

# TEXAS PUBLIC FINANCE AUTHORITY CHARTER SCHOOL FINANCE CORPORATION

## BOARD OF DIRECTORS:

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Dr. Nancy Grayson, Vice President  
Coalter Baker, Secretary/Treasurer  
Monty Humble

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

**June 4, 2021**

The Board of Directors (the “Board”) of the Texas Public Finance Authority Charter School Finance Corporation (the “CSFC”) convened in open meeting, notice duly posted with the Office of the Secretary of State, at 10:00 a.m. on June 4, 2021, via videoconference: Mr. David Miller, President; Steve West, Secretary/Treasurer; Coalter Baker, Director; and Mr. Monty Humble, Director.

In attendance were the following TPFA staff: Lee Deviney, Executive Director; John Hernandez, Deputy Director; Kevin Van Oort, General Counsel; Pamela Scivicque, Director of Business Administration; Matthew Berry, Financial Analyst; and Bon Wier, Program Specialist.

Also in attendance were the following persons, representing the entity indicated: Daniel Neely, Kari Hoefnagels, Latisha Andrews, Martha Smith, K. Hampton, and Helen Abernathy, Beta Academy; Andrew Freeman, Gihan Gunasekera, and Susan Adams, Basis Texas Charter School, Inc.; Staci Weaver and Angela Willis, Legacy Preparatory Charter School; and Gene Zhu.

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

Mr. Miller called the meeting to order at 10:02 a.m. and noted the presence of a quorum. Mr. Miller confirmed that the meeting had been duly posted with the Office of the Secretary of State.

### **Item 2. Board governance.**

Mr. Deviney presented letters from Governor Greg Abbott, approving the recent appointment of Coalter Baker and the reappointment of Monty Humble and David Miller to the Board of Directors.

**Item 3. Review and approval of the minutes of the September 18, 2020 Board meeting.**

Mr. Miller asked if there were any corrections or additions to the minutes as presented. No changes were proposed.

**Action:** Mr. West moved to approve the minutes of the September 18, 2020 CSFC Board meeting, as presented. Second by Mr. Baker.

The motion passed unanimously.

**Item 4. Status Report on Texas Credit Enhancement Program (TCEP)**

Mr. Van Oort explained the appropriate scenarios for providing a TCEP guaranty to applicants which include approving an application, deferring an application, providing funds in the future as they become available or not making an award to the applicant. Discussion ensued regarding whether the awards could come from a variety of funds and/or future funds.

**Item 5. Consideration, discussion, and possible action related to granting credit enhancement awards under TCEP.**

The Board members heard information from each of the applicants prior to taking action.

**Beta Academy**

Mr. Wier presented information on Beta Foundation, dba Beta Academy, which requested TCEP guaranties of \$1,174,500, associated with the 2019 bonds, and \$454,362.50, associated with the 2018 bonds. The total requested TCEP guaranty is \$1,628,862.50. Mr. Wier advised the Board that Beta Academy meets all eligibility requirements for the award under the TCEP guaranty program. The district maintains high academic standards as measured and reported by TEA. Enrollment growth is steady and well within facilities capacity with further room for growth. For fiscal year 2020, Beta Academy exhibited strong cash flow margins resulting in liquidity and debt service coverage well within reasonable tolerances for a Charter District. Staff recommended awarding Beta Academy the full amount requested, to the extent that the award can be supported by current and/or future TCEP fund availability.

Mr. Miller requested an explanation of the Authority's rating system. Mr. Wier discussed the parameters of the Authority's proprietary rating system.

**Basis Texas Charter Schools, Inc.**

Mr. Wier presented information on Basis Texas Charter Schools, Inc. Basis Texas Charter Schools, Inc. (BTCS) is a Texas nonprofit corporation that operates five open enrollment charter schools, serving grades K through 12 in San Antonio and Austin.

BTCS is requesting a TCEP guaranty in the amount of \$755,000. BTCS meets all eligibility requirements for an award under the TCEP program. Mr. Wier continued, historical growth, a deep wait list, and strong financial metrics suggest a very low risk of financial default. Staff

recommended awarding Basis Texas Charter Schools the full amount requested to the extent that the award can be supported by current and/or future TCEP funds availability.

Discussion ensued regarding the state's accountability rating. Mr. Andrew Freeman, Executive Director of Basis Texas, discussed the school's overall rating. Mr. Freeman stated that most public schools with the same rating have a magnet type program. Mr. Freeman also discussed the school's revamped program which added tutoring, a truancy program, and an academic leadership component by which the school was able to raise its score.

### **Legacy Preparatory Charter Academy**

Mr. Berry presented the information on Legacy Preparatory Charter Academy (LPCA). LPCA requested a \$2,871,317 allocation of the TCEP fund to replace the bond reserve in place for the New Hope Cultural Education Facilities Finance Corporation (Legacy Preparatory Charter Academy) Education Revenue Bonds, Tax-Exempt Series 2018A & Taxable Series 2018B bonds. Mr. Berry continued, it is staff's recommendation that the Legacy Preparatory Charter Academy TCEP application be granted a waiver and awarded a TCEP guaranty in the requested amount, contingent on fund availability.

Discussion ensued regarding program feedback from the US Department of Education (DOE) with regard to awards to schools that serve higher numbers of economically disadvantaged. Mr. Deviney explained the awards to school with higher numbers of disadvantage students are preferred by DOE.

Board members questioned how the school was able to transition from an "F" to a "B" rating. Ms. Weaver explained that the previous system was not working. The school revamped some of the staff and the staff policies to help raise the accountability rating. Ms. Weaver continued, the STARR tests are showing improvement.

Board members questioned where the qualitative and the quantitative information contained in the staff's analysis comes from. Mr. Deviney reported that the metric for schools who have economically disadvantaged students is 70%. Discussion continued on the economic disadvantaged status of the schools.

**Action:** Motion by Mr. Baker to approve two TCEP guarantees for Beta Academy, based on the submitted applications, in the amounts of \$1,174,500.00 immediately for the Beta Academy Series 2019A&B bonds and \$454,362.50 for the Beta Academy Series 2018A&B bonds, contingent on future fund availability and maintenance of current performance measures. Second by Mr. West.

The motion passed unanimously.

**Action:** Motion by Mr. West to approve a TCEP guarantee for Basis Texas Charter School, Inc, based on the submitted application, in the amount of \$755,000, contingent on future fund availability and maintenance of current performance measure standards. Second by Mr. Baker.

The motion passed unanimously.

No action was taken on Legacy Preparatory Charter Academy, pending additional review of the school's performance measures and rating.

**Item 6. Future TCEP applications.**

Mr. Deviney reported there is an ineligible application that was received, and the staff are in communications with the applicant.

**Item 7. Staff update:**

**a) Legislative update.**

Mr. Deviney provided an overview of bills pertaining to charter schools.

**b) D&O insurance.**

Mr. Deviney advised the board members that the D&O policy has been renewed through April 2022.

**c) 2021 TCEP Performance Agreement with US Department of Education.**

Mr. Deviney shared that the agency is awaiting feedback from the Department of Education regarding the new performance agreement.

**d) Annual report to US Department of Education.**

Mr. Deviney shared the report had been discussed at the September 2020 board meeting.

**e) Status of US Department of Education TCEP Audit.**

Mr. Deviney stated the only finding was the absence of certain boilerplate language in a few prior TCEP Guarantee Agreements expressly stating that the bonds were not backed by the full faith and credit of the federal government. Mr. Deviney stated that language would be included in all future guarantees.

**f) Requests for CSFC bond issuance.**

Mr. Deviney said that there have been no requests for bond issuances in a number of years. Mr. Deviney believes this is due to the ability of other entities to issue bonds quicker, since they do

not have to present an application to the Bond Review Board for approval if they use a different issuing entity. Discussion ensued regarding how other issuing entities receive their funds.

**g) Charter awards, closures and related matters.**

Mr. Deviney reported that the agency is actively engaged with the trustee for the Shekinah bonds to get the bonds cancelled properly.

**Item 8. Discussion of possible future meeting dates.**

Mr. Deviney recommended the next meeting be held in September 2021 if the new performance agreement has been executed.

**Item 9. Adjourn**

**Action:** Motion by Mr. Humble to adjourn the meeting. Second by Mr. West.

The motion passed unanimously.

Mr. Miller adjourned the meeting at 11:29 a.m.

The foregoing minutes were approved and adopted by the Board of Directors on this 13<sup>th</sup> day of October 2023.



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David L. Miller  
President, Board of Directors