TEXAS PUBLIC FINANCE AUTHORITY

STRATEGIC PLAN

2013-2017

PROVIDING COST-EFFECTIVE FINANCING FOR THE STATE OF TEXAS

STRATEGIC PLAN

FISCAL YEARS 2013 – 2017

BY

TEXAS PUBLIC FINANCE AUTHORITY

BOARD MEMBER	TERM EXPIRES	HOMETOWN
D. JOSEPH MEISTER, CHAIR	FEBRUARY 2013	DALLAS
RUTH C. SCHIERMEYER, VICE CHAIR	FEBRUARY 2013	LUBBOCK
GERALD B. ALLEY, SECRETARY	FEBRUARY 2013	ARLINGTON
BILLY M. ATKINSON, JR.	FEBRUARY 2017	SUGAR LAND
MARK W. EIDMAN	FEBRUARY 2015	AUSTIN
RODNEY K. MOORE	FEBRUARY 2015	LUFKIN
ROBERT T. RODDY, JR.	FEBRUARY 2017	SAN ANTONIO

JULY 6, 2012

SIGNED: Robert Coalter DATE: July 6, 2012

ROBERT P. COALTER, EXECUTIVE DIRECTOR

APPROVED: D. Joseph Meister DATE: June 7, 2012

D. JOSEPH MEISTER, CHAIR

TABLE OF CONTENTS

Statewide Mission and Philosophy

THE MISSION OF TEXAS STATE GOVERNMENT

Texas State Government must be limited, efficient and completely accountable. It should foster opportunity and economic prosperity, focus on critical priorities, and support the creation of strong family environments for our children. The stewards of the public trust must be men and women who administer state government in a fair, just, and responsible manner. To honor the public trust, state officials must seek new and innovative ways to meet state government priorities in a fiscally responsible manner.

Aim high…we are not here to achieve inconsequential things!

THE PHILOSOPHY OF TEXAS STATE GOVERNMENT

The task before all state public servants is to govern in a manner worthy of this great state. We are a great enterprise, and as an enterprise we will promote the following core principles:

- First and foremost, Texas matters most. This is the overarching, guiding principle by which we will make decisions. Our state, and its future, is more important than party, politics or individual recognition.

- Government should be limited in size and mission, but it must be highly effective in performing the tasks it undertakes.

- Decisions affecting individual Texans, in most instances, are best made by those individuals, their families, and the local government closest to their communities.

- Competition is the greatest incentive for achievement and excellence. It inspires ingenuity and requires individuals to set their sights high. Just as competition inspires excellence, a sense of personal responsibility drives individual citizens to do more for their future and the future of those they love.

- Public administration must be open and honest, pursuing the high road rather than the expedient course. We must be accountable to taxpayers for our actions.

- State government has a responsibility to safeguard taxpayer dollars by eliminating waste and abuse, and providing efficient and honest government.

- Finally, state government should be humble, recognizing that all its power and authority is granted to it by the people of Texas, and those who make decisions wielding the power of the state should exercise their authority cautiously and fairly.

STATEWIDE GOALS AND BENCHMARKS

STATEWIDE PRIORITY GOAL FOR GENERAL GOVERNMENT

To provide citizens with greater access to government services while reducing service delivery costs and protecting the fiscal resources for current and future taxpayers by:

- Supporting effective, efficient, and accountable state government operations;
- Ensuring the state's bonds attain the highest possible bond rating; and
- Conservatively managing the state's debt.

STATEWIDE BENCHMARKS

- Total state taxes per capita
- Total state spending per capita
- Percent change in state spending, adjusted for population and inflation
- State and local taxes per capita
- Ratio of federal dollars received to federal tax dollars paid
- Number of state employees per 10,000 population
- Number of state services accessible by Internet
- Total savings realized in state spending by making reports/documents/processes available on the Internet and accepting information in electronic format
- Funded ratio of statewide pension funds
- Texas general obligation bond ratings
- Issuance cost per $1,000 in general obligation debt
- Affordability of homes as measured by the Texas Housing Affordability Index

TEXAS PUBLIC FINANCE AUTHORITY

MISSION AND PHILOSOPHY

MISSION

The mission of the Texas Public Finance Authority is to provide the most cost-effective financing available to fund capital projects, equipment acquisitions, and programs as authorized by the Texas Legislature.

PHILOSOPHY

The Texas State Constitution prohibits public debt except when the people of Texas give their specific approval by amending the Constitution. The Texas Public Finance Authority is mindful that it must maintain the delicate balance between the State's conservative fiscal tradition and the use of scrupulously managed debt, as a tool to achieve sound financial management. The issuance of debt by the Texas Public Finance Authority must therefore be in strict consonance with the intent and direction of the Texas Legislature, as reflected in its duly enacted statutes.

The Texas Public Finance Authority will strive to provide the highest quality service to meet the needs of its client agencies. The Authority will continually develop financial expertise and make it available to other state agencies and branches of State government. Daily operations will be conducted in a manner that displays the highest ethical standards, encourages the personal and professional development of its employees and implements sound financial management practices for the State of Texas.

OVERVIEW OF AGENCY SCOPE AND FUNCTIONS

Statutory Basis, Historical Perspective and Functions

The Texas Public Finance Authority (the "Authority" or "TPFA") was initially created by the Legislature in 1983 as the Texas Public Building Authority (Art. 601d, VTCS, now codified as Chapter 1232, Texas Government Code). Its original purpose was to issue revenue bonds to provide funds for the construction and renovation of office buildings in Travis County in order to relieve the State's reliance on leased office space. The agency's mission was expanded in 1987 in response to the State's need to rapidly increase its prison, youth corrections and mental health facilities through the issuance of general obligation bonds. The name of the agency was changed at that time to the Texas Public Finance Authority to reflect the agency's enlarged charter. The Authority's offices are currently located in the William P. Clements State Office Building in Austin.

The scope of the Authority's functions has grown greatly since its inception and the Authority is now one of the largest issuers of bonds in the State. It has issued over $16.1 billion of general obligation and revenue debt on behalf of numerous state agencies and universities. There is currently $4.45 billion of debt outstanding and under administration. Although the majority of the debt issued by the Authority is to fund capital projects such as facilities and equipment, in recent years the Authority has also provided financing to support economic development efforts, such as the Texas Cancer Prevention and Research Institute and various loan and grant programs to local governments. As the largest issuer of general revenue supported debt in the state, the Authority uses a variety of debt management tools and financing vehicles to manage the State's interest rate exposure, including long-term fixed-rate bonds, short-term debt such as commercial paper, and refinancing tools such as cash defeasances and advance refunding bonds. From 1986 to date, the Authority has refinanced approximately $3.4 billion of debt, reducing debt service by over $187.7 million.

Pursuant to Texas Government Code, Chapter 1232 (the Authority's enabling Act), and Chapters 1401 and 1403, the Authority issues general obligation and revenue bonds for designated State agencies and maintains the Master Lease Purchase Program ("Master Lease" or "MLPP"), a revenue commercial paper program used primarily to finance equipment acquisitions by State agencies. Before the Authority may issue bonds for the acquisition or construction of a building for a State agency, other than an institution of higher education, the Legislature must have authorized the specific project for which the bonds are to be issued and the estimated cost of the project or the maximum amount of bonded indebtedness that may be incurred by the issuance of bonds. Additionally, the Legislature may authorize a bond issue and designate the Authority as the exclusive issuer in other statutes. A description of the Authority's client agencies and financing programs is provided in Exhibit I.

In addition to the programs listed in Exhibit I, in 2004, the Authority's Board of Directors created the Texas Public Finance Authority Charter School Finance Corporation (the "Corporation" or "TPFA CSFC"), pursuant to Section 53.351 of the Education Code, to issue revenue bonds on behalf of open-enrollment charter schools. In 2005, the Corporation formed a consortium with the Texas Education Agency and the Texas Charter School Association (formerly the Resource Center for Charter Schools) to apply for a grant from the U.S. Department of Education to provide credit enhancement grants to eligible charter schools for facilities funding. The Consortium received a $10 million grant, which is used to fund debt service reserve funds for bonds issued on behalf of open-enrollment charter schools. TPFA staff provides administrative support services to the Corporation in fulfilling its two objectives: issuing debt for charter schools and awarding credit enhancement grants. To date, the Corporation has issued 27 series of bonds.

The Authority also administers the Master Lease program to finance capital equipment and improvements, such as computers, telecommunications systems, software, vehicles and energy performance contracts for state agencies and institutions of higher education. The Authority's Master Lease program is funded with tax-exempt commercial paper, a short-term variable rate financing instrument. As of June 30, 2012, there were approximately 424 leases outstanding, totaling $90,279,264.

Affected Populations/Public Perception

Because it is authorized to issue debt on behalf of over 26 other state agencies and universities ("client agencies"), the Authority's key service populations are other state entities, and indirectly, the service populations served by those organizations.

Furthermore, because it is one of the primary state bond issuers, the Authority plays a major role in shaping the public finance industry's perception of the state's debt issuance practices. The industry includes financial advisors, bond counsel, underwriters, investors, credit analysts, rating agencies and federal regulators. The Authority has led efforts among state bond issuers to lower the costs of issuance such as professional fees and underwriting spreads and to provide opportunities for meaningful participation by historically underutilized businesses serving as bond counsel, financial advisor and underwriters. The Authority uses its financial expertise and resources to structure and market debt issues to achieve the overall lowest true interest cost for its client agencies.

Exhibit I

Texas Public Finance Authority
Client Agencies and Debt Financing Programs

Client Agencies

1. Adjutant General, Office of (formerly Texas Military Facilities Commission)
2. Aging and Disability Services, Texas Department of
3. Agriculture, Texas Department of
4. Agriculture Finance Authority, Texas
5. Cancer Prevention and Research Institute of Texas
6. Criminal Justice, Texas Department of
7. Environmental Quality, Texas Commission on (formerly Texas Low-Level Radioactive Waste Disposal Authority)*
8. Facilities Commission, Texas
9. Health and Human Services Commission, Texas
10. Health Services, Texas Department of State
11. Historical Commission, Texas
12. Insurance, Texas Department of*
13. Juvenile Justice Department, Texas (formerly Texas Youth Commission and Texas Juvenile Probation Commission)
14. Midwestern State University
15. Military Preparedness Commission, Texas (Texas Military Value Revolving Loan Fund)
16. National Research Laboratory Commission, Texas (Superconducting Super Collider Project)*
17. Parks and Wildlife Department, Texas
18. Preservation Board, Texas State
19. Public Safety, Texas Department of
20. School for the Blind and Visually Impaired, Texas
21. School for the Deaf, Texas
22. State Technical College System, Texas* *(per 82nd Legislature, optional use of TPFA as issuer)*
23. Stephen F. Austin State University *(per 82nd Legislature, optional use of TPFA as issuer)*
24. Texas Southern University
25. Transportation, Texas Department of (Governor's Office – Colonia Roadway Grant Program)
26. Windstorm Insurance Association, Texas
27. Workers' Compensation Commission, Texas*
28. Workforce Commission, Texas

Active Commercial Paper Programs

1. Master Lease Purchase Program – for financing capital equipment acquisitions and improvement projects
2. General Obligation (Series 2008) – for certain state government construction projects
3. General Obligation (Series 2002A) – for certain state government construction projects
4. General Obligation (Series 2002B) for the Texas Department of Transportation Colonia Roadway Grant Program
5. General Obligation (Series 2009A/B) – for the Cancer Prevention and Research Institute of Texas Grant Program

*Inactive or debt no longer outstanding

It is crucial for the Authority to remain committed to these efforts, particularly as the scope of its functions expands to meet the growing needs of its client agencies and the economic and regulatory environment of the public finance industry continues to become more complex, regimented and challenging. With the increased scrutiny and demand by regulatory agencies, issuers will be held to a higher level of post-issuance monitoring and compliance to ensure financings remain in strict conformance with state guidelines and federal tax and securities law. To meet these demands, the Authority must adapt its current practice of monitoring and managing its debt from a traditional spreadsheet environment to a more systematic approach using a fully automated technology solution.

ORGANIZATIONAL ASPECTS

Workforce, Organizational Structure and Geographical Location

The Texas Public Finance Authority is a small state agency, which is currently comprised of ten full-time and one part-time employee. The Authority is headed by an Executive Director recently hired by the Board of Directors, effective March 19, 2012. Other key executive staff includes the General Counsel, Deputy Director and the Business Manager. As the organizational chart enclosed in Appendix B illustrates, the Authority's small size dictates a relatively flat organizational structure, consisting of executive staff and two teams: the finance/accounting team, and the business operations team. The Authority current staff consists of four executive and/or management personnel and 6.625 professionals. All of the positions are classified positions, except the Executive Director, which is an exempt position. The Authority's workforce is diverse and is comprised of five males – one Hispanic and four Anglo's and six females - one Black, one Hispanic, three Anglo's and one Asian.

The agency is governed by a seven-member Board appointed by the Governor. Current Board members reside in Austin, Arlington, Dallas, Lubbock, Lufkin, Sugar Land, and San Antonio. The Board meets monthly; however, the current budget provides funding for 10 meetings each year. All agency personnel are located in the William P. Clements State Office Building in Austin. There are no field offices.

Service Population

The Authority's service population includes the other state agencies on whose behalf the Authority provides financing. TPFA client agencies are located primarily in Austin; however, these agencies support facilities that serve citizens throughout the state. For example, the Authority's largest client agencies include the Texas Facilities Commission, the Texas Department of Criminal Justice, the Department of Public Safety, the Texas Parks and Wildlife Department, the Department of Aging and Disability Services and the Department of State Health Services, each of which has numerous facilities located throughout the state. The Authority also issues general obligation bonds for the Texas Military Preparedness Commission to make loans to eligible "defense dependent" communities throughout the state and the Colonia Roadway Grant Program for counties along the border region of the state. Additionally, the Authority's has issued for university client agencies located in Houston and Wichita Falls and Nacogdoches, and the Authority has financed state facilities and office buildings in El Paso, Corpus Christi, Houston, Waco, Fort Worth, Tyler and San Antonio and other cities throughout the state.

Human Resources

The Authority's human resources are one of its major strengths. For a small agency, the Authority is fortunate to have personnel with extensive expertise in finance, accounting, budgeting, information systems and legal issues such as municipal bond and public finance laws, federal regulatory laws, contract administration and employment law. Because of its small size, it is essential for the agency to maintain this expertise through training and continuing education, and to develop broader staff expertise in capital finance to meet the challenges placed on issuers in today's global financial market. It will be critical for Authority personnel to continually develop staff expertise to meet these growing challenges and adapt new workload requirements as the agency moves to automate its debt management function to accommodate these demands. As a result, information technology will have an increasing role in the Authority's day-to-day operations, particularly in the area of post issuance monitoring and compliance, to lessen the burden on staff resources.

As part of the Strategic Planning process, the Authority has completed a Workforce Plan (the "Plan"). The Plan, which is included as Appendix E, is based on staffing as of August 31, 2011. While the Authority has experienced an increase in turnover over the last couple of years, half of its remaining agency personnel have ten years or more service with the agency. Approximately 82.8 percent of the workforce has at least five years of service with the agency, of which, 25.81 percent have between five and ten years agency tenure. Two individuals have less than two years of service with the Authority. Turnover is an important issue in any organization but it can be especially critical in a small agency where staff performs multiple responsibilities across many functional areas. The Authority's small size provides limited opportunities for advancement and its limited financial resources makes it difficult to remain competitive with the private sector and other state agencies in the area of salary, particularly because private sector financial industry employees are typically highly compensated when compared to other private sector jobs. This can be attributed to the Authority's limited salary for its executive staff as compared to that of other state debt issuers that creates compression for executive staff and other positions at the agency. As a result, employees who otherwise may have a high degree of job satisfaction leave the agency simply to sustain normal career development and progression and higher compensation. Turnover may become especially crucial to the Authority in the next five to ten years when retirement could cost the agency some of its remaining experienced and tenured employees. Vacancies offer an opportunity for the agency to evaluate the organization's functions and staff resources, to provide new challenges and motivate remaining employees, and to maximize limited resources for salaries and compensation; however, to address its aging workforce and limited financial resources, the agency will utilize each vacancy as an opportunity to reevaluate its needs and resources, and make appropriate changes on a case-by-case basis.

As the Authority transitions to a more modernized and systematic approach to debt management, technology will change the way work is performed. For example, the Authority's current process requires the manual entry of information from client agencies into spreadsheets for analysis. This requires Authority's staff time devoted to verifying data input rather than analyzing the data. Improved information technology solutions to replace paper filings would result in better debt management, improve compliance with both state and federal regulatory agencies and permit Authority and client agency personnel to perform more highly productive duties at each of their respective agencies.

Capital Assets

Typically, the Authority's only expenses for capital assets are for information technology resources, which are supported on an ongoing basis by in-house staff and, when needed, outside consultants and do not exceed the $25,000 minimum in the state's definition of a capital budget item. As information technology plays an ever-increasing role in the Authority's day-to-day operations and major enhancements are implemented to fully automate the Authority's debt management system, the Authority must dedicate additional resources to enhance this critical agency function and may necessitate the need for additional capital funding for this endeavor.

HUB Participation

It is the Authority's policy to meet or exceed the guidelines promulgated by the Legislature and the Texas Comptroller of Public Accounts regarding the use of Historically Underutilized Businesses (HUBs). This includes the use of HUBs for bond issuance such as financial advisors, bond counsel, financial printers, and bond underwriting, as well as in the agency's day-to-day administrative procurements. The Authority's Supplemental HUB Reports for FY 2011 (Annual) and FY 2012 (Semi-annual) provide a more detailed description of the Authority's past efforts and accomplishments in this regard, as referenced in Appendix F.

Consultants

To enhance and complement staff resources, the Authority regularly contracts with outside professionals as authorized by its enabling statute for the issuance of bonds. Bond counsel and financial advisory services are procured to assist the staff in structuring bond issues. In addition, separate financial advisory contracts are in place: one to calculate arbitrage rebate liability on outstanding bond issues to ensure compliance with federal tax law and another to assist the Authority with developing comprehensive monitoring and compliance training materials for client agencies. In FY 2012, the Authority's Board contracted with an executive search firm to locate desirable candidates to fill its executive director position to lead the agency.

Organizational Change
As a small agency, the Authority must remain flexible in its staffing and organizational structure to provide staff development, fulfill the needs of its client agencies and respond to legislative authorization, all within its limited staff and financial resources. When future vacancies occur, the agency will reevaluate its needs and resources, and make appropriate changes as necessary. Several other factors may result in further organizational and staffing changes in the next biennium, including: reductions to the agency's operating budget, retirement eligibility within the existing workforce, changes in workload resulting from implementing a fully automated debt management solution, and increased monitoring and compliance responsibilities as a result of greater regulatory scrutiny.

FISCAL ASPECTS

The Authority's budget consists of two components, agency operations and debt service for General Obligation Bonds, each of which are discussed in greater detail below.

Operating Budget Trends
In an effort to absorb a portion of the state's growing cost of state paid health insurance premiums during challenging economic times, the 82nd Legislature authorized each agency to contribute one percent of employee payroll toward state paid health insurance costs. The largest objects of expense in the Authority's operating budget are for salaries and wages, including longevity benefits for the agency's tenured staff and one percent of salary for state paid insurance premiums. As no additional resources were provided for the ever increasing longevity of tenured staff or for the one percent health insurance contribution, each of these mandates are funded though existing resources. In the current biennium, salaries and wages represent about 90% of the agency's administrative budget. As the tenure of agency staff continues to increase, so will the longevity component of compensation, requiring that the agency allocate more of its financial resources to this area in the future. The portion of the agency's current operating budget attributable to longevity is approximately 3%. The second largest component of the Authority's operating budget is travel for Board meetings and travel for staff development. Travel for executive staff and Board members attending bond pricings are funded from bond proceeds, or costs of issuance, rather than the Authority's administrative operating budget. A rider in the Authority's bill pattern exempts bond sale travel from limitations placed on travel expenditures that may be imposed in Article IX of the General Appropriations Act ("GAA"). The third largest category of expenses is for information resources and telecommunications. The Authority's replacement cycle for information resources equipment is currently three to five years and, as mentioned previously and as further discussed under Technological Developments, additional resources to transition the Authority's debt management function to a more modernized and systematic approach utilizing a technology solution will be critical to the agency's continued success.

Method of Finance – Operating Budget
In FY 2001, the agency's operating budget method of finance shifted from revenue bond proceeds to general revenue, to eliminate paying interest costs on operating expenses. The Authority estimates that the state spent approximately $3.5 million in interest on revenue bond proceeds used to fund agency operations from 1985 to 2000.

In addition to general revenue, the Authority also funds a portion of its operating budget from administrative fees collected from other state agencies and universities that participate in MLPP. The Authority charges an administrative fee on the outstanding principal balance of each lease and uses the fees to pay ongoing costs of the program and a portion is appropriated for general agency operations. The portion of the Authority's operating budget funded from MLPP appropriated receipts has increased exponentially from 18% in 2002 to 72% in the current biennium, to lessen the agency's budgeting impact on general revenue. This reliance of agency funding through MLPP appropriated receipts together with the decline in use by participating client agencies for capital assets and energy performance contracts, and higher ongoing costs to operate MLPP, will require that the Authority seek alternative funding for agency operations in the coming biennium. Ongoing costs for liquidity fees alone have increased almost 400 percent due to the Authority's need to seek third-party liquidity providers. The Authority's Board increased the administrative fee from .5% to 1.0% in FY 2010 to address the higher costs of liquidity; however, this change in fees alone is not sufficient to balance revenues with higher ongoing costs. Over the years, the agency has experienced a decline in MLPP agency participation as a result of additional financing programs that have materialized for energy performance contracts through the Comptroller and technology resource leases offering computer replacement with software upgrades through the Department of Information Resources. In addition to the annual administrative fee, MLPP participating agencies budget an estimated interest rate for lease payments and receive a rebate the following year based on the effective interest rate charged on the program. Client agency lease payments and administrative fees are mostly funded with general revenue. Exhibit II reflects the Authority's appropriation expenditures by method of finance from FY 2008 - 2013.

Exhibit II

Texas Public Finance Authority
Operating Budget and Method of Finance History
Fiscal Years 2008 – 2013

Method of Finance	**FY08**	**FY09**	**FY10**	**FY11**	**Estimated FY12**	**Budgeted FY13**	
General Revenue (GR)	526,884	580,906	515,371	541,381	259,793	259,793	1
Total, General Revenue	**526,884**	**580,906**	**515,371**	**541,381**	**259,793**	**259,793**	
Appropriated Receipts (AR)	320,108	364,913	355,807	291,922	665,285	665,285	2
Rider #5 MLPP AR (GR MOF SWAP)	0	0	11,566	38,722	0	0	2,3
Reimbursements & Payments	2,635	0	377	0	2,427	0	
Charter School Receipts	19,000	0	15,000	16,000	8,500	0	
Interagency Contracts	4,546	5,554	4,785	624	677	0	4
Total, Appropriated Receipts	**346,289**	**370,467**	**387,535**	**347,268**	**676,889**	**665,285**	
Total, Method of Finance	**873,173**	**951,373**	**902,906**	**888,649**	**936,682**	**925.078**	
Allocation by Method of Finance							
General Revenue	60%	61%	57%	61%	28%	28%	
Appropriated Receipts	40%	39%	43%	39%	72%	72%	
Total, Allocation by MOF	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	

Note 1: General Revenue Reductions of $31,728 in FY10 and $38,722 in FY11
Note 2: MLPP Administrative Fees
Note 3: MLPP Rider #5 Administrative Fees replacing like amounts of General Revenue Reductions in FY10 and FY11
Note 4: Bond Review Board Interagency Contract (FY08-13)

Debt Service Budget

Most of the debt service on bonds and other debt obligations issued by the Authority is paid from general revenue. General Obligation Bond Debt Service is appropriated directly to the Authority in provisions contained in various Articles of the GAA. These appropriations are summarized in a rider in the Authority's appropriation bill pattern in the GAA.

Revenue bond debt service is appropriated differently. Lease payments for revenue bond-financed projects and equipment are appropriated to the various state agencies on whose behalf the Authority has issued revenue bonds. The client agencies transfer these lease payments to the Authority pursuant to rider language in the GAA. The Authority then collects lease payments in the State Lease Fund and transfers those funds into the appropriate debt service funds immediately prior to paying debt service on the bonds.

Exhibit IIIa shows projected general revenue supported debt service, which consists of approximately $4.4 billion in outstanding general obligation and lease revenue debt. Debt service on currently outstanding debt declines rapidly beginning in FY 2015. Exhibit IIIb details the estimated debt service on remaining bond authorizations that are appropriated and unissued. This graph also illustrates the significant impact of remaining voter authorized and unappropriated debt, including $146.2 million of general obligation debt approved by voters in 2007 for general state

Texas Public Finance Authority
Total Combined General Revenue Supported Debt Service
Includes Voter Authorized and Appropriated Debt

as of 6/30/12

	General Obligation Bonds			Revenue Bonds				**Total Fixed Rate Debt Service**		
FY	Principal	Interest	Debt Service	Principal	Interest	Debt Service	FY	Principal	Interest	Debt Service
2010	196,680,000	77,993,843	274,673,843	48,800,953	24,472,522	73,273,475	2010	245,480,953	102,466,364	347,947,318
2011	227,785,000	80,254,424	308,039,424	36,207,244	22,945,915	59,153,159	2011	263,992,244	103,200,338	367,192,583
2012	165,970,000	86,688,196	252,658,196	39,419,410	21,531,495	60,950,905	2012	205,389,410	108,219,692	313,609,101
2013	178,740,000	87,769,268	266,509,268	34,680,663	20,188,338	54,869,002	2013	213,420,663	107,957,607	321,378,270
2014	121,618,255	142,582,360	264,200,615	33,967,396	18,885,250	52,852,646	2014	155,585,650	161,467,610	317,053,261
2015	169,641,745	106,179,799	275,821,545	27,445,000	4,871,680	32,316,680	2015	197,086,745	111,051,480	308,138,225
2016	172,255,000	67,813,613	240,068,613	23,950,000	3,590,816	27,540,816	2016	196,205,000	71,404,429	267,609,429
2017	126,750,000	60,783,138	187,533,138	20,250,000	2,524,727	22,774,727	2017	147,000,000	63,307,865	210,307,865
2018	124,905,000	54,989,677	179,894,677	17,425,000	1,628,297	19,053,297	2018	142,330,000	56,617,973	198,947,973
2019	125,435,000	49,273,450	174,708,450	10,165,000	975,517	11,140,517	2019	135,600,000	50,248,967	185,848,967
2020	101,810,000	44,055,030	145,865,030	5,960,000	616,374	6,576,374	2020	107,770,000	44,671,404	152,441,404
2021	101,625,000	39,308,295	140,933,295	2,990,000	417,846	3,407,846	2021	104,615,000	39,726,141	144,341,141
2022	101,940,000	34,427,127	136,367,127	2,715,000	288,963	3,003,963	2022	104,655,000	34,716,090	139,371,090
2023	102,280,000	29,418,639	131,698,639	1,390,000	168,662	1,558,662	2023	103,670,000	29,587,301	133,257,301
2024	98,695,000	24,415,930	123,110,930	1,435,000	103,504	1,538,504	2024	100,130,000	24,519,434	124,649,434
2025	73,650,000	20,090,209	93,740,209	455,000	36,377	491,377	2025	74,105,000	20,126,586	94,231,586
2026	68,560,000	16,482,326	85,042,326	455,000	12,126	467,126	2026	69,015,000	16,494,452	85,509,452
2027	65,260,000	13,036,015	78,296,015	-	-	-	2027	65,260,000	13,036,015	78,296,015
2028	61,960,000	9,716,058	71,676,058	-	-	-	2028	61,960,000	9,716,058	71,676,058
2029	53,280,000	6,690,454	59,970,454	-	-	-	2029	53,280,000	6,690,454	59,970,454
2030	46,085,000	4,087,868	50,172,868	-	-	-	2030	46,085,000	4,087,868	50,172,868
2031	36,765,000	1,960,738	38,725,738	-	-	-	2031	36,765,000	1,960,738	38,725,738
2032	7,860,000	850,075	8,710,075	-	-	-	2032	7,860,000	850,075	8,710,075
2033	2,190,000	604,455	2,794,455	-	-	-	2033	2,190,000	604,455	2,794,455
2034	2,315,000	482,136	2,797,136	-	-	-	2034	2,315,000	482,136	2,797,136
2035	2,435,000	353,131	2,788,131	-	-	-	2035	2,435,000	353,131	2,788,131
2036	2,570,000	217,153	2,787,153	-	-	-	2036	2,570,000	217,153	2,787,153
2037	2,710,000	73,661	2,783,661	-	-	-	2037	2,710,000	73,661	2,783,661
Total	2,541,770,000	1,060,597,070	3,602,367,070	307,710,667	123,258,407	430,969,074		2,849,480,667	1,183,855,477	4,033,336,144

	Appropriated and Issued General Obligation Commercial Paper			Appropriated and Unissued General Obligation Debt				**Total General Revenue Supported Debt Service**		
FY	Principal	Interest	Debt Service	Principal	Interest	Debt Service	FY	Principal	Interest	Debt Service
2010	-	325,643	325,643	-	-	-	2010	245,480,953	102,792,007	348,272,960
2011	3,600,000	990,222	4,590,222	-	2,685,829	2,685,829	2011	267,592,244	106,876,390	374,468,634
2012	-	3,591,757	3,591,757	-	288,025	288,025	2012	205,389,410	112,099,473	317,488,883
2013	6,189,250	5,797,003	11,986,253	550,000	17,690,990	18,240,990	2013	220,159,913	131,445,599	351,605,513
2014	6,189,250	5,493,212	11,682,462	20,805,000	32,782,357	53,587,357	2014	182,579,900	199,743,179	382,323,079
2015	6,189,250	5,189,420	11,378,670	32,395,000	43,324,191	75,719,191	2015	235,670,995	159,565,091	395,236,086
2016	6,189,250	6,006,018	12,195,268	42,910,000	60,537,520	103,447,520	2016	245,304,250	137,947,967	383,252,217
2017	6,189,250	5,617,249	11,806,499	48,857,500	61,639,778	110,497,278	2017	202,046,750	130,564,892	332,611,642
2018	6,189,250	5,244,807	11,434,057	50,992,500	59,689,542	110,682,042	2018	199,511,750	121,552,322	321,064,072
2019	6,189,250	4,872,364	11,061,614	51,742,500	56,026,043	107,768,543	2019	193,531,750	111,147,374	304,679,124
2020	6,189,250	4,512,166	10,701,416	51,742,500	52,415,681	104,158,181	2020	165,701,750	101,599,251	267,301,001
2021	6,189,250	4,127,479	10,316,729	51,742,500	48,711,780	100,454,280	2021	162,546,750	92,565,401	255,112,151
2022	6,189,250	3,755,037	9,944,287	51,742,500	45,068,093	96,810,593	2022	162,586,750	83,539,220	246,125,970
2023	6,189,250	3,382,594	9,571,844	51,742,500	41,415,443	93,157,943	2023	161,601,750	74,385,338	235,987,088
2024	6,189,250	3,018,315	9,207,565	51,742,500	37,792,623	89,535,123	2024	158,061,750	65,330,371	223,392,121
2025	6,189,250	2,637,709	8,826,959	51,742,500	34,103,642	85,846,142	2025	132,036,750	56,867,938	188,904,688
2026	6,189,250	2,265,267	8,454,517	51,742,500	30,457,493	82,199,993	2026	126,946,750	49,217,211	176,163,961
2027	6,189,250	1,892,824	8,082,074	51,742,500	26,804,843	78,547,343	2027	123,191,750	41,733,682	164,925,432
2028	6,189,250	1,524,463	7,713,713	51,742,500	23,169,565	74,912,065	2028	119,891,750	34,410,086	154,301,836
2029	6,189,250	1,147,939	7,337,189	51,742,500	19,495,504	71,238,004	2029	111,211,750	27,333,897	138,545,647
2030	6,189,250	831,184	7,020,434	51,742,500	15,846,893	67,589,393	2030	104,016,750	20,765,945	124,782,695
2031	6,189,250	403,054	6,592,304	51,742,500	12,194,243	63,936,743	2031	94,696,750	14,558,035	109,254,785
2032	6,189,250	30,612	6,219,862	51,742,500	8,546,507	60,289,007	2032	65,791,750	9,427,193	75,218,943
2033	-	-	-	51,192,500	4,917,653	56,110,153	2033	53,382,500	5,522,108	58,904,608
2034	-	-	-	30,937,500	2,537,796	33,475,296	2034	33,252,500	3,019,932	36,272,432
2035	-	-	-	19,347,500	1,041,440	20,388,940	2035	21,782,500	1,394,570	23,177,070
2036	-	-	-	8,832,500	324,329	9,156,829	2036	11,402,500	541,483	11,943,983
2037	-	-	-	2,885,000	73,803	2,958,803	2037	5,595,000	147,463	5,742,463
Total	127,385,000	72,656,339	200,041,339	1,034,100,000	739,581,604	1,773,681,604		4,010,965,667	1,996,093,420	6,007,059,086

Note 1: Fixed rate debt includes all long term debt excluding university debt.

Note 2: Revenue debt service appropriated to client agencies. Excludes revenue debt service financed by park and laboratory fees.

Note 3: Unissued debt assumes the issuance of Commercial Paper. Principal payments on Commercial Paper are flexible and are not required to be paid by law.

Note 4: Assumptions TX Const., Art. III, Sec. 49-l, 50-f, & 50-g: level principal payments with a 20 year repayment schedule, and a 4.5% interest rate.

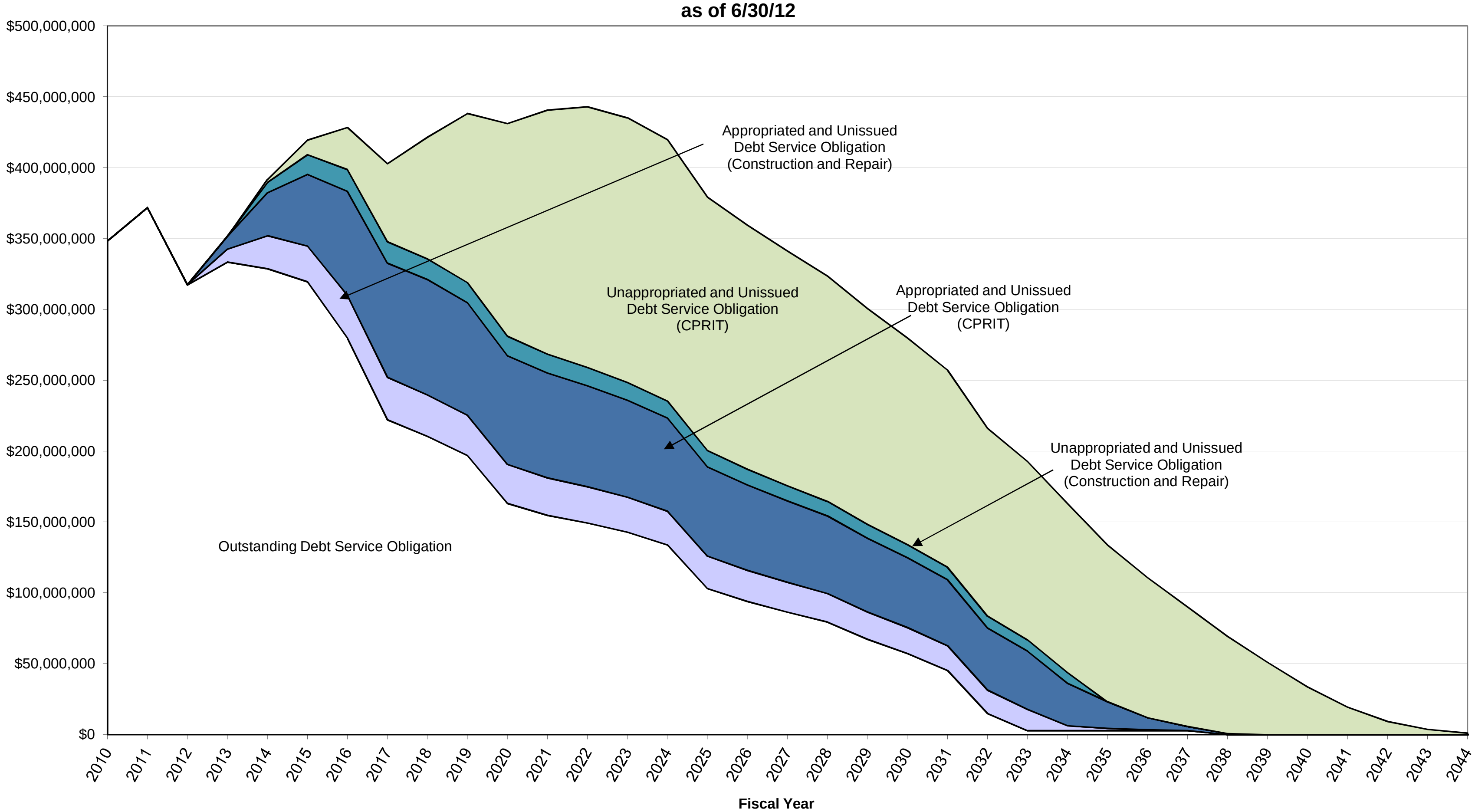
Note 5: Assumptions for TX Const., Art. III, Sec. 67: level principal payments with a 20 year repayment schedule, 5% tax-exempt interest rate and 6% taxable interest rate.

Texas Public Finance Authority

Exhibit IIIb

Debt Service Supported by General Revenue

Including Voter Authorized; Unappropriated General Obligation Debt
as of 6/30/12



Includes all TPFA GR supported debt instruments issued, and appropriated and unissued debt authorized by the Art. III, Sec. 49-l, 49-n (TMVRLP), 50-f, 50-g, 67 (CPRIT) of the Texas Constitution. General Revenue Dedicated appropriated for debt service for Art. III, Sec. 49-n (TMVRLP). Debt service related to TMVRLP is made by loan repayments.
General Revenue Dedicated appropriated for Sec. 67 (CPRIT) debt for FY 2012-2013. General Revenue appropriated for debt service prior to FY 2012.
Unissued debt assumes the issuance of Commercial Paper. Principal payments on Commercial Paper are flexible and are not required to be paid by law.
CP Assumptions TX Const., Art. III, Sec. 49-l, 50-f, & 50-g: level principal payments with a 20 year repayment schedule and a 4.5% interest rate thru FY15 and 6% thereafter.
CP Assumptions for TX Const., Art. III, Sec. 67: level principal payments with a 20 year repayment schedule, 6% taxable interest rate thru FY15 and 7.5% thereafter.
Excludes University debt and unappropriated debt for the TMVRLP.

unappropriated debt, including $146.2 million of general obligation debt approved by voters in 2007 for general state government construction projects and $1.8 billion of general obligation debt that voters approved in 2007 for cancer research.

The Authority's debt management policies require debt repaid from general revenue to be amortized with a 20-year level principal repayment structure. This policy applies to both fixed and variable rate debt, so even though commercial paper has a flexible maturity date, the Authority typically makes an annual principal payment on its commercial paper. It has also been the Authority's practice to use any surplus General Obligation Debt Service appropriation to prepay general obligation debt. Although a level principal repayment structure creates higher debt service payments in the earlier years, it ultimately results in a lower borrowing cost than level debt service and creates more capacity for additional debt in future years.

The Authority contracted with a swap advisor in 2004 and 2005 to provide training to the Authority's staff and Board and to develop a comprehensive swap policy that the Board adopted November 2005. The Authority has not entered into any interest rate swaps or other financial derivative products to date.

Comparisons to Other States

According to *Moody's 2012 State Debt Medians Report*, Texas continues to have a relatively low debt burden, particularly among large populous states. Texas ranks 39th among all states in net tax-supported debt per capita, at $588 per capita compared to a nationwide median of $1,117, and 40th in net-tax supported debt as a percent of personal income, at 1.5%, compared to a national median of 2.8%. It should be noted that Texas's debt has increased over the past decade: Moody's 2004 State Debt Medians ranked Texas 46th and 47th in net-tax supported debt per capita and in net-tax supported debt as a percent of personal income, respectively, and 42nd and 43rd in 2005. Moody's noted that increasing debt levels are a national trend, and state debt increased by 8.5% between 2009 and 2010. The spike in debt issuance is attributable to "pent up" demand for bonds following the market disruption in fall 2008, the introduction of Build America Bonds and other federal incentives for municipal debt, the need in some states to issue debt for budget relief, and a low interest rate environment.

The Texas Bond Review Board reported in December 2011 that general revenue supported debt service represented only 1.26% of unrestricted general revenue, as compared to 1.25% the previous year. Although Texas has a relatively low debt burden, and debt service on general revenue supported debt remains a small portion of the state's operating budget, it is important for state debt issuers such as the Authority to remain diligent in the development of and adherence to sound debt management practices and new financing techniques to ensure debt service costs are as low as possible. Long-term, centralized planning is an important component of capital budgeting and debt management because decisions made today will have financial implications for as many as twenty years in the future (the amortization period for most fixed rate debt). Implementation of the statewide debt affordability study, capital expenditure plan, statewide debt management policies and improved debt management monitoring systems will help the State serve as a good steward of debt and taxpayer dollars.

As one of the primary issuers of general revenue supported debt, it is the Authority's responsibility to ensure the debt is structured, marketed and administered to achieve the lowest possible all-in cost of borrowing. The Authority accomplishes this by using commercial paper, issued in small tranches, to fund client agency projects, advance debt refunding during periods of low interest rates, making cash defeasances with surplus revenues, and using a level principal repayment structure for general revenue supported debt. As the amount of general revenue supported debt issued by the State increases, the Authority must continue to develop and implement such practices and upgrade monitoring systems to maintain the State's low debt burden. The Authority's Board of Directors frequently reviews its debt management policies to ensure that the policies further achieve this goal. The Authority's debt management policies are consistent with the statewide policies adopted by the Texas Bond Review Board.

SERVICE POPULATION DEMOGRAPHICS

As mentioned previously, the Authority's service population consists of its client agencies and the service populations supported and served by those agencies. The Authority's service population continues to expand as the Legislature authorizes the Authority to issue additional debt for new client agencies.

TECHNOLOGICAL DEVELOPMENTS

Impact and Management

To ensure the Authority's financings remain in strict conformance with state guidelines and federal tax and securities law, the Authority's primary area of focus must shift to meet these demands by converting its current practice of monitoring and managing its debt from a traditional spreadsheet environment to a more systematic approach utilizing a fully automated technology solution. This will enhance the agency's ability to monitor and manage debt through the debt life cycle beginning with a client agency's need to finance a project to the retirement of debt for that project -- a cradle to grave approach.

Currently, the Authority's process requires the manual input of expenditure of bond proceeds and other information from client agencies to spreadsheets for analysis, with a large portion of staff resources devoted to verifying data input rather than analyzing the data itself. Improved information technology solutions to replace paper filings of monthly status reports and spreadsheets currently used by Authority personnel would result in improved debt management and improve compliance with both state and federal regulation. Authority and client agency personnel, alike, would be freed to perform more highly productive duties at each of their respective agencies. In addition to maximizing staff resources, automating this function will enhance post-issuance monitoring and compliance efficiencies by potentially decreasing the amount of interest earnings the State is required to rebate to the Internal Revenue Service ("IRS"). In addition to maximizing financial and staff resources, an automated debt management solution will permit Authority staff to timely and more accurately respond to general inquiries related to overall outstanding debt and outstanding debt by project.

As agencies strive to streamline and automate functions, attracting adequately trained staff is key not only to identifying information technology needs and implementing solutions, but also to being able to use the new technology to improve operations. Furthermore, a skilled IT staff is essential to ensure that adequate security measures and practices are in place and kept up-to-date. Recent hardware and software upgrades have enhanced the Authority's network security and telecommuting capabilities. The Authority continues to use its website to communicate with other state agencies, private sector consultants, investors, and the public; therefore, it will be crucial that the agency market its new website address as a result of the Department of Information Resources migration to the texas.gov domain.

ECONOMIC VARIABLES

Economic conditions are one of the primary influences on the cost of financing and the needs of the Authority's service population. As the State's population and economy continue to grow, so will constituent demands for facilities and services in areas such as education, public recreation, health and human services, criminal justice, and transportation. There is increasing demand in each of these functions for new facilities and repair and renovation of aging infrastructure. In addition to providing facilities financing, the Authority continues to provide financing for new programs including funding cancer research. Texas government is relying more on long-term financing to respond expeditiously to the rising needs of Texans.

In the last four years, the financial markets have experienced unprecedented change impacting the world's global economy beginning in 2008 with the near meltdown of the global capital markets, the financial collapse of municipal bond insurers and the sudden, temporary freeze in liquidity for short-term debt, such as commercial paper. In 2009, the financial sector was stabilized, and federal initiatives such as the Build America Bond ("BABs") program provided a much-needed boost to the public finance sector. BABs stimulated the market by introducing higher interest paying taxable bonds to attract buyers in the corporate and foreign markets that traditionally were less inclined to buy lower interest rate municipal bonds. To mitigate the higher interest rates, the federal government provided a direct cash subsidy to issuers that lowered the interest cost. On August 5, 2011, S&P downgraded its long-term debt rating for the U.S. from AAA to AA+ with a negative outlook and though Moody's and Fitch affirmed their AAA ratings, Moody's lowered its outlook to "negative" and Fitch maintained its "stable" outlook on U.S. debt. As of June 2012, Texas's general obligation debt carried a split rating of Aaa/AA+/AAA by the three major credit rating agencies Moody's, Standard & Poor's and Fitch, respectively. The Standard & Poor's rating is one step below AAA.

In times of historically low interest rates, the Authority attempts to refinance debt to reduce debt service, an activity that can substantially increase the Authority's financing activity on a temporary basis. Similarly, in high interest rate cycles, the Authority must take advantage of and more closely manage short-term and variable rate financing vehicles such as commercial paper. The prudent use of debt and the management of debt service are important factors in the State's budget process and the Authority must continue to closely monitor economic and interest rate trends, as well as shifts in the capital markets to optimize its long-term management of the State's debt. As the Authority moves further into its third decade of existence, it has now experienced times of economic growth as well as recession and is able to adapt and respond to the type of capital financing most appropriate to meet the State's fiscal and budgetary resources.

IMPACT OF FEDERAL STATUTES/REGULATIONS

The Authority's primary method of capital financing is through the sale of tax-exempt bonds and commercial paper. Because the interest income from these securities is not taxable under the federal law, they are attractive to certain types of investors and carry lower interest rates than taxable securities. Changes in federal tax law can alter the attractiveness of the tax-exempt status of the securities and the cost of financing for the State. Other regulations such as the arbitrage rebate provisions of the Internal Revenue Code have a significant impact on the way the Authority tracks the investment and expenditure of bond proceeds. Therefore, the Authority constantly monitors federal legislative developments through market publications, trade associations, industry organizations and professionals to assess the impact of such proposals.

Historically, the tax-exempt securities market has not been highly regulated. However, recently federal agencies such as the Securities and Exchange Commission ("SEC"), the IRS, and the Municipal Securities Rulemaking Board ("MSRB") have increased their scrutiny of the tax-exempt market participants, including issuers, consultants and broker/dealers. Additionally, the enactment of the American Recovery and Reinvestment Act of 2009 ("ARRA") created several new debt instruments that are available to municipal debt issuers. ARRA created BABs, which are long-term bonds are taxable bonds whereby the bondholder receives a federal income tax credit equal to 35% of the interest paid by the issuer, or for direct payment BABs, the issuer receives a 35% interest subsidy payment directly from the federal government. The payment credit subsidizes the issuer's interest cost and is paid to the issuer in advance of its interest payment dates. The proceeds of BABs can be used to finance capital expenditures for any governmental purpose for which tax-exempt bonds may be used and BABs costs of issuance is limited to 2% of the proceeds. Although BABs offer a direct financial incentive for municipal issuers to use this form of long-term debt, the increased monitoring and compliance issues require increased use of agency resources to comply with these new demands. BABs along with additional federal regulations and legislation such as the Dodd-Frank Wall Street Reform and Consumer Protection Act has created an increased interest by federal oversight agencies in municipal issuers with regard to monitoring and compliance functions. The SEC has hired new staff to monitor municipal issuances and the IRS has created a Compliance Questionnaire with which to monitor BABs issuers and the expenditure of BABs proceeds to ensure they are expended on qualifying projects. The Authority issued $181,780,000 in direct pay BABs in 2009, which has resulted in an increase in staff's work directly associated with the federal monitoring and compliance activities of the use of BABs proceeds.

In addition, ARRA created "Qualified School Construction Bonds" or "QSCBs," which also offer investors a federal income tax credit. Generally, each state receives an allocation of the federal subsidy authority for issuing QSCBs. Allocations made to open-enrollment charter schools in Texas have increased agency staff's work on financings approved by the TPFA CSFC. As a result of the allocation grants, the TPFA CSFC saw a dramatic increase in the number of requests for financings on behalf of open enrollment charter schools. This is characterized in the sheer volume of bond series the Corporation has issued over a two year period before this federal program expired December 31, 2010, totaling 15 as compared to issuing only 12 bond series between 2004-2007.

OTHER LEGAL ISSUES

The mission and performance of the Authority were under sunset review by the 82nd Legislature to consider fundamental changes needed to the agency's mission or operations, look for possible duplication in services, and assess the agency's need for continuance for another 12 years. As a result of this review, the Legislature passed and the Governor signed legislation, which allows for the Authority's continuance as an independent agency through September 1, 2023, and requires that the agency adopt standard rulemaking and alternative dispute resolution policies. Additionally, the Authority's sunset legislation removes the Authority as exclusive issuer for Stephen F. Austin State University and authorizes the Authority to contract with the Texas State Technical College System and other general academic teaching institutions to issue bonds on the system's or institution's behalf and authorizes the agency to be reimbursed for the services it provides to those entities. Finally, the Authority's statute and Health and Safety Code, Section 102.257 was modified to no longer require that funds for multi-year grants awarded by the Cancer Prevention and Research Institute of Texas ("CPRIT") be escrowed, permitting the Authority to stagger CPRIT's debt issuance on an as needed basis following approval by the Authority's Board and the Bond Review Board.

SELF-EVALUATION AND OPPORTUNITIES FOR IMPROVEMENT

In the past year, the Texas Public Finance Authority has used several mechanisms to evaluate how well it is achieving its mission to provide efficient and cost-effective financing to the state, including: an Internal Risk Assessment, a Customer Satisfaction Survey, performance measures, ongoing monitoring of interest rates on fixed and variable rate debt programs, and periodic rating reports on the State's credit position from three nationally recognized rating agencies. The results are summarized below.

Customers - a customer satisfaction survey measured customer and client agency perceptions. The Authority places a high priority on its commitment to providing high quality service to client agencies and making its expertise available to other state agencies. The Authority holds client agency training and orientation sessions to educate client agencies, legislative oversight agencies, and legislative staff about the bond issuance process and ongoing administration of bonds and bond proceeds and one-on-one meetings with individual client agencies, as needed or requested. The 2012 Customer Satisfaction Survey tool was distributed to obtain client agencies' perspectives on the services provided by the Authority in meeting its mission. A combined 95.24% of customers responded as agreeing or strongly agreeing that they were satisfied with their overall experience with the Authority. The Authority's 2012 Report on Customer Service was published June 1, 2012, and is included as Appendix G.

Business Operations – the Risk Assessment comprehensively prioritized and evaluated the agency's business processes. The review included issuing debt, ongoing debt administration, bond covenant and tax law compliance, finance and accounting, information technology, human resources and purchasing. Procedures are routinely evaluated for continued relevance and effectiveness to ensure compliance with bond covenants and federal tax law, primarily in fund administration and arbitrage rebate compliance. As a small agency that does not have an internal auditor, the agency finds the Risk Assessment a valuable tool for assessing its risks as authorized by the Texas Internal Auditing Act, Government Code chapter 2102.

Debt issuance - the Authority prepares a monthly report to monitor the financing costs of fixed and variable rate debt. This report compares the true interest cost of fixed rate debt and the weighted average maturity, interest rate and dealer performance of variable rate debt to the appropriate interest rate index. An example is included in Exhibit IV. The report is posted on the agency website and included in the monthly briefing materials provided to the Authority's Board of Directors. In addition, as previously mentioned, the Authority's debt programs are reflected in the State's overall debt portfolio and is reviewed by the major rating agencies each time debt is issued.

Exhibit IV

Texas Public Finance Authority

Staff Report Week of 7/2/2012

Municipal Market Data (GO Yields)

	Aaa (pure)	Aaa (ins)	Aa	A	Baa
2013	0.20	0.39	0.25	0.55	1.38
2017	0.79	1.38	0.99	1.45	2.52
2022	1.86	2.59	2.16	2.65	3.77
2027	2.47	3.23	2.77	3.36	4.34
2032	2.83	3.56	3.12	3.72	4.59
2037	3.10	3.81	3.37	3.91	4.81
2042	3.16	3.87	3.43	3.96	4.86

Source: The Bond Buyer, As of 06/29/12

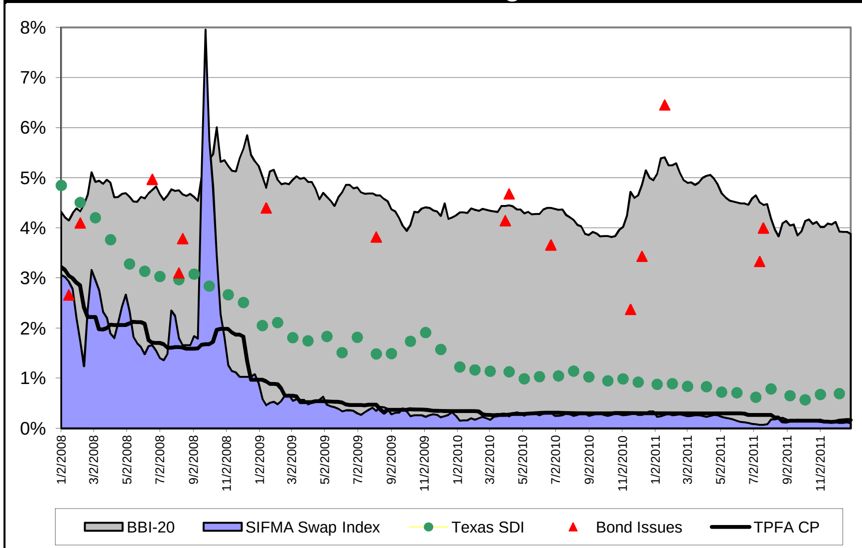
Bond Buyer Index

Average Municipal Bond Yields - Compiled Weekly

	20-Bond (TPFA Rev)	11-Bond (TPFA GO)	BMA (TPFA CP)	10-Year Treasury	30-Year Treasury
this week	3.95%	3.74%	0.18%	1.59%	2.68%
last week	3.95%	3.75%	0.20%	1.62%	2.68%
last month	3.77%	3.56%	0.18%	1.58%	2.67%
last year	4.59%	4.30%	0.09%	3.17%	1.38%

Source: The Bond Buyer, As of 06/28/12

TPFA Debt Program



CP Dealer Performance

(by Program)

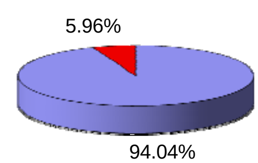
		Wtd Avg Rate	Wtd Avg Maturity	Amount Outstanding
2002A GOCP	JPMorgan	0.19%	59.73	8,250,000
2002A GOCP	Barclays Cap	0.00%	0.00	-
2002A GOCP	**Total**			8,250,000
2002B GOCP	JPMorgan	0.14%	63.00	24,000,000
2002B GOCP	Barclays Cap	0.00%	0.00	-
2002B GOCP	**Total**			24,000,000
2008 GOCP	Goldman	0.18%	63.57	57,835,000
CPRIT A (Tax)	Barclays Cap	0.00%	0.00	-
CPRIT A (Tax)	Jeffries	0.27%	35.09	33,700,000
CPRIT B (T/E)	Barclays Cap	0.00%	0.00	-
CPRIT	**Total**	0.27%		33,700,000
MLPP CP	Goldman	0.18%	130.00	90,610,000
All Programs	**Total**			214,395,000

Source: TPFA, As of 7/2/2012

Debt Summary

	Fixed Rate	Variable Rate	Total
General Obligation Not Self Supporting	1,905,910,000	123,785,000	2,029,695,000
General Obligation Self Supporting	48,680,000	-	48,680,000
Subtotal General Obligation	1,954,590,000	123,785,000	2,078,375,000
TPFA Revenue Not Self Supporting	204,988,059	90,610,000	295,598,059
TPFA/TWC Revenue Self Supporting	1,671,275,000	-	1,671,275,000
Subtotal Revenue Obligations	1,876,263,059	90,610,000	1,966,873,059
Midwestern State University	80,095,136	-	80,095,136
Stephen F Austin University	161,290,000	-	161,290,000
Tx Southern University	164,545,280	-	164,545,280
Subtotal University Obligations	405,930,416	-	405,930,416
Total All Obligations	4,236,783,475	214,395,000	4,451,178,475
Percent of Total	95.18%	4.82%	100.00%

General Obligation Debt
(SS & NSS)



Legend:
Blue = Fixed Rate
Red = Variable Rate

Source: TPFA
Date: 7/2/2012

Master Lease Purchase Program

Number of Leases	June	May	This Month Last Year
Processed	-	1	2
Outstanding	424	424	512

Value of Leases	June	May	This Month Last Year
Processed	$ -	$ 11,678	$ 1,363,528
Outstanding	$ 90,279,264	$ 90,279,264	$ 105,068,599

Fund Balances 06/29/2012

Project Fund	$ 341,739
Administrative Fund	$ 526,100
Cost of Issuance Fund	$ -

HUB Data

	Total $ Exp	% Goal	Target $	Actual $	Actual %
Bonds					
- COI*	247,000	33.00%	81,510	-	0.00%
- Alloc	-	33.00%	-	-	#DIV/0!
- TkDn	-	33.00%	-	-	#DIV/0!
Admin(2Q12)	43,306	33.00%	14,291	12,702	29.33%

Source: TPFA (FY12 to date) * BC,FA,Printer (Recent issues include estimates)

Each of these evaluation tools indicate the Authority has several opportunities for improvement in the near future, including:

- Careful monitoring of developments in the global capital markets and economy to ensure the State has access to capital at cost-effective rates and diligent risk assessment to prudently manage the State's debt.

- Improving information technology, by adopting an automated debt management system and using the integrated accounting system, remote access for successful telecommuting and flexible work schedules, and making other improvements to ensure the highest quality standards for the Authority's work product.

- Staying abreast of security measures, particularly in the area of information technology.

- Assuring that staff has access to the most current and relevant information available about financial markets and municipal finance as is available to financial consultants so that staff is able to effectively monitor and evaluate the work of its consultants and to ensure that staff is able to provide the best advice to the State.

- Increase marketing efforts to raise awareness and continued use of the Master Lease Program to ensure it remains an efficient and cost-effective financing tool for all state agencies.

- Issuing debt in a manner that is cost-effective yet within sound debt management principles that reflect the Authority's role as steward of the State's general revenue supported debt and the taxpayer's money.

Fundamentally, the Authority must implement a fully automated debt management system, automate internal workflow, and evaluate information flow and procedures within the agency to ensure that employees understand how their work fits into the larger work of the agency. Adequate training and cross-training will also be required to ensure that high quality work is accomplished efficiently. Furthermore, the Authority must evaluate compensation levels to address salary compression within its executive staff and career enhancing opportunities to ensure ite can attract and retain a talented workforce. This goal can be a challenge for a small agency, which not only has limited financial resources, but also limited opportunities to promote and provide career ladder development to deserving employees. Finally, the Authority must continue to stay on the edge of developments in the public finance community and remain committed to providing the most efficient, cost-effective financing for its client agencies, and ultimately the citizens of Texas.

Agency Goals, Objectives, Strategies and Measures - Fiscal Years 2014-2015

<u>Goal A:</u> To provide financing for capital construction projects and equipment, as authorized by the Legislature, for client agencies to assist them in meeting their goals while ensuring those issuances are accomplished cost effectively and the resulting obligations are monitored and managed in the most efficient manner possible.

Objective A.1.	To provide timely and cost effective funding for client agencies at the lowest possible cost.
Outcome A	Percent of bond debt issues completed within 120 days of request for financing.
Outcome B	Percent of commercial paper debt issues completed within 90 days of request for financing.
Strategy A.1.1.	Analyze and process applications for debt financing submitted by client agencies and issue debt to provide financing in an efficient and cost-effective manner.
Output Measure A	Number of requests for financings approved.
Output Measure B	Total dollar amount of requests for financings approved.
Output Measure C	Total number of new Master Lease Purchase Program lease contracts processed.
Output Measure D	Total dollar amount of new Master Lease Purchase Program lease contracts processed.
Efficiency Measure A	Average issuance cost per $1,000 of bonds issued.
Efficiency Measure B	Average ongoing commercial paper costs.
Explanatory Measure A	Total issuance costs incurred.
Explanatory Measure B	Total dollar amount of issues.
Explanatory Measure C	Present Value Savings on Refunded Bonds
Objective A.2.	To manage and monitor 100% of bond proceeds and covenants and to pay 100% of the outstanding debt service which is due, on time.
Strategy A.2.1.	Manage bond proceeds and monitor covenants to ensure compliance.
Output Measure A	Number of financial transactions including debt service payments.
Explanatory Measure A	Total number of Master Lease Purchase Program lease contracts managed.
Explanatory Measure B	Total dollar amount of Master Lease Purchase Program lease contracts managed.
Strategy A.2.2.	Make general obligations bond debt service payments on time.

<u>Goal B:</u> To maintain the Texas Public Finance Authority's policy through which purchasing and contracting through historically underutilized businesses will meet or exceed those guidelines and goals promulgated by the Legislature and the Texas Comptroller of Public Accounts.

Objective B.1:	To include historically underutilized businesses at a rate that meets or exceeds the annual procurement utilization goals set forth in the Comptroller's rules, which are adopted and incorporated herein (23.6% for professional services, 24.6% for other services and 21% for commodities contracts).
Outcome A:	Percent of total number of value of purchasing and contracts awarded to HUBs.
Strategy:	Maintain the Authority's policy of meeting or exceeding state guidelines for HUB purchasing and contracting through actions including, but not limited to, the following: a. Using the Comptroller's HUB directory to identify HUBs and include them on bid lists and RFP mailing lists b. Including qualified HUBs in the Underwriting Pool for negotiated bond sales c. Requiring bidders on competitive bond sales to make a good faith effort to include HUBs in the syndicate, if a syndicate is formed d. When appropriate, using HUBs as Bond Counsel and Financial Advisor e. When appropriate, using HUBs for other bond issuance services such as printers, verification agents, etc. f. Soliciting bids from HUB firms for administrative purchases g. Seeking to identify firms eligible for HUB certification and, when able, assisting them in becoming certified
Outputs:	Number of HUB vendors and contractors contacted for bids Number of HUB purchases and contracts awarded Dollar value of HUB contracts and purchases Number of HUB firms submitting competitive bids or participating in syndicates for competitive bid sale of bonds Number of HUBs included in syndicate for negotiated sale of bonds

TECHNOLOGY INITIATIVE ALIGNMENT

TECHNICAL INITIATIVE	RELATED AGENCY OBJECTIVE	RELATED SSP STRATEGY/(IES)	STATUS	ANTICIPATED BENEFIT(S)	INNOVATION, BEST PRACTICE BENCHMARKING
2. Automate Debt Management	All Objectives	P-2, P-3, P-8	Planned	Improved efficiencies, reporting sharing, and data management	
2. Maintain/Update Internal Databases.	All Objectives	P2	Current	Faster access to agency's data and improved reporting capabilities.	
3. Upgrade the Authority's hardware, software, and systems to support efficient and secure operations.	All Objectives	P-2, P4, P7,	Current	Reduce risk of unauthorized access, improved response time, and fewer code bases to support.	
4. Enhance external Website functionality for better self service application and communication.	All Objectives	P-8	Current	Improved reporting for external clients.	

APPENDICES

A. Description of Agency's Planning Process

B. Current Organization Chart

C. Five-Year Projections for Outcomes

D. Performance Measure Definitions

E. Workforce Plan

F. Historically Underutilized Business Reports

G. Customer Service Report

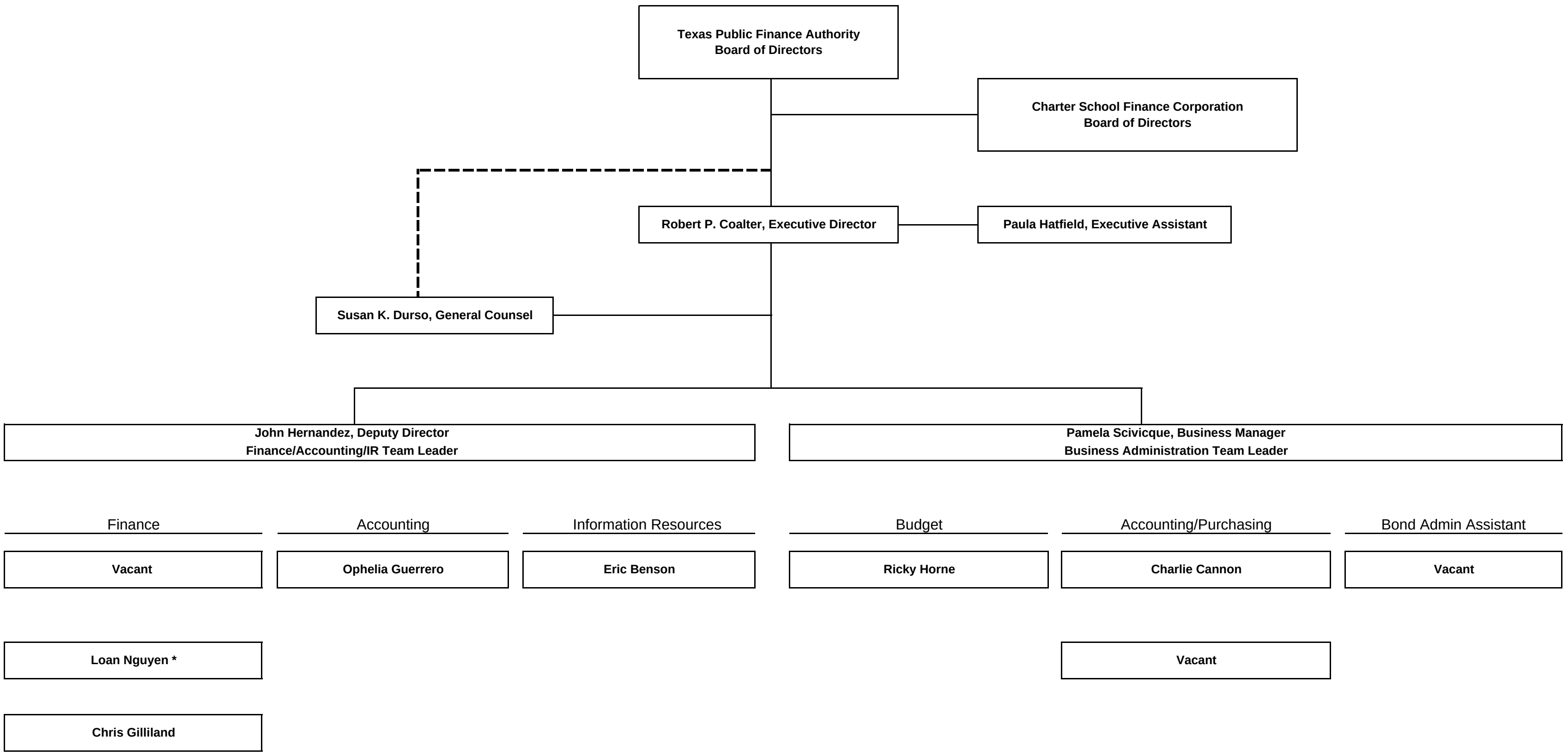
Appendix A
Texas Public Finance Authority Planning Process

The Authority's strategic planning process began in 1992 and has been reviewed and updated every two years. In order to develop the strategic plan presented in this document, the Authority reviewed the statewide mission and goals promulgated earlier this year to select the relevant statewide goals that the Authority supports.

The process for developing the external/internal assessment, goals and strategies involved: consulting with "client agencies” to anticipate and plan for their future financing needs; consulting with the Authority's financial advisors, rating agencies and financial markets; consultations with external oversight entities; internal review of budget, staff, technology and other resource requirements; conducting a Risk Assessment and completing a Customer Satisfaction Survey; development of the strategic plan; and, review and adoption by the Authority's Board of Directors.

Appendix B
TPFA Organization Chart

Texas Public Finance Authority
Organizational Chart
effective March 19, 2012



*3/4 position effective 9/1/07

Appendix C
Five-Year Projections for Outcomes
Fiscal Years 2013 - 2017

OUTCOME	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Percent of bond debt issues completed within 120 days of request for financing	50%	50%	50%	50%	50%
Percent of commercial paper debt issues completed within 90 days of request for financing	100%	100%	100%	100%	100%
Percent of total value of purchasing and contracts awarded to HUB's:					
Professional Services	23.6%	23.6%	23.6%	23.6%	23.6%
Other Services	24.6%	24.6%	24.6%	24.6%	24.6%
Commodities	21.0%	21.0%	21.0%	21.0%	21.0%

Appendix D
Texas Public Finance Authority
Performance Measure Definitions
Fiscal Years 2014 - 2015

Objective A.1.: To Provide Timely and Cost-Effective Funding for Client Agencies at the Lowest Possible Cost

Outcome Measure A	**Percent of Bond Debt Issues Completed Within 120 Days of Request for Financing**
Short Definition:	An issue is considered complete when the bond issue closes and funds are available for the client agency's use. In most circumstances, funding will be provided within 120 days of the approval of a request for financing by the TPFA Board.
Purpose/Importance:	Financing must be accomplished in a timely manner to serve the needs of the client agency.
Source/Collection of Data:	Board minutes (date of Approval of Request for Financing); Bond Documents (closing date).
Method of Calculation:	This measure is calculated by determining, for each bond issue, the number of days between the date the request for financing was approved by the TPFA Board and the date of funding, and then taking the number of issues accomplished within 120 days and dividing it by the total number of issues during the period.
Data Limitations:	The amount of time required to fulfill a request for financing depends on how soon the client agency submits the request for financing, the complexity of the transaction, and market conditions.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than target

Outcome Measure B	**Percent of Commercial Paper Debt Issues Completed Within 90 Days of Request for Financing**
Short Definition:	An issue is considered complete when the funds are available for the client agency's use. In most circumstances, funding will be provided within 90 days of the approval of a request for financing by the TPFA Board.
Purpose/Importance:	Financing must be accomplished in a timely manner to serve the needs of the client agency.
Source/Collection of Data:	Board minutes (date of Approval of Request for Financing); Bond Review Board Approval Letter.
Method of Calculation:	This measure is calculated by determining, for each commercial paper issue, the number of days between the date the request for financing was approved by the TPFA Board and the date of Bond Review Board approval, and then taking the number of issues accomplished within 90 days and dividing it by the total number of issues during the period.
Data Limitations:	The amount of time required to fulfill a request for financing depends on how soon the client agency submits the request for financing, the complexity of the transaction, and market conditions.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than target

Strategy A.1.1.: Analyze and process applications for debt financing submitted by client agencies and issue debt to provide financing in an efficient and cost effective manner.

Output Measure A	**Number of Requests for Financings Approved**
Short Definition:	Actual number of request for financings (for bond issues and commercial paper), refundings, and cash defeasances approved. A financing is approved when the TPFA Board votes to approve the request for financing or, if there is no request for financing, selects a method of sale.
Purpose/Importance:	Measures agency activity and workload.
Source/Collection of Data:	Board Minutes, Agency Records, including monthly Staff Report to the Board.
Method of Calculation:	This measure is calculated by totaling the number of requests for financings, defeasances, and refundings approved.
Data Limitations:	The number of issues requested and approved is dependent on the number of financing requests submitted by client agencies and the number of projects approved by the Legislature. The number of refundings depends on the interest rate environment and federal tax law.
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than target

Output Measure B	**Total Dollar Amount of Requests for Financings Approved**
Short Definition:	Actual dollar amount of requests for financing (for bond issues and commercial paper), refundings, and cash defeasances approved. A financing is approved when the TPFA Board votes to approve the request for financing or, if there is no request for financing, selects a method of sale.
Purpose/Importance:	Measures agency activity, service to client agency, and workload.
Source/Collection of Data:	Board Minutes, Agency Records, including the monthly Staff Report to the Board.
Method of Calculation:	This measure is calculated by totaling the dollar amount of requests for financings, defeasances, and refundings approved.
Data Limitations:	The total dollar amount of requests received and approved is dependent on the amount of requests by client agencies and projects approved by the Legislature.
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than target

Output Measure C	**Total Number of New Master Lease Purchase Program Lease Contracts Processed**
Short Definition:	This measure reflects the total number of new Master Lease Purchase Program lease contracts processed during the reporting period.
Purpose/Importance:	Measures agency activity, service to client agencies, and workload
Source/Collection of Data:	Agency records, Lease Management System Database.
Method of Calculation:	This measure is calculated by totaling the number of new Master Lease Purchase Program lease contracts processed during the reporting period.
Data Limitations:	The total number of new Master Lease Purchase Program lease contracts processed is dependent on the amount of requests by client agencies, projects approved by the Legislature, and client agencies invoicing practices.
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than target

Output Measure D	**Total Dollar Amount of New Master Lease Purchase Program Lease Contracts Processed**
Short Definition:	This measure reflects the total dollar amount of new Master Lease Purchase Program lease contracts processed during the reporting period.
Purpose/Importance:	Measures agency activity, service to client agencies, and workload.
Source/Collection of Data:	Agency records, Lease Management System Database.
Method of Calculation:	This measure is calculated by totaling the dollar amount of new Master Lease Purchase Program lease contracts processed during the reporting period.
Data Limitations:	The total dollar amount of new Master Lease Purchase Program lease contracts processed is dependent on the amount of requests by client agencies and projects approved by the Legislature.
Calculation Type:	Cumulative
New Measure:	No
Desired Performance:	Higher than target

Efficiency Measure A	**Average Issuance Cost per $1,000 of Bonds Issued**
Short Definition:	Issuance costs include financial advisory fees, bond counsel fees, printing of official statements, printing of bonds or notes, rating agency fees, trustee fees, paying agent/registrar fees, escrow agent fees, verification agent fees and other miscellaneous costs paid at closing, typically, from bond proceeds.
Purpose/Importance:	Measures cost effectiveness of financing.
Source/Collection of Data:	Invoices from financial advisors, bond counsel, rating agencies and printers, etc., agency accounting records indicating payment of such invoice, Bond Transaction Reports filed with the Bond Review Board.
Method of Calculation:	This measure is calculated by taking the total costs of issuance of all bond issues, excluding commercial paper, and dividing it by the total par amount of all bond issues, in thousands of dollars.
Data Limitations:	The par amount and number of bond issues is dependent on the financing requests received from client agencies and projects approved by the Legislature. Delays in receipt of invoices for costs of issuance.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Lower than target

Efficiency Measure B	**Average Ongoing Commercial Paper Cost**
Short Definition:	Fees include dealer and/or remarketing agent fees, rating agency fees, liquidity or letter of credit fees, bond counsel and financial advisor and other miscellaneous issuance costs of the program.
Purpose/Importance:	Measures cost effectiveness of financing.
Source/Collection of Data:	Invoices from dealers, remarketing agents, liquidity providers, rating agencies, financial advisors, bond counsel, agency accounting records indicating payment of such invoices and the amount of commercial paper outstanding during the reporting period (commercial paper tracking spreadsheets).
Method of Calculation:	This measure is calculated by dividing ongoing fees related to the commercial paper programs incurred during the period by the weighted average amount of commercial paper outstanding during the same period.
Data Limitations:	Delays in receipt of invoices. The size of program (weighted average amount of commercial paper outstanding) depends on the number of financing requests submitted by client agencies and the number of projects approved by the Legislature.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Lower than target

Explanatory Measure A	Total Issuance Costs Incurred
Short Definition:	Issuance costs include financial advisory fees, bond counsel fees, printing of official statements, printing of bonds or notes, rating agency fees, trustee fees, paying agent/registrar fees, escrow agent fees, verification agent fees and other miscellaneous costs paid at closing, typically from bond proceeds, for all bond issues.
Purpose/Importance:	Measures cost effectiveness of financing.
Source/Collection of Data:	Invoice from financial advisors, bond counsel, rating agencies and printers, etc.; agency accounting records indicating payment of such invoices; Bond Transaction Reports filed with the Bond Review Board.
Method of Calculation:	This measure is calculated by totaling all the issuance costs for all bond issues during the reporting period.
Data Limitations:	Delays in receipt of invoices.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Lower than target

Explanatory Measure B	Total Dollar Amount of Issues
Short Definition:	The total principal amount of all bonds issued during the reporting period.
Purpose/Importance:	Measures agency workload.
Source/Collection of Data:	Agency records, Bond Transcripts.
Method of Calculation:	This measure is calculated by totaling the principal amount of all bonds issued during the reporting period.
Data Limitations:	The par amount and number of bond issues is dependent on the financing requests received from client agencies and projects approved by the Legislature.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than target

Explanatory Measure C	Present Value Savings on Refunded Bonds
Short Definition:	The net present value savings is the dollar amount of the total reduction in debt service, net of issuance costs, accrued interest, cash contributions or reserve fund contributions, discounted at the true interest cost of the refunding bonds.
Purpose/Importance:	Measures cost effectiveness of refunding bond series.
Source/Collection of Data:	Agency Records, Verification Report from Bond Transcript.
Method of Collection:	To express present value savings as a percentage of the refunding transaction, this measure is calculated by dividing the net present value savings (as described in the definition) by the par amount of the refunded bonds. The net present value savings is calculated by the financial advisor or underwriter.
Data Limitations:	Refunding opportunities depend on interest rate environment and federal tax law.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than target

Objective A.2.: To manage and monitor 100% of bond proceeds and covenants and to pay 100% of the outstanding debt service which is due, on time.

Strategy A.2.1.: Manage bond proceeds and monitor covenants to ensure compliance.

Output Measure A	Number of Financial Transactions Including Debt Service Payments
Short Definition:	Financial transactions include debt service payments, transfers of interest earnings from unappropriated, transfers of interest earnings between bond funds, transfers to client agencies for construction expenditures, transfers from MLPP participatory agencies and other agencies for debt service purposes, and other miscellaneous transactions related to the measure.
Purpose/Importance:	Financial transactions are required to be made to allow for the management of bond proceeds and monitoring of bond covenants. While some of the financial transactions are not specifically stipulated in the bond documents, the transactions must be made to remain in compliance with those documents. Measures agency workload.
Source/Collection of Data:	USAS Accounting Records (Journal Vouchers, Budget Vouchers, Expenditure Vouchers, MLPP Vouchers, Travel Vouchers, Debt Service Payment Vouchers, etc.)
Method of Calculation:	This measure is calculated by totaling the number of financial transactions on each voucher, including debt service payments, processed during the reporting period.
Data Limitations:	The number of financial transactions can be affected by: the number of funds opened, the number of bond issues, the number of projects authorized by the Legislature and the number of requests for financing from client agencies.
Calculation Type:	Cumulative
New Measure:	No

Desired Performance:	Higher than target

Explanatory Measure A	**Total Number of Master Lease Purchase Program Lease Contracts Managed**
Short Definition:	This measure reflects the total number of active Master Lease Purchase Program leases as of the last day of the reporting period.
Purpose/Importance:	Measures agency activity and workload.
Source/Collection of Data:	Agency records, Lease Management System database.
Method of Calculation:	This measure is calculated by totaling the number of active Master Lease Purchase Program lease contracts managed on the last day of reporting period.
Data Limitations:	The number of active Master Lease Purchase Program leases is determined by client agency requests and legislative appropriation.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than target

Explanatory Measure B	**Total Dollar Amount of Master Lease Purchase Program Lease Contracts Managed**
Short Definition:	This measure reflects the total dollar amount of active Master Lease Purchase Program lease contracts managed.
Purpose/Importance:	Measures agency activity and workload.
Source/Collection of Data:	Agency records, Lease Management System database.
Method of Calculation:	This measure is calculated by totaling the dollar amount of Master Lease Purchase Program lease contracts managed as of the last day of the reporting period.
Data Limitations:	The total dollar amount of Master Lease Purchase Program lease contracts processed is dependent on the amount of requests by client agencies and approved by the Legislature.
Calculation Type:	Non-cumulative
New Measure:	No
Desired Performance:	Higher than target

Strategy A.2.2.: Make General Obligation Bond Debt Service Payments on Time.

Appendix E
Workforce Plan

TEXAS PUBLIC FINANCE AUTHORITY
WORKFORCE PLAN

I. Agency Overview

The Texas Public Finance Authority (the "Authority") was initially created by the Legislature in 1983 as the Texas Public Building Authority (Art. 601d, VTCS, now codified as Chapter 1232, Texas Government Code). Its original purpose was to issue revenue bonds to provide funding for the construction and renovation of office buildings in Travis County to relieve the State's reliance on leased space. The agency's mission was expanded in 1987 in response to the State's need to rapidly increase its prison, youth correction, and mental health facilities through the issuance of general obligation bonds. Also in 1987, the Legislature authorized the use of revenue bonds to purchase existing office buildings, if the cost of purchase was found to be less than comparable construction costs, and the name of the Authority was changed to reflect its enlarged charter.

Since its inception, the scope of the Authority’s functions has increased significantly. In 1987, forty-two State agencies were authorized to issue bonds. There was little or no coordination among these various issuers regarding market access, structuring of documents or standards regarding the hiring of professional consultants. Consolidation of bond issuance authority was first mandated by the Legislature in 1991 and further consolidation of debt issuance, much of it through the Authority, has continued since that time. At this time, approximately twenty state agencies and institutions of higher education are authorized to issue debt, including the Authority, which has issued debt on behalf of twenty-six different entities.

With the increase in scope of work, the Authority’s workforce also has increased from only one employee at its inception to a peak of 15 FTEs. The agency is currently authorized to have a maximum of 14 FTEs. All agency personnel are located in the William P. Clements State Office Building in Austin. A copy of the Authority’s organizational chart illustrating the agency’s size and structure is included as Appendix A.

A. Agency Mission

The mission of the Texas Public Finance Authority is to provide the most cost-effective financing available to fund capital projects, equipment acquisitions, and programs as authorized by the Texas Legislature.

B. Strategic Goals and Objectives

The primary functions of the agency are identified in three strategies. ***Analyze Financings and Issue Debt*** includes the issuance of debt to satisfy financing requests from client agencies. This measure is supported by the Executive Director, General Counsel, Deputy Director, Master Lease Purchase Program Coordinator, Financial Analyst, and certain administrative staff. ***Manage Bond Proceeds*** includes ongoing debt administration such as payment of debt service and monitoring bond proceeds for IRS tax compliance. This measure is supported by all Authority staff. ***Bond Debt Service Payments*** is directly administered through the bond management function.

Below are the Authority’s goals and objectives.

	Analyze Financings and Issue Debt
Objective A.1.	• To provide timely and cost-effective funding for client agencies at the lowest possible cost.
Strategy A.1.1.	• Analyze and process applications for debt financing submitted by client agencies and issue debt to provide financing in an efficient and cost-effective manner.

	Manage Bond Proceeds
Objective A.2.	• To manage and monitor 100% of bond proceeds and covenants and to pay 100% of the outstanding debt service which is due, on time.
Strategy A.2.1.	• Manage bond proceeds and monitor covenants to ensure compliance.
	Bond Debt Service Payments
Strategy A.2.2.	• Make general obligation bond debt service payments on time.

C. Anticipated Changes in Strategies

The Authority does not anticipate a change in strategies unless dictated by actions taken in future legislative sessions. The Authority has experienced an increase in the number and total dollar amount of requests for financing as a result of new debt programs authorized by the Legislature. Accordingly, it has organized staff functions to administer the requests for financings, make subsequent debt service payments, and undertake the necessary ongoing debt administration and monitoring that these programs require.

The mission and performance of the Authority were under sunset review by the 82nd Legislature. As a result of this review, the Legislature passed and the Governor signed legislation, which allows for the Authority's continuance as an independent agency through September 1, 2023.

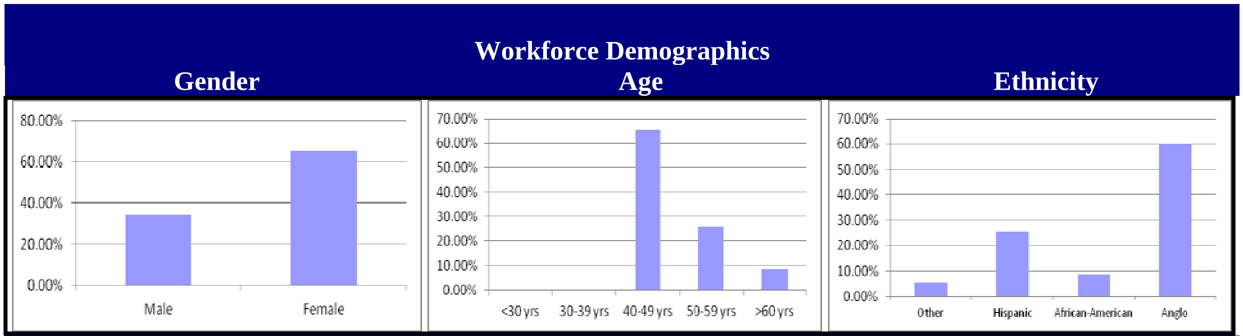
II. Current Workforce Profile (Supply Analysis)

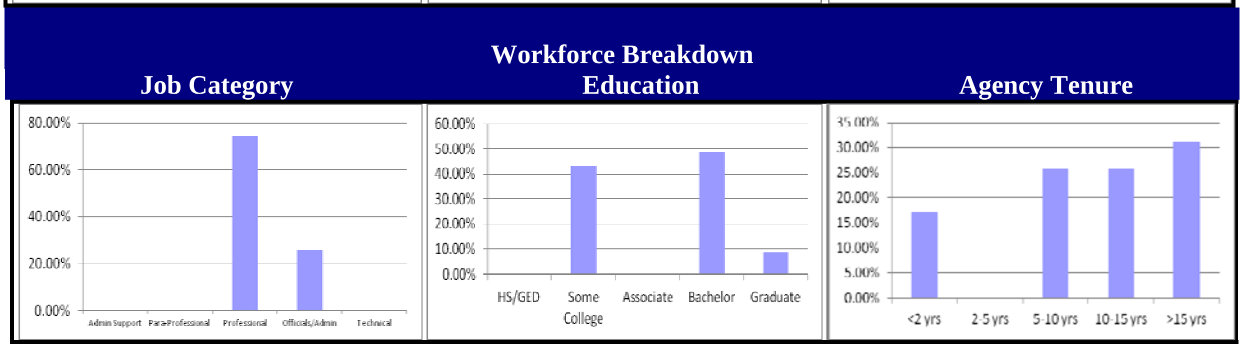
A. Critical Workforce Skills

The Authority is fortunate to have personnel with extensive expertise in finance, accounting, budgeting, information systems, contracting and legal issues affecting the agency's administrative functions as well as municipal finance. It is important for the agency to maintain this expertise through training and continuing education, and to develop broader staff expertise in capital finance to meet the challenges in today's global financial market. Staff must have access to the same information available to experts in private industry in order to offer the Authority the best advice and gauge whether the hired experts are providing the best information to the Authority. With the increased scrutiny and demand by regulatory agencies, issuers will be held to a higher level of post issuance monitoring and compliance to ensure financings remain in strict conformance with state guidelines and federal tax and securities law. As a result, information technology will have an increasing role in the Authority's day-to-day operations, particularly in the area of post issuance monitoring and compliance, to lessen the burden on staff resources; therefore, the agency must dedicate additional resources to this area to enhance this critical function.

B. Workforce Demographics

The following charts illustrate the agency's workforce demographics consisting of classified full-time, part-time, and exempt employees. The Authority has 12 employees, including 3 officials and 8.625 professionals. The agency's workforce is diverse, as indicated by its ethnic composition including three Hispanics, one African-American, seven Anglos and one Asian, of which, 34.41 percent are male and 65.59 percent are female. All agency personnel are over the age of forty. Approximately 82.8 percent of the workforce has at least five years of service with the agency, of which, 25.81 percent have between five and ten years tenure. Over half of the agency's workforce has been with the agency more than ten years, while 2 individuals, representing 17.2 percent of the workforce, have less than two years of service with the Authority.





The Authority is committed to recruiting and retaining qualified, highly-skilled, visionary professionals from all available resources to fill vacant positions with individuals that enhance and complement the agency's current workforce skills, while also addressing future goals to fill potential workforce gaps.

C. Education

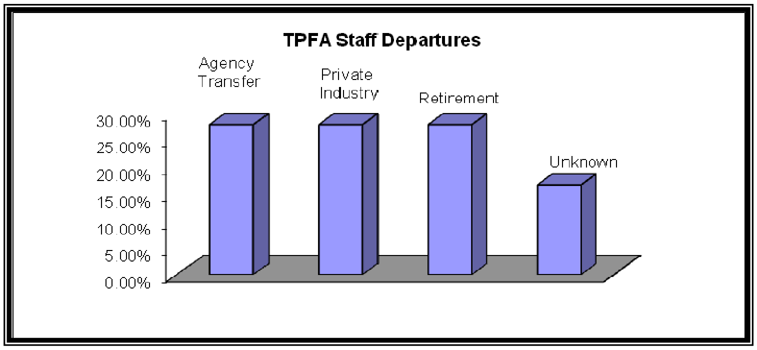
As the workforce demographic analysis indicates, 57 percent of the Authority's workforce have college degrees with approximately nine percent of these holding graduate degrees. Currently, 43 percent of the agency's workforce does not possess college degrees; however, all of those employees have some level of college education. The agency has offered tuition reimbursement and provides flexible work schedules as an incentive to employees to complete their degree programs but limited resources for tuition reimbursement makes that program easily sacrificed during challenging economic times. Although the tuition reimbursement program is not currently funded, the Authority does endeavor to provide employees with opportunities for continuing professional education and on-the-job training through seminars and conferences, as time and budget allow.

D. Employee Turnover

Turnover is an important issue in any organization but it can be critical in a small agency where staff performs multiple responsibilities across many functional areas. Vacancies offer an opportunity for the agency to evaluate the organization's functions and staff resources, to provide new challenges and motivate remaining employees, and to maximize limited resources for salaries and compensation. In the last four years, the agency has experienced an increase in turnover (i.e., two in the executive director position and three staff retirements.) Coincidentally, two of these retirements came in 2010 when the agency was subject to the imposed 10% reduction of its general revenue budget and the positions remained vacant until the legislature fully restored agency funding. Turnover may become especially crucial to the Authority in the next five to ten years when retirement could cost the agency some of its most experienced and tenured employees. To address its ageing workforce and limited financial resources, the agency will utilize each vacancy as an opportunity to reevaluate its needs and resources, and make appropriate changes on a case-by-case basis.

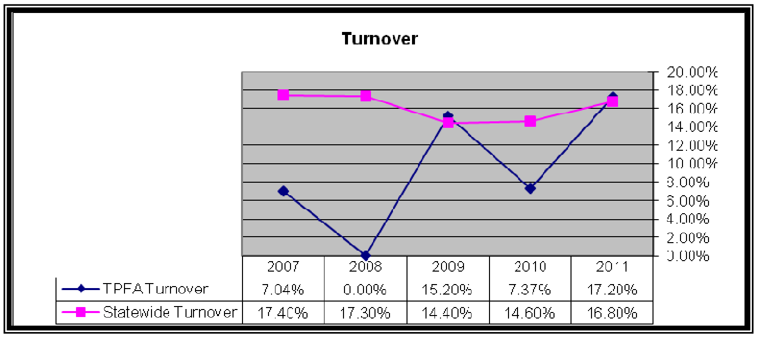
Since the agency began tracking staff departures in 1998, eighteen individuals have terminated employment with the Authority for a variety of reasons. As depicted in the graph below, approximately 28 percent of these employees separated from the Authority to take positions at other state agencies and, while this is a loss for the agency, it serves as an overall benefit to the state because the initial training investment is preserved. Five employees, representing approximately 28 percent of the eighteen departures, have retired from the Authority. The agency rehired two employees who had previously separated employment from the agency, one following retirement and another after taking some time to start a family. Through these rehires, individuals were able to transition into familiar job responsibilities with minimal interruption to agency operations and minimal investment in additional training costs. Finally, another 28 percent have separated employment from the Authority to take positions in the private sector.

As a small agency, the Authority must remain flexible in its staffing and organizational structure to provide opportunities for staff development, to address the needs of its client agencies and respond to legislative directives, all within its limited resources. Several factors may result in further organizational and staffing changes in the next biennium, including: appropriation reductions, legislative initiatives that consolidate or outsource functions, retirement eligibility within the existing workforce, and increased monitoring and compliance responsibilities as a result of greater regulatory scrutiny.



Note: Includes full-time and part-time classified and exempt position departures

The graph below compares the Authority's turnover trends to that of the State over a five-year period. The Authority's turnover data is computed on the basis of its FTE count of all employees, including part-time and exempt employees as compared to the statewide average, which is calculated using full-time classified employees only.



Note: Statewide turnover includes fulltime classified employees as compared to TPFA turnover, which reflects full-time, part-time, classified and exempt employees.

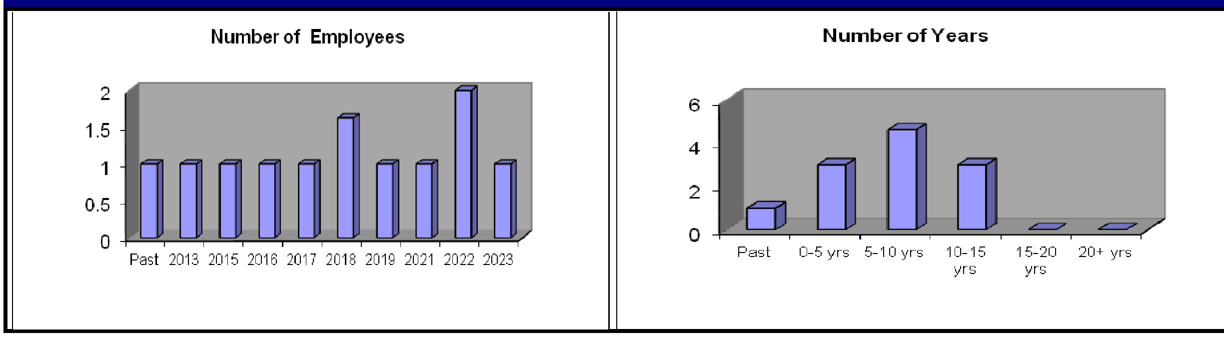
The Authority has enjoyed the benefit of remaining below the statewide turnover rate for a number of years. The 2009 spike and the 2011 elevation occurred following two retirements and two vacancies in the executive director position. The Authority continues to make flexible schedules and telecommuting opportunities available to staff, and to authorize tuition reimbursement when the budget has allowed in an effort to retain staff; however, as additional personnel reach retirement, there is little the agency can do to encourage these employees to remain on staff.

E. Retirement Eligibility

Since 1998, five of the eighteen employment separations were the result of retirement, including one employee who retired in 2003, but returned to work in the same position for six years before retiring again in August 2009. Two additional Authority personnel retired in 2010. Currently, retirements do not account for many separations, but this trend is likely to change as the agency continues to experience low turnover through natural attrition while the tenure of existing staff increases. As retirements occur, positions may be reclassified to acquire a different skill set or absorbed by remaining employees to allow for future growth and development opportunities within the agency. In a small agency, a loss of twenty percent of agency staff is significant. Moreover, in the next ten years, approximately 75% of the Authority's workforce will become eligible to retire including three executive staff and other senior level positions. Therefore, it will be critical to ensure that institutional knowledge and expertise is passed on through cross-training and mentoring efforts to avoid a loss of resources when separation occurs.

The following charts examine the potential loss of Authority employees due to retirement.

Retirement Eligibility



Note: Retirement estimates are based on USPS employment history and do not include available leave balances or future leave accruals.

III. Future Workforce Profile (Demand Analysis)

The Authority's greatest workforce demand lies in its need to automate its debt management function from a traditional spreadsheet environment to a more modern, systematic approach and to enhance its monitoring and compliance efforts to accommodate the increased scrutiny and demands placed on issuers by state and federal regulatory agencies and tax and securities laws. The implementation of such a system will lead to efficiencies in preparing and responding to information requests and enhance staff's ability to monitor and manage debt through the debt lifecycle beginning with a client agency's need to finance a project to the retirement of debt for that particular project.

The ever increasing use of technology in all aspects of the workplace is critical to the success of the Authority and will include: 1) replacing paper documents with electronic media; 2) increased security measures for data protection; 3) implementation of the state's enterprise resource planning solution, ProjectONE; and, 4) automation of the Authority's debt management function. This effort will require the agency to provide adequate employee training and will require improvement in business processes and the possible restructuring of business units. Not only will these trends increase the workload of information technology staff, it will also require that functional staff performing these responsibilities adapt to a more technical environment and may necessitate that vacancies be filled with individuals possessing greater technical skills than subject-matter specific skills to meet this demand. It will also be important that future workforce additions complement the Authority's existing staff to include individuals who possess critical thinking abilities, technical writing skills, and the ability to adapt to an ever changing work environment.

A. Critical Functions

- Debt issuance and monitoring functions may change workforce needs if there are major changes in authorization by future legislatures or changes in federal compliance or reporting laws related to municipal finance.
- Further critical technological advancements to modernize the Authority's debt management function will continue to change the way work is performed.

B. Expected Workforce Changes

- Implementation of a new information technology solution for debt management will require that all employees have advanced technology skills.
- Increased demand by state and federal regulatory agencies will require employees to perform a greater level of post issuance monitoring and compliance.
- Enhanced post issuance monitoring and compliance throughout the debt life cycle will require that staff perform additional responsibilities in conjunction with an information technology solution for automating certain functions.
- Increases in the number of conduit issuances for charter schools and other increases in debt authorization may require resources to fill currently vacant FTE capacity.
- Employees will require increased cross-training in functional and technical areas.
- New skill sets may be required when the Authority is slated to implement the state's enterprise resource planning solution, ProjectONE.
- Employee retention will result in an aging workforce and a greater compression on the salary budget.

C. Anticipated Increase/Decrease in Number of Employees Needed to Do the Work

- Enhanced post issuance monitoring and compliance throughout the debt life cycle will require that current staff perform additional responsibilities in conjunction with an information technology solution for automating certain functions and may require additional resources to fill currently vacant FTE capacity.
- Increased post issuance monitoring and compliance requirements throughout the debt life cycle may also require additional resources to fill currently vacant FTE capacity.
- Future technological enhancements to general ledger, budgeting and electronic procurement systems with the implementation of ProjectONE may lead to efficiencies.

D. Future Workforce Skills Needed

To fully exploit potential technological changes, TPFA will need staff able to identify, develop, implement and fully utilize technology to streamline operations. These developments, in addition to the Authority's core finance functions will require staff with the following skills:

- Financial analysis
- Expertise in debt management and issuance
- Knowledge of the securities industry
- Accounting
- Budgeting
- Legal, including securities and tax law
- Information Resources
- Database design and management
- Project management
- Contract management
- Business process analysis and re-engineering

IV. Gap Analysis/Strategy Development

A. Anticipated Surplus or Shortage of Workers or Skills

As positions become available in the future due to attrition, the agency may consider hiring individuals in entry-level positions with the potential for advancement within the organizational structure to fill vacancies. However, it is important that the agency maintain a workforce with strong analytical skills, and superior communication and technical writing skills. The subject matter of the agency's core functions require sophisticated personnel who can represent the Authority and the State well when working with bond counsel, financial advisors, underwriters, rating agencies and other participants in the global financial marketplace as well as with its client agencies in matters of post issuance compliance and monitoring.

Two other challenges facing the agency are in the areas of compensation and opportunity for advancement within the agency. Because the Authority is a small state agency, there are often limited opportunities for promotions and it is difficult for the Authority to remain competitive with the private sector and other state agencies in the area of salary, particularly because private sector employees in the financial industry are typically highly compensated when compared to other private sector jobs. As a result, employees who otherwise may have a high degree of job satisfaction leave the agency simply to sustain normal career development and progression and higher compensation. This can be attributed to the Authority's limited salary for its executive staff as compared to that of other state debt issuers that creates compression for executive staff and other positions at the agency.

Another area of potential shortfall is in technological expertise. As the Authority transitions to a more modernized and systematic approach to debt management, technology will have a larger role in the day-to-day operations of the agency. Development in this area includes not only the technical positions required to identify, design, and implement new technologies, but also the basic skills of all employees required to utilize new technology to its maximum potential. For example, the Authority's current process requires the manual entry of information from client agencies into spreadsheets for analysis. This requires staff time devoted to verifying data input rather than analyzing the data. Improved information technology solutions to replace paper filings of monthly status reports and spreadsheets currently used by Authority personnel would result in better debt management and improve compliance with both state and federal regulation and would avail Authority and client agency personnel, alike, to perform more highly productive duties at each of their respective agencies. As a result, even the lowest entry level positions at the Authority will need to have basic competency in using software and database management. Similarly, as the state moves forward with developing its enterprise resource planning solution, ProjectONE, these systems often require individuals with a higher degree of skill; thus, the agency will examine its workforce further when the agency is selected for implementation. Professional positions will continue to require additional training in the latest trends in the securities industry, as well as, the ever changing regulatory environment in this country and globally. Finally, as the agency's web page becomes a more integral component of its contact with other state agencies and the general public, the time and resources required to maintain this resource will also increase.

V. Strategy Development

In order to address many of the deficits between the current workforce and future demands, TPFA has developed several goals for the current workforce plan. These are based on a range of factors identified through analyzing the agency and its workforce.

Gap	Retention/Recruitment
Goal	Maintain a competent workforce to ensure institutional knowledge is not lost when experienced personnel leave as a result of retirement or other attrition factors and to effectively recruit and retain a qualified and diverse future workforce.
Rationale	Focus on hiring and retaining employees who demonstrate the ability to develop competencies that allow them to progress into more advanced positions.
Action Steps	• Institute succession planning and identify critical workforce skills needed to fill future vacancies. • Continue agency-wide cross training initiatives through brownbag lunches or other cost-effective training means. • Establish a recruitment plan to attract a qualified and diverse applicant pool. • Utilize all compensation and benefit options available to retain skilled, qualified, and talented employees.
Gap	***Compensation***
Goal	Make salaries competitive with private sector and other state agencies.
Rationale	Although most employees tend to consider the "whole package" when evaluating job satisfaction, ultimately, employment decisions are driven by financial compensation. As public sector employees shoulder a greater share of benefit costs, the salary component of the compensation package must rise to stay competitive with private sector compensation packages. The Authority must have a competitive pay scale to attract and retain talented employees, who often have skills highly valued in the private sector.
Action Steps	• Seek additional legislative funding if necessary to attract and retain the appropriate level of personnel for vacant positions. • Continue to offer other benefits such as flexible work schedules, telecommuting, tuition reimbursement and wellness programs to enhance financial compensation.
Gap	***Technological Skills***
Goal	Ensure all employees can fully utilize current and new technology as the agency moves to automate its debt management functions.
Rationale	The Authority must ensure that all employees have the basic skills required to utilize new technology to its maximum potential.
Action Steps	• Retain and recruit talented information technology ("IT") staff. • Provide ongoing training to existing IT supervisory staff via state-agency sponsored seminars. • Develop in-house training programs for non-IT staff as new technology is developed and implemented. Involve non-IT staff in design phase of new technology to ensure that technology meets needs. • Provide outside training to all staff to stay abreast of industry developments. • Seek co-operative opportunities with other small agencies to obtain staff training.
Gap	***Critical Thinking and Technical Writing***
Goal	Ensure any new hires possess the ability to analyze data, make sound judgment decisions, and communicate findings in a clear, concise, and unambiguous written manner.
Rationale	The Authority must ensure that employees possess technical skills in additional to functional abilities that allow for future growth and development within the organization.
Action Steps	• Recruit and retain individuals with the ability to make sound decisions and communicate effectively from sources such as local colleges and universities, including developing possible hires by utilizing students looking for internship opportunities. • Provide ongoing training in-house and externally, as budget and time permit, to further grow and develop existing staff skills in these fundamental areas.

Gap	***Enhanced Monitoring and Compliance***
Goal	Ensure any new hires possess the interpersonal skills necessary to interface with client agency personnel throughout the debt life cycle, beginning at project planning and development in order to assess debt issuance needs and monitor the timely expenditure of bond proceeds to meet IRS expenditure benchmarks through the retirement of the debt, while ensuring long-term compliance with bond financing agreements.
Rationale	The Authority must ensure that bond funds are expended in accordance with bond documents and that projects are monitored and managed in strict conformance with state guidelines and federal tax and securities laws.
Action Steps	• Recruit and retain individuals with the necessary interpersonal skills to communicate effectively with client agency personnel either from resources within state government or with students from local colleges and universities that may be looking for a possible internship. • Provide ongoing training in-house and externally, as budget and time permit, to further grow and develop existing staff skills in these fundamental areas.

Attachment A: TPFA Organizational Chart
as of 08/31/2011

Texas Public Finance Authority Board of Directors

Charter School Finance Corporation Board of Directors

Executive Director
Board Relations
Bond Transactions
Agency Operations

Susan K. Durso, General Counsel
Bond Transactions
Ethics and Fraud Prevention
Open Meetings
Human Resources
EEO

Paula Hatfield, Executive Assistant
Executive Assistant to Executive Staff & Board of Directors
Legislative Support
Human Resources/Benefits Coordinator
Workers' Compensation Claims Coordinator

John Hernandez, Deputy Director
Finance/Accounting/IR Team Leader
Finance, Accounting and Information Resource
Bond Transactions
Information Resource Manager
Risk Assessment

Finance

Gabriela Klein
Review Arbitrage Rebate Compliance
Review Monitor Exp of Bond Proceeds
Commercial Paper Program Admin
Debt Service Budget

Loan Nguyen *
Monitor Exp of Bond Proceeds
Arbitrage Rebate Compliance

Chris Gilliland
Master Lease Program Administrator
Commercial Paper Trades

Accounting

Ophelia Guerrero
Accounting Operations
USAS / General Ledger
Annual Financial Report Lead

Information Resources

Eric Benson
Information Resources

Pamela Scivicque, Business Manager
Business Administration Team Leader
Business Operations
Paying Agent/Debt Service
USAS and State Property Accounting Manager
State Reporting Requirements
Risk Manager
HUB Coordinator

Budget

Ricky Horne
Admin Budget Tracking
Performance Measure Tracking
Legislative Reporting Assist
Accounting

Accounting/Purchasing

Charlie Cannon
A/P Agency Operations
State Property Accounting Assisant
Payroll/Timekeeping
Travel Coordinator

Sherrie Walter
Purchasing
A/P Bond Admin/COI Expenditures
USAS Data Entry
HUB Tracking and Reporting

Administrative Assistance

Vacant
Receptionist
Clerical Support

*3/4 position effective 9/1/07

Appendix F
Historically Underutilized Business Reports

The Texas Public Finance Authority Supplemental Summary Letters, Consolidated Reports, and HUBs Participating in State Bond Issuance Reports are provided for the FY 2011 Annual and FY 2012 Semi-Annual reporting periods describing the agency's good faith efforts and overall results.

Texas Public Finance Authority

Mailing Address:
Post Office Box 12906
Austin, Texas 78711-2906

Physical Address:
300 West 15th Street, Suite 411
Austin, Texas 78701

Telephone: (512) 463-5544
Facsimile: (512) 463-5501
www.tpfa.state.tx.us

Supplemental Summary for the FY 2011 Annual HUB Report for Agency 347

In compliance with Texas Government Code, Chapter 2161, the Board of the Authority has adopted the Comptroller's rules, and more detailed procedures for HUB participation goals in bond issues, in compliance with the published rules. These procedures are included in the Authority's strategic plan and reflected in its underwriting policies.

During the reporting period, $2,211,020.33 or 99.01% of the Authority's total expenditures were related to costs of issuance and the ongoing administration of bonds. Such expenses include payments for rating agency fees, paying agent fees, escrow agent fees, and arbitrage compliance services to satisfy bond covenants. These services are only available from a few large corporations; therefore, limited HUB and/or minority firms are available to provide such services.

During this reporting period, the Authority completed five negotiated bond sales and established a new commercial paper program. In accordance with the Board's underwriter policy, underwriters were selected for each of the negotiated bond sales from the Authority's existing underwriting pool that includes six minority-owned firms and one HUB. HUB and minority-owned firms were selected to participate on four of the five negotiated bond sales in fiscal year 2011. The HUB and two minority-owned firms received over 19% of the underwriter's compensation on each of two bond transactions. On another negotiated sale, one of the minority-owned firms served as co-manager while the HUB and the remaining five minority-owned firms were included in the selling syndicate. For their participation and efforts, two of the minority-owned firms selling bonds received 10% of the underwriter's compensation. Three minority-owned firms, one of which served as senior manager, received underwriter's compensation of over 60% on a fourth negotiated bond sale, which closed during the fiscal year. Additionally, the Board selected a single HUB firm to participate as co-bond counsel on two negotiated sales. The HUB firm received 13% of the overall bond counsel fees paid on each of the two bond issues. Also, a minority-owned firm was selected to serve as co-bond counsel on the new commercial paper program. Finally, a single minority-owned financial printing firm received 100% of printing fees paid on all five negotiated bond transactions.

The Authority is committed to purchasing goods and services from certified HUB and minority-owned businesses and continues to utilize the CPA Central Master Bidders List to locate available HUB vendors.

Please contact me at (512) 463-5544 should you have any questions.

Susan K. Durso
Interim Executive Director and General Counsel

CONSOLIDATED REPORT FOR 07-Oct-2011
347 TEXAS PUBLIC FINANCE AUTHORITY

PROCUREMENT CATEGORY	TOTAL EXPENDITURES	TOTAL $/% SPENT WITH NON HUBS	TOTAL $/% SPENT WITH HUBS	ANNUAL PROCUREMENT GOAL %
HEAVY CONSTRUCTION	$00	$00 / 0.00%	$00 / 0.00%	11.90%
BUILDING CONSTRUCTION	$00	$00 / 0.00%	$00 / 0.00%	26.10%
SPECIAL TRADE	$00	$00 / 0.00%	$00 / 0.00%	57.20%
PROFESSIONAL SERVICE	$1,248,394	$1,248,394 /100.00%	$00 / 0.00%	20.00%
OTHER SERVICE	$1,079,177	$1,022,762 / 94.77%	$56,414 / 5.23%	33.00%
COMMODITY PURCHASING	$6,380	$411 / 6.46%	$5,968 / 93.54%	12.60%
	$2,333,952	$2,271,569 / 97.33%	$62,383 / 2.67%	

CONSOLIDATED REPORT FOR
THE STATE OF TEXAS

PROCUREMENT CATEGORY	TOTAL EXPENDITURES	TOTAL $/% SPENT WITH NON HUBS	TOTAL $/% SPENT WITH HUBS	ANNUAL PROCUREMENT GOAL %
HEAVY CONSTRUCTION	$3,800,362,175	$3,706,141,805 / 97.52%	$314,893,897 / 8.29%	11.90%
BUILDING CONSTRUCTION	$1,693,109,129	$1,600,110,611 / 94.51%	$423,717,062 / 25.03%	26.10%
SPECIAL TRADE	$475,135,584	$344,802,465 / 72.57%	$154,769,501 / 32.57%	57.20%
PROFESSIONAL SERVICE	$711,502,469	$663,336,320 / 93.23%	$115,885,096 / 16.29%	20.00%
OTHER SERVICE	$3,605,663,041	$3,253,693,245 / 90.24%	$533,198,129 / 14.79%	33.00%
COMMODITY PURCHASING	$3,789,603,617	$3,348,965,329 / 88.37%	$493,357,242 / 13.02%	12.60%
	$14,075,376,019	$12,917,049,778 / 91.77%	$2,035,820,928 / 14.46%	

** ANALYSIS OF AWARDS FOR
347 TEXAS PUBLIC FINANCE AUTHORITY

CERTIFIED HUB GROUP FOR HUB CREDIT	TOTAL # AND % OF HUB VIDS RECEIVING AWARDS	TOTAL DOLLAR AMOUNT AND % AWARDED TO HUBS
ASIAN PACIFIC	1/ 14.29%	$188 / 0.30%
BLACK	2/ 28.57%	$4,002 / 6.42%
HISPANIC	1/ 14.29%	$52,547 / 84.23%
WOMAN	3/ 42.86%	$5,645 / 9.05%
TOTAL	7/100.00%	$62,383 /100.00%

** ANALYSIS OF AWARDS FOR
THE STATE OF TEXAS

CERTIFIED HUB GROUP	# OF VIDS ELIGIBLE FOR HUB CREDIT, %	# OF MALES, %	# OF FEMALES, %	TOTAL # AND % OF HUB VIDS RECEIVING AWARDS	TOTAL DOLLAR AMOUNT AND % AWARDED TO HUBS
ASIAN PACIFIC	1239/ 7.34%	824/ 12.12%	415/ 4.12%	306/ 6.26%	$194,478,798 / 9.55%
BLACK	3295/ 19.52%	2068/ 30.42%	1227/ 12.17%	501/ 10.24%	$268,564,435 / 13.19%
HISPANIC	4998/ 29.61%	3688/ 54.25%	1310/ 12.99%	1499/ 30.65%	$514,829,746 / 25.29%
NATIVE AMERICAN	326/ 1.93%	218/ 3.21%	108/ 1.07%	87/ 1.78%	$29,599,143 / 1.45%
WOMEN	7022/ 41.60%	0/ 0.00%	7022/ 69.65%	2498/ 51.07%	$1,028,348,805 / 50.51%
TOTAL	16880/100.00%	6798/100.00%	10082/100.00%	4891/100.00%	$2,035,820,928 /100.00%

** THE ANALYSIS IS BASED ON THE TOTAL # OF VENDOR ID NUMBERS THAT WERE ELIGIBLE TO RECEIVE HUB CREDIT.
TOTAL # OF CERTIFIED HUBS FOR THE PERIOD OF FY2011 IS 16710.

SUCH AS, 1239 (7.34%) OF VID NUMBERS ELIGIBLE TO RECEIVE HUB CREDIT WERE ASIAN PACIFIC OWNED BUSINESSES, 824 (12.12%) WERE ASIAN PACIFIC MALE OWNED BUSINESSES AND 415 (4.12%) WERE ASIAN PACIFIC FEMALE OWNED BUSINESSES. 306 (6.26%) AWARDS WERE MADE TO ASIAN PACIFIC OWNED BUSINESSES, TOTALING $194,478,798.00 (9.55%) OF THE TOTAL DOLLARS AWARDED TO HUBS.

FISCAL YEAR 2011 ANNUAL HUB REPORT

TOTAL NUMBER OF BUSINESSES PARTICIPATING IN STATE BOND ISSUANCES

(Agency List Includes State of Texas Bond Issuers Only)

AGENCY #	AGENCY NAME	AS		BL		HI		AI		WO	HUB	GRAND
		M	F	M	F	M	F	M	F	F	TOTAL	TOTAL*
305	GENERAL LAND OFFICE	0	0	3	0	1	0	0	0	0	4	24
332	TX DEPT OF HOUSING & COMM AFFAIRS	0	0	0	0	0	0	0	0	0	0	21
347	TEXAS PUBLIC FINANCE AUTHORITY	0	0	0	0	4	0	0	0	0	4	89
601	TEXAS DEPARTMENT OF TRANSPORTATION	0	0	1	0	1	0	0	0	0	2	24
710	THE TEXAS A&M UNIVERSITY SYSTEM	0	0	0	0	0	0	0	0	0	0	7
720	UNIVERSITY OF TEXAS SYSTEM	0	0	2	0	1	0	0	0	1	4	19
758	TX STATE UNIV SYST BOARD OF REGENTS	0	0	0	0	0	0	0	0	0	0	7
											TOTAL BOND ISSUANCES:	**191**

**Total number of Bond Issuances to HUBs and Non-HUBs*

**The Texas Public Finance Authority issues bonds on behalf of the following agencies:

Texas Department of Criminal Justice
Texas Military Facilities Commission
Texas Parks and Wildlife Department
Texas Youth Commission
Stephen F. Austin State University
State Preservation Board
Texas Department of State Health Services
Texas Department of Mental Health and Mental Retardation
TIERS/EBT (Texas Integrated Eligibility Redesign System/Electronic Benefits Transfer)
Texas National Research Laboratory Commission
Texas State Technical College
Midwestern State University
Texas Southern University
Texas Facilities Commission
Workers' Comp Insurance Fund

Legend: AS = Asian Pacific American; BL = Black American; HI = Hispanic American; AI = Native American; WO = American Woman; M = Male; F = Female

Texas Public Finance Authority

Mailing Address:
Post Office Box 12906
Austin, Texas 78711-2906

Physical Address:
300 West 15th Street, Suite 411
Austin, Texas 78701

Telephone: (512) 463-5544
Facsimile: (512) 463-5501
www.tpfa.state.tx.us

Supplemental Summary for the FY 2012 Semi-Annual HUB Report for Agency 347

In compliance with Texas Government Code, Chapter 2161, the Board of the Authority has adopted the Comptroller's rules and more detailed procedures for HUB participation goals in bond issues in compliance with the published rules. These procedures are included in the Authority's strategic plan and reflected in its underwriting policies.

For the first six months of FY 2012, $1,184,995.74 or 96.47% of the Authority's total expenditures were related to costs of issuance for substitution of liquidity providers on four commercial paper programs and the ongoing administration of outstanding bonds. Such expenses include payments for rating agency fees, paying agent fees, escrow agent fees, legal fees and arbitrage compliance services to satisfy bond covenants. These services are only available from a few large corporations and select law firms; therefore, limited HUB and/or minority firms are available to provide such services. Also included in the Authority's total expenditures are amounts for liquidity support for the commercial paper programs from private sector service providers. Amounts for such services previously paid by the Authority to the Comptroller for state-supported liquidity historically were excluded from the Authority's total expenditures; however, during this reporting period, the Authority negotiated for substitute liquidity providers on four of its five commercial paper programs to replace the state-supported liquidity with liquidity facilities from the private sector. Liquidity fees paid to third-party providers will be reflected in the Authority's overall expenditures beginning in FY 2012.

The Authority is committed to purchasing goods and services from certified HUB and minority-owned businesses and continues to utilize the CPA Central Master Bidders List to locate available HUB vendors.

Please contact me at (512) 463-5544 should you have any questions.

Susan K. Durso
Interim Executive Director

CONSOLIDATED REPORT FOR 04-Apr-2012
347 TEXAS PUBLIC FINANCE AUTHORITY

PROCUREMENT CATEGORY	TOTAL EXPENDITURES	TOTAL $/% SPENT WITH NON HUBS	TOTAL $/% SPENT WITH HUBS	ANNUAL PROCUREMENT GOAL %
HEAVY CONSTRUCTION	$00	$00 / 0.00%	$00 / 0.00%	11.20%
BUILDING CONSTRUCTION	$00	$00 / 0.00%	$00 / 0.00%	21.10%
SPECIAL TRADE	$00	$00 / 0.00%	$00 / 0.00%	32.70%
PROFESSIONAL SERVICE	$819,277	$819,277 /100.00%	$00 / 0.00%	23.60%
OTHER SERVICE	$394,955	$394,955 /100.00%	$00 / 0.00%	24.60%
COMMODITY PURCHASING	$14,068	$1,366 / 9.71%	$12,702 / 90.29%	21.00%
	$1,228,301	$1,215,599 / 98.97%	$12,702 / 1.03%	

CONSOLIDATED REPORT FOR
THE STATE OF TEXAS

PROCUREMENT CATEGORY	TOTAL EXPENDITURES	TOTAL $/% SPENT WITH NON HUBS	TOTAL $/% SPENT WITH HUBS	ANNUAL PROCUREMENT GOAL %
HEAVY CONSTRUCTION	$1,799,626,073	$1,746,657,524 / 97.06%	$151,002,109 / 8.39%	11.20%
BUILDING CONSTRUCTION	$770,392,707	$745,154,867 / 96.72%	$180,410,240 / 23.42%	21.10%
SPECIAL TRADE	$237,058,211	$175,804,675 / 74.16%	$73,353,453 / 30.94%	32.70%
PROFESSIONAL SERVICE	$241,357,380	$222,107,068 / 92.02%	$34,689,733 / 14.37%	23.60%
OTHER SERVICE	$1,882,416,656	$1,705,848,402 / 90.62%	$288,575,777 / 15.33%	24.60%
COMMODITY PURCHASING	$1,904,267,420	$1,663,742,550 / 87.37%	$255,656,605 / 13.43%	21.00%
	$6,835,118,449	$6,259,315,089 / 91.58%	$983,687,918 / 14.39%	

** ANALYSIS OF AWARDS FOR
347 TEXAS PUBLIC FINANCE AUTHORITY

CERTIFIED HUB GROUP FOR HUB CREDIT	TOTAL # AND % OF HUB VIDS RECEIVING AWARDS	TOTAL DOLLAR AMOUNT AND % AWARDED TO HUBS
ASIAN PACIFIC	1/ 33.33%	$11,937 / 93.98%
BLACK	1/ 33.33%	$750 / 5.91%
WOMAN	1/ 33.33%	$15 / 0.12%
TOTAL	3/100.00%	$12,702 /100.00%

** ANALYSIS OF AWARDS FOR
THE STATE OF TEXAS

CERTIFIED HUB GROUP	# OF VIDS ELIGIBLE FOR HUB CREDIT, %	# OF MALES, %	# OF FEMALES, %	TOTAL # AND % OF HUB VIDS RECEIVING AWARDS	TOTAL DOLLAR AMOUNT AND % AWARDED TO HUBS
ASIAN PACIFIC	1169/ 7.48%	762/ 12.35%	407/ 4.30%	248/ 6.39%	$111,181,670 / 11.30%
BLACK	3008/ 19.24%	1878/ 30.44%	1130/ 11.94%	352/ 9.07%	$112,768,911 / 11.46%
HISPANIC	4577/ 29.27%	3330/ 53.98%	1247/ 13.17%	1145/ 29.52%	$229,558,108 / 23.34%
NATIVE AMERICAN	299/ 1.91%	199/ 3.23%	100/ 1.06%	73/ 1.88%	$11,641,731 / 1.18%
WOMEN	6583/ 42.10%	0/ 0.00%	6583/ 69.54%	2061/ 53.13%	$518,537,495 / 52.71%
TOTAL	15636/100.00%	6169/100.00%	9467/100.00%	3879/100.00%	$983,687,918 /100.00%

** THE ANALYSIS IS BASED ON THE TOTAL # OF VENDOR ID NUMBERS THAT WERE ELIGIBLE TO RECEIVE HUB CREDIT.
TOTAL # OF CERTIFIED HUBS FOR THE PERIOD OF FY2012 IS 15541.

SUCH AS, 1169 (7.48%) OF VID NUMBERS ELIGIBLE TO RECEIVE HUB CREDIT WERE ASIAN PACIFIC OWNED BUSINESSES, 762 (12.35%) WERE ASIAN PACIFIC MALE OWNED BUSINESSES AND 407 (4.30%) WERE ASIAN PACIFIC FEMALE OWNED BUSINESSES. 248 (6.39%) AWARDS WERE MADE TO ASIAN PACIFIC OWNED BUSINESSES, TOTALING $111,181,670.00 (11.30%) OF THE TOTAL DOLLARS AWARDED TO HUBS.

FISCAL YEAR 2012 SEMI-ANNUAL HUB REPORT
TOTAL NUMBER OF BUSINESSES PARTICIPATING IN STATE BOND ISSUANCES
(Agency List Includes State of Texas Bond Issuers Only)

AGENCY #	AGENCY NAME	AS		BL		HI		AI		WO	HUB	GRAND
		M	F	M	F	M	F	M	F	F	TOTAL	TOTAL*
305	GENERAL LAND OFFICE	0	0	1	0	0	0	0	0	0	1	11
332	TX DEPT OF HOUSING & COMM AFFAIRS	0	0	0	0	0	0	0	0	0	0	21
347	TEXAS PUBLIC FINANCE AUTHORITY	0	0	0	0	0	0	0	0	0	0	12
710	THE TEXAS A&M UNIVERSITY SYSTEM	0	0	1	1	0	0	0	0	0	2	14
758	TEXAS STATE UNIVERSITY SYSTEM	0	0	0	0	0	0	0	0	0	0	3

TOTAL BOND ISSUANCES: 61

**Total number of Bond Issuances to HUBs and Non-HUBs*

**The Texas Public Finance Authority issues bonds on behalf of the following agencies:

Texas Department of Criminal Justice
Texas Military Facilities Commission
Texas Parks and Wildlife Department
Texas Youth Commission
Stephen F. Austin State University
State Preservation Board
Texas Department of State Health Services
Texas Department of Mental Health and Mental Retardation

TIERS/EBT (Texas Integrated Eligibility Redesign System/Electronic Benefits Transfer)
Texas National Research Laboratory Commission
Texas State Technical College
Midwestern State University
Texas Southern University
Texas Facilities Commission
Workers' Comp Insurance Fund

Legend: AS = Asian Pacific American; BL = Black American; HI = Hispanic American; AI = Native American; WO = American Woman; M = Male; F = Female

Appendix G
Report on Customer Service

TEXAS PUBLIC FINANCE AUTHORITY

REPORT ON CUSTOMER SERVICE

JUNE 1, 2012

TABLE OF CONTENTS

REPORT ON CUSTOMER SERVICE

INTRODUCTION

The Texas Public Finance Authority (the "Authority") developed customer service standards, adopted its Compact with Texans, and conducted its first customer satisfaction survey as part of the Strategic Planning process in 2002. Each biennium since, the Authority has surveyed its customers to evaluate the services the agency provides and to identify opportunities for improvement as a cornerstone of its strategic planning process.

The Authority endeavors to provide the highest quality of service to its customers and is pleased to present its fiscal year 2012 customer service report.

INVENTORY OF EXTERNAL CUSTOMERS BY STRATEGY

While most state agencies directly serve the general public, the Authority's customers consist of other state agencies and state entities referred to collectively as "client agencies." The agency's key service functions provided to its customers are: capital financing through bond issuance, commercial paper issuance, and the Master Lease Purchase Program (MLPP); bond debt administration, financial reporting, and agency operations, such as accounting, budgeting, and fixed assets. These specific customer service elements provided are based on the strategies in the 2012-2013 General Appropriations Act (GAA) as outlined below.

A. Goal: FINANCE CAPITAL PROJECTS

A.1.1. Strategy: ANALYZE FINANCINGS AND ISSUE DEBT

A.2.1. Strategy: MANAGE BOND PROCEEDS

A.2.2. Strategy: BOND DEBT SERVICE PAYMENTS

Authority staff identified contacts within the various client agencies who perform functions that inter-relate to the Authority's mission. Executive staff screened the list to determine those individuals or organizations that constituted "customers" from which meaningful data could be collected cost effectively. The list of contacts consisted of 279 individuals at 45 client agencies, divided into the following groups:

- Staff involved in requesting capital financing;
- Staff participating in MLPP;
- Staff involved in debt administration;
- Staff involved in financial reporting;
- Staff working with Legislative and oversight agencies; and,
- Staff involved with agency operations.

Although the Authority has completely overhauled its survey instrument over time, the basis of its survey remains the same in 2012. The Authority's survey is designed to measure the following four customer service categories: Financing Services, Other Services, General Information and Educational Training. Financing Services is a measurement of how the Authority meets its mission to provide the most cost effective financing available to fund capital projects, equipment acquisitions, and programs as authorized by the Texas Legislature through bonds, commercial paper, and the Master Lease Purchase Program. Other Services measures the quality of customer service provided to individuals in the area of debt administration, financial reporting, legislative assistance, agency operations, and other specifically identified services. General Information is a measurement of other customer service quality elements identified in the Authority's Compact with Texans, and the final area of the Authority's survey is designed to measure the quality and effectiveness of Authority-sponsored Educational Training.

A few comparisons to prior year surveys are made; however, due to significant changes in the survey over time, the 2012 survey will establish new benchmarks for the agency in future years.

INFORMATION GATHERING METHODOLOGY

Friday, April 20, 2012, the modified web-based customer satisfaction survey was distributed by electronic mail and survey responses were due Monday, April 30, 2012. As in prior years, customers were given options to submit their survey anonymously on-line, or by regular mail, electronic mail, or facsimile. Of the 21 survey responses received, 20 were submitted through the web-based system and one survey was submitted via electronic mail. Response data was captured in a web form on the agency's web-server and appended to a text file, copied to an internal file server, and finally imported to an Excel worksheet where the data was grouped and sorted. A copy of the Authority's Customer Satisfaction Survey is attached as Exhibit I.

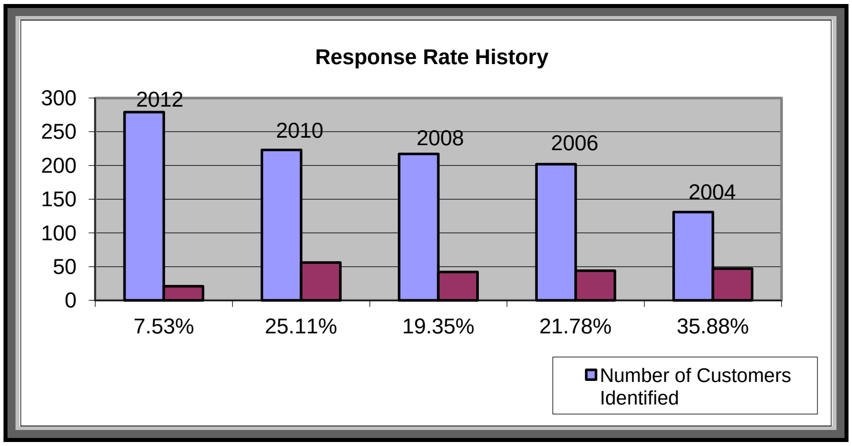
Survey questions were developed to evaluate Financing Services, Other Services, and specific statutorily-required customer satisfaction elements (websites, complaint-handling processes, service timeliness, and printed information) captured under General Information. Financing Services and Other Services were also evaluated for customer service deliverables. Evaluation criteria for each survey question were based on a standard Likert Scale utilizing the following measures: strongly agree, agree, neutral, disagree, and strongly disagree.

The modified survey instrument included a "Comments Section" under three service evaluation areas for customers to provide quantifiable details for ratings of "strongly agree" or "strongly disagree." Also, customers previously attending Authority-sponsored training were asked to indicate in a separate comment section if the training session was useful, and to specify any future training needs.

RESPONSE RATE

Over the years, the Authority has attempted to increase its survey response rate by expanding its customer list and in 2006, legislative offices and oversight agencies were added to the customer list. In another effort to increase the response rate in 2010, the Authority tried marketing the survey by adding a request for survey responses to emails sent to all customers during the survey period. Despite these efforts, the response rate reflects only a modest increase from 2008 to 2010 and the number of responses remains relatively flat for the period from 2004 through 2010. The number of requests for survey responses increased this year and yet the response rate decreased to 7.53%, which may be the result of the reduced response time for the survey and a change in marketing approach. Survey Response Data for Fiscal Year 2012 is attached as Exhibit II.

Below is a chart depicting the response rate history for the Authority's Customer Satisfaction Survey for 2012 with comparative totals over the last five biennia.

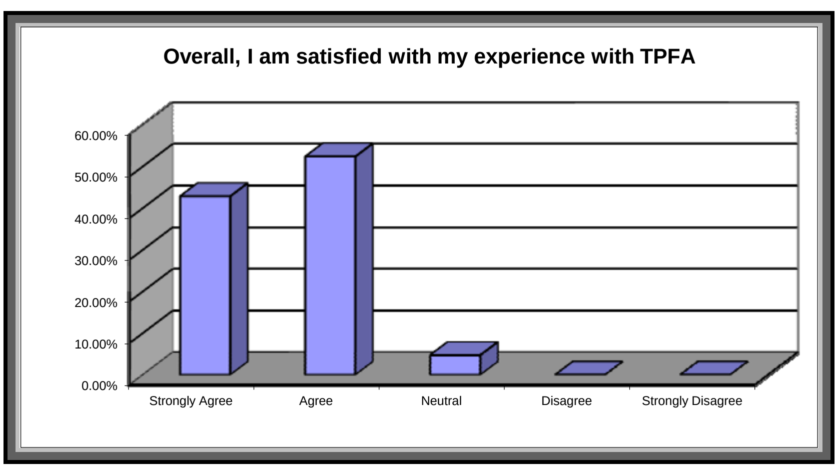


SURVEY RESULTS

Overall Results

Although the response rate declined in fiscal year 2012, the responses yielded high satisfaction ratings for services provided to client agencies with a combined 95.24% of respondents strongly agreeing (42.86%) or agreeing (52.38%) that they were satisfied with their overall experience with the Authority. The remaining 4.76% of customers responding were neutral.

These high satisfaction ratings are in concert with the positive written feedback provided by the agency's customers in this year's survey results, including one customer commenting that "TPFA staff offer exceptional customer service." Below is a table expressing customer overall satisfaction results.



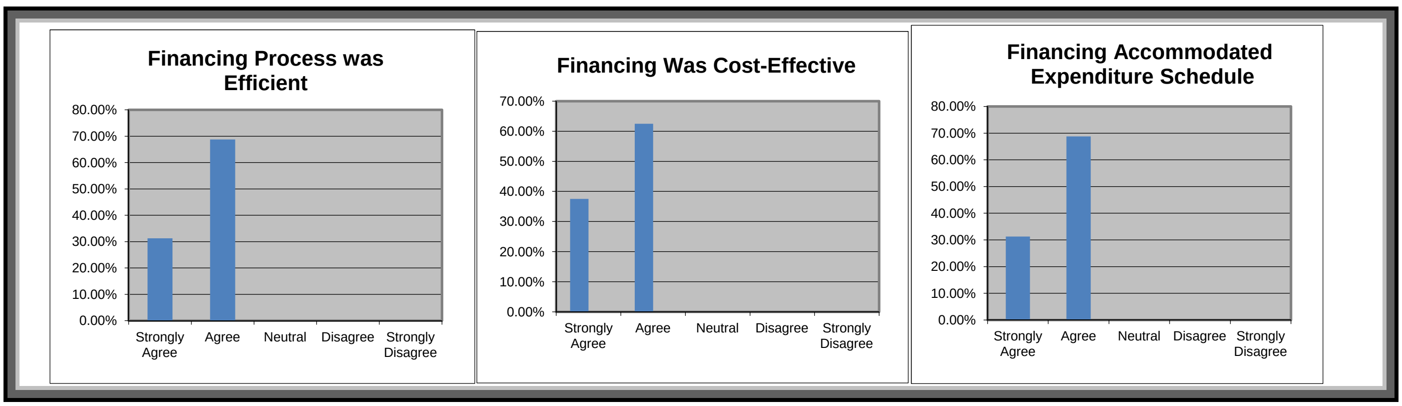
In general, most customer comments and satisfaction ratings were overwhelmingly positive; however, one customer's ratings were not reflective of satisfactory service in the Other Services and General Information categories. Although the customer was given an opportunity to provide comments to improve future service delivery in each of these areas, no comments were submitted. Specific ratings for each of the four service categories are discussed in greater detail below.

Financing Services

In fiscal year 2012, the Authority's survey captured data from customers receiving capital financing for projects through bonds, commercial paper, or the Master Lease Purchase Program ("MLPP"), and respondents were asked to assess the cost effectiveness of financings, the efficiency of the process, and whether the financing was provided to accommodate expenditure schedules. Survey results reflect high customer satisfaction for the Authority's financial services provided to its client agencies, with 100% of customers agreeing: 1) the Authority's financings are cost effective, 2) the process is efficient and 3) the financing is provided to accommodate client agency expenditure schedules.

Below are the results indicating client agencies' perceptions of the Authority's financings.

TPFA FINANCING RESULTS



These results can be attributed to the tenure and expertise of the Authority's staff combined with client agency orientation training and other customer driven services the Authority provides.

Every customer agreed that Authority staff responds satisfactorily to questions or requests for information, and provides accurate and complete information. Also, 100% of respondents rated Authority staff as responsive, knowledgeable, courteous and professional. Similar results were echoed in relation to communication and timeliness with 100% of the responses agreeing that Authority staff communicates effectively and provides information timely. A majority of the 13 customer's comments received were positive. Examples of these comments are "Staff are extremely knowledgeable, responsive, and helpful," "Staff quickly responds to all questions and provides accurate information," and "I enjoy working with TPFA staff. They have always been gracious with answering questions and are knowledgeable."

Other Services

Other Services captures data for receiving services related to debt administration, annual financial reporting, legislative assistance, agency operations and specific customer service areas identified by individual survey respondents. Results for Other Services show that 92.86% of customers agree that Authority staff communicate effectively, respond to requests for information satisfactorily, and provide information timely, which compares similarly to the responses received in the Financing Services section. Of the seven respondents providing written feedback in 2012, all comments were complimentary of Authority staff in the Other Services area.

General Information

This section reflects specific customer satisfaction elements addressed in statute that are not captured elsewhere in this report. These include customer experience with the Authority's website, complaint-handling process, and responsiveness to general inquires of Authority personnel. Customer service results for general information inquiries involving telephone calls, e-mails or letters reflect customer satisfaction is almost 95%, which is similar to Financing Services and Other Services, as shown above. One customer commented that transactions with TPFA were "handled professionally and flawlessly," while another remarked that "no matter the issue, staff are always available and responsive to calls and e-mails requesting information or assistance. Without their attentiveness, knowledge, and resources, it would be very difficult to accomplish all we need to in managing bond fund [sic]."

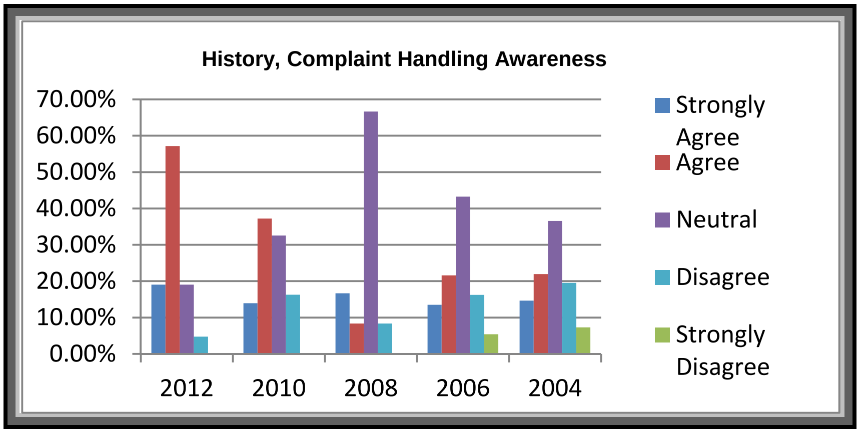
Based on the 2012 survey responses, 94.74% of customers are in agreement that the Authority's website is easy to use and well-organized while 100% are in agreement that the website is current and up-to-date. From 2004 to 2008, overall satisfaction with the agency's website reflects an upward trend in customer satisfaction before declining in 2010. In 2012, however, overall website approval drastically increased to 97.37% as shown below.

RESULTS REGARDING TPFA's WEBSITE

	2012	2010	2008	2006	2004
Information is current and up-to-date					
Strongly Agree	26.32%	36.96%	29.17%	27.78%	35.00%
Agree	73.68%	45.65%	70.83%	50.00%	20.00%
Neutral	0.00%	17.39%	0.00%	22.22%	45.00%
Disagree	0.00%	0.00%	0.00%	0.00%	0.00%
Strongly Disagree	0.00%	0.00%	0.00%	0.00%	0.00%
Easy to use and well organized					
Strongly Agree	15.79%	34.04%	25.00%	30.56%	35.00%
Agree	78.95%	44.68%	70.83%	41.67%	22.50%
Neutral	5.26%	19.15%	4.17%	25.00%	42.50%
Disagree	0.00%	2.13%	0.00%	0.00%	0.00%
Strongly Disagree	0.00%	0.00%	0.00%	2.78%	0.00%
Average, Overall Agreement	**97.37%**	**80.67%**	**97.22%**	**75.00%**	**56.67%**

As an issuer of municipal bonds, the Authority uses its website to communicate to the bond market, rating agencies, and others while also providing sufficient resources for client agencies and legislative offices. Like most state agencies, the Authority is challenged with organizing vast amounts of resources on its website related to its financing programs, processes, outstanding debt, and a multitude of statutorily required reports and links. The Authority did receive one negative comment that it can sometimes be difficult to find data, thus, it will continue to seek additional ways to improve customer experience when visiting the Authority's website.

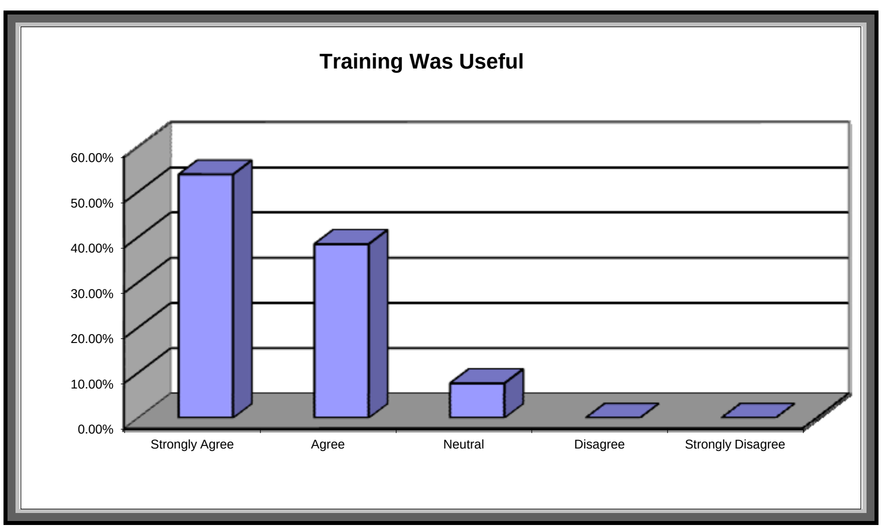
Survey results from 2012 indicate the highest percentage of customers to date, or 76.19%, responding as being familiar with the Authority's complaint handling process, as referenced in the table below. Only 4.76% of customers indicate they are not aware of the complaint handling process.



These results indicate that the percentage of customers familiar with the complaint handling process has increased dramatically since 2008, but the Authority has not received any formal complaints since the implementation of the program in 2000. In an effort to increase familiarity with this portion of the agency's processes, the Authority again included its Compact with Texans when distributing the 2012 Customer Satisfaction Survey. In previous years on the question of familiarity with the Authority's complaint handling process, customers have commented that they were not aware of the process because they have had no reason to file a complaint.

Training

The Authority continues to conduct training sessions for legislative and oversight agencies, client agency training and other more specialized training sessions, as needed. Client agency training is designed to familiarize agencies with the bond issuance process, including the time-line needed to structure financings, and the documents that must accompany the financing request. Some 92.31% of customers responding to the 2012 survey found the Authority-sponsored training to be useful.



Customers responding to the survey were also provided an opportunity to specify any future training needs. Two responses were received, one requested additional training in bond financing and debt service, and the other for training on monthly status reports.

ANALYSIS OF FINDINGS

The survey results indicate that, overall, Authority customers are satisfied with the services that the agency provides. The Authority continues to receive exemplary ratings in carrying out its mission to provide its customers with the most cost effective and efficient financing. Similar positive results were received for staff responsiveness, knowledge, courtesy and professionalism, precision, and timeliness. These accolades can be attributed to the tenure and expertise of Authority's staff and frequently offered customer training sessions.

The Authority will continue to seek ways to improve the overall customer service experience of individuals contacting the agency by phone and those visiting the agency's website and will conduct more specialized training sessions to further increase client agencies' knowledge of the financing process and post issuance compliance requirements.

The Authority is extremely pleased with the results of the survey and will continue to seek ways to maintain the high level of service its customers have come to expect in carrying out the Authority's mission.

CUSTOMER SERVICE CONTACT INFORMATION

Customer Service Representative:	Robert P. Coalter, Executive Director
Agency:	Texas Public Finance Authority
Physical Address:	300 West 15th Street, Suite 411, Austin, TX 78701
Mailing Address:	P.O. Box 12906, Austin, TX 78711-2906
Phone Number:	512.463.5544
Fax Number:	512.463.5501
Email Address:	robert.coalter@tpfa.state.tx.us
Hours of Operation:	Monday – Friday 8:00am to 5:00pm

CUSTOMER SERVICE PERFORMANCE MEASURES DEFINITIONS AND FISCAL YEAR 2012 RESULTS

Outcome Measure	Percentage of Surveyed Customer Respondents (Client Agencies) Expressing Overall Satisfaction with Financing Services Received	95.24%
Short Definition	The percent of state agencies and institutions (staff involved in requesting financing, budgeting, accounting, and legislative offices) who report overall satisfaction with services on surveys conducted by the Texas Public Finance Authority (TPFA). TPFA services focus on cost-effective capital financing for capital projects and equipment acquisitions.	
Purpose/Importance	This measure provides valuable information to agency management on the level and quality of services provided to client agencies and cost to Texas taxpayers.	
Source/Collection of Data	Surveys conducted by the TPFA.	
Method of Calculation	The calculation for this measure is the total number of clients who respond that they are satisfied with TPFA services by answering "Strongly Agree" or "Agree," divided by the total number of clients who respond to the survey.	
Data Limitations	None	
Calculation Type	Non-cumulative	
New Measure	No	
Desired Performance	Higher than target.	

Outcome Measure	Percentage of Surveyed Customer Respondents Identifying Ways to Improve Service Delivery	0%
Short Definition	The percent of state agencies and institutions (staff involved in requesting financing, budgeting, accounting, and legislative offices) that identify ways to improve service delivery in the survey.	
Purpose/Importance	This measure provides valuable information to agency management on the level and quality of services provided to client agencies and cost to Texas taxpayers.	
Source/Collection of Data	Surveys conducted by the TPFA.	
Method of Calculation	The calculation for this measure is the total number of clients who included comments for improving service delivery.	
Data Limitations	None	

Calculation Type	Non-cumulative	
New Measure	No	
Desired Performance	Target	

Output Measure	**Number of Customers (Client Agencies) Surveyed**	21
Short Definition	The number of state agencies and institutions (staff involved in requesting financing, budgeting, accounting, and legislative offices) who are surveyed by TPFA.	
Purpose/Importance	This measure reflects the accuracy of the survey	
Source/Collection of Data	Surveys conducted by TPFA.	
Method of Calculation	Number of agencies surveyed	
Data Limitations	None	
Calculation Type	Non-Cumulative	
New Measure	No	
Desired Performance	Higher than target.	

Efficiency Measure	**Cost Per Customer Surveyed**	$0.00
Short Definition	The average cost per survey (one survey sent to each staff person involved in requesting financing, budgeting, accounting, and legislative offices). Costs include, but are not limited to, postage, materials and staff time.	
Purpose/Importance	This measure reflects the cost efficiency of the survey and weighs the cost of surveying a customer group to the potential benefits of the information.	
Source/Collection of Data	Surveys conducted by the TPFA and compiled cost reports.	
Method of calculation	The total cost (as defined in the short definition) to administer the survey divided by the total number of surveys mailed.	
Data Limitation	No direct costs. Allocation of indirect costs (staff time, overhead) not available.	
Calculation Type	Non-cumulative	
New Measure	No	
Desired Performance	Lower than target.	

Texas Public Finance Authority (TPFA)
Customer Service Survey 2012

TPFA's mission is to meet our client agencies' financing needs in the most cost-effective and efficient manner possible. In an effort to determine how we may better serve you, we appreciate your feedback and request that you complete this survey on or before **Monday, April 30, 2012**. Please feel free to forward this survey to other staff in your agency, as appropriate.

You may complete the survey online using the button indicated below, or you may submit a hard copy to TPFA by fax (512/463-5501), Interagency Mail (TPFA, Clements BLDG, Suite 411), or submit an attachment by email (survey@tpfa.state.tx.us).

Please indicate the type of service or financing received from TPFA (check all that apply).

Financing

- ☐ Bonds
- ☐ Commercial Paper
- ☐ Master Lease Purchase Program

Other Services

- ☐ Debt Administration (draws, debt service, etc.)
- ☐ Financial Reporting (AFR)
- ☐ Legislative Assistance/Response
- ☐ Agency Operations (ABEST, USAS, Budget, Payroll, Accounting, SPA)
- ☐ Other Service (please specify) ____

Financing Services (Includes Bonds, Commercial Paper, Master Lease Purchase Program)

Financing was cost-effective.
○Strongly Agree ○Agree ○Neutral ○Disagree ○Strongly Disagree ○N/A

Financing process was efficient.
○Strongly Agree ○Agree ○Neutral ○Disagree ○Strongly Disagree ○N/A

Financing was provided to accommodate expenditure schedules.
○Strongly Agree ○Agree ○Neutral ○Disagree ○Strongly Disagree ○N/A

Staff were knowledgeable.
○Strongly Agree ○Agree ○Neutral ○Disagree ○Strongly Disagree ○N/A

Staff were courteous and professional.
○Strongly Agree ○Agree ○Neutral ○Disagree ○Strongly Disagree ○N/A

Staff satisfactorily responded to questions or requests for information.
○Strongly Agree ○Agree ○Neutral ○Disagree ○Strongly Disagree ○N/A

Staff provided accurate, complete information.
○Strongly Agree ○Agree ○Neutral ○Disagree ○Strongly Disagree ○N/A

Staff communicated effectively.
○Strongly Agree ○Agree ○Neutral ○Disagree ○Strongly Disagree ○N/A

Staff provided information timely.
○Strongly Agree ○Agree ○Neutral ○Disagree ○Strongly Disagree ○N/A

Financing – For ratings of "Strongly Agree" or "Strongly Disagree," please add comments.

Other Services (Includes Debt Administration, Financial Reporting, Legislative Assistance, Agency Operations)

Staff were knowledgeable.
○ Strongly Agree ○ Agree ○ Neutral ○ Disagree ○ Strongly Disagree ○ N/A

Staff demonstrated a willingness to assist.
○ Strongly Agree ○ Agree ○ Neutral ○ Disagree ○ Strongly Disagree ○ N/A

Staff were courteous and professional.
○ Strongly Agree ○ Agree ○ Neutral ○ Disagree ○ Strongly Disagree ○ N/A

Staff satisfactorily responded to questions or requests for information.
○ Strongly Agree ○ Agree ○ Neutral ○ Disagree ○ Strongly Disagree ○ N/A

Staff provided accurate, complete information.
○ Strongly Agree ○ Agree ○ Neutral ○ Disagree ○ Strongly Disagree ○ N/A

Staff communicated effectively.
○ Strongly Agree ○ Agree ○ Neutral ○ Disagree ○ Strongly Disagree ○ N/A

Staff provided information timely.
○ Strongly Agree ○ Agree ○ Neutral ○ Disagree ○ Strongly Disagree ○ N/A

Other Services – For ratings of "Strongly Agree" or "Strongly Disagree," please add comments.

General Information

Information on TPFA's website is current and up-to-date.
◯ Strongly Agree ◯ Agree ◯ Neutral ◯ Disagree ◯ Strongly Disagree ◯ N/A

The TPFA website is easy to use and well organized.
◯ Strongly Agree ◯ Agree ◯ Neutral ◯ Disagree ◯ Strongly Disagree ◯ N/A

I am aware that TPFA has a complaint-handling process.
◯ Strongly Agree ◯ Agree ◯ Neutral ◯ Disagree ◯ Strongly Disagree ◯ N/A

My telephone call, email, or letter was responded to in a reasonable amount of time.
◯ Strongly Agree ◯ Agree ◯ Neutral ◯ Disagree ◯ Strongly Disagree ◯ N/A

Overall, I am satisfied with my experience with TPFA.
◯ Strongly Agree ◯ Agree ◯ Neutral ◯ Disagree ◯ Strongly Disagree ◯ N/A

General Information – For ratings of "Strongly Agree" or "Strongly Disagree," please add comments.

Educational Training

I have attended TPFA training sessions in the past.
◯ Strongly Agree ◯ Agree ◯ Neutral ◯ Disagree ◯ Strongly Disagree ◯ N/A

I found TPFA training sessions useful. (Answer, only if you have attended TPFA sponsored training sessions.)
◯ Strongly Agree ◯ Agree ◯ Neutral ◯ Disagree ◯ Strongly Disagree ◯ N/A

Please specify in the box below the type of TPFA training of interest to your agency that you would like to attend in the future.

Financing was cost effective.

Strongly Agree	6	37.50%	100.00%
Agree	10	62.50%	
Neutral	0	0.00%	
Disagree	0	0.00%	
Strongly Disagree	0	0.00%	
Total	16	100.00%	

Financing process was efficient.

Strongly Agree	5	31.25%	100.00%
Agree	11	68.75%	
Neutral	0	0.00%	
Disagree	0	0.00%	
Strongly Disagree	0	0.00%	
Total	16	100.00%	

Financing was provided to accommodate expenditure schedules.

Strongly Agree	5	31.25%	100.00%
Agree	11	68.75%	
Neutral	0	0.00%	
Disagree	0	0.00%	
Strongly Disagree	0	0.00%	
Total	16	100.00%	

Staff were knowledgable.

	Financing Services			Other Services		
Strongly Agree	11	57.89%	100.00%	7	50.00%	92.86%
Agree	8	42.11%		6	42.86%	
Neutral	0	0.00%		1	7.14%	
Disagree	0	0.00%		0	0.00%	
Strongly Disagree	0	0.00%		0	0.00%	
Total	19	100.00%		14	100.00%	

Staff were courteous and professional.

	Financing Services			Other Services		
Strongly Agree	13	68.42%	100.00%	7	50.00%	92.86%
Agree	6	31.58%		6	42.86%	
Neutral	0	0.00%		0	0.00%	
Disagree	0	0.00%		1	7.14%	
Strongly Disagree	0	0.00%		0	0.00%	
Total	19	100.00%		14	100.00%	

Staff demonstrated a willingness to assist.

	Financing Services			Other Services		
Strongly Agree	N/A	0.00%	0.00%	7	50.00%	92.86%
Agree	N/A	0.00%		6	42.86%	
Neutral	N/A	0.00%		0	0.00%	
Disagree	N/A	0.00%		1	7.14%	
Strongly Disagree	N/A	0.00%		0	0.00%	
Total	0	0.00%		14	100.00%	

Staff satisfactorily responded to questions or requests for information.

	Financing Services			Other Services		
Strongly Agree	12	63.16%	100.00%	7	50.00%	92.86%
Agree	7	36.84%		6	42.86%	
Neutral	0	0.00%		0	0.00%	
Disagree	0	0.00%		1	7.14%	
Strongly Disagree	0	0.00%		0	0.00%	
Total	19	100.00%		14	100.00%	

Staff provided accurate, complete information.

	Financing Services			Other Services		
Strongly Agree	12	63.16%	100.00%	7	50.00%	92.86%
Agree	7	36.84%		6	42.86%	
Neutral	0	0.00%		0	0.00%	
Disagree	0	0.00%		1	7.14%	
Strongly Disagree	0	0.00%		0	0.00%	
Total	19	100.00%		14	100.00%	

Staff communicated effectively.

	Financing Services			Other Services		
Strongly Agree	11	57.89%	100.00%	7	50.00%	92.86%
Agree	8	42.11%		6	42.86%	
Neutral	0	0.00%		0	0.00%	
Disagree	0	0.00%		1	7.14%	
Strongly Disagree	0	0.00%		0	0.00%	
Total	19	100.00%		14	100.00%	

Staff provided information timely.

	Financing Services			Other Services		
Strongly Agree	11	57.89%	100.00%	6	42.86%	92.86%
Agree	8	42.11%		7	50.00%	
Neutral	0	0.00%		0	0.00%	
Disagree	0	0.00%		1	7.14%	
Strongly Disagree	0	0.00%		0	0.00%	
Total	19	100.00%		14	100.00%	

General Information

Information on TPFA's website is current and up to date.

Strongly Agree	5	26.32%	100.00%
Agree	14	73.68%	
Neutral	0	0.00%	
Disagree	0	0.00%	
Strongly Disagree	0	0.00%	
Total	19	100.00%	

The TPFA website is easy to use and well organized.

Strongly Agree	3	15.79%	94.74%
Agree	15	78.95%	
Neutral	1	5.26%	
Disagree	0	0.00%	
Strongly Disagree	0	0.00%	
Total	19	100.00%	

I am aware that TPFA has a complaint-handling process.

Strongly Agree	4	19.05%	76.19%
Agree	12	57.14%	
Neutral	4	19.05%	
Disagree	1	4.76%	
Strongly Disagree	0	0.00%	
Total	21	100.00%	

My telephone call, email, or letter was responded to in a reasonable amount of time.

Strongly Agree	8	38.10%	95.24%
Agree	12	57.14%	
Neutral	0	0.00%	
Disagree	1	4.76%	
Strongly Disagree	0	0.00%	
Total	21	100.00%	

Overall, I am satisfied with my experience with TPFA.

Strongly Agree	9	42.86%	95.24%
Agree	11	52.38%	
Neutral	1	4.76%	
Disagree	0	0.00%	
Strongly Disagree	0	0.00%	
Total	21	100.00%	

I attended TPFA training sessions in the past.

Yes	13	61.90%	61.90%
No	8	38.10%	
Total	21	100.00%	

I found TPFA training sessions useful.

Strongly Agree	7	53.85%	92.31%
Agree	5	38.46%	
Neutral	1	7.69%	
Disagree	0	0.00%	
Strongly Disagree	0	0.00%	
Total	13	100.00%	

COMBINED TOTALS BY CATEGORY TYPE

Strongly Agree	170	45.45%	95.72%
Agree	188	50.27%	
Neutral	8	2.14%	
Disagree	8	2.14%	
Strongly Disagree	0	0.00%	
Total	374	100.00%	

TOTAL NUMBER OF RESPONSES RECEIVED	**21**