TEXAS PUBLIC FINANCE AUTHORITY

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Robert P. Coalter

Supplemental Summary for the FY 2013 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 rules and 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 underwriting policies.

For Fiscal Years 2013 - 2015 negotiated bond underwritings, the Board has selected a pool of 24 firms that includes one HUB firm and five minority and/or woman-owned firms. Under the Authority's contracts for professional services required for bond issues, the Board also selected a pool of nine law firms, two of which are HUBs, to be selected to serve as bond counsel on a bond issue by bond issue basis during Fiscal Years 2013-2015. During this reporting period, $742,167 or 92.87% of the Authority's total expenditures were related to costs of issuance and the ongoing administration of bonds, including fees for private liquidity providers on four commercial paper programs. Such expenses also include fees for bond ratings, paying agents, financial services, private liquidity services, and arbitrage rebate compliance to satisfy bond covenants. These services are only available from a few large corporations; therefore, limited HUB and/or minority firms are available to provide such services. Also included in the Authority's total expenditures are amounts for commercial paper liquidity support from private sector service providers. Liquidity fees represent approximately 82% of the Authority's total expenditures related to the issuance and ongoing administration of bonds. Historically, liquidity fees were excluded from the Authority's total expenditures, since such services were provided by the Comptroller's office. Although the Authority has negotiated with the Comptroller for state-supported liquidity during this reporting period, fees related to terminating private liquidity facilities are reflected in the agency's overall expenditures, reflecting an increase in ongoing bond administration costs.

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

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

Robert P. Coalter
Executive Director