

# TEXAS PUBLIC FINANCE AUTHORITY

**BOARD OF DIRECTORS:**

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Lee Deviney

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

**December 12, 2019**

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 December 12, 2019 at the Capitol Extension Hearing Room E2.028, State Capitol, 1400 N. Congress Avenue, Austin, Texas. Present were: Mr. Paul Jack, Chair; 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; Matthew Berry, Financial Analyst; and Bon Wier, Program Specialist.

Guests in attendance were: Brandy Schott, Carrie Alexander and Gene Zhu representing Winfree Academy.

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

Mr. Jack called the meeting to order at 10:03 a.m. and noted the presence of a quorum. Mr. Jack confirmed that the meeting had been duly posted with the Office of the Secretary of State.

### **Item 2. Review and approval of the minutes of the July 19, 2019 Board meeting.**

Mr. Jack 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 July 19, 2019 CSFC Board meeting, as presented. Second by Mr. Miller.

The motion passed unanimously.

**Item 3. Status Report on TCEP participants.**

Mr. Deviney explained that there have been no significant changes from the previously reported information about TCEP participants. Mr. Deviney indicated that a new document listing charter school awards and closures from the Texas Education Agency (TEA) is now being included in the board book, which is a snapshot of charter schools in Texas beginning in 1998.

**Item 4. Consideration, discussion and possible action related to granting credit enhancement awards under the Texas Credit Enhancement Program.**

Mr. Deviney stated that Winfree Academy has submitted a new application for a TCEP award and introduced Mr. Bon Wier, TPFA Program Specialist, to present the applicant's information. Mr. Wier stated Winfree Academy is requesting a guaranty of \$726,775 to satisfy the debt service reserve account requirements for outstanding facilities bonds.

Mr. Wier reminded the Board that the applicant had applied the previous year and the Board did not take action on the application at that time. Mr. Wier reported the school's cash flow margin has improved from under 1.5% to 4.7% and cash on hand and has grown from 52 to 60 days of operating expense coverage. Mr. Wier continued, Winfree Academy operates 6 campuses in Dallas and Denton Counties. Winfree Academy was established to serve an older population of students serving only grades eleven and twelve, but today serves grades nine through twelve. Mr. Wier advised the Board that Winfree does not satisfy the minimum qualifications to receive an award. TEA rated Winfree's Lewisville campus as "Improvement Required" for the school year ending in 2018. For the year ending 2019, and under a new rating system, the same campus was rated "D" in 2019, which does represent an improvement equivalent to "meets standards" based on the legacy rating system. Mr. Wier reported that due to the rating in 2018, Winfree is not able to receive an award without a waiver.

Discussion ensued regarding the financial stability of Winfree and the TPFA bond rating that was assigned. Mr. Wier described how he came to the conclusion of a solid, but speculative-grade rating. Mr. Wier explained that restructuring the 2009 debt has improved the district's ability to service its debt going forward.

Discussion followed regarding the lack of growth of the school and the current grade level numbers.

Discussion ensued regarding the population of the school, which is currently 1,317 and of which the Lewisville campus has approximately 150 students.

Discussion proceeded regarding a request for a program waiver. Mr. Jack pointed out that the proposed waiver is for one campus for a one-year period that did not meet the program's eligibility requirements.

Discussion continued regarding the amount of grant funds currently available and if there were any additional applications currently being evaluated. Mr. Deviney reported that there are three prospective applicants, but none currently under review.

**Action:** Motion by Mr. Humble to waive the TCEP eligibility requirements for the pending application submitted by the Winfree Academy Charter Schools. Second by Mr. Miller.

The motion was approved with Mr. Humble, Mr. Jack, Mr. Miller, and Mr. West voting in favor of the motion and Dr. Grayson voting in opposition to the motion.

**Action:** Motion by Mr. West approve a TCEP guarantee for the Winfree Academy Charter Schools, based on the submitted application, in the amount of \$726,775. Second by Mr. Humble.

The motion was approved with Mr. Humble, Mr. Jack, Mr. Miller, and Mr. West voting in favor of the motion. Dr. Grayson present not voting.

The motion passed on a vote of four in favor and one present not voting.

#### **Item 5. Future TCEP applications and fund status.**

Mr. Deviney advised the Board that there are no other pending applications, aside from Winfree Academy. It was reported the current fund balance was \$1,872,185.74 prior to the Winfree award.

Mr. Deviney also reported that TCEP award recipient Shekinah Radiance Academy was subsumed by Heritage who had previously reported Shekinah's bonds in their annual report. The bonds are no longer reported by Heritage. Staff has been in contact with Heritage and Regions Bank, the bond holder, to determine if the bonds are still outstanding or if the bonds have been taken out. If the bonds are no longer outstanding, the Shekinah allocation would be available for future award.

Mr. Deviney advised the Board that two bond issues have not closed and were nearing the one-year TCEP award timeline. Mr. Deviney requested a 3-month extension of the TCEP award to close on Arlington and Imagine International.

**Action:** Motion by Dr. Grayson that the Board extend, for three months, its approval of the TCEP guarantees previously approved for Arlington Classics Academy and Imagine International North Texas. Second by Mr. West.

The motion passed unanimously.

**Item 6. Report: 2019 Expanding Opportunity Through Quality Charter Schools Program (CSP)—Grants for Credit Enhancement for Charter School Facilities.**

Mr. Deviney reported the grant application previously submitted to the US Department of Education (DOE) had not been funded. Discussion ensued regarding how other states received grants and what type of data should be included in the CSFC application to be competitive for a future grant.

Discussion ensued regarding the potential for a shift in the current portfolio schools should the TCEP grant criteria change.

**Item 7. TCEP award criteria.**

Discussion ensued regarding changing or modifying the current program eligibility criteria.

**Item 8. Staff update:**

- a. Annual report to US Department of Education.

Mr. Deviney advised that the report has been submitted to the US Department of Education.

- b. Requests for CSFC bond issuance.

Mr. Deviney reported there have been no recent requests for bond issuances.

- c. Charter Awards, Closures and related matters.

No further discussion on this item.

- d. Board Member Appointments.

Mr. Deviney reported that both Dr. Grayson and Mr. West's appointments expire in 2020. Mr. Deviney inquired as to whether they were interested in continuing to serve on the board.

Mr. Jack reported he will submit his resignation from the Board to eliminate any appearance of conflict with his pending appointment to serve as financial advisor to the Texas Public Finance Authority.

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

A tentative meeting in March 2020 was discussed.

**Item 9. Adjourn**

Mr. Jack adjourned the meeting at 11:08 a.m.

The foregoing minutes were approved and adopted by the Board of Directors on this 4<sup>th</sup> day of September 2020.



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Steve West  
Secretary, Board of Directors

ATTACHMENT: Exhibit A – Posting Notice



Donna Weinberger-Rourke

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## Open Meeting Submission

**TRD:** 2019007161  
**Date Posted:** 12/04/2019  
**Status:** Accepted  
**Agency Id:** 0113  
**Date of Submission:** 12/04/2019  
**Agency Name:** Texas Public Finance Authority  
**Board:** Texas Public Finance Authority Charter School Finance Corporation  
**Date of Meeting:** 12/12/2019  
**Time of Meeting:** 10:00 AM ( ##:## AM Local Time)  
**Street Location:** Capitol Extension Hearing Room E2.028 State Capitol 1400 N. Congress Avenue  
**City:** Austin  
**State:** TX  
**Liaison Name:** Donna Weinberger-Rourke  
**Liaison Id:** 8  
**Additional Information Obtained From:** Donna Weinberger at 512-463-5544  
**Agenda:** Texas Public Finance Authority  
Charter School Finance Corporation  
Board Meeting  
Thursday, December 12, 2019 - 10:00 A.M.  
Capitol Extension Hearing Room E2.028  
State Capitol  
1400 N. Congress Avenue  
Austin, Texas

### 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. Review and approval of the minutes of the July 19, 2019 Board meeting.
3. Status Report on TCEP participants.

4. Consideration, discussion and possible action related to granting credit enhancement awards under the Texas Credit Enhancement Program.
5. Future TCEP applications and fund status.
6. Report: 2019 Expanding Opportunity Through Quality Charter Schools Program (CSP)-Grants for Credit Enhancement for Charter School Facilities.
7. TCEP award criteria.
8. Staff update:
  - (a) Annual report to US Department of Education
  - (b) Requests for CSFC bond issuance.
  - (c) Charter Awards, Closures and related matters.
  - (d) Board Member Appointments.
9. Discussion of possible future meeting dates.
10. 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.

Persons with disabilities, who have special communication or other needs, who are planning to attend the meeting should contact Donna Weinberger at 512/463-5544. Requests should be made as far in advance as possible. Contact Donna Weinberger if you need any additional information, Texas Public Finance Authority, 300 W. 15th Street, Suite 411, Austin, TX 78701.

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