

# TEXAS PUBLIC FINANCE AUTHORITY

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## Supplemental Summary for the FY 2016 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 bond underwriting policies.

For negotiated bond underwritings approved during the current 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. 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, with the firm to be selected on a transaction by transaction basis. During this reporting period, the Authority completed two negotiated bond sales. On one of the negotiated bond transactions, a DBE firm participated in the underwriting syndicate and received 6% of the overall takedown of underwriting fees and a DBE printing firm participated as the financial printer receiving 100% of the printing fees. On the second negotiated bond transaction, three (3) DBE firms participated in the underwriting syndicate and received 35% of the overall takedown of underwriter compensation and a DBE participated as the financial printer receiving 100% of the printing fees. Underwriter fees are netted from bond proceeds before being deposited into the state treasury; therefore, such fees are not included in the Authority's overall expenditures. 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 2016, approximately \$1.378 million or 94.5% 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 qualified HUB and/or DBE firms are not available 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.

  
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Lee Deviney  
Executive Director