

TPFA Client Agency Orientation
May 21, 2008
Handouts

1. Summary of General Obligation Bonds Appropriations
2. FY 2008-09 GO Bond appropriations: Article IX, Riders 19.70 and 19.71
3. TDCJ Bill pattern: Example of appropriation of GO Bond proceeds, lease revenue bond debt service, UB rider
4. Excerpts from LAR Instructions
5. TPFA memo on requesting GO Bond Authority
6. Sample Request for Financing – TDCJ
7. Bonds vs. CP: Sample Expenditure Schedule/Arbitrage Benchmark Test
8. Sample Memorandum of Understanding
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**Texas Public Finance Authority
2001 Article III 50-f General Obligation Bonds
Constitutionally Authorized and Unappropriated**

as of 4/30/08

Authorization		2001*	2003*	2005*	2007*	\$ 850,000,000	Total Issued	+ Net Funding**	Total Appropriated and Unissued
Appropriated to Agencies/Projects		III 50-f	III 50-f/HB 1	III 50-f/HB 1	III 50-f/HB 1	Total Appropriation			
Adjutant General	Repair and maintenance.	\$ 3,038,252	\$ -	\$ 4,500,000	\$ -	\$ 7,538,252	\$ 7,535,000	\$ 3,252	\$ -
Department of Agriculture	Maintenance and repair at Giddings Seed Laboratory.	\$ 45,000	\$ -	\$ -	\$ -	\$ 45,000	\$ 44,011	\$ 989	\$ -
Department of Public Safety	Acquisition of statewide law enforcement facilities	\$ 18,500,000	\$ -	\$ 25,745,577	\$ -	\$ 44,245,577	\$ 34,835,107	\$ 164,893	\$ 9,245,577
Equipment Acquisition (Agency unspecified)	Equipment acquisition, agency not specified; appropriation not used in FY02-03	\$ 31,500,000	\$ -	\$ -	\$ -	\$ 31,500,000	\$ -	\$ -	\$ -
Mental Health Mental Retardation (DSHS/DADS)	Acquisition, construction, and renovation of mental health and mental retardation institutions.	\$ 35,000,000	\$ 35,350,000	\$ -	\$ -	\$ 70,350,000	\$ 67,892,200	\$ 207,800	\$ 2,250,000
Department of State Health Services	Construction, renovation and maintenance. TX Center for Infectious Disease, South TX Healthcare System	\$ -	\$ -	\$ 21,931,000	\$ -	\$ 21,931,000	\$ 13,300,000	\$ -	\$ 8,631,000
Department of Aging & Disability Services	Acquisition, construction, and renovation of mental retardation institutions.	\$ -	\$ -	\$ 26,086,000	\$ -	\$ 26,086,000	\$ 24,500,000	\$ -	\$ 1,586,000
State Preservation Board	Repair and maintenance of State Capitol Building and grounds.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Texas Facilities Commission	Deferred Maintenance Projects	\$ 16,484,500	\$ -	\$ 29,142,000	\$ 50,027,700	\$ 95,654,200	\$ 91,424,635	\$ 187,565	\$ 4,042,000
Texas Department of Criminal Justice	Acquisition, construction and renovation of corrections institutions and substance abuse felony punishment facilities.	\$ 80,000,000	\$ -	\$ 66,000,000	\$ 50,400,000	\$ 196,400,000	\$ 193,397,866	\$ 2,134	\$ 3,000,000
Texas Department of Health (DSHS)	Construction of the Texas Center for Infectious Disease and the South Texas Health Care System.	\$ 33,900,000	\$ -	\$ 3,000,000	\$ -	\$ 36,900,000	\$ 16,800,000	\$ -	\$ 20,100,000
Texas Historical Commission	County Courthouses	\$ 45,000,000	\$ 45,000,000	\$ -	\$ 48,000,000	\$ 93,000,000	\$ 44,450,000	\$ 550,000	\$ 48,000,000
Texas Parks & Wildlife Department	Acquisition and development of additional State park sites.	\$ 36,680,000	\$ -	\$ 18,075,000	\$ 17,000,000	\$ 71,755,000	\$ 42,383,019	\$ 796,981	\$ 28,575,000
Texas School for the Blind and Visually Impaired	Renovation and maintenance.	\$ 5,134,000	\$ -	\$ 36,452,000	\$ 68,287,208	\$ 109,873,208	\$ 21,100,000	\$ 34,000	\$ 88,739,208
Texas School for the Deaf	Construction, renovation and maintenance.	\$ 7,085,000	\$ -	\$ 1,729,500	\$ -	\$ 8,814,500	\$ 8,785,000	\$ 29,500	\$ -
Texas Youth Commission	Acquisition, construction and major repair or renovation of youth corrections institutions.	\$ 10,792,136	\$ -	\$ 9,857,750	\$ 29,816,016	\$ 50,465,902	\$ 29,254,864	\$ 237,272	\$ 20,973,766
Total		\$ 278,158,888	\$ 80,350,000	\$ 242,518,827	\$ 263,530,924	\$ 864,558,639	\$ 595,701,702	\$ 2,214,386	\$ 235,142,551

* \$850,000,000 was authorized by voter's approval of Constitutional amendment; Legislature appropriated \$278,158,888 for projects in the FY 02-03 biennium, \$80,350,000 for the FY 04-05 biennium, \$242,518,827 for the FY 06-07 biennium and \$263,530,924 for the FY 08-09 biennium. Remainder to be appropriated and issued in future biennia.

**Net Funding: Amount issued may be slightly less than Amount Appropriated because interest earned on bond proceeds can be used to finance projects. This results in a slight increase in the amount of authorization available to be appropriated.

***Equipment acquisition appropriation was not used in the 2002-2003 biennium and does not carry forward to future biennium.

Total Amount Available to be Appropriated	
Constitutional Authorization	\$ 850,000,000
Add back unspecified equipment acquisition appropriation	\$ 31,500,000
FY02-03, 04-05, 06-07 and 08-09 Appropriations	\$ 864,558,639
	\$ 16,941,361
Net Funding	\$ 2,214,386
Total Available to be Appropriated	\$ 19,155,747

**Texas Public Finance Authority
2007 Article III 50-g General Obligation Bonds
Constitutionally Authorized and Unappropriated**

as of 04/30/08

Authorization		2007*	\$ 1,000,000,000	Total Issued	Total Appropriated and Unissued
Appropriated to Agencies/Projects		III 50-g/HB 1	Total Appropriation		
Adjutant General	Major maintenance projects at 14 readiness centers and repairs and maintenance of Camp Mabry facilities	\$ 13,527,712	\$ 13,527,712	\$ -	\$ 13,527,712
Department of Public Safety	New regional office and crime lab in Lubbock; new offices in McAllen and Rio Grande City; crime lab expansions; emergency vehicle operations course	\$ 200,000,000	\$ 200,000,000	\$ -	\$ 200,000,000
Department of State Health Services	Repair and renovation of mental health state hospitals	\$ 30,632,149	\$ 30,632,149	\$ -	\$ 30,632,149
Department of Aging & Disability Services	Repair and renovation of mental health state schools	\$ 39,760,811	\$ 39,760,811	\$ -	\$ 39,760,811
Texas Facilities Commission	Critical deferred maintenance and asbestos abatement for facilities	\$ 32,000,000	\$ 32,000,000	\$ -	\$ 32,000,000
Texas Department of Criminal Justice	Acquisition, construction and renovation of corrections institutions and substance abuse felony punishment facilities.	\$ 273,400,000	\$ 273,400,000	\$ -	\$ 273,400,000
Texas Historical Commission	Courthouse renovations and historic sites	\$ 48,000,000	\$ 48,000,000	\$ -	\$ 48,000,000
Texas Parks & Wildlife Department	Battleship Texas and statewide park repairs	\$ 52,120,000	\$ 52,120,000	\$ -	\$ 52,120,000
Texas School for the Blind and Visually Impaired		\$ -	\$ -	\$ -	\$ -
Texas School for the Deaf		\$ -	\$ -	\$ -	\$ -
Texas Youth Commission	New construction at existing facilities and construct one new facility in a metro area	\$ 27,862,719	\$ 27,862,719	\$ -	\$ 27,862,719
Total		\$ 717,303,391	\$ 717,303,391	\$ -	\$ 717,303,391

* \$1,000,000,000 was authorized by voter's approval of Constitutional amendment; Legislature appropriated \$717,303,391 for projects in the FY 08-09 biennium. Remainder to be appropriated and issued in future biennia.

Total Amount Available to be Appropriated	
Constitutional Authorization	\$ 1,000,000,000
2008-2009 Appropriations	\$ (717,303,391)
Remaining Authorization	\$ 282,696,609

ADDITIONAL CONTINGENCY AND OTHER PROVISIONS
(Continued)

- (c) \$17,204,714 may only be used to provide grants to local law enforcement agencies for overtime and per diem when cooperating in a surge operation, or for training, equipment, and technology acquisition.

Sec. 19.70. **Appropriations of Remaining Proposition 8 General Obligation Bond Proceeds.**⁴⁷ In addition to amounts appropriated elsewhere in this Act, there is hereby appropriated \$263,530,924 for the 2008–09 biennium to the agencies listed below out of general obligation bond proceeds. Any unexpended and unobligated balances in general obligation bonds remaining as of August 31, 2008 are hereby appropriated to each respective agency for the fiscal year beginning September 1, 2008 for the same purpose. Capital Budgets for each respective agency are hereby amended accordingly. All projects funded with bond proceeds are subject to approval by the Legislative Budget Board prior to issuance of the bond proceeds by the Texas Public Finance Authority.

In addition to amounts appropriated elsewhere in this Act to the Texas Public Finance Authority, there is hereby appropriated \$9,182,274 in fiscal year 2008 and \$18,624,145 in fiscal year 2009 out of the General Revenue Fund to make debt service payments for the bond proceeds appropriated herein.

Contingent upon passage of House Bill 12 or similar legislation by the Eightieth Legislature, 2007, relating to the funding, powers, duties, and responsibilities of the Parks and Wildlife Department and the Texas Historical Commission, in addition to amounts appropriated elsewhere in this Act to the Texas Public Finance Authority, there is hereby appropriated \$852,329 in fiscal year 2008 and \$1,660,993 in fiscal year 2009 out of the General Revenue Account No. 400 Sporting Goods Sales Tax - Transfer to State Parks Account No. 64, for debt service payments on \$17,000,000 in general obligation bond proceeds for the Parks and Wildlife Department. In the event that House Bill 12 or similar legislation does not pass, \$852,329 in fiscal year 2008 and \$1,660,993 in fiscal year 2009 out of the General Revenue Fund is hereby appropriated to the Texas Public Finance Authority.

Proposition 8	2008–09 Biennial Total	
by Article by Agency by Project	Bond Proceeds	Debt Service
ARTICLE I		
Texas Facilities Commission ⁴⁸		
Critical deferred maintenance and asbestos abatement for facilities; Stephen F. Austin build-out; Reagan building project; Sam Houston building repairs; and state cemetery expansion and gallery renovation	\$50,027,700	\$7,396,218
Texas Historical Commission		
Courthouse renovations and historic sites	\$48,000,000	\$7,096,439
Total, Article I Bond Proceeds	<u>\$98,027,700</u>	<u>\$14,492,657</u>
ARTICLE III		
School for the Blind and Visually Impaired		
Campus renovations	\$68,287,208	\$1,454,428
Total, Article III Bond Proceeds	<u>\$68,287,208</u>	<u>\$1,454,428</u>
ARTICLE V		
Department of Criminal Justice		
Repair and rehabilitation of facilities and repair of hospital facility in Galveston	\$50,400,000	\$7,451,260
Texas Youth Commission		
Repair and rehabilitation on existing facilities and remodel existing dormitories in TYC facilities	\$29,816,016	\$4,408,074
Total, Article V Bond Proceeds	<u>\$80,216,016</u>	<u>\$11,859,334</u>
ARTICLE VI		
Parks and Wildlife Department		
Statewide park repairs	\$17,000,000	\$2,513,322
Total, Article VI Bond Proceeds	<u>\$17,000,000</u>	<u>\$2,513,322</u>
Total, Bond Proceeds by Article	<u>\$263,530,924</u>	<u>\$30,319,741</u>

Sec. 19.71. **Contingency for Senate Joint Resolution 65 and Senate Bill 2033.**⁴⁹ Contingent upon passage of Senate Joint Resolution 65 and Senate Bill 2033, or similar legislation by the Eightieth Legislature, 2007, relating to the authorization of \$1.0 billion in general obligation bonds and subsequent approval by Texas voters of the proposition, there is hereby appropriated \$717,303,391 for the 2008–09 biennium to the agencies listed below. Any unexpended and unobligated balances in general obligation bonds remaining as of August 31, 2008 are hereby appropriated to each respective agency for the fiscal year beginning September 1, 2008 for the same purpose. Capital Budgets for each respective agency are

⁴⁷ These Article IX appropriations and changes have been incorporated into the applicable agency bill patterns.

⁴⁸ Rider modified to reflect name change of the Texas Building and Procurement Commission to the Texas Facilities Commission by HB 3560, 80th Legislature, Regular Session.

⁴⁹ Rider modified to correct typographical error.

ADDITIONAL CONTINGENCY AND OTHER PROVISIONS
(Continued)

hereby amended accordingly. All projects funded with bond proceeds are subject to approval by the Legislative Budget Board prior to issuance of the bond proceeds by the Texas Public Finance Authority.

Also contingent upon passage of Senate Joint Resolution 65 and Senate Bill 2033, or similar legislation by the Eightieth Legislature, 2007, in addition to amounts appropriated elsewhere in this Act to the Texas Public Finance Authority, there is hereby appropriated \$10,883,307 in fiscal year 2008 and \$42,187,603 in fiscal year 2009 out of the General Revenue Fund for debt service payments on the general obligation bond proceeds.

Contingent upon passage of House Bill 12 or similar legislation by the Eightieth Legislature, 2007, relating to the funding, powers, duties, and responsibilities of the Parks and Wildlife Department and the Texas Historical Commission, in addition to amounts appropriated elsewhere in this Act to the Texas Public Finance Authority, there is hereby appropriated \$368,505 in fiscal year 2008 and \$3,303,453 in fiscal year 2009 out of the General Revenue Account No. 400 Sporting Goods Sales Tax - Transfer to State Parks Account No. 64, for debt service payments on \$52,120,000 in general obligation bond proceeds for the Parks and Wildlife Department. In the event that House Bill 12 or similar legislation does not pass, \$368,505 in fiscal year 2008 and \$3,303,453 in fiscal year 2009 out of the General Revenue Fund is hereby appropriated to the Texas Public Finance Authority.

Out of General Revenue amounts appropriated elsewhere in this Act to the Texas Department of Criminal Justice, the agency may, with the approval of the Legislative Budget Board, transfer to the Texas Public Finance Authority amounts sufficient to pay debt service on any portion of general obligation bonds issued for the construction of three (3) 1,330-bed Hobby-prototype facilities, as authorized herein for the 2008–09 biennium.

SJR 65 and Senate Bill 2033 by Article by Agency by Project	<u>2008–09 Biennial Total</u>	
	<u>Bond Proceeds</u>	<u>Debt Service</u>
ARTICLE I		
Texas Facilities Commission⁵⁰		
Critical deferred maintenance and asbestos abatement for facilities	\$ 32,000,000	\$ 3,933,150
Texas Historical Commission		
Courthouse renovations and historic sites	\$ 48,000,000	\$ 5,899,726
Total, Article I Bond Proceeds	<u>\$ 80,000,000</u>	<u>\$ 9,832,876</u>
ARTICLE II		
Department of State Health Services		
Repair and renovation of mental health state hospitals	\$ 30,632,149	\$ 3,765,027
Department of Aging and Disability Services		
Repair and renovation of mental health state schools	\$ 39,760,811	\$ 4,887,039
Total, Article II Bond Proceeds	<u>\$ 70,392,960</u>	<u>\$ 8,652,066</u>
ARTICLE V		
Adjutant General's Department		
Major maintenance projects at 14 Readiness Centers and repairs and maintenance of Camp Mabry facilities	\$ 13,527,712	\$ 1,662,705
Department of Criminal Justice		
Three (3) new 1-330-bed Hobby-prototype facilities and repair and rehabilitation of facilities	\$ 273,400,000	\$ 4,916,438
Department of Public Safety		
New regional office and Crime Lab in Lubbock; new offices in McAllen and Rio Grande City; crime lab expansions; and emergency vehicle operations course	\$ 200,000,000	\$ 24,582,192
Texas Youth Commission		
New construction at existing facilities and construct one new facility in a metro area	\$ 27,862,719	\$ 3,424,633
Total, Article V Bond Proceeds	<u>\$ 514,790,431</u>	<u>\$ 34,585,968</u>
ARTICLE VI		
Parks and Wildlife Department		
Battleship Texas and statewide park repairs	\$ 52,120,000	\$ 3,671,958
Total, Article VI Bond Proceeds	<u>\$ 52,120,000</u>	<u>\$ 3,671,958</u>
Total, Bond Proceeds by Article	<u>\$ 717,303,391</u>	<u>\$ 56,742,868</u>

⁵⁰ Rider modified to reflect name change of the Texas Building and Procurement Commission to the Texas Facilities Commission by HB 3560, 80th Legislature, Regular Session.

ALCOHOLIC BEVERAGE COMMISSION
(Continued)

appropriated for enhanced DWI prevention and enforcement. By January 1st of each fiscal year, the commission shall report to the Governor and the Legislative Budget Board the specific prevention and enforcement activities performed with the funds to include locations where the monies were spent, what programs were implemented, the impact of enforcement efforts compared to the previous biennium, and the impact on DWI-related fatalities and arrests.

15. Appropriation Transfers Between Fiscal Years - Gasoline Contingency. In addition to the transfer authority provided elsewhere in this Act, the Alcoholic Beverage Commission may transfer appropriations for fiscal year 2009 to fiscal year 2008, subject to the following conditions provided by this section:

- a. Transfers under this section may be requested only if the average price per gallon of gasoline paid by the agency during the first six months of fiscal year 2008 exceeds \$2.40 per gallon.
- b. A request to transfer appropriations for fiscal year 2009 to fiscal year 2008 shall be submitted in writing to the Governor and the Legislative Budget Board. The request shall include a justification for the amount of funds to be transferred based on an estimate of the total gallons of gasoline consumed by the agency in a year and the average price per gallon paid over \$2.40 per gallon during the first six months of fiscal year 2008.
- c. A transfer authorized by this section must receive the prior approval of the Governor and the Legislative Budget Board.
- d. The Comptroller of Public Accounts shall cooperate as necessary to assist the completion of a transfer and spending made under this section.

DEPARTMENT OF CRIMINAL JUSTICE¹

	For the Years Ending August 31, 2008	August 31, 2009
Method of Financing:		
<u>General Revenue Fund</u>		
General Revenue Fund	\$ 2,587,923,038	\$ 2,614,411,034
Education and Recreation Program Receipts	82,120,426	83,594,965
Texas Correctional Industries Receipts	8,849,000	8,849,000
Subtotal, General Revenue Fund	<u>\$ 2,678,892,464</u>	<u>\$ 2,706,854,999</u>
<u>General Revenue Fund - Dedicated</u>		
Private Sector Prison Industry Expansion Account No. 5060	2,000,000	2,000,000
Compensation to Victims of Crime Account No. 469	1,520,967	1,520,967
Sexual Assault Program Account No. 5010	0	2,250,000
Subtotal, General Revenue Fund - Dedicated	<u>\$ 3,520,967</u>	<u>\$ 5,770,967</u>
Federal Funds for Incarcerated Aliens	17,854,652	17,854,652
<u>Other Funds</u>		
Interagency Contracts - Texas Correctional Industries	38,393,940	38,393,939
Appropriated Receipts	29,551,084	10,951,077
Interagency Contracts	7,836,800	7,836,800
Bond Proceeds - General Obligation Bonds	323,800,000	UB
Subtotal, Other Funds	<u>\$ 399,581,824</u>	<u>\$ 57,181,816</u>
Total, Method of Financing	<u>\$ 3,099,849,907</u>	<u>\$ 2,787,662,434</u>

¹ Does not include appropriations in Article IX, § 19.61, totaling \$291,540 each fiscal year in General Revenue Funds for Schedule C pay raises for commissioned peace officers.

DEPARTMENT OF CRIMINAL JUSTICE
(Continued)

This bill pattern represents an estimated 100% of this agency's estimated total available funds for the biennium.

Number of Full-Time-Equivalents (FTE): ²	3	9,030.3	39,423.3
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Schedule of Exempt Positions:

Executive Director, Group 6		\$181,500	\$181,500
Presiding Officer, Board of Pardons & Paroles, Group 4 ³		115,000	115,000
Parole Board Member, Group 3 ³		(6) 95,619	(6) 95,619

Items of Appropriation:

A. Goal: PROVIDE PRISON DIVERSIONS

Provide Prison Diversions through Probation & Community-based Programs.

A.1.1. Strategy: BASIC SUPERVISION	\$ 1	05,744,392	\$	107,326,403
A.1.2. Strategy: DIVERSION PROGRAMS ⁴	\$ 1	13,627,659	\$	124,110,306
A.1.3. Strategy: COMMUNITY CORRECTIONS	\$ 3	8,770,088	\$	38,770,088
A.1.4. Strategy: TRMT ALTERNATIVES TO INCARCERATION	\$ 1	1,604,912	\$ 1	1,604,911
Treatment Alternatives to Incarceration Program.				

Total, Goal A: PROVIDE PRISON DIVERSIONS	\$ 2	69,747,051	\$ 2	81,811,708
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B. Goal: SPECIAL NEEDS OFFENDERS

B.1.1. Strategy: SPECIAL NEEDS PROJECTS	\$ 2	0,410,726	\$	20,410,726
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C. Goal: INCARCERATE FELONS

C.1.1. Strategy: CORRECTIONAL SECURITY OPERATIONS	\$ 9	11,782,135	\$	930,173,832
C.1.2. Strategy: CORRECTIONAL SUPPORT OPERATIONS	\$ 7	4,968,725	\$	74,968,724
C.1.3. Strategy: OFFENDER SERVICES	\$ 1	2,222,596	\$	12,222,595
C.1.4. Strategy: INSTITUTIONAL GOODS	\$ 1	41,344,044	\$	141,344,043
C.1.5. Strategy: INSTITUTIONAL SERVICES	\$ 1	58,694,168	\$	160,168,705
C.1.6. Strategy: INST'L OPERATIONS & MAINTENANCE ⁵	\$ 2	02,410,279	\$	173,213,959
Institutional Operations and Maintenance.				
C.1.7. Strategy: PSYCHIATRIC CARE	\$ 4	3,094,589	\$	47,938,575
Correctional Managed Psychiatric Care.				
C.1.8. Strategy: MANAGED HEALTHCARE ⁶	\$ 3	79,799,163	\$	377,763,436
Correctional Managed Healthcare.				
C.1.9. Strategy: HEALTH SERVICES	\$ 3,	670,627	\$	3,670,628
C.1.10. Strategy: CONTRACTED TEMPORARY CAPACITY ⁷	\$ 3	6,570,120	\$	0
Provide for Contract Correctional Beds.				
C.2.1. Strategy: TEXAS CORRECTIONAL INDUSTRIES	\$ 6	6,474,948	\$	66,474,947
C.2.2. Strategy: ACADEMIC/VOCATIONAL TRAINING	\$ 2,	332,715	\$	2,332,714
Academic and Vocational Training.				
C.2.3. Strategy: PROJECT RIO	\$ 3,	490,496	\$	3,490,496

² Incorporates Article IX, § 18.02 (c), of this Act, relating to data center consolidation, which reduces the FTE cap by 30.7 each fiscal year of the biennium; and Article IX, § 19.98, of this Act, relating to monitoring the quality of healthcare by the Department of Criminal Justice, which increases the FTE cap by 11.0 each fiscal year of the biennium.

³ Pursuant to Article IX, § 3.05, of this Act, the Governor increased the salaries of the Presiding Officer to \$115,000 and of Members to \$95,619.

⁴ Incorporates Article IX, § 19.08, of this Act, due to the enactment of HB 530, 80th Legislature, Regular Session, relating to the operation and funding of drug court programs, resulting in the transfer of \$270,000 in General Revenue Funds in FY 2008 from Strategy C.1.10, Contracted Temporary Capacity, into Strategy A.1.2, Diversion Programs. No funds were transferred in FY 2009 because funding in Strategy C.1.10. was vetoed by the Governor in FY 2009.

⁵ Incorporates the passage of HB 15, § 48, 80th Legislature, Regular Session, which reduces appropriations by \$27,000,000 out of the General Revenue Fund in FY 2009 in Strategy C.1.6, Institutional Operations and Maintenance.

⁶ Incorporates Article IX, § 19.70, of this Act, relating to appropriation of the remaining Proposition 8 general obligation bond proceeds, and Article IX, § 19.71, of this Act, relating to the contingent appropriation of general obligation bond proceeds, subject to the approval of a proposition by Texas voters as authorized by SJR 65, 80th Legislature, Regular Session.

⁷ The Governor vetoed \$29,249,240 in General Revenue Funds in FY 2009 related to Strategy C.1.10, Contracted Temporary Capacity. See the Governor's Veto Proclamation.

DEPARTMENT OF CRIMINAL JUSTICE

(Continued)

C.2.4. Strategy: TREATMENT SERVICES ⁸	\$ 1	5,040,841	\$	17,040,840
C.2.5. Strategy: SUBSTANCE ABUSE TREATMENT	\$ 7	5,405,797	\$	96,644,562
C.3.1. Strategy: CONTRACT PRISONS/PRIVATE ST JAILS	<u>\$ 1</u>	<u>09,883,304</u>	<u>\$ 1</u>	<u>13,527,315</u>
Contract Prisons and Privately Operated State Jails.				
Total, Goal C: INCARCERATE FELONS	<u>\$ 2</u>	<u>,237,184,547</u>	<u>\$ 2</u>	<u>,220,975,371</u>
D. Goal: ENSURE ADEQUATE FACILITIES				
Ensure and Maintain Adequate Facilities.				
D.1.1. Strategy: FACILITIES CONSTRUCTION ⁹	\$ 3	13,400,000	\$	UB
Construction and Repair of Facilities.				
D.1.2. Strategy: LEASE-PURCHASE OF FACILITIES	<u>\$ 1</u>	<u>1,431,300</u>	<u>\$ 1</u>	<u>1,399,313</u>
Provide for Lease-purchase of Facilities.				
Total, Goal D: ENSURE ADEQUATE FACILITIES	<u>\$ 3</u>	<u>24,831,300</u>	<u>\$ 1</u>	<u>1,399,313</u>
E. Goal: OPERATE PAROLE SYSTEM				
E.1.1. Strategy: BOARD OF PARDONS AND PAROLES	\$ 9,	400,185	\$	9,400,185
E.1.2. Strategy: PAROLE RELEASE PROCESSING	\$ 1	4,880,716	\$	14,880,717
E.2.1. Strategy: PAROLE SUPERVISION ¹⁰	\$ 8	7,280,493	\$	88,671,414
E.2.2. Strategy: RESIDENTIAL PRE-PAROLE FACILITIES	\$ 3	3,522,390	\$	33,990,721
E.2.3. Strategy: HALFWAY HOUSE FACILITIES	\$ 1	5,576,291	\$	17,046,597
E.2.4. Strategy: INTERMEDIATE SANCTION FACILITIES	<u>\$ 2</u>	<u>0,249,621</u>	<u>\$ 2</u>	<u>5,345,600</u>
Total, Goal E: OPERATE PAROLE SYSTEM	<u>\$ 1</u>	<u>80,909,696</u>	<u>\$ 1</u>	<u>89,335,234</u>
F. Goal: INDIRECT ADMINISTRATION				
F.1.1. Strategy: CENTRAL ADMINISTRATION	\$ 2	4,048,889	\$	24,048,889
F.1.2. Strategy: CORRECTIONAL TRAINING	\$ 4,	035,942	\$	4,035,942
F.1.3. Strategy: INSPECTOR GENERAL	\$ 7,	767,690	\$	7,767,689
F.1.4. Strategy: VICTIM SERVICES	\$ 1,	951,709	\$	1,951,709
F.1.5. Strategy: INFORMATION RESOURCES	\$ 2	8,962,357	\$	25,925,853
F.1.6. Strategy: OTHER SUPPORT SERVICES ¹¹	<u>\$ 0</u>	<u></u>	<u>\$ 0</u>	<u></u>
Total, Goal F: INDIRECT ADMINISTRATION	<u>\$ 6</u>	<u>6,766,587</u>	<u>\$ 6</u>	<u>3,730,082</u>
Grand Total, DEPARTMENT OF CRIMINAL JUSTICE	<u>\$ 3</u>	<u>,099,849,907</u>	<u>\$</u>	<u>2,787,662,434</u>
Object-of-Expense Informational Listing:				
Salaries and Wages	\$ 1	,235,580,393	\$ 1	,248,681,304
Other Personnel Costs		36,904,387		36,759,181
Professional Fees and Services		464,295,710		463,145,938
Fuels and Lubricants		10,704,143		10,696,997
Consumable Supplies		15,328,717		15,056,366
Utilities		131,316,936		113,694,404
Travel		7,649,288		7,311,921
Rent - Building		12,465,531		12,465,532
Rent - Machine and Other		6,726,483		5,927,628
Other Operating Expense		503,562,315		472,534,684
Client Services		41,055,601		44,069,512
Food for Persons - Wards of State		84,222,108		84,222,109
Grants		235,971,602		248,036,260

⁸ Incorporates Article IX, § 19.74, of this Act, due to the enactment of HB 1751, 80th Legislature, Regular Session, relating to imposing a fee on admissions to certain sexually oriented businesses, resulting in an increase in General Revenue Dedicated Account No. 5010 of \$2,000,000 in FY 2009 for adult sex offender treatment.

⁹ Incorporates Article IX, § 19.70, of this Act, relating to appropriation of the remaining Proposition 8 general obligation bond proceeds, and Article IX, § 19.71, of this Act, relating to the contingent appropriation of general obligation bond proceeds, subject to the approval of a proposition by Texas voters as authorized by SJR 65, 80th Legislature, Regular Session.

¹⁰ Incorporates Article IX, § 19.74, of this Act, due to the enactment of HB 1751, 80th Legislature, Regular Session, relating to imposing a fee on admissions to certain sexually oriented businesses, resulting in an increase in General Revenue Dedicated Account No. 5010 of \$250,000 in FY 2009 for a parole monitoring pilot.

¹¹ The Governor vetoed \$5,459,155 in All Funds in FY 2008 and \$5,459,154 in All Funds in FY 2009 related to Strategy F.1.6, Other Support Services. See the Governor's Veto Proclamation.

DEPARTMENT OF CRIMINAL JUSTICE
(Continued)

Capital Expenditures	3	14,066,693	2	5,060,598
Total, Object-of-Expense Informational Listing		<u>\$ 3 ,099,849,907</u>		<u>\$ 2,787,662,434</u>

Estimated Allocations for Employee Benefits and Debt Service Appropriations Made Elsewhere in this Act:

Employee Benefits

Retirement \$	78,216,044		\$	80,239,040
Group Insurance	251,087,837			257,764,186
Social Security	95,601,922			98,035,475
Benefits Replacement	<u>1</u>	<u>1,959,892</u>	<u>1</u>	<u>1,361,898</u>
Subtotal, Employee Benefits	<u>\$ 4</u>	<u>36,865,695</u>	<u>\$ 4</u>	<u>47,400,599</u>

Debt Service

TPFA GO Bond Debt Service	\$	235,532,449	\$	239,346,697
Lease Payments	<u>65</u>	<u>6,588</u>	<u>64</u>	<u>3,850</u>
Subtotal, Debt Service	<u>\$ 2</u>	<u>36,189,037</u>	<u>\$ 2</u>	<u>39,990,547</u>

Total, Estimated Allocations for Employee Benefits and Debt Service Appropriations Made Elsewhere in this Act

<u>\$ 6</u>	<u>73,054,732</u>	<u>\$ 6</u>	<u>87,391,146</u>
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- 1. Performance Measure Targets.** The following is a listing of the key performance target levels for the Department of Criminal Justice. It is the intent of the Legislature that appropriations made by this Act be utilized in the most efficient and effective manner possible to achieve the intended mission of the Department of Criminal Justice. In order to achieve the objectives and service standards established by this Act, the Department of Criminal Justice shall make every effort to attain the following designated key performance target levels associated with each item of appropriation.

	<u>2008</u>		<u>2009</u>
A. Goal: PROVIDE PRISON DIVERSIONS			
A.1.1. Strategy: BASIC SUPERVISION			
Output (Volume):			
Average Number of Felony Offenders under Direct Supervision	162,350		165,496
Efficiencies:			
Average Monthly Caseload	76		76
A.1.2. Strategy: DIVERSION PROGRAMS			
Output (Volume):			
Number of Residential Facility Beds Grant-funded	3,409		3,984
A.1.3. Strategy: COMMUNITY CORRECTIONS			
Output (Volume):			
Number of Residential Facility Beds Funded through Community Corrections	604		604
B. Goal: SPECIAL NEEDS OFFENDERS			
Outcome (Results/Impact):			
Offenders with Special Needs Reincarceration Rate	12%		12%
B.1.1. Strategy: SPECIAL NEEDS PROJECTS			
Output (Volume):			
Number of Special Needs Offenders Served Through the Continuity of Care Programs	28,500		28,500
C. Goal: INCARCERATE FELONS			
Outcome (Results/Impact):			
Escaped Offenders as Percentage of Number of Offenders Incarcerated	0%		0%
Three-year Recidivism Rate	30%		30%
Turnover Rate of Correctional Officers	18%		18%
C.1.1. Strategy: CORRECTIONAL SECURITY OPERATIONS			
Output (Volume):			
Average Number of Offenders Incarcerated	140,529		142,308
C.1.7. Strategy: PSYCHIATRIC CARE			
Output (Volume):			
Psychiatric Inpatient Average Daily Census	1,963		1,963
C.1.8. Strategy: MANAGED HEALTHCARE			
Output (Volume):			
Average Number of Offenders under Correctional Managed Healthcare	151,734		151,734

DEPARTMENT OF CRIMINAL JUSTICE
(Continued)

Efficiencies:			
	Medical Care Cost Per Offender	6.65	6.82
C.1.10. Strategy: CONTRACTED TEMPORARY CAPACITY			
Explanatory:			
	Average Number of Offenders in Contractual Correctional Bed Capacity ¹²	2,513	2,000
C.2.1. Strategy: TEXAS CORRECTIONAL INDUSTRIES			
Output (Volume):			
Industries	Number of Inmates Assigned to the Texas Correctional Program	6,100	6,100
C.2.2. Strategy: ACADEMIC/VOCATIONAL TRAINING			
Output (Volume):			
Inmate	Students Enrolled	10,000	10,000
C.2.4. Strategy: TREATMENT SERVICES			
Output (Volume):			
	Number of Sex Offenders Receiving Psychological Counseling While on Parole/Mandatory Supervision	1,900	1,900
C.2.5. Strategy: SUBSTANCE ABUSE TREATMENT			
Output (Volume):			
	Number of Confinees Completing Treatment in Substance Abuse Felony Punishment Facilities	6,700	8,400
C.3.1. Strategy: CONTRACT PRISONS/PRIVATE STATE JAILS			
Output (Volume):			
	Average Number of Offenders in Contract Prisons and Privately Operated State Jails	11,505	11,672
E. Goal: OPERATE PAROLE SYSTEM			
Outcome (Results/Impact):			
	Releasee Annual Revocation Rate	10%	10%
E.1.1. Strategy: BOARD OF PARDONS AND PAROLES			
Output (Volume):			
	Number of Parole Cases Considered	87,340	87,340
E.1.2. Strategy: PAROLE RELEASE PROCESSING			
Output (Volume):			
	Number of Parole Cases Processed	42,645	42,645
E.2.1. Strategy: PAROLE SUPERVISION			
Output (Volume):			
Supervision	Average Number of Offenders Under Active Parole	78,681	80,050
Efficiencies:			
	Average Monthly Caseload	62	62
E.2.2. Strategy: RESIDENTIAL PRE-PAROLE FACILITIES			
Output (Volume):			
	Average Number of Pre-parole Transferees in Pre-parole Transfer Facilities	2,242	2,242

2. Capital Budget. None of the funds appropriated above may be expended for capital budget items except as listed below. The amounts shown below shall be expended only for the purposes shown and are not available for expenditure for other purposes. Amounts appropriated above and identified in this provision as appropriations either for "Lease Payments to the Master Lease Purchase Program" or for items with an "(MLPP)" notation shall be expended only for the purpose of making lease-purchase payments to the Texas Public Finance Authority pursuant to the provisions of Government Code §1232.103.

	<u>2008</u>		<u>2009</u>
a. Construction of Buildings and Facilities			
(1) Lease-Purchase of Facilities \$	11,431,300	\$	11,399,313
(2) Three New 1,330-bed Hobby-prototype Facilities (SJR 65 / SB 2033) ¹³	233,400,000		UB
Total, Construction of Buildings and Facilities	<u>\$ 2 44,831,300</u>	<u>\$ 1</u>	<u>1,399,313</u>

¹² The Governor vetoed \$29,249,240 in General Revenue Funds in FY 2009 related to Strategy C.1.10, Contracted Temporary Capacity. See the Governor's Veto Proclamation.

¹³ Incorporates Article IX, § 19.70, of this Act, relating to appropriation of the remaining Proposition 8 general obligation bond proceeds, and Article IX, § 19.71, of this Act, relating to the contingent appropriation of general obligation bond proceeds, subject to the approval of a proposition by Texas voters as authorized by SJR 65, 80th Legislature, Regular Session.

DEPARTMENT OF CRIMINAL JUSTICE
(Continued)

b. Repair or Rehabilitation of Buildings and Facilities			
	(1) Lease Payment (MLPP) for Energy Performance Contract (EPC)	1,299,840	2,639,404
	(2) Marlin Correctional Mental Health Facility	UB	UB
	(3) Repair and Rehabilitation of Facilities (SJR 65 / SB 2033) ¹⁴	40,000,000	UB
	(4) Repair and Rehabilitation of Facilities and Repair of Hospital Facility in Galveston (Proposition 8) ¹⁴	50,400,000	UB
Budget	Total, Repair or Rehabilitation of Buildings and Facilities	<u>\$ 91,699,840</u>	<u>\$ 2,639,404</u>
c. Acquisition of Information Resource Technologies			
	(1) Computer and Software Acquisitions	5,216,981	2,180,477
	(2) Data Center Consolidation ¹⁵	11,390,199	11,386,072
R	Total, Acquisition of Information Resource Technologies	<u>\$ 16,607,180</u>	<u>\$ 13,566,549</u>
d.	Transportation Items		
	(1) Vehicles, Scheduled Replacements	5,000,000	5,000,000
e.	Acquisition of Capital Equipment and Items	<u>4,519,362</u>	<u>4,519,358</u>
Total	Total, Capital Budget	<u>\$ 362,657,682</u>	<u>\$ 37,124,624</u>

Method of Financing (Capital Budget):

<u>General Revenue Fund</u>			
	General Revenue Fund	\$ 37,630,472	\$ 35,897,414
Texas	Correctional Industries Receipts	306,803	306,803
	Subtotal, General Revenue Fund	<u>\$ 37,937,275</u>	<u>\$ 36,204,217</u>
<u>Other Funds</u>			
	Bond Proceeds - General Obligation Bonds	323,800,000	UB
	Interagency Contracts - Texas Correctional Industries	<u>92,047</u>	<u>92,047</u>
I	Subtotal, Other Funds	<u>\$ 323,892,047</u>	<u>\$ 36,294,047</u>
	Total, Method of Financing	<u>\$ 362,657,682</u>	<u>\$ 37,124,624</u>

3. Disposition of Construction Appropriation. Construction appropriations may be used to pay salaries of engineers, architects, superintendents, supervisors and administrative expenses and support personnel of construction projects; architectural fees and the actual and necessary travel expenses incurred by them or their representatives in making special trips of inspection at the instance of the Board of Criminal Justice or the Department of Criminal Justice's Executive Director or designee during construction or repair of buildings or installation of fixed equipment in such buildings. The State Classification Officer shall approve job titles and rates of pay for such salaried positions.

4. Temporary Loan of Construction Resources. The Texas Department of Criminal Justice (TDCJ) may temporarily utilize materials and equipment acquired and personnel paid from one project appropriated for construction, repairs, and renovation, including construction of additional capacity and building maintenance, to construct any other similar project for which funds have been appropriated. The receiving project must reimburse the providing project within twelve months with funds and/or a like amount of materials, equipment, equipment usage, or personnel of equivalent value. Reimbursement with funds may be accomplished by

¹⁴ Incorporates Article IX, § 19.70, of this Act, relating to appropriation of the remaining Proposition 8 general obligation bond proceeds, and Article IX, § 19.71, of this Act, relating to the contingent appropriation of general obligation bond proceeds, subject to the approval of a proposition by Texas voters as authorized by SJR 65, 80th Legislature, Regular Session.

¹⁵ Incorporates Article IX, § 18.02 (e), of this Act, relating to data center consolidation, which requires data center services expenditures to be categorized as a capital budget item.

DEPARTMENT OF CRIMINAL JUSTICE

(Continued)

on parole. The contracted services shall emphasize and promote family support and involvement in the transition and should establish the goal of reducing recidivism rates of the individuals who participate in the program.

52. **Correctional Officer Training.** Out of funds appropriated above, the Texas Department of Criminal Justice shall provide at least 284 hours of training for new correctional officers.
53. **Human Resources Management Plan.** From funds appropriated above, the Texas Department of Criminal Justice shall develop a Human Resources Management Plan designed to improve employee morale and retention. The plan must focus on reducing employee turnover through better management. The Texas Department of Criminal Justice shall report, by October 1 of each year of the biennium, to the Senate Finance Committee, the House Committee on Appropriations, the Legislative Budget Board, and the Governor the employee turnover rate, by job category, at the agency during the preceding fiscal year. The effectiveness of an agency's plan shall be measured by whether or not there is a reduction in annual employee turnover rates at the agency, specifically by the reduction in the turnover rates for correctional officers.
54. **Texas Board of Criminal Justice.** The Texas Board of Criminal Justice shall hold its meetings in Austin, Texas, unless there is an exceptional reason to meet in Huntsville, Texas.
55. **Ombudsman Activity.** From funds appropriated above, the Ombudsman for the Texas Department of Criminal Justice (TDCJ) shall respond to all agency and legislatively referred complaints in a timely manner. The TDCJ shall develop performance measures, trend analysis, and a method of resolution for issues presented. The TDCJ shall provide summary reports regarding this activity to the Legislative Budget Board and the Governor on an annual basis.
56. **Safe Prisons Program.** From funds appropriated above the Texas Department of Criminal Justice (TDCJ) shall maintain a Safe Prisons Program for the purpose of preventing and limiting the number of sexual assaults by inmates on inmates. Strategies to prevent sexual assaults that may be used in the Safe Prisons Program include, but are not limited to, use of protective custody; use of an inmate's assault history in making cell assignments; use of an inmate's likelihood of victimization in cell assignments; education of correctional officers on the importance of preventing sexual assault; education of new prisoners on the risks of sexual assault, including prosecution; and use of surveillance cameras. TDCJ shall report annually to the Legislative Budget Board and the Governor the number of sexual assaults by inmates on inmates and the actions taken on each assault. Additional reporting elements may be established by the Legislative Budget Board and the Governor. TDCJ shall designate a Safe Prisons Program coordinator who reports directly to the TDCJ Executive Director.
57. **Interagency Contract for Legal Services.** Out of funds appropriated above, \$1.3 million for each fiscal year of the 2008-09 biennium is for an interagency contract with the Office of the Attorney General for legal services provided by the Office of the Attorney General to the Texas Department of Criminal Justice (TDCJ). Any interagency contract funded by appropriated funds may not exceed reasonable attorney fees for similar legal services in the private sector, shall not jeopardize the ability of the TDCJ to carry out its legislative mandates, and shall not affect the budget for the TDCJ such that employees must be terminated in order to pay the amount of the interagency contract.
58. **Appropriation: Unexpended Balances of Construction Bonds.** Any unexpended balances as of August 31, 2007, for the Texas Department of Criminal Justice (TDCJ) in the general obligation bond appropriations made by the Seventy-ninth Legislature for construction appropriations are hereby appropriated to the TDCJ for the biennium beginning September 1, 2007, provided that such appropriated funds shall not be expended without approval of the Board of Criminal Justice and that copies of such approvals shall be filed with the Governor and the Legislative Budget Board. Unexpended balances appropriated for the 2008-09 biennium may be used only for facilities repair and rehabilitation or the conversion of the Marlin Correctional Mental Health Facility and shall not be used for the construction of additional facilities (fiscal year 2007 unexpended balance estimated to be \$0).
59. **Misdemeanor Funding.** The Texas Department of Criminal Justice shall distribute funds at a rate not to exceed \$.70 per day for each misdemeanor defendant directly supervised by a community supervision and corrections department. Funding for each misdemeanor defendant may not exceed the period of time authorized by statute.

General Budget Instructions

What's New

These Legislative Appropriations Request (LAR) instructions are similar to those used for preparing appropriations requests for the 2008–09 Biennium except for the following major differences:

- Agencies are required to submit a supplemental schedule detailing how they would reduce the 2010–11 baseline request for general revenue-related (i.e., General Revenue and General Revenue-Dedicated) funding by an amount equal to 10 percent of their 2008-09 general revenue-related spending level. (This schedule replaces the Allocation of the Biennial 10 Percent Reduction to Strategies Schedule included in the 2008–09 LAR Instructions, which is no longer required.)
- Agencies requesting new construction, rehabilitation, and repair projects funded by bond proceeds may be required to submit supplemental information on the requested projects, including project categories, descriptions (e.g., health and safety, water/wastewater improvements, deferred maintenance), locations, and timelines.
- Agencies requesting unexpended balance (UB) authority for bond proceeds will need to provide a reasonable estimate of both unobligated (unencumbered) and unissued appropriation balances and may be required to submit supplemental information, including projected expenditure schedules, to support the estimate. In addition, agencies should request an UB rider to carry-forward any unobligated and/or unissued bond proceeds appropriated by the Eightieth Legislature.
- Within five (5) days of submitting the required bound paper copies of the Legislative Appropriations Request, agencies must place their LARs on the agency website.
- Agencies are required to identify where they have applied funds expended on one-time, nonrecurring items in the 2008-09 biennium in their 2010–11 baseline requests, by strategy and ABEST object of expense code.

Changes that are new to LAR instructions and were included in Operating Budget instructions are:

- The reference for “Regular Appropriations” for each method of finance for fiscal year 2007 is the Conference Committee Report on Senate Bill 1 (May 2005) and for fiscal years 2008 and 2009 is the Conference Committee Report on House Bill 1 (May 2007) as found on the Legislative Budget Board website instead of the published versions of House Bill 1 and Senate Bill 1.
- Pursuant to changes made by Art. IX, Sec. 6.26 (2008–09 GAA), agencies must include estimated receipts of Earned Federal Funds in the Estimated Revenue Collections Supporting Schedule.
- All Article II agencies are required to complete the Estimated Revenue Collections Supporting Schedule and the Federal Funds Tracking Schedule for selected grants.

Baseline Request and Exceptional Items

Agencies should limit their general revenue-related funds baseline appropriations request to the amounts approved by the offices of the LBB and the GOBPP. A policy letter regarding baseline levels is available on the LBB website at Agency Instructions/Legislative Appropriations Request/Policy Letter for Legislative Appropriations Request (May 2008).

Supplemental Information to Policy Letter

- Article II entitlement programs are defined as Acute Care Medicaid, Long Term Care Medicaid (except waivers), foster care, adoption subsidies, Clawback, and Early Childhood Intervention. Baseline requests for entitlement programs should include amounts sufficient for projected caseload growth and maintaining fiscal year 2009 rates authorized by the 2008–09 GAA. Rate increases, cost inflation, utilization, and acuity should be shown as exceptional items.

Part 3.C. Rider Appropriations and Unexpended Balances Request (continued)

Requests for unexpended balance (UB) authority for bond proceeds must include a reasonable estimate of unobligated (i.e., unencumbered) appropriation balances. Agencies must also include an unexpended balances rider (see sample language below) and itemize the project(s) in the capital budget. Agencies may be required to provide supplemental information, including projected expenditure schedules.

Example - Unexpended Balances of Bond Proceeds for (Critical Repairs). In addition to amounts appropriated above, there is hereby appropriated all unexpended and unobligated balances remaining as of August 31, 2009 from appropriations made by the Eightieth Legislature (estimated to be \$5,135,000).

The Texas Public Finance Authority (TPFA) will include debt service appropriations in its' LAR submission for general obligation bonds that have been issued, and also for appropriated, but unissued bonds for which a Request for Bond Financing has been approved by the TPFA Board of Directors.

Important

- ▶ Appropriations requested by rider count toward limitations on requests from General Revenue-related funds established in the Policy Letter issued by the GOBPP and the LBB.
- ▶ Amounts requested for 2010–11 base level riders must be entered into the ABEST rider database. These amounts will appear on the Strategy Request Form.
- ▶ Rider amounts requested for 2010–11 should not be included in Strategy Request totals.
- ▶ Amounts for historical years should be included in the Summary of Base Request by MOF and in the Strategy Request totals. Identifying historical year amounts in this schedule will not result in double-counting the amounts included in the strategies.

Exclude the following information from this form:

- transfers between strategies or agencies under the authority of specific riders;
- carry-forward of unexpended appropriation balances (UB) between the first and second year of the biennium;
- appropriations made by Article IX, Sec.19.62, Appropriation for a Salary Increase for General State Employees, 2008–09 GAA; and
- additional appropriation of federal receipts, either through agency-specific rider, end-of-article special provisions, or Article IX, General Provisions.

Entering the Data to Generate the Report

Enter this information in ABEST. Refer to *Preparing and Submitting Legislative Appropriation Requests (LARs) in ABEST* (May 2008) on the LBB website.

Appropriations: For each requested rider making a sum-certain, estimated, or unexpended balance appropriation, including Special Provisions and Article IX, General Provisions (2008–09 GAA), do the following:

- Identify the rider number, caption, and page numbers as indicated in the 2008–09 GAA. Assign a consecutive number beginning with 701 to each new rider (i.e., 701, 702, 703, etc.) to identify individual riders and include only the article number for the page number information.
- List all strategies with amounts expended, estimated, budgeted, and requested for the respective fiscal years. In cases where a rider directly results in a decreased expenditure or appropriation, indicate the reduction as a negative entry.

Method of Financing: For each rider, identify the source of funding in accordance with funds listed in *Method of Financing Codes* under Agency Reference Documents on the LBB website. Show total amounts for each fiscal year.

Description/Justification: For each rider, explain the use of funds and why it is necessary to continue, increase,

Part 4. Requests for Exceptional Items (continued)

4.C. Exceptional Item Strategy Request

Agencies must enter all requests for exceptional items into ABEST at the strategy level. Refer to *Preparing and Submitting Legislative Appropriation Requests (LARs) in ABEST* (May 2008) on the LBB website under Agency Instructions/Legislative Appropriations Requests.

For each strategy, total the objects of expense, method of financing, and FTEs requested for exceptional items. Enter this information in ABEST on the same screen used for the base level request. Include the same detailed information used for the base level request, including: objects of expense, methods of financing (all types), performance measures, and FTEs. List which exceptional items impact the strategy.

Dollar amounts and FTEs should be incremental, indicating quantities associated with the strategy's exceptional items only. Output measures should be incremental, expressing the number of units associated with the impact of the exceptional items only. Strategy impact on outcome, efficiency and explanatory measures should be cumulative, taking into account the base level strategy request.

All relevant forms (Capital Budget, Federal Funds) must be completed for each exceptional item. See page 1 of Appendix 4.C. for a sample form.

Requests for new construction, rehabilitation and repair projects funded with bond proceeds may require supplemental information including project categories (e.g., health and safety, water/wastewater improvements, deferred maintenance), location and timelines. **Note:** Debt service estimates must be included in the agency exceptional item request for bond proceeds. If the project is approved by the Eighty-first Legislature, bond proceeds will be appropriated to the requesting agency and debt service will be appropriated to the issuing agency. Contact the Texas Public Finance Authority (TPFA) for debt service estimates on bonds issued by TPFA.

Checklist Items

Yes

- Is an Exceptional Item Strategy Request Schedule included for each exceptional item?
- Are exceptional items prioritized and linked to agency and state strategic plans?
- Are supporting Exceptional Item Strategy Allocation Schedules included for each exceptional item?
- Do the total of all allocated dollars and the total of all allocated FTEs equal the totals requested for the exceptional item?
- Is an Exceptional Item Strategy Request included for each strategy that would receive additional funding?
- Does the narrative justification provide detailed information to support each exceptional item request?
- Do the totals on the individual Exceptional Item Strategy Request schedules equal the totals on the "Summary of Exceptional Item Request"?

Part 5. Capital Budget

Purpose

These reports provide:

- ▶ the basis for developing capital budget riders in the General Appropriations Act;
- ▶ current and historical capital expenditure detail; and
- ▶ information on future operating and maintenance costs associated with capital acquisitions.

General Information

The Capital Budget Supporting Schedules consist of five forms and reports:

- 5.A. Capital Budget Project Schedule is an ABEST-generated report;
- 5.B. Capital Budget Project Information is an ABEST-generated report;
- 5.C. Capital Budget Allocation to Strategies is an ABEST-generated report;
- 5.D. Capital Budget Operating and Maintenance Expenses is an ABEST-generated report; and
- 5.E. Capital Budget Method of Finance by Strategy is a spreadsheet-generated form.

The Capital Budget Supporting Schedules do not apply to higher education institutions or the fourteen appellate courts.

Please refer to *Preparing and Submitting Legislative Appropriation Requests (LARs) in ABEST* (May 2008) for specific instructions related to ABEST-generated forms and reports. Spreadsheets are provided in electronic format on the LBB website and should be submitted by e-mail.

Capital Budget Projects Defined

Agencies itemize capital budget projects in 5.A. Capital Budget Project Schedule. A “capital budget project” is defined as:

- An item or asset with a unit cost exceeding \$25,000. Examples include a piece of machinery or building construction.
- Similar or identical items with individual unit costs of less than \$25,000 that comprise a functionally unified asset or asset improvement. Such items must be grouped together and considered a “capital budget project” for the purposes of Schedule A if the aggregate cost of the items exceeds \$25,000. For example:
 - **Unified asset:** When grouped together, the replacement of 20 personal computers as a group or separately during the biennium, each with a unit cost of \$2,000, exceeds the \$25,000 threshold. As a result, the PCs should be identified as a capital project.
 - **Agency Infrastructure:** Hardware purchases or leases should be aggregated to determine if the \$25,000 threshold is met. Likewise for software purchases and telecommunications purchases and leases.

Important

- When the legislative appropriation request is submitted, a Business Case and Statewide Impact Analysis must also be submitted to the Department of Information Resources, Legislative Budget Board, and the State Auditor’s Office in accordance with Government Code, Sec. 2054.301-307. Refer to the Texas Project Delivery Framework at <http://www.dir.state.tx.us> for additional information.
- Requests for new construction, rehabilitation and repair projects funded with bond proceeds may require supplemental information including project categories (e.g., health and safety, water/wastewater improvements, deferred maintenance), location and timelines. **Note:** Debt service estimates must be included with the agency exceptional item request for bond proceeds. If the project is approved by the Eighty-first Legislature, bond proceeds will be appropriated to the requesting agency and debt service to the issuing agency. Contact the Texas Public Finance Authority (TPFA) for debt service estimates on bonds issued by TPFA.

Texas Public Finance Authority

Board of Directors:

H.L. Bert Mijares Jr., Chair
Ruth C. Schiermeyer, Vice Chair
Linda McKenna, Secretary
Carin M. Barth
R. David Kelly
D. Joseph Meister
Robert T. Roddy, Jr.

Kimberly K. Edwards
Executive Director



MEMORANDUM

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TO: TPFA Client Agencies
FROM: Kimberly K. Edwards
DATE: December 19, 2007
RE: Procedures for TPFA Bond Financings

This memo is provided to summarize the procedures for requesting General Obligation bond financing from TPFA for the FY 2008-09 Biennium.

LBB Approval

Article IX, Section 19.70 (Proposition 8) and Section 19.71 (Proposition 4) require LBB approval of the projects to be funded with bond proceeds before TPFA can issue the bonds. **It is the agencies' responsibility to obtain this approval. Please copy Kim Edwards at TPFA on any materials you submit to LBB for this approval.** If you have already submitted materials and did not send TPFA a copy, please do so as soon as possible. Please keep us apprised on your expected timeframe for LBB approval to help us plan our workload. LBB wants you to have the approval before you submit your request to TPFA.

TPFA Approval

Because the nature of each agency's projects varies widely, TPFA does not have a form for a Request for Financing. However, pursuant to TPFA's Administrative Rules (<http://www.tpfa.state.tx.us/statutes.aspx>) a request for financing to TPFA should include the following:

- A cover letter addressed to the Executive Director or Board Chairman, that specifies the dollar amount of the request, the legal authority or appropriation for the project and bond financing and refers to the enclosed materials
- Resolution approved by the agency's governing body authorizing the request for financing
- Project description
- Project budget
- Expenditure schedule. The TPFA Board has stated its preference for expenditure schedules to be based on actual experience, rather than simply dividing an annual amount into 12 equal components. If your expenditure schedule is preliminary or you do not have actual data on which to estimate it, please indicate accordingly,

and provide TPFA with the first date on which you will need to expend funds and an approximate time frame for project completion.

Please contact Judith Porras at TPFA if you need sample materials or have questions about the content of the request.

Please submit your request for financing, in email or hard copy to Kim Edwards. She will make sure it gets forward to all appropriate TPFA staff. We need the request at least 10 days prior to TPFA's posted board meeting (the first Thursday of each month). TPFA's agendas are posted at <http://www.tpfa.state.tx.us/meetings.aspx>. Appropriate staff from your agency should attend the TPFA Board meeting to be available to answer questions about the project and the financing.

BRB approval

After the TPFA Board and the LBB have approved the project, TPFA staff will prepare and submit the Bond Review Board Application. Appropriate staff from your agency should attend the BRB Board planning session meeting, which is the second Tuesday of January, March, May, July, September, and November (agendas are posted at <http://www.brb.state.tx.us/agency/agenda.aspx>) to be available to answer questions about the project and financing. BRB meets the third Thursday to approve the bond issue. Typically, it is not necessary for agency staff to attend this meeting.

To Draw Funds:

Commercial Paper

Please allow ten business days to process an initial request to draw CP, so that TPFA can ensure the expenditure schedule is up to date, process legal documents, and schedule issuances for other agencies. Subsequent draws only need 3-5 business days notice, but earlier notice is appreciated.

1. Send an updated expenditure schedule to Gabriela Klein at TPFA.
2. Judith Porras will contact the agency to get necessary legal documents signed (typically, an MOU if one has not been previously signed, Financing Agreement, General Certificate and Tax Certificate.)
3. Gabriela will determine the size and date of the CP issuance and notify the agency when funds are on deposit.
4. Submit a disbursement certificate (Exhibit D of the Financing Agreement) to Loan Nguyen at TPFA so that she may transfer the funds to your agency.

For fixed rate bonds:

TPFA will determine the optimal date to sell the bonds. Funds will be available at closing, which is usually about 3 weeks after pricing date because the Attorney General requires 15 business days between pricing and closing.

We look forward to working with you on your upcoming financing requests. As always, feel free to contact TPFA staff if you have any questions.

TPFA Staff Contacts

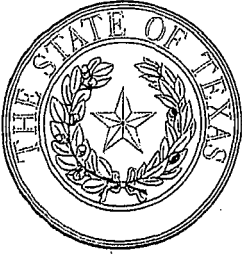
Bond Financing Contacts

Kimberly Edwards	Executive Director	512-463-5544	kim.edwards@tpfa.state.tx.us
Judith Porras	General Counsel	512-463-5681	judith.porras@tpfa.state.tx.us
John Hernandez	Deputy Director	512-463-3101	john.hernandez@tpfa.state.tx.us
Pamela Scivicque	Business Manager	512-463-3141	pamela.scivicque@tpfa.state.tx.us
Gabriela Klein	Financial Analyst	512-463-3142	gabriela.klein@tpfa.state.tx.us
Loan Nguyen	Financial Analyst	512-463-8297	loan.nguyen@tpfa.state.tx.us
Paula Hatfield	Executive Assistant	512-463-3143	paula.hatfield@tpfa.state.tx.us

Other Staff Contacts

Chris Gilliland	Master Lease Administrator	512-463-5695	chris.gilliland@tpfa.state.tx.us
Ophelia Guerrero	Chief Accountant	512-305-9469	ophelia.guerrero@tpfa.state.tx.us
Cannon, Charlie	Accounts Payable	512-463-5550	charlie.cannon@tpfa.state.tx.us
Horne, Ricky	Budget Analyst	512-463-3925	ricky.horne@tpfa.state.tx.us
Richardson, Donna	Receptionist / Secretary	512-463-9512	donna.richardson@tpfa.state.tx.us
Snyder, Marce	Purchasing	512-305-9471	marce.snyder@tpfa.state.tx.us
Benson, Eric	Systems Analyst	512-463-8419	eric.benson@tpfa.state.tx.us

Other resources available at www.tpfa.state.tx.us



Texas Department of Criminal Justice

Brad Livingston
Executive Director

July 20, 2007

Mr. R. David Kelly, Chairman
Texas Public Finance Authority
P.O. Box 12906, Capital Station
Austin, Texas 78711-2906

Re: Request for Financing

Dear Mr. Kelly:

A *Request for Financing ("Request")*, totaling \$50,400,000, is hereby made in accordance with Section 221.3, 34 Texas Administrative Code. The 80th Legislature (HB1, Article IX, Page IX-92, R.S. 2007) appropriated to the Texas Department of Criminal Justice ("TDCJ") the sum of \$50,400,000 to be financed through the issuance of general obligation bonds. Additionally, \$700,000 has been included to provide salary benefits which traditionally have not been included in our construction appropriations.

The brief description of the projects to be financed and a planned expenditure schedule are described in Attachment 1. Also, a copy of the "Resolution Authorizing A Request For Financing With The Texas Public Finance Authority, Authorizing A Finance Agreement, And Other Matters Necessary With Respect Thereto," which was approved by the Texas Board of Criminal Justice at its regular meeting on July 13, 2007, has been provided.

If all required approvals are met, we are anticipating that funding for the projects should be available in November 2007. Thank you for bringing this matter before the Public Finance Authority.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles Marsh", with a long horizontal line extending to the right.

Charles Marsh
Chief Financial Officer

Attachment

Our mission is to provide public safety, promote positive change in offender behavior, reintegrate offenders into society, and assist victims of crime.

CERTIFICATE FOR RESOLUTION

We the undersigned officers of the Texas Board of Criminal Justice (the "Board"), hereby certify as follows:

1. The Board convened in regular session, on July 13, 2007, at the meeting place designated in the notice (the "Meeting") and the roll was called of its members, to wit: CHRISTINA MELTON CRAIN, Chairman; PIERCE MILLER, Vice Chair; OLIVER J. BELL, Member; TOM MECHLER, Member; LEOPOLDO R. VASQUEZ, III, Member; GREGORY S. COLEMAN, Member. The following Members were absent: PATRICIA A. DAY, Secretary; ADRIAN A. ARRIAGA, Member; CHARLES LEWIS "C.L." JACKSON, Member, thus constituting a quorum. Where upon among other business, the following was transacted at the Meeting, a written:

RESOLUTION AUTHORIZING A REQUEST FOR FINANCING WITH THE TEXAS PUBLIC FINANCE AUTHORITY, AUTHORIZING A FINANCING AGREEMENT, AND OTHER MATTERS NECESSARY WITH RESPECT THERETO

(the "Resolution") was duly introduced for the consideration of the Board and read in full. It was then duly moved and seconded that the Resolution be adopted; and, after due discussion, such motion, carrying with it the adoption of such Resolution prevailed and carried by the following vote:

YES: 6
 NO: 0

2. A true, full, and correct copy of the Resolution adopted at the Meeting is attached to and follows this Certificate; the Resolution has been duly recorded in the Board's Minutes of the Meeting pertaining to the adoption of the Resolution; the persons named in the above and foregoing paragraph are duly chosen, qualified, and acting officers and members of the Board as indicated therein; each of the officers and members of the board was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of the Meeting, and that the Resolution would be introduced and considered for the adoption at the Meeting and each of such officers and members consented, in advance, to the holding of the Meeting for such purpose; and the Meeting was open to the public, and public notice of the time, place, purpose of the Meeting was given, all as required by Chapter 551, Texas Government Code.

SIGNED THIS 13TH DAY OF JULY, 2007.

Christina Melton Crain
Chairman of the
Texas Board of Criminal Justice

**RESOLUTION AUTHORIZING A REQUEST FOR FINANCING WITH THE TEXAS
PUBLIC FINANCE AUTHORITY, AUTHORIZING A FINANCING AGREEMENT,
AND OTHER MATTERS NECESSARY WITH RESPECT THERETO**

WHEREAS, the Texas Public Finance Authority (the "Authority") is authorized to issue bonds to finance the cost of certain facilities and projects for the use and benefit of the Texas Department of Criminal Justice (the "Department") pursuant to Chapter 1232, Texas Government Code, as amended; and Chapter 1401, Texas Government Code, as amended; and Article III, Section 50-f, Texas Constitution; and HB1, Article IX, Page IX-92, Acts, 80th Legislature, R.S., 2007 (collectively, the "Authorizing Law"); and

WHEREAS, the Department desires and intends to request the Authority to finance the cost of the projects (the "Projects"), as permitted by the Authorizing Law; and

WHEREAS, the Department recognizes that in order to finance the cost of the Projects, the Authority proposes to issue short term obligation and/or general obligation bonds in an amount not to exceed the original aggregate principal amount of approximately \$50,400,000 (the "Obligations") to pay the costs of the Projects, as well as \$700,000 to provide salary benefits not included in the Department's appropriations, with the cost of issuance and other ancillary costs to be determined at the time of issuance; and

WHEREAS, the form of a Request for Financing dated as of July 13, 2007, (the "Request for Financing") from the Department to the Authority, which includes a brief description of the Projects and an estimated expenditure schedule, is presently before the Texas Board of Criminal Justice;

NOW THEREFORE BE IT RESOLVED by the Texas Board of Criminal Justice (the "Board") that;

Section 1. The Board hereby ratifies and confirms that the Projects are authorized by the Authorizing Law, are required or suitable for the public purpose of the Authorizing Law, and that financing thereof is appropriate at this time. Accordingly, the execution and delivery of the Request for Financing to the Authority pursuant to the Authorizing Law is hereby authorized, approved, and confirmed.

Section 2. The Board hereby empowers, authorizes and directs the Executive Director of the Department (who may authorize the Chief Financial Officer to act on his behalf), for and on the behalf of the Board and the Department, to negotiate, date, sign, and otherwise execute (i) a Financing Agreement (the "Agreement") between the Authority and the Department, and to deliver the Agreement; (ii) a Memorandum of Understanding (the "Memorandum of Understanding") between the Authority and the Department and to deliver the Memorandum of Understanding; and (iii) such other Documents (the "Other Documents") as are necessary or desirable to effect the issuance of the Obligations and the providing of the Projects and to deliver such Other Documents.

Upon execution by both the parties thereof, the Agreement, the Memorandum of Understanding, and the Other Documents shall be binding upon the Department in accordance with the terms and provisions thereof.

Section 3. The Board recognizes that the Authority will proceed to issue the Obligations to provide the requested financing.

Section 4. The Executive Director is hereby authorized to cooperate with the Authority, and its consultants, to prepare an Official Statement in connection with the sale of the Obligations and to take any other necessary actions to assist in such sale.

Section 5. All actions (not inconsistent with provisions of this Resolution) heretofore taken by the Department and the Executive Director and the other officers of, or consultants to the Department directed toward the financing of the Projects and the issuance of the Obligation, is hereby ratified, approved, and confirmed.

Section 6. The officers of the Department and the Executive Director thereof shall take all actions in conformity with the Authorizing Law to effectuate the issuance of the Obligations and the providing of the Projects as provided in the agreement and to take all action necessary or desirable or in conformity with the Authorizing Law for carrying out, giving effect to, and consummating the transactions contemplated by the Memorandum of Understanding, the Agreement, the Obligations, and the Request for Financing, including without limitation, the execution and delivery of any closing documents in connection with the closing of the Obligations.

Section 7. If any section, paragraph, clause, or provision of the Resolution shall be held to be invalid or unenforceable, the invalidity or unenforceability of such portion shall not affect any of the remaining portions of this Resolution that can be given effect without the invalid portion, and to this end, the provisions of the Resolution are severable.

Section 8. Notice of the Time, place and purpose of the meeting in which this resolution was discussed, considered, and acted upon was given as required by Chapter 551, Texas Government Code and the meeting was open to the public during the discussion, consideration, and the action on this Resolution.

ADOPTED, PASSED AND APPROVED on this 13th day of July, 2007 by the Texas Board of Criminal Justice, State of Texas.

By: Patricia A. Day
Patricia A. Day, Secretary

By: Christina Melton Crain
Christina Melton Crain, Chairman

Description of Project

Repairs to Hospital Galveston Facility

<i>Exterior Brick Veneer Repairs / Replacement</i>	<i>(in millions)</i>	\$	9.4
<i>Renovation to Recreational Area</i>			0.3
<i>Replacement of Interior Gate System</i>			0.7

\$ 10,400,000

Repair / Rehabilitation of Building and Facilities

<i>Boiler Upgrades</i>	<i>(in millions)</i>	\$	1.3
<i>Renovations to boiler rooms to adhere to safety standards and replacement of inoperable boilers.</i>			
<i>Facility Repairs</i>			4.7
<i>Major repair projects to mechanical / electrical systems and facilities infrastructure (walls, doors, windows, etc.)</i>			
<i>Roofing</i>			27.4
<i>Major roofing repairs and replacement</i>			
<i>Safety</i>			2.0
<i>Projects that ensure compliance with safety standards at each facility (emergency generators, fire alarms, and fire suppression systems.)</i>			
<i>Security/Fencing</i>			2.6
<i>Major repairs / replacement projects to ensure an adequate level of security at each facility, to include fencing, locking and control systems, and cell / dormitory / perimeter lighting.</i>			
<i>Ventilation</i>			1.3
<i>Rehabilitation of building air flow systems to adhere to safety requirements replacing any necessary duct work, purge fans, control systems, etc.</i>			
<i>Water/Wastewater</i>			0.7
<i>Repairs and renovations of unit water systems in compliance with safety standards, to include walls, distribution lines, sewer systems, etc.</i>			

\$ 40,000,000

Historically, repair & rehabilitation funds have been appropriated to TDCJ as a lump sum to allow the greatest level of flexibility. Individual project approval and design is based upon an ongoing review of priority and criticality specific infrastructure needs of the agency.

TOTAL

\$ 50,400,000

ESTIMATED FRINGE BENEFITS

\$ 700,000

Description of Project

Repair / Rehabilitation of Building and Facilities

\$ 40,000,000

Repairs to the Hospital Galveston Facility

\$ 10,400,000

TOTAL

\$ 50,400,000

ESTIMATED FRINGE BENEFITS

\$ 700,000

Estimated Expenditure Schedule

	<i>Hospital Galveston</i>	<i>Repair / Rehabilitation</i>	<i>Fringe Benefits</i>
<i>November 2007</i>	260,000	4,000,000	70,000
<i>December 2007</i>	260,000	4,000,000	70,000
<i>January 2008</i>	260,000	4,000,000	70,000
<i>February 2008</i>	260,000	4,000,000	70,000
<i>March 2008</i>	260,000	4,000,000	70,000
<i>April 2008</i>	260,000	4,000,000	70,000
<i>May 2008</i>	260,000	4,000,000	70,000
<i>June 2008</i>	260,000	4,000,000	70,000
<i>July 2008</i>	260,000	4,000,000	70,000
<i>August 2008</i>	260,000	4,000,000	70,000
<i>September 2008</i>	650,000		
<i>October 2008</i>	650,000		
<i>November 2008</i>	650,000		
<i>December 2008</i>	650,000		
<i>January 2009</i>	650,000		
<i>February 2009</i>	650,000		
<i>March 2009</i>	650,000		
<i>April 2009</i>	650,000		
<i>May 2009</i>	650,000		
<i>June 2009</i>	650,000		
<i>July 2009</i>	650,000		
<i>August 2009</i>	650,000		

TOTAL, including Fringe Benefits **\$ 51,100,000**

Texas Public Finance Authority

General Obligation Bonds
Sample Agency Expenditure Schedule/Arbitrage Benchmark Test

Disbursement Schedule		Net Funding Calculation			
		Deposit	Interest Earnings	Scheduled Draws	Balance
09/01/07	110,000	09/01/07	47,875,000	110,000	47,765,000
10/01/07	318,000	10/01/07	-	138,812	318,000
11/01/07	572,000	11/01/07	-	137,991	572,000
12/01/07	720,000	12/01/07	-	136,534	720,000
01/01/08	770,000	01/01/08	-	134,845	770,000
01/01/08	1,480,000	01/01/08	-	128,720	1,480,000
02/01/08	1,797,000	02/01/08	-	123,889	1,797,000
03/01/08	1,836,235	03/01/08	-	118,931	1,836,235
04/01/08	1,840,915	04/01/08	-	113,945	1,840,915
05/01/08	1,782,045	05/01/08	-	109,114	1,782,045
06/01/08	1,985,470	06/01/08	-	103,681	1,985,470
07/01/08	2,322,410	07/01/08	-	97,257	2,322,410
08/01/08	2,285,615	08/01/08	-	90,920	2,285,615
09/01/08	2,492,675	09/01/08	-	83,965	2,492,675
10/01/08	2,200,125	10/01/08	-	77,838	2,200,125
11/01/08	2,205,586	11/01/08	-	71,677	2,205,586
12/01/08	2,291,920	12/01/08	-	65,248	2,291,920
01/01/09	2,057,960	01/01/09	-	59,477	2,057,960
02/01/09	1,093,665	02/01/09	-	52,829	1,093,665
03/01/09	1,983,765	03/01/09	-	48,368	1,983,765
04/01/09	1,770,878	04/01/09	-	42,764	1,770,878
05/01/09	1,550,223	05/01/09	-	37,760	1,550,223
06/01/09	1,550,223	06/01/09	-	33,380	1,550,223
07/01/09	1,936,764	07/01/09	-	27,869	1,936,764
08/01/09	1,071,000	08/01/09	-	22,317	1,071,000
09/01/09	1,580,000	09/01/09	-	18,299	1,580,000
10/01/09	1,409,765	10/01/09	-	14,912	1,409,765
11/01/09	1,186,716	11/01/09	-	11,519	1,186,716
12/01/09	1,894,524	12/01/09	-	8,306	1,894,524
01/01/10	1,121,054	01/01/10	-	5,515	1,121,054
2/1/2010	972,000	2/1/2010	-	3,407	972,000
3/1/2010	733,500	3/1/2010	-	2,166	733,500
4/1/2010	432,000	4/1/2010	-	1,541	432,000
5/1/2010	218,000	5/1/2010	-	856	218,000
6/1/2010	238,090	6/1/2010	-	350	238,090
7/1/2010	189,877	7/1/2010	-	189,877	(0)
Total	50,000,000	47,875,000	2,125,000	50,000,000	

Arbitrage Expenditure Test

	Benchmark Test Date	Arbitrage Benchmark	Required Expenditures	Anticipated Expenditures
Tranche I				
Issue Date	9/1/2007	03/01/08	10%	4,787,841
Issuance Amount	47,875,000	09/01/08	45%	21,545,283
Anticipated Earnings (3.5%)	3,407	03/01/09	75%	35,908,805
	47,878,407	09/01/09	100%	47,878,407

Texas Public Finance Authority

General Obligation Commercial Paper
Sample Agency Expenditure Schedule/Arbitrage Benchmark Test

Disbursement Schedule		Net Funding Calculation			
		Deposit	Interest Earnings	Scheduled Draws	Balance
09/01/07	110,000	09/01/07	10,000,000	-	110,000
10/01/07	318,000	10/01/07	-	28,846	318,000
11/01/07	572,000	11/01/07	-	27,918	572,000
12/01/07	720,000	12/01/07	-	26,250	720,000
01/01/08	770,000	01/01/08	-	24,150	770,000
01/01/08	1,480,000	01/01/08	-	17,588	1,480,000
02/01/08	1,797,000	02/01/08	-	12,346	1,797,000
03/01/08	1,836,235	03/01/08	10,000,000	6,991	1,836,235
04/01/08	1,840,915	04/01/08	-	25,432	1,840,915
05/01/08	1,782,045	05/01/08	-	18,442	1,782,045
06/01/08	1,985,470	06/01/08	-	13,244	1,985,470
07/01/08	2,322,410	07/01/08	-	7,453	2,322,410
08/01/08	2,285,615	08/01/08	-	679	2,285,615
09/01/08	2,492,675	09/01/08	10,000,000	6,987	2,492,675
10/01/08	2,200,125	10/01/08	-	21,896	2,200,125
11/01/08	2,205,586	11/01/08	-	15,479	2,205,586
12/01/08	2,291,920	12/01/08	-	9,046	2,291,920
01/01/09	2,057,960	01/01/09	-	2,362	2,057,960
02/01/09	1,093,665	02/01/09	-	1,181	1,093,665
03/01/09	1,983,765	03/01/09	10,000,000	502	1,983,765
04/01/09	1,770,878	04/01/09	-	23,381	1,770,878
05/01/09	1,550,223	05/01/09	-	18,216	1,550,223
06/01/09	1,550,223	06/01/09	-	13,694	1,550,223
07/01/09	1,936,764	07/01/09	-	9,173	1,936,764
08/01/09	1,071,000	08/01/09	-	3,524	1,071,000
09/01/09	1,580,000	09/01/09	9,600,000	1,341	1,580,000
10/01/09	1,409,765	10/01/09	-	23,392	1,409,765
11/01/09	1,186,716	11/01/09	-	19,280	1,186,716
12/01/09	1,894,524	12/01/09	-	15,819	1,894,524
01/01/10	1,121,054	01/01/10	-	10,293	1,121,054
2/1/2010	972,000	2/1/2010	-	7,023	972,000
3/1/2010	733,500	3/1/2010	-	4,188	733,500
4/1/2010	432,000	4/1/2010	-	2,049	432,000
5/1/2010	218,000	5/1/2010	-	789	218,000
6/1/2010	238,090	6/1/2010	-	153	238,090
7/1/2010	189,877	7/1/2010	-	50	189,877
Total	50,000,000	49,600,000	419,155	50,000,000	

Arbitrage Expenditure Test

	Benchmark Test Date	Arbitrage Benchmark	Required Expenditures	Anticipated Expenditures
Tranche I				
Issue Date	9/1/2007	03/01/08	10%	1,013,710
Issuance Amount	10,000,000	09/01/08	45%	4,561,694
Anticipated Earnings (3.5%)	137,098	03/01/09	75%	7,602,823
	10,137,098	09/01/09	100%	10,137,098
Tranche II				
Issue Date	3/1/2008	09/01/08	10%	1,007,224
Issuance Amount	10,000,000	03/01/09	45%	4,532,508
Anticipated Earnings (3.5%)	72,241	09/01/09	75%	7,554,181
	10,072,241	03/01/10	100%	10,072,241
Tranche III				
Issue Date	9/1/2008	03/01/09	10%	1,007,224
Issuance Amount	10,000,000	09/01/09	45%	4,532,508
Anticipated Earnings (3.5%)	56,952	03/01/10	75%	7,554,181
	10,056,952	09/01/10	100%	10,072,241
Tranche IV				
Issue Date	3/1/2009	09/01/09	10%	1,007,224
Issuance Amount	10,000,000	03/01/10	45%	4,532,508
Anticipated Earnings (3.5%)	68,489	09/01/10	75%	7,554,181
	10,068,489	03/01/11	100%	10,072,241
Tranche V				
Issue Date	9/1/2009	03/01/10	10%	1,007,224
Issuance Amount	9,600,000	09/01/10	45%	4,532,508
Anticipated Earnings (3.5%)	84,376	03/01/11	75%	7,554,181
	9,684,376	09/01/11	100%	10,072,241
Total	50,019,155			50,000,000

BOND DEBT SERVICE

Texas Public Finance Authority
General Obligation Bonds

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
09/01/2007					
04/01/2008			1,675,800	1,675,800	1,675,800
10/01/2008	2,395,000	6.000%	1,436,400	3,831,400	
04/01/2009			1,364,550	1,364,550	5,195,950
10/01/2009	2,395,000	6.000%	1,364,550	3,759,550	
04/01/2010			1,292,700	1,292,700	5,052,250
10/01/2010	2,395,000	6.000%	1,292,700	3,687,700	
04/01/2011			1,220,850	1,220,850	4,908,550
10/01/2011	2,395,000	6.000%	1,220,850	3,615,850	
04/01/2012			1,149,000	1,149,000	4,764,850
10/01/2012	2,395,000	6.000%	1,149,000	3,544,000	
04/01/2013			1,077,150	1,077,150	4,621,150
10/01/2013	2,395,000	6.000%	1,077,150	3,472,150	
04/01/2014			1,005,300	1,005,300	4,477,450
10/01/2014	2,395,000	6.000%	1,005,300	3,400,300	
04/01/2015			933,450	933,450	4,333,750
10/01/2015	2,395,000	6.000%	933,450	3,328,450	
04/01/2016			861,600	861,600	4,190,050
10/01/2016	2,395,000	6.000%	861,600	3,256,600	
04/01/2017			789,750	789,750	4,046,350
10/01/2017	2,395,000	6.000%	789,750	3,184,750	
04/01/2018			717,900	717,900	3,902,650
10/01/2018	2,395,000	6.000%	717,900	3,112,900	
04/01/2019			646,050	646,050	3,758,950
10/01/2019	2,395,000	6.000%	646,050	3,041,050	
04/01/2020			574,200	574,200	3,615,250
10/01/2020	2,395,000	6.000%	574,200	2,969,200	
04/01/2021			502,350	502,350	3,471,550
10/01/2021	2,395,000	6.000%	502,350	2,897,350	
04/01/2022			430,500	430,500	3,327,850
10/01/2022	2,395,000	6.000%	430,500	2,825,500	
04/01/2023			358,650	358,650	3,184,150
10/01/2023	2,395,000	6.000%	358,650	2,753,650	
04/01/2024			286,800	286,800	3,040,450
10/01/2024	2,390,000	6.000%	286,800	2,676,800	
04/01/2025			215,100	215,100	2,891,900
10/01/2025	2,390,000	6.000%	215,100	2,605,100	
04/01/2026			143,400	143,400	2,748,500
10/01/2026	2,390,000	6.000%	143,400	2,533,400	
04/01/2027			71,700	71,700	2,605,100
10/01/2027	2,390,000	6.000%	71,700	2,461,700	
04/01/2028					2,461,700
	47,880,000		30,394,200	78,274,200	78,274,200

TEXAS PUBLIC FINANCE AUTHORITY
 General Obligation Commercial Paper
 Debt Service Estimate

FY	Principal	Interest	Total Debt Service
2008	\$ -	\$ 753,424.66	\$ 753,424.66
2009	\$ 1,000,000.00	\$ 1,706,164.38	\$ 2,706,164.38
2010	\$ 1,975,000.00	\$ 2,339,366.44	\$ 4,314,366.44
2011	\$ 2,405,000.00	\$ 2,220,883.56	\$ 4,625,883.56
2012	\$ 2,357,250.00	\$ 2,108,559.45	\$ 4,465,809.45
2013	\$ 2,334,450.00	\$ 1,986,008.63	\$ 4,320,458.63
2014	\$ 2,334,450.00	\$ 1,869,286.13	\$ 4,203,736.13
2015	\$ 2,334,450.00	\$ 1,752,563.63	\$ 4,087,013.63
2016	\$ 2,334,450.00	\$ 1,640,296.60	\$ 3,974,746.60
2017	\$ 2,334,450.00	\$ 1,519,118.63	\$ 3,853,568.63
2018	\$ 2,334,450.00	\$ 1,402,396.13	\$ 3,736,846.13
2019	\$ 2,334,450.00	\$ 1,285,673.63	\$ 3,620,123.63
2020	\$ 2,334,450.00	\$ 1,172,127.45	\$ 3,506,577.45
2021	\$ 2,334,450.00	\$ 1,052,228.63	\$ 3,386,678.63
2022	\$ 2,334,450.00	\$ 935,506.13	\$ 3,269,956.13
2023	\$ 2,334,450.00	\$ 818,783.63	\$ 3,153,233.63
2024	\$ 2,334,450.00	\$ 703,958.30	\$ 3,038,408.30
2025	\$ 2,334,450.00	\$ 585,338.63	\$ 2,919,788.63
2026	\$ 2,334,450.00	\$ 468,616.13	\$ 2,803,066.13
2027	\$ 2,334,450.00	\$ 351,893.63	\$ 2,686,343.63
2028	\$ 2,334,450.00	\$ 235,789.15	\$ 2,570,239.15
2029	\$ 1,834,450.00	\$ 141,393.84	\$ 1,975,843.84
2030	\$ 1,359,450.00	\$ 71,469.28	\$ 1,430,919.28
2031	\$ 884,450.00	\$ 25,294.73	\$ 909,744.73
2032	\$ 433,200.00	\$ 23,499.62	\$ 456,699.62
TOTAL	\$ 49,600,000.00	\$ 27,169,641.02	\$ 76,769,641.02

Issuance assumptions:

T1	9/1/2007	\$ 10,000,000.00
T2	3/1/2008	\$ 10,000,000.00
T3	9/1/2008	\$ 10,000,000.00
T4	3/1/2009	\$ 10,000,000.00
T5	9/1/2009	\$ 9,600,000.00
		<u>\$ 49,600,000.00</u>

MEMORANDUM OF UNDERSTANDING

Memorandum of Understanding, dated as of January 1, 2003, between the Texas Public Finance Authority (the "Authority") and the Texas Building and Procurement Commission (the "Qualified Agency");

WITNESSETH:

WHEREAS, the Authority is authorized by law to finance projects for various state agencies through the issuance of bonds;

WHEREAS, the Qualified Agency is authorized by law to design, acquire, construct, equip, improve, operate, manage, and maintain various facilities in order to carry out its lawful duties and functions;

WHEREAS, the Texas Legislature has authorized the issuance of bonds and appropriated the proceeds thereof for the purpose of financing certain projects for the benefit of the qualified Agency;

WHEREAS, the financing of such projects requires cooperation between the Authority and the Qualified Agency;

NOW, THEREFORE, THE PARTIES EXECUTE THIS MEMORANDUM OF UNDERSTANDING:

SECTION 1. Planning of Projects.

The Qualified Agency is responsible for the planning of its project(s). The Authority will assist in such planning, if requested to do so by the Qualified Agency, only with respect to the timing of the issuance and the sizing of the amount of bonds to be issued to provide the financing of the project(s).

SECTION 2. Request for Bond Issuance.

(a) If the Qualified Agency desires to finance the costs of a project (or projects) through the issuance of bonds by the Authority, the Qualified Agency will submit to the Authority a request for financing to issue bonds to finance the project(s), signed by an authorized officer of the Qualified Agency, at least two months prior to the projected date that the agency will need funds. The request must include the following information:

- (1) a description of the facilities comprising the project(s),
- (2) the estimated costs of each of the facilities,
- (3) the estimated size (or capacity) of each of the facilities,

- (4) the estimated useful economic life of each of the facilities;
- (5) the date(s) when funding is requested to be provided,
- (6) the estimated completion date of each of the facilities,
- (7) a citation to the statutory authority under which the Qualified Agency was created and operates and to the appropriation act that authorizes the funding of the project(s),
- (8) a schedule of the actions required to be accomplished by the Qualified Agency prior to the first distribution of proceeds of the requested bonds,
- (9) such other information as required by the Authority for application to the Bond Review Board or otherwise required under the Authority's rules, and
- (10) such other information as the Authority may request.

(b) A request to issue bonds shall include a copy of an executed resolution of the Qualified Agency's governing body authorizing the submission of the request to the Authority.

(c) It is contemplated that the Authority and the Qualified Agency will enter into a financing agreement that provides the terms and conditions under which the Authority will provide financing for the Qualified Agency's project(s).

SECTION 3. Issuance of Bonds.

(a) If the Authority determines that the financing of the Qualified Agency's project(s) will comply with applicable law and the rules and policies of the Authority, the Authority will use its best efforts to issue bonds in an amount necessary to provide funds to pay for the costs of the project(s). The form, timing of issuance, principal amount and other terms of the bonds will be as determined by the Authority in its sole discretion.

(b) As a condition to issuing the bonds, the Authority may require the Qualified Agency to furnish opinions of counsel regarding such legal matters as the Authority determines appropriate in connection with the financing of project(s) for the Qualified Agency.

SECTION 4. Completion of Project(s).

As between the Authority and the Qualified Agency, the Qualified Agency will have the sole responsibility for the construction, acquisition, and completion of any project(s) financed for its benefit with bonds issued by the Authority. The Qualified Agency will use its best efforts to complete the project(s) in a timely manner and in conformity with law.

SECTION 5. Disposition of Excess Funds.

Any proceeds of bonds not required to pay the costs of the Qualified Agency's project(s) shall be disposed of as determined by the Authority in accordance with law.

SECTION 6. Management of Project(s).

As between the Authority and the Qualified Agency, the responsibility for operating, managing, and maintaining the Qualified Agency's project(s) will be the sole responsibility of the Qualified Agency.

SECTION 7. Further Understandings.

(a) This Memorandum of Understanding shall supersede any other memorandum of understanding between the parties dated the same or an earlier date than this Memorandum of Understanding.

(b) The parties recognize that it may become necessary from time to time to elaborate or otherwise revise the understandings herein stated and, accordingly, reserve the right to amend this Memorandum of Understanding upon mutual agreement.

APPROVED, as of the date first above written, by authorized officers of the respective parties.

TEXAS PUBLIC FINANCE AUTHORITY

By: Kimberly K Edward

TEXAS BUILDING AND
PROCUREMENT COMMISSION

By: Randall Riley
Randall Riley
Executive Director

Client Agency Orientation
May 21, 2008
Review of Certain Requirements of the GO Financing Agreement

A. Introduction: While agencies need to be familiar with all of the provisions of the Financing Agreement (FA), a few provisions are so critical to the proper administration and use of tax-exempt bond proceeds that they merit specific review with each/all agencies; these are: (1) the provisions concerning the use and restrictions on the use of proceeds, primarily in Article III, Sections 3.01 through 3.10; (2) tax definitions and covenants in Article IV, and (3), the records retention requirements in Section 5.01. This outline reviews the material points in these sections.

B. Article III, Use and Restrictions on the Use of Proceeds.

1. The agency is responsible for ensuring that it has authority and appropriations for the projects, its project descriptions are accurate, and that it has complied with any requirements for submitting the projects to the LBB. (FA, Section 3.01.)
2. The agency has to notify TPFA (ie, the Executive Director) of any "deviation from the project completion schedule set out in Exhibit B, of more than a specified amount, depending on the total project cost, and the amount and nature of the deviation. (FA, Section 3.03 (b).)

We regard "deviation" to mean any change including an increase, decrease, change in the scope or description of the project, revised project costs, etc. This can be reported on the monthly status report as long as such report is "timely" in reference to the occurrence or fact of the deviation.

3. The agency has to notify TPFA if expenditures in any expenditure period, as set out in Exhibit B, are less than the amounts of the expenditures for the period which are shown on the Exhibit B, including the amounts of the deficiency and the reasons therefor. (FA, Section 3.03(c).)

This may also be reported on the monthly status report for the month in which the deficiency expenditure is first known.

4. The project must be pursued with "due diligence" and at least 95% of the proceeds have to be used for Project Costs. (FA, Sections 3.04 (a) and (b).)
5. Costs may be shifted among the "project components", as long as the total project cost is not exceeded, the agency has the authority to spend more or less on any affected component, and the shifting of costs will not trigger an Event of Taxability (defined as, "any act or omission that could adversely

affect the excludability of the interest on any Note from the gross income of the owner of the Note.")

6. An agency must have advance approval of the Executive Director to spend more than the total "Project Completion Amount" set out in the FA-- usually the exact amount of the agency's appropriation for the Project. The Executive Director will approve the increase if lawful funds are available and the agency has the legal authority to do the project. Usually, the only available funds are the interest earnings on the project fund, and the agency needs to spend such excess amounts on the Project that is authorized and described in the FA.
7. Use of Project. An agency may use the projects for any lawful purpose provided that it may not permit use of the projects by anyone other than another state agency or entity of local government unless it has received advance approval of the Executive Director. TPFA is required to obtain a Bond Counsel opinion that such proposed use by other than state or local governmental will not result in an Event of Taxability. (FA, Section 3.10.)

Further, since non-qualified use could trigger an Event of Taxability, no such nongovernmental use can be effective unless and until it is approved by TPFA (the Executive Director.)

"Use" means and includes leases, management contracts, or any special right of access or entitlement to direct or indirect use of the project. The prohibitions on use by "nongovernmental" persons are elaborated in the Tax Covenant provisions in Article IV.

C. Article IV, Sections 4.03 and 4.04, Maintaining Tax Exempt Status of the Bonds/Notes.

1. Section 4.03 summarizes the requirements of tax-exempt debt.
 - a. While all of these provisions are critical for tax purposes, only the "private use" restrictions can be affected by an agency, and the rules concerning this are elaborated, to supplement Section 3.10 addressed above:

As stated, use by an entity other than another state agency or local government is defined as "nongovernmental" use. Note: use by the federal government is "nongovernmental" use.
 - b. The prohibitions on private payments, loans, and the investment of proceeds (ie, arbitrage requirements) are rather controlled by the legislature, and the state law requirements for the debt issues and the investment of proceeds.
2. Section 4.04 contains the expectations for expenditures, for arbitrage compliance.

- a. The debt issues are primarily for construction projects, and therefore, we expect that we should meet the 24-month spending exception period: 10% in 6 months; 45% in 12 months; 75% in 18 months; and the remainder, less reasonable retainage, in 24 months.
- b. Construction expenditures for arbitrage purposes are the same type of expenditures that are considered properly within "construction" for state law, (see Gov't Code, §2166.001, with the exception of payments to acquire land. Expenditures to acquire land need to be satisfied within 25% of the total issue to be eligible to use the 24-month expenditure period.

D. Article V, Section 5.01, Records Retention Requirements.

- 1. Under current federal regulations, certain of the bond documents necessary to prove initial and continuing entitlement to tax exemption on the bonds or notes have to be retained as long as the debt is outstanding, plus three years.
- 2. Section 5.01 of the FA sets this out identifying the documents that the Authority has to retain and the documents that the agency has to retain; namely:
 - a. The Authority has to retain all Disbursement Certificates, the Project Completion Certificate, all Project Substitution Certificates, if any, and all Project status reports. This has to include the accounting record of expenditures.
 - b. The agency has to retain, as official records of the agency, all materials, records, and information necessary to confirm the compliance with the provisions of Section 4.03, relating to private use and arbitrage, for a period beginning on the Closing Date and ending three years after the date the Notes are no longer outstanding.

Texas Public Finance Authority
Interoffice Memorandum

To: Bond Issue Files
From: Judith Porras
Re: General Procedures and Timing Requirements for Reimbursement Bonds
Date: May 19, 2008

A portion of a bond issue may be Reimbursement Bonds, the proceeds of which are used to reimburse an agency for project expenditures made before the bond issue is closed.

To reimburse expenditures with bond proceeds, the client agency has to adopt a Reimbursement Resolution within 60 days after it has made a project expenditure.

Before adopting a Reimbursement Resolution the client agency needs to determine that it has to start the project before the bonds can be issued, and that it has other funds that can legally be used for the expenditures.

The expenditure actually has to be reimbursed with bond proceeds within 18 months after **the later** of the date of the expenditure or the date the project is placed in service.

That is, a bond issue has to be closed within 18 months after an expenditure or after a project is placed in service. (The Authority typically closes bond issues within 3 or 4 months after it receives an agency's Request for Financing.)

These time limits do not apply to "Preliminary Expenditures", defined in Treas. Reg. §1.150-2 to mean, "preliminary project costs including architectural, engineering, surveying, soil testing, costs of issuing the bonds, and similar costs, up to 20% of the issue price of the bonds." Although a reimbursement resolution is not required for such preliminary expenditures and they are not time limited, they are limited to the 20% of the issue price of the bonds, which is not determinable until pricing.

A reimbursement processed within 30 days after the bond issue is closed is deemed to be a reimbursement on the day of closing.

The maximum time to make the reimbursement is 3 years after the date of the expenditures, (or 5 years for issues that have an architect or engineer's certification that 5 years is needed to complete construction.)

The reimbursement has to be evidenced in writing. The standard state and bond fund accounting documentation should be sufficient written evidence of the reimbursement.

See Treas. Reg. 26 CFR §1.150-2.