abstained from voting. The motion passed.

**Item 6. Discussion of possible future meeting dates.**

Mr. Coalter said at this point in time, probably in November or early December, unless they receive a request for financing or if something else comes up between now and then.

**Item 7. Adjourn.**

The meeting adjourned at 11:52 a.m.

The foregoing minutes were approved and passed by the Board of Directors on August 22, 2014.



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Paul Jack  
Secretary, Board of Directors

ATTACHMENT: Posting Notice - Exhibit A