

TEXAS PUBLIC FINANCE AUTHORITY

BOARD OF DIRECTORS:

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

September 18, 2020

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, (a copy of which is attached hereto as Exhibit "A") at 10:00 a.m. on September 18, 2020 via videoconference: Mr. David Miller, Vice Chair; Steve West, Secretary/Treasurer; Mr. Monty Humble, Director; and Dr. Nancy Grayson, 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; and Bon Wier, Program Specialist.

Guests in attendance were: Coalter Baker, prospective CSFC board member; Leonard Brannon, Superintendent and Co-Founder, Luis Hinojosa, Chief Financial Officer, Elda Rojas, Chief Academic Officer, James Dworkin, Cityscape Schools Inc.; Eddie Conger, Founder, CEO and Superintendent, Dr. Laura Carrasco, Chief Academic Officer, Kayla Nations-Perkins, International Leadership of Texas (IL); and Vince Karnes and Paul Jasin, SPFMuni.

Item 1. Call to order.

Mr. Miller called the meeting to order at 10:01 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 and selection of officers.

Mr. Deviney provided a recap from the last meeting regarding the resignation of Mr. Paul Jack, then President of the CSFC, leaving the position vacant. Mr. Miller currently serves as the Board Vice-President and Mr. West as Secretary/Treasurer.

Discussion ensued regarding the nomination of the Board President. Dr. Grayson joined the video conference at 10:09 a.m. Mr. Deviney confirmed that all members of the Board were present and introduced Mr. Baker, who has been appointed by the TPFPA Board to serve as a member of CSFC Board, subject to approval by the Governor.

Mr. Miller provided a recap of the election discussion regarding voting or tabling the selection of officers.

Action: Mr. West nominated Mr. Miller to serve as the CSFC President. Second by Mr. Humble.

The motion passed with Mr. Miller not voting.

Action: Mr. Humble nominated Dr. Grayson to serve as the CSFC Vice-President. Second by Mr. West.

The motion passed with Dr. Grayson not voting.

Mr. Miller asked if there were any objections to Mr. West continuing to serve as Secretary/Treasurer. There being no objections, Mr. West will continue as Secretary/Treasurer of the Board.

Item 3. Review and approval of the minutes of the December 12, 2019 Board meeting.

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

Action: Mr. Humble moved to approve the minutes of the December 12, 2019 CSFC Board meeting, as presented. Second by Mr. West.

The motion passed unanimously.

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

Mr. Deviney reported to the Board that Shekinah's charter had been revoked. Mr. West stated the assumption of Shekinah by Heritage happened in 2016 and if payments were not being made on the bonds, the CSFC would have received notice. Mr. Van Oort confirmed that no letter had

been received indicating Shekinah was in default. Mr. Wier pointed out the transaction had additional collateral to secure the bonds and no claim had been made to the guarantee fund.

Item 5. Future TCEP applications and fund status.

Mr. Deviney indicated that an additional application was received; however, it was not received in time for consideration at this board meeting. Mr. Deviney reported that \$2.464 million in funds are available for award. Mr. Deviney reported to the Board that all the previous award guarantees had closed except for Winfree Academy.

Item 6. Consideration, discussion and possible action related to granting credit enhancement awards under TCEP.

Mr. Deviney shared there are two applications for consideration and that the requests exceed the current amount available. Mr. Deviney introduced Mr. Bon Wier, TPFA Program Manager, to present information on applications submitted by Cityscape Schools Inc. and International Leadership of Texas (IL).

Mr. Wier provided a recap and stated that the combined total request for both applicants is approximately \$6.7 million, however, there is only \$2.5 million currently available for awards. Mr. Wier explained the merits of the Cityscape application. He continued, Cityscape has two campuses and the applicant meets all the minimum requirements for an award. Mr. Wier continued, Cityscape has sound policies and practices in place, they have improved their liquidity position and the staff recommend the award. Mr. Wier continued to present the merits of the application. Mr. Wier stated that Cityscape could be subjected to adverse business conditions if financial problems arise from COVID-19 related issues.

Discussion ensued with Board members regarding COVID-19 and questioning how the school, students and parents are functioning and adjusting to providing on-line and in person school day. Mr. Wier responded that the school opened with virtual learning in September and the two schools would be opened for in person instruction in October. Discussion ensued regarding the financial review of Cityscape and the proprietary TPFA-CSFC bond rating system and how the rating system applies to the applicants score.

Leonard Brannon, Luis Hinojosa and Elda Rojas with Cityscape provided additional information about the application in response to Board members questions. Dr. Grayson was complimentary about Cityscape with regards to the curriculum and student involvement. Dr. Grayson expressed concern about COVID-19 and how it will affect the students learning. Mr. Brannon discussed the way the school is working with both students and parents to navigate the student's schoolwork while working with the guidelines for COVID-19 restrictions. Ms. Rojas explained the on-going discussions with parents about the transition of the schooling from home posture. Mr. Brannon continued that all the kids have access to Wi-Fi or hot spots and Chromebooks if needed. Parents can participate in school meetings using these tools.

Mr. Wier presented information on IL which included that three of IL Texas's campuses did not meet the minimum accountability rating requirements from the Texas Education Agency. Mr.

Wier reminded the Board members that if they chose to, a waiver of TCEP eligibility could be provided. IL requested an award of \$5 million, staff recommended an award if the waiver is approved of no more than \$1.6 million.

Dr. Grayson questioned the growth of IL's campuses while some of its schools had a decrease in TEA accountability ratings, which indicated campuses with failing scores. Mr. Baker asked questions regarding the revenue for the schools for the previous years. Mr. Wier stated the net revenue which had risen significantly in 2019 was due to a debt restructuring which had occurred the previous year. Mr. Wier said the overall financial position is the reason for the staff recommendation. Dr. Grayson applauded them on their financial position, but indicated concerns about the accountability ratings and the growth of IL.

Discussion ensued with the IL's staff regarding the growth of the campuses versus the excellence of working with the students. A discussion on the growth and standards of the school and students was addressed. Mr. Conger with IL discussed the growth in both Houston and Dallas. Mr. Conger pointed out that strategically the schools are on a four-year program to improve their TEA accountability ratings. Mr. Conger said the IL system has over 21,000 students enrolled.

Mr. Conger discussed IL's COVID-19 response and said not all students are currently on campus. He continued, in urban areas parents have said they prefer not to have in-person classes. Dr. Carrasco stated that all indications showed the "F" rated schools were on track to receive better accountability ratings.

Mr. Miller asked for the Board's input on the applicants. Dr. Grayson discussed not funding the IL application at this time, she requested IL wait a year to show definitively that the accountability ratings have improved. Discussion ensued. Mr. West recalled that the Board had asked a previous applicant to wait on a decision until the next round of ratings are completed. The Board members agreed to provide a set of criteria to the applicant, so the applicant knows how to proceed. Mr. Deviney said he would poll the Board members to ensure exactly which items the board members would like to see updated.

The Board had no additional discussion related to Cityscape.

Action: Motion by Mr. West to approve the two TCEP guarantees for Cityscape Schools, based on the submitted applications, in the amounts of \$988,625.00 for the Cityscape 2016 bonds and \$709,500.00 for the Cityscape 2019 bonds. Second by Mr. Humble.

The motion passed unanimously.

Action: Motion by Dr. Grayson to table the application for International American Education Federation, Inc. until the school can provide norm referenced data to show academic growth and to provide audited financial data and a list of items that will be needed by the board for a decision will be provided to IL. Second by Mr. Miller.

The motion passed unanimously.

Item 7. Staff update:

a) Annual report to US Department of Education.

Mr. Deviney stated that the annual report of the TCEP awards will be submitted on December 20, 2020.

b) Status of US Department of Education TCEP Audit.

Mr. Deviney advised that the US Department of Education is currently engaged in a routine audit of the TCEP program.

c) Requests for CSFC bond issuance.

Mr. Deviney stated there are no pending applications for charter school bond issuances.

d) Charter awards, closures and related matters.

Mr. Deviney provided a list of state-wide charter school performance. Mr. Deviney indicated that he anticipates an addition grant of funds from the US Department of Education for TCEP purposes.

e) Board member appointments.

No discussion on this item occurred.

Item 8. Discussion of possible future meeting dates.

A tentative meeting in January 2021 was discussed. Mr. Deviney stated there would be two TCEP applications for review at that meeting.

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 4th day of June 2021.



Steve West
Secretary, Board of Directors

ATTACHMENT: Exhibit A – Posting Notice



Open Meeting Information

Agency Name: Texas Public Finance Authority

Date of Meeting: 09/18/2020

Time of Meeting: 10:00 AM (Local Time)

Board: Texas Public Finance Authority

Committee: Charter School Finance Corporation

Status: Accepted

Street Location: Via Video Conference Public access information available on the TPFA-CSFC website at: <http://www.tpfa.texas.gov/CSFC>

City Location: Austin

Meeting State: TX

TRD: 2020005179

Submit Date: 09/10/2020

Emergency Mtg: No

Additional Information Obtained From: Donna Weinberger at 512-463-5544

Texas Public Finance Authority
Charter School Finance Corporation
Board Meeting
Friday, September 18, 2020 - 10:00 A.M.

Via Video Conference
Public access information available on
the TPFA-CSFC website at: <http://www.tpfa.texas.gov/CSFC>

Agenda: Due to Governor Greg Abbott's March 13, 2020 proclamation of a state of disaster affecting all counties in Texas due to the coronavirus and the Governor's March 16, 2020 suspension of certain provisions of the Texas Open Meetings Act, this meeting of the Texas Public Finance Authority will be held via video conference call, as authorized under Section 551.127 of the Texas Government Code.

AGENDA

The Board may discuss and take action regarding any of the following matters:

1. Confirm meeting posting compliance with the Open Meetings Act.
2. Board governance and selection of officers.
3. Review and approval of the minutes of the December 12, 2019 Board meeting.
4. Status Report on Texas Credit Enhancement Program (TCEP) participants.
5. Future TCEP applications and fund status.
6. Consideration, discussion and possible action related to granting credit enhancement awards under TCEP.
7. Staff update:
 - (a) Annual report to US Department of Education.
 - (b) Status of US Department of Education TCEP Audit.
 - (c) Requests for CSFC bond issuance.
 - (d) Charter awards, closures and related matters.
 - (e) Board member appointments.
8. Discussion of possible future meeting dates.
9. Adjourn

THE BOARD MAY GO INTO CLOSED SESSION REGARDING ANY ITEM ON THE AGENDA IF PERMITTED UNDER THE OPEN MEETINGS ACT, GOVERNMENT CODE CHAPTER 551.

An electronic copy of the agenda is available at http://www.tpfa.texas.gov/CSFC/CSFC_agenda.aspx. A recording of the meeting will be available after the meeting. To obtain the recording, please contact Donna Weinberger, at 512/463-5544.

Information regarding use of the Zoom webinar application can be found on the CSFC website: at <http://www.tpfa.texas.gov/CSFC/>. Further technical information regarding the Zoom webinar application can be found at the Zoom Help Center: <https://support.zoom.us/hc/en-us/articles/115004954946-Joining-and-participating-in-a-webinar-attendee->.

Information regarding accessing the meeting via a toll-free dial-in number is also available on the CSFC website at: <http://www.tpfa.texas.gov/CSFC>.

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