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. In the current biennium, the agency is authorized a maximum of 14 FTEs. All agency personnel are located in the William P. Clements State Office Building, Austin, Texas. 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. Over the last several years, 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.

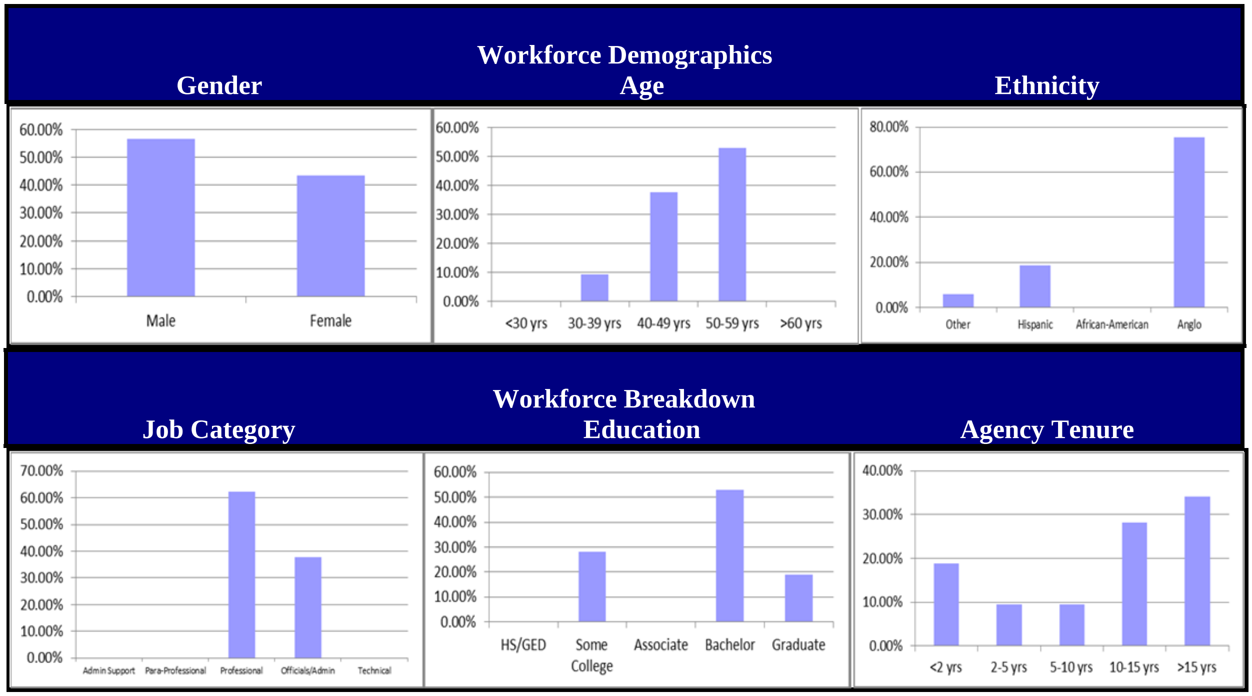
II. Current Workforce Profile (Supply Analysis)

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 and more technically proficient staff expertise in municipal finance to meet the challenges in today's global financial market. Staff must have access to the same information that is available to experts in private industry in order to offer to the Authority's board of directors, the best advice and affirm that the best financial decisions are made for the Authority's debt issuances. With the increased scrutiny and demand by regulatory agencies including the Municipal Securities Rulemaking Board, the Securities and Exchange Commission, and the Internal Revenue Service, 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. While technology may help lessen certain burdens on staff resources; additional training and technical resources must be dedicated to this area to ensure that staff may efficiently and proficiently use automated tools.

B. Workforce Demographics

The following charts illustrate the agency's workforce demographics consisting of classified full-time, part-time, and exempt employees as of August 31, 2013. The Authority has 10.625 employees, including 4 officials and 6.625 professionals. The agency's workforce is diverse, as indicated by its ethnic composition including two Hispanics, eight Anglos and .625 Asians, of which, 56.7 percent are male and 43.53 percent are female. Approximately 90.59% of the agency's personnel are over the age of forty. Approximately 71.8 percent of the workforce has at least five years of service with the agency, of which, 9.41 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 18.2 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 in order 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

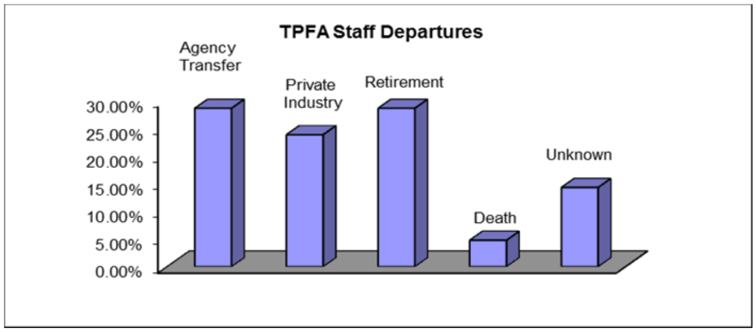
As the workforce demographic analysis indicates, 71.76 percent of the Authority's workforce have college degrees with approximately 19 percent of these holding graduate degrees. Currently, 28.24 percent of the agency's workforce does not possess college degrees; however, all of those employees have some 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 within available resources, the Authority does provide employees with opportunities for continuing professional education and on-the-job training through seminars and conferences.

D. Employee Turnover

Turnover is an important issue in any organization but 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. Turnover may become especially crucial to the Authority in the next five years when retirement could cost the agency some of its most experienced and skilled 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.

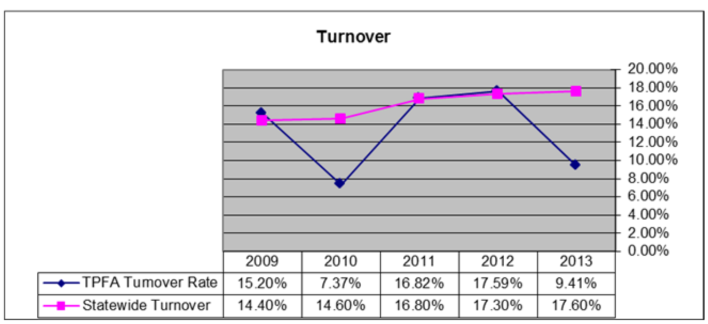
Since the agency began tracking staff departures in 1998, twenty-one individuals have terminated employment with the Authority for a variety of reasons. As depicted in the graph below, approximately 29 percent of these employees separated from the Authority to take positions at other state agencies and, while this is a loss for the agency, it serves as an overall benefit to the state because the initial training investment is preserved. Six employees, representing approximately 29 percent of the twenty-one departures, represent staff having 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 24 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 adjustments, legislative initiatives that consolidate or outsource functions, retirement eligibility within the existing workforce, and increased monitoring and compliance responsibilities as a result of greater municipal finance industry 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.



	2009	2010	2011	2012	2013
TPFA Turnover Rate	15.20%	7.37%	16.82%	17.59%	9.41%
Statewide Turnover	14.40%	14.60%	16.80%	17.30%	17.60%

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

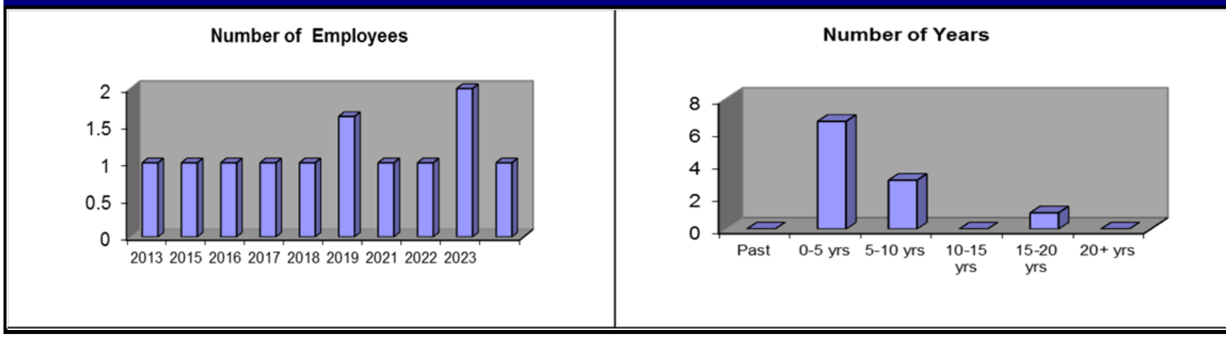
The Authority enjoyed the benefit of remaining below the statewide turnover rate in two of the last five years. The 2009 spike and the 2011 elevation occurred following two retirements and a vacancy in the executive director position. In 2012, the agency experienced an increase to just above the statewide average following turnover in two additional positions. The Authority continues to make flexible schedules and telecommuting opportunities available to staff, and to authorize tuition reimbursement when the budget has allowed. However, as agency personnel reach retirement eligibility, there is no incentive that the agency can offer to encourage these employees to defer retirement

E. Retirement Eligibility

Since 1998, six of the twenty-one 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. In the short term, it is not anticipated that retirements will account for a significant number of separations, however, 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 more advanced skill set or job duties may be 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 five years, the majority of the Authority's workforce will become eligible to retire. 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 the system in FY2015 will create efficiencies in preparing and responding to information requests, and enhance staff's ability to monitor and manage debt through the debt lifecycle. The project lifecycle begins when a client agency need to finance a project is identified and the cycle ends with the retirement of debt that financed that particular project.

The increasing use of technology in all aspects of the Authority's workplace is critical to the achievement of the Authority's mission and will include: 1) replacing paper documents with electronic media; 2) increased security measures for data protection; 3) future implementation of the state's enterprise resource planning solution, ProjectONE; and, 4) as described above the automation of the Authority's debt management function. This effort will require the agency to provide appropriate employee training and will require improvement in business processes and the possible restructuring of business units. These trends will increase the workload of information technology staff, and 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 compliment 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 debt authorization by future legislatures or additional mandates in federal compliance or reporting laws related to municipal finance.
- Ongoing and progressive technological advancements to modernize the Authority's debt management function will change the way many job functions are performed.

B. *Expected Workforce Changes*

- Implementation of a new information technology solution for debt management will require that employees have advanced technology skills.
- Increasing oversight by state agencies and federal regulatory mandates 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 automating certain functions.
- Increases in the number of conduit issuances for charter schools and other increases in debt authorization will shift agency resources to meet this challenge.
- 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 incentivized by market pay for accumulating knowledge, skills and ability will result in 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 automating certain functions and may require additional FTE resources Increased post issuance monitoring and compliance requirements throughout the debt life cycle may also require additional FTE resources.
- Future technological enhancements to general ledger, budgeting and electronic procurement systems with the implementation of ProjectONE and to maintain information sharing and reporting requirements with the Comptroller of Public Accounts and state and federal oversight agencies may lead to efficiencies but also require additional FTE resources.

D. *Future Workforce Skills Needed*

To fully exploit necessary 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 municipal 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 vacant in the future due to attrition, the agency may consider hiring individuals with the potential for advancement within the organizational structure. 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 to maintain the tax exempt status of the outstanding debt.

Two critical 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. With current financial resources Authority cannot match the compensation of similar positions offered at other state agencies, particularly agencies and institutions of higher education that issue debt or manage investments. With respect to workforce compensation, the Authority is squeezed from three directions: 1) limited agency salary budget; 2) employee related costs that are borne by the agency, reducing funds that could be used for merit and promotion pay ; and 3) the salary cap for the agency's exempt position creates salary compression for managers, professionals and line staff. Authority employees, who otherwise may have a high degree of job satisfaction, have left the agency in order to sustain their career development and to enjoy higher compensation.

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 deploy 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 bond proceeds monitoring 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 expanding regulatory environment. 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	Enhance current workforce stability 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 within its current workforce. • Continue agency-wide cost effective cross training initiatives. • 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, particularly debt issuers and investment pools.
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	• Secure additional financial resources through the legislative appropriations process 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 function.
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 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 personnel 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 and 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 internship opportunities. • Provide ongoing training both 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

Texas Public Finance Authority
Organizational Chart
as of 8/31/2013

Texas Public Finance Authority
Board of Directors

Charter School Finance Corporation
Board of Directors

Robert P. Coalter, Executive Director
Board Relations
Bond Transactions
Agency Operations

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

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

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

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

Finance

John Barton
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

Budget

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

Accounting/Purchasing

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

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

Bond Admin Assistant

Vacant

*3/4 position effective 9/1/07