



**TEXAS VETERANS LAND BOARD
SPECIAL CALLED MEETING**

October 19, 2023

The Honorable Dawn Buckingham, M.D.

Chair

Rear Admiral (Ret.) Judson Scott

Member

Mr. James Rothfelder

Member

Tony Dale

Executive Secretary

Dawn Buckingham, M.D.
Commissioner, General Land Office
Chairwoman

James Rothfelder
Board Member



Tony Dale
US Army Veteran
Executive Secretary

Judson Scott
Rear Admiral, US Navy (Retired)
Board Member

TEXAS VETERANS LAND BOARD

NOTICE OF SPECIAL CALLED MEETING

The Texas Veterans Land Board will conduct a special called meeting to be held in person on October 19, 2023, at 10:00 A.M. at the Stephen F. Austin Building, 1700 N. Congress Ave., Room 170, in accordance with the Texas Government Code §551 (Open Meetings Act).

Access to the meeting by members of the public will be published in advance in the Texas Register in accordance with the Texas Open Meetings Act. A link to access the meeting via video conference call will be posted on the Texas General Land Office's website on the morning of the meeting.

Any member of the public who wishes to address the Veterans Land Board on a matter within the authority of the Veterans Land Board should indicate so at the start of the meeting or during any public comment period.

AGENDA

I. OPEN MEETING

to commence at 10:00 a.m.

1. Call to order
 - a. Roll call/quorum established
 - b. Pledge of Allegiance to United States and Texas
 - c. Invocation
 - d. Presentation to Chaplain by Chair
2. Approval of minutes from the Special Called meeting of July 24, 2023.
3. Citizen communication (Three Minutes each. No deliberations with the Board. The Board may respond only with factual statements, recitation of existing policy, and requests for an item to be placed on a future Agenda.)
4. Chair and Board Member Opening Comments.
5. Veterans Land Board Land and Housing
 - a. Consideration and possible action to set aside bids received from the Online Bidding Forfeited Land Sale held October 12, 2023, on any tract where the account holder is making an appeal.
 - b. Consideration and possible action to accept and award all qualified high bids received from the Online Bidding Forfeited Land Sale held October 12, 2023.

- c. Consideration and possible action on request to forfeit Veterans Land Board delinquent land accounts and accounts involved in tax suits.
 - d. Consideration and possible action to set the next Quarterly Electronic Forfeited Land Sale bidding period to begin December 11, 2023, through January 25, 2024, at 5:00 p.m.
 - e. Consideration and possible action on delegation of authority to the Executive Secretary to raise home loan maximum amount to match the Veterans Administration (VA) and Federal Housing Finance Agency (FHFA) limits.
6. Veterans Land Board Bond Funds Management
- a. Quarterly financial report.
 - b. Consideration and possible action on revision of Investment Policy Statement and providing for other matters relating to the subject.
 - c. Consideration and possible action on loan rates in the Veterans Housing Assistance Program and Veterans Land Program, and other matters in connection therewith.
7. Texas State Veterans Cemeteries
- a. Report on cemetery operations and introduction of program staff.
 - b. Consideration and possible action on eligibility for cemetery services to members of the Texas Military Forces killed on state active duty or during state training or other duty.
 - c. Consideration and possible action on delegation of authority to the Executive Secretary to execute a contract with the City of Killeen for an operations and management contract for the Central Texas State Veterans Cemetery.
8. Texas State Veterans Homes
- a. Report on state veteran home operations to include status of construction and pending opening of the Tuskegee Airmen State Veterans Home in Fort Worth.
9. Internal Audit
- a. Report on results of Texas State Veterans Cemetery Operations Contract Management audit.
 - b. Consideration and possible action to delegate authority to the Executive Secretary to issue a solicitation for audit services and execute a contract for audit services and notification to the Board of FY2024 Audit Plan.
10. Construction Services
- a. Consideration and possible action on an amendment to the major contract policy.
 - b. Consideration and possible action on delegation of authority to the Executive Secretary to execute job order contracts for heating, ventilation, and air conditioning (HVAC) upgrades at Texas State Veterans Homes.
 - c. Consideration and possible action on a job order contract on Project #121008-COV4, in the amount of \$2,303,000 with Basic SDV for HVAC Upgrade/Isolation Wing & HEPA Filtration at Watkins-Logan Home in Tyler, Texas.

11. Executive Secretary Report

- a. Report on Veterans Land Board operations.
- b. Consideration and possible action on board policies.
- c. Consideration and possible action to select Robert Miri as Board Secretary.
- d. Consideration and possible action to select Darren Fitz Gerald as Assistant Executive Secretary.

II. EXECUTIVE SESSION

In accordance with Chapter 551, Government Code, the Texas Veteran Land Board will now convene in Executive Session pursuant to the following provisions of the Texas Open Meetings Act, Chapter 551, of the Texas Government Code:

- a. Section 551.071 - Consultation with attorney regarding issues concerning construction and warranty at the Richard A. Anderson Texas State Veterans Home in Houston, Texas.

The Board Reconvenes into Open Meeting.

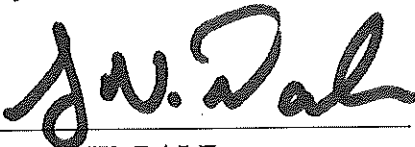
12. Chair and Board Member Closing Comments.

13. Adjournment

An unscheduled Closed Executive Session may be called to discuss any item on this posted agenda provided it is within one of the permitted categories under Chapter 551 of the Texas Government Code.

The above agenda schedule represents an estimate of the order for the indicated items and is subject to change at any time. All agenda items are subject to final action by the Board. Separate agenda items may be combined and discussed together at the discretion of the Chair. Any final action, decision, or vote on a matter deliberated in Closed Executive Session shall be made in an open meeting pursuant to the Texas Open Meetings Act, Chapter 551 of the Texas Government Code. Certain information may be presented to and by the Board, under the headings of "Citizen Communications", and "Board Comments" however, by law, the Board shall not discuss, deliberate, or vote upon such matters except that a statement of specific factual information, a recitation of existing policy, and deliberations concerning the placing of the subject on a subsequent agenda may take place. The General Counsel has approved the Executive Session Item on this agenda.

The Texas Veterans Land Board meeting room is wheelchair accessible and accessible parking spots are available. Requests for accommodation or interpretive services must be made 48 hours prior to this meeting. Please contact (800)998-4456 for further information.



ANTHONY W. DALE
Executive Secretary

Opening

Call to Order

Roll/Quorum Established

Pledge of Allegiance (U.S. and Texas)

Invocation

2. Approval of minutes from the Special Called meeting July 24, 2023



TEXAS VETERANS LAND BOARD
SPECIAL CALLED MEETING
Monday, July 24, 2023, 2:00 p.m.
1701 Congress Avenue, Room 170, Austin, TX 78701

1. Opening
 - a. Acting Chair Mark Havens call the meeting to order at 2:00 p.m.
 - b. The Chair declared a quorum present.

Acting Chair Mark Havens
Board Member Judson Scott
Board Member James Rothfelder
Also present, Executive Secretary Tony Dale
 - c. The Chair led the Pledge of Allegiance to the U.S. and Texas flag.
 - d. Invocation was led by Robert Miri - U.S. Army and U.S. Navy veteran.
2. Approval of the minutes from the regular Board meeting of April 25, 2023. Approved with no objections.
3. Approval of the minutes from the special called Board meeting of May 23, 2023. Approved with no objections.
4. Citizen Communications. No members of the public testified during citizen communications.
5. Chair and Board Member Opening Comments. No members made comments.
6. Consideration and possible action to set aside bids received from the Online Bidding Forfeited Land Sale held July 20, 2023, on any tract where the account holder is making an appeal. No action taken.
7. Consideration and possible action to accept and award all qualified high bids received from the Online Bidding Forfeited Land Sale held July 20, 2023. The motion was made by Mr. Scott and seconded by Mr. Rothfelder, to approve item 7, according to staff recommendations. The motion carried unanimously.
8. Consideration and possible action on request to forfeit VLB delinquent land accounts. The motion was made by Mr. Scott and seconded by Mr. Rothfelder, to approve item 8, according to staff recommendations. The motion carried unanimously.

9. Consideration and possible action on request to Order for Sale land tracts that may be included in the next Online Bidding Forfeited Land Sale. The motion was made by Mr. Rothfelder, and seconded by Mr. Scott to approve item 9, according to staff recommendations. The motion carried unanimously.
10. Consideration and possible action to set the next Quarterly Electronic Forfeited Land Sale bidding period to begin September 5, 2023, through October 12, 2023, at 5:00 p.m. The motion was made by Mr. Scott and seconded by Mr. Rothfelder, to approve item 10, according to staff recommendations. The motion carried unanimously.
11. Consideration and possible action on Forfeited Land Sale Tract 14866 Bowie County. The motion was made by Mr. Scott and seconded by Mr. Rothfelder, to approve item 11, according to staff recommendations. The motion carried unanimously.
12. Consideration and possible adoption of a resolution authorizing interest rate swap transactions relating to bonds issued, or to be issued, in connection with the Veterans Land Program or the Veterans Housing Assistance Program and providing for other matters relating to the subject. The motion was made by Mr. Rothfelder, and seconded by Mr. Scott, to approve item 12, according to staff recommendations. The motion carried unanimously.
13. Consideration and possible adoption of a resolution authorizing the issuance and sale of State of Texas Veterans Bonds, Taxable Series 2024, in one or more series and installments, in an aggregate principal amount not to exceed \$250,000,000, and providing for other matters relating to the subject. The motion was made by Mr. Scott and seconded by Mr. Rothfelder, to approve item 13, according to staff recommendations. The motion carried unanimously.
14. Consideration and possible adoption of a resolution authorizing liquidity facilities relating to bonds issued, or to be issued, in connection with the Veterans Land Program or the Veterans Housing Assistance Program and providing for other matters relating to the subject. The motion was made by Mr. Rothfelder, and seconded by Mr. Scott, to approve item 14, according to staff recommendations. The motion carried unanimously.
15. Consideration and possible adoption of a resolution authorizing the issuance and sale of tax-exempt State of Texas Veterans Bonds, Series 2024, in one or more series and installments, in an aggregate principal amount not to exceed \$250,000,000, and providing for other matters relating to the subject. The motion was made by Mr. Scott and seconded by Mr. Rothfelder, to approve item 15, according to staff recommendations. The motion carried unanimously.
16. Consideration and possible approval for the delegated authority to contract for furnishings for the Tuskegee Airmen Texas State Veterans Home, Fort Worth, Texas (GLO Contract No. 24-057-000-E115). The motion was made by Mr. Scott and

seconded by Mr. Rothfelder, to approve item 16, according to staff recommendations. The motion carried unanimously.

17. Consideration and possible action on a five-year contract with Bracewell LLP for outside counsel services related to VLB Bonds (GLO Contract No. 24-019-000-E003). The motion was made by Mr. Scott and seconded by Mr. Rothfelder, to approve item 17, according to staff recommendations. The motion carried unanimously.
 18. Consideration and possible action on a five-year contract with Stifel, Nicolaus & Company, Incorporated for financial advisory services related to VLB Bonds (GLO Contract No. 24-010-000-D924). The motion was made by Mr. Scott and seconded by Mr. Rothfelder, to approve item 18, according to staff recommendations. The motion carried unanimously.
 19. Consideration and possible action on the FY24 Budget (Year 3 of 3) for the Interlocal Cooperation Agreement for the operation of the Rio Grande Valley State Veterans Cemetery with the City of Mission (GLO Contract No. 21-049-000-C607). The motion was made by Mr. Scott and seconded by Mr. Rothfelder, to approve item 19, according to staff recommendations. The motion carried unanimously.
 20. Consideration and possible action on a 3-year extension of the Interlocal Cooperation Agreement with Nueces County for the operation of the Coastal Bend State Veterans Cemetery at Corpus Christi in the amount of \$2,700,000 (GLO Contract No. 21-111-000-050). The motion was made by Mr. Rothfelder, and seconded by Mr. Scott, to approve item 20, according to staff recommendations. The motion carried unanimously.
 21. Consideration and possible action naming the new State Veterans Cemetery in Lubbock as the West Texas State Veterans Cemetery. The motion was made by Mr. Scott and seconded by Mr. Rothfelder, to approve item 21, according to staff recommendations. The motion carried unanimously.
 22. Consideration of and possible action on delegation of authority to execute a contract to establish the West Texas State Veterans Cemetery in Lubbock (GLO Contract No. 24-018-000-D981). The motion was made by Mr. Rothfelder, and seconded by Mr. Scott, to approve item 22, according to staff recommendations. The motion carried unanimously.
 23. Consideration of and possible action on delegation of authority to execute a contract to expand the Coastal Bend State Veterans Cemetery (GLO Contract No. 24-007-0000908). The motion was made by Mr. Scott and seconded by Mr. Rothfelder, to approve item 23, according to staff recommendations. The motion carried unanimously.
 24. Texas State Veterans Cemetery Program Quarterly Update. No action was taken on this item.
18. Chair and Board Member Closing Comments. No members made comments.

19. Adjournment. There being no further business before the Veterans Land Board, the meeting was adjourned at 2:45 p.m.

ATTEST:

APPROVED:

Anthony Dale
Executive Secretary

Judson Scott
Board Member

3. Citizen communication (Three Minutes each. No deliberations with the Board. The Board may respond only with factual statements, recitation of existing policy, and requests for an item to be placed on a future Agenda.)

4. Chair and Board Member Opening Comments

Item 5 Veterans Land Board Land and Housing

- a. Consideration and possible action to set aside bids received from the Online Bidding Forfeited Land Sale held October 12, 2023, on any tract where the account holder is making an appeal.
- b. Consideration and possible action to accept and award all qualified high bids received from the Online Bidding Forfeited Land Sale held October 12, 2023.
- c. Consideration and possible action on request to forfeit Veterans Land Board delinquent land accounts and accounts involved in tax suits.
- d. Consideration and possible action to set the next Quarterly Electronic Forfeited Land Sale bidding period to begin December 11, 2023, through January 25, 2024, at 5:00 p.m.
- e. Consideration and possible action on delegation of authority to the Executive Secretary to raise home loan maximum amount to match the Veterans Administration (VA) and Federal Housing Finance Agency (FHFA) limits.



MEMORANDUM

TEXAS VETERANS LAND BOARD • CHAIRWOMAN DAWN BUCKINGHAM, M.D.

Date: October 19, 2023

To: Dawn Buckingham, M.D., Chairwoman
Judson Scott, Member
James Rothfelder, Member

From: Raul Gonzales, Deputy Director of Land & Housing

Subject: Agenda Item 5a - Consideration and possible action to set aside bids received from the Online Bidding Forfeited Land Sale held October 12, 2023, on any tract where the account holder is making an appeal.

RECOMMENDATION: There were no appeals submitted; therefore, Agenda Item 5a is non-action item.



MEMORANDUM

TEXAS VETERANS LAND BOARD • CHAIRWOMAN DAWN BUCKINGHAM, M.D.

Date: October 19, 2023

To: Dawn Buckingham, M.D., Chairwoman
Judson Scott, Member
James Rothfelder, Member

From: Raul Gonzales, Deputy Director of Land & Housing

Subject: Agenda Item 5b - Consideration and possible action to accept and award all qualified high bids received from the Online Bidding Forfeited Land Sale held October 12, 2023.

RECOMMENDATION: Staff recommends that the Board award all high bids that meet qualifications for the land program.

BACKGROUND: There were four tracts offered during the Forfeited Land Sale online bidding period from September 5, 2023, through October 12, 2023. A total of _____ bids were received resulting in four high bids totaling \$_____.

(Note: The bids close after the publication of the meeting packet printing. Details will be provided at the October 19, 2023, meeting.)



MEMORANDUM

TEXAS VETERANS LAND BOARD • CHAIRWOMAN DAWN BUCKINGHAM, M.D.

Date: October 19, 2023

To: Dawn Buckingham, M.D., Chairwoman
Judson Scott, Member
James Rothfelder, Member

From: Raul Gonzales, Deputy Director of Land & Housing

Subject: Agenda Item 5c - Consideration and possible action on request to forfeit Veterans Land Board delinquent land accounts and accounts involved in tax suits.

RECOMMENDATION: Staff recommends that the Board take forfeiture action on the Resolutions before you, except on accounts where sufficient funds are received to avoid that action.

PURPOSE: For consideration and approval of forfeiture on five accounts that are being presented for forfeiture action today. Four of the five accounts are being recommended for forfeiture due to non-payment of principal and interest and the remaining account is being recommended for forfeiture due to delinquent property taxes. A tax suit has been filed by the Dawson Independent School District against the account holder.

BACKGROUND: All living account holders have been contacted and have been given an opportunity to either bring the account current or make payment arrangements. For individuals that are deceased we continue to make efforts to communicate with the designated contacts. Up to this date, we have not been successful in reaching an agreement with the account holders being presented today.

RESOLUTION OF FORFEITURE
DELINQUENT TAXES AND
CONTRACT VIOLATIONS

WHEREAS, the Veterans Land Board of the State of Texas made and entered into contracts, or approved the transfer thereof, under the provisions of Chapter 318, Acts of the 51st Legislature, 1949, as amended, with the following named contract-holders on the dates indicated:

NAME	ACCOUNT NUMBER VLB/DMI	COUNTY OF LAND	CONTRACT DATE	PRIN BAL	DELINQ TAX AMOUNT
R. Hawthorne	120714/3800080131	Navarro	12/30/1986	\$348.86	\$15,375.99

WHEREAS, under Section 175.8 (g) of the rules of the Texas Veterans Land Board, all taxes (County, School, Water District, City, or any other tax) shall be kept current. Evidence of their payment is to be submitted by May 1 of each year;

WHEREAS these contract-holders have failed and refused to comply with the rules of the Veterans Land Board relating to the payment of taxes;

AND WHEREAS, in compliance with the Statutes and Rules in such case made and provided, notice of such delinquency and/or default and impending forfeiture has been given to each of these contract-holders at his last known address at least thirty days previous to this date;

NOW THEREFORE, BE IT RESOLVED by the Veterans Land Board of the State of Texas that the Chairman be and is hereby directed to endorse upon the wrappers containing the papers of each of the above-referenced sales or upon each purchase contract filed in the office of the Texas Veterans Land Board the word "Forfeited", with the date of this action, and to sign the same officially, effective **October 19, 2023**.

I, Anthony W. Dale, Executive Secretary, of the Texas Veterans Land Board, do hereby certify that the foregoing is a true and correct copy of a resolution appearing in the minutes of the Veterans Land Board meeting held **October 19, 2023**.

Anthony W. Dale, Executive Secretary
Texas Veterans Land Board

_____ Legal

Sworn to and subscribed before me by the above party this _____ day of _____, _____.

Notary Public in and for the State of Texas

RESOLUTION OF FORFEITURE MONTHLY ACCOUNTS

WHEREAS, the Veterans Land Board of the State of Texas made and entered into contracts, or approved the transfer thereof, under the provisions of Chapter 318, Acts of the 51st Legislature, 1949, as amended, with the following named contract-holders on the dates indicated:

CONTRACT HOLDER	ACCOUNT NUMBER	COUNTY OF LAND	SALE DATE	DELINQ AMOUNT	PAYMENTS DELINQ	LOAN AMOUNT	PRINCIPAL BALANCE
R. DE LOS SANTOS	150610	DUVAL	11/18/1997	\$1,638.00	6	\$38,000.00	\$8,433.10
D. GUYNES	152382	MATAGORDA	10/29/1998	\$855.00	5	\$23,750.00	\$8,447.92
P. LOWERY	154254	CHEROKEE	12/8/1999	\$763.00	7	\$17,575.00	\$6,674.07
J. SANCHEZ	158178	MEDINA	10/18/2002	\$1,074.00	6	\$35,150.00	\$12,606.52

AND WHEREAS, these contract-holders have failed and refused to make payments of principal and interest due on such contracts,

AND WHEREAS, in compliance with the Statutes in such case made and provided, notice of such delinquency and/or default and impending forfeiture has been given to each of these contract-holders at his/her last-known address at least thirty days previous to this date;

NOW THEREFORE, BE IT RESOLVED by the Veterans Land Board of the State of Texas that the Chairman be and is hereby directed to endorse upon the wrappers containing the papers of each of the above-referenced sales or upon each purchase contract filed in the office of the Veterans Land Board the word 'Forfeited', with the date of this action, and to sign the same officially, effective October 19, 2023.

I, Anthony W. Dale, Executive Secretary, of the Texas Veterans Land Board, do hereby certify that the foregoing is a true and correct copy of a resolution appearing in the minutes of the Veterans Land Board meeting held October 19, 2023.

 Anthony W. Dale, Executive Secretary
 Texas Veterans Land Board

_____ Legal

Sworn to and subscribed before me by the above party this _____ day of _____, _____.

 Notary Public in and for Travis County, Texas



MEMORANDUM

TEXAS VETERANS LAND BOARD • CHAIRWOMAN DAWN BUCKINGHAM, M.D.

Date: October 19, 2023

To: Dawn Buckingham, M.D., Chairwoman
Judson Scott, Member
James Rothfelder, Member

From: Raul Gonzales, Deputy Director of Land & Housing

Subject: Agenda Item 5d - Consideration and possible action to set the next Quarterly Electronic Forfeited Land Sale bidding period to begin December 11, 2023, through January 25, 2024, at 5:00 p.m.

RECOMMENDATION: Staff recommends that the Board set the next Quarterly Electronic Forfeited Land Sale bidding period to begin December 11, 2023, at 8:00 a.m. with a bidding deadline of January 25, 2024, at 5:00 p.m. Staff is also requesting the Board's authority to pull any account that reinstates prior to the sale date.

PURPOSE: For consideration and approval of listing all eligible tract at the next Quarterly Electronic Forfeited Land Sale.



MEMORANDUM

TEXAS VETERANS LAND BOARD • CHAIRWOMAN DAWN BUCKINGHAM, M.D.

Date: October 19, 2023

To: Dawn Buckingham, M.D., Chairwoman
Judson Scott, Member
James Rothfelder, Member

From: Raul Gonzales, Deputy Director of Land & Housing

Subject: Agenda Item 5e - Consideration and possible action on delegation of authority to the Executive Secretary to raise home loan maximum amount to match the Veterans Administration (VA) and Federal Housing Finance Agency (FHFA) limits.

RECOMMENDATION: Staff is recommending that the limit in the Veterans' Housing Assistance Program (VHAP) be increased from its current maximum of \$726,200 to the maximum amount allowable for a similar home mortgage loan through the United States Department of Veterans Affairs (VA) and the Federal Housing Finance Agency (FHFA) beginning with rate locks issued on and after January 1, 2024, or whatever date the VA increases their maximum allowable mortgage loan amount, but no earlier than January 1, 2024.

BACKGROUND: As shown in the table below, the loan limit in the VHAP has increased several times from its original \$20,000 amount to today's current limit of \$726,200.

YEARS	VHAP LOAN LIMIT
1983	\$20,000
1991	\$45,000
1999	\$150,000
2002	\$200,000
2003	\$240,000
2006	\$325,000
2012	\$417,000
2017	\$424,100
2018	\$453,100
2019	\$484,350
2020	\$510,400
2021	\$548,250
2022	\$647,200
2023	\$726,200
2024	VA Maximum Loan Limit

The increase in 1999 from \$45,000 to \$150,000 followed the passage of legislation that amended Chapter 162, Texas Natural Resources Code, to provide that the Board's maximum loan amount could not exceed the "maximum amount allowable for a similar home mortgage loan through the United States Department of Veterans Affairs (VA)". Effective January 1, 2020, the VA, in accordance with the "Blue Water Navy Vietnam Act" removed their maximum loan limit for a home mortgage loan. VA home loan limits are the same as the Federal Housing Finance Agency (FHFA) limits. These are called conforming loan limits.

The Federal Housing Finance Agency (FHFA) establishes their conforming loan limits on annual basis, by comparing year-over-year home price changes. FHFA compares third-quarter home prices from the previous year to third-quarter prices for the current year to set next year's loan limits, which go into effect on January 1 of each year. In order to calculate the conforming loan limits for 2024, FHFA needs the house pricing data through September 2023. This quarterly data will not be released until late November. However, based on second quarter data for 2023, the conforming loan limit may increase from \$726,200 in 2023 to \$754,400 in 2024.

6. Veterans Land Board Bond Funds Management

- a. Quarterly financial report.
- b. Consideration and possible action on revision of Investment Policy Statement and providing for other matters relating to the subject.
- c. Consideration and possible action on loan rates in the Veterans Housing Assistance Program and Veterans Land Program, and other matters in connection therewith.



MEMORANDUM

TEXAS VETERANS LAND BOARD • CHAIRWOMAN DAWN BUCKINGHAM, M.D.

Date: October 19, 2023

To: Dawn Buckingham, M.D., Chairwoman
Judson Scott, Member
James Rothfelder, Member

From: John Barton, Director of VLB Bond Funds Management

Subject: Agenda Item 6a - Quarterly financial report

Loan Demand – Housing and Home Improvement

Housing Loans totaled \$792.9 million in fiscal year 2023 compared to \$518.3 million in Fiscal Year 2022, an increase of 53%. The number of loans during the fiscal year 2023 was 2,011 compared to 1,399 loans, an increase of 43%. Demand for FY2023 averaged \$66 million per month which is above the "normal" demand of \$50 million per month.

New loan funding commitments (a commitment is the initial agreement, valid for 90 days, to fund a loan) over the August and September timeframe indicate that a return to a more normal demand of \$400-\$500 million annually is occurring as interest rates near 7%.

Home Improvement Loans totaled \$2.8 million in fiscal year 2023 which was a decrease of 22% from fiscal year 2022. The number of loans during the fiscal year 2023 was 124 compared to 140 loans in fiscal year 2022, a decrease of 11%.

Housing Rate Setting Process

Our current weekly rate-resetting process revolves around setting a "base" rate that is 15-150 basis points below our benchmark. Eligible disabled borrowers are then allowed a 50-basis point reduction to the "base" rate. Fiscal Year 2023 base rates averaged 6.18% while fiscal year 2022 base rates averaged 3.87%. This difference is caused by the historic interest rate increases seen at the end of calendar year 2022 through 2023.

Loan Demand - Land

Land loans totaled \$87.4 million in fiscal year 2023 which was an increase of 1% from fiscal year 2022. The number of loans during the fiscal year 2023 was 811 compared to 846 loans in fiscal year 2022, a decrease of 4%.

The current interest rate for the land program is 6.95%. An increase to 7.25% is proposed in a separate agenda item to coincide with the general increase in interest rates.



Fiscal Year 2023 Loan Summary Report

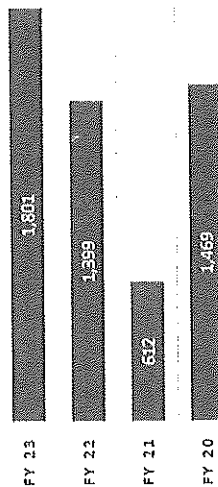
HOUSING LOANS

\$792.9 Million

FY 2023

(53% increase from
FY 2022 - \$518.2Million)

Total Housing Assistance Loans



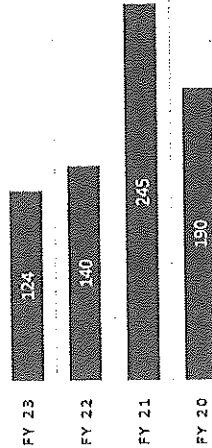
HOME IMPROVEMENT LOANS

\$2.8 Million

FY 2023

(22% decrease from
FY 2022 - \$3.6Million)

Total Number of Home Improvement Loans



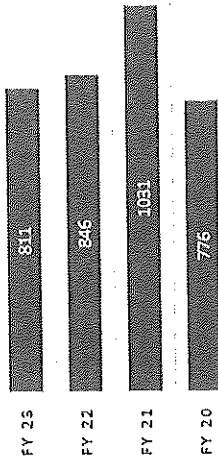
LAND LOANS

\$87.4 Million

FY 2023

(1% increase from
FY 2022 - \$86.5Million)

Total Number of Land Loans





MEMORANDUM

TEXAS VETERANS LAND BOARD • CHAIRWOMAN DAWN BUCKINGHAM, M.D.

Date: October 19, 2023

To: Dawn Buckingham, M.D., Chairwoman
Judson Scott, Member
James Rothfelder, Member

From: John Barton, Director of VLB Bond Funds Management

Subject: Agenda Item 6b - Consideration and possible action on revision of Investment Policy Statement (IPS) and providing for other matters relating to the subject.

Recommendation: The Board approve the revisions to the IPS as presented in the attached.

The current IPS was last revised January 24, 2019, and references to board members, service providers and staff positions are proposed to be updated to reflect that VLB Bond Funds Management are responsible for the investments related to the VLB programs.

While the IPS gives the authority for VLB Bond Funds Management to actively invest the funds of the program, over the last 12 months as investments mature the proceeds have been transferred to the State of Texas Treasury Pool. Most of the funds available for investment are restricted on the amount of return due to being funded with tax-exempt bond proceeds. The steep rise in interest rates has created an environment where the earnings from the Treasury Pool are at or near the allowable earnings rate.

VLB Bond Funds Management anticipates funds to remain invested in the Treasury Pool in the near term. A history of rates earned by the Treasury Pool is below:

Month	Rate
July 2023	4.619%
September 2022	2.368%
September 2021	0.231%
September 2020	0.613%
September 2019	2.275%

SERVING TEXAS VETERANS



VETERANS LAND BOARD

CHAIRWOMAN DAWN BUCKINGHAM, M.D.

Investment Policy Statement

of

the Texas Veterans Land

Effective: July 11, 2001

Updated:

April 18, 2006

September 1, 2007

March 24, 2015

January 24, 2019

October 19, 2023

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Purpose

The purpose of this investment policy statement (IPS) is to establish a prudent framework for investing the assets of the various programs managed by the Texas Veterans' Land Board (TVLB or Board). These programs include the Veterans' Land Program, Veterans' Housing Assistance Program, and Veterans' Financial Assistance Program.

The TVLB's investment program is defined in the sections of this IPS by:

- Stating the Board's objectives and guidelines for the investment of all TVLB assets.
- Establishing an investment structure for managing all TVLB assets. This structure includes various asset classes and acceptable ranges designed to maximize total return within specific diversification parameters, while ensuring required programmatic liquidity and cash flow needs.
- Establishing formalized criteria for evaluating performance results and presenting information to the Board on a regular basis.
- Complying with all fiduciary, prudence, and due diligence requirements employed by experienced investment professionals.
- Adhering to all applicable rules, regulations, and laws of various local, state, and federal entities that may impact TVLB assets.

This IPS describes the investment process that the Board deems appropriate and prudent for the management of all TVLB assets.

Background

The composite TVLB investment portfolio is an amalgamation of the investable assets allocable to various outstanding TVLB tax-exempt and taxable bond funds and associated reserve funds. The assets of each individual fund are managed separately, according to each fund's liquidity and cash flow needs, as well as each fund's applicable federal and state statutory restrictions.

The proceeds of TVLB bond issues are used primarily to fund loans to eligible Texas veterans toward the purchase of land and/or housing or toward making improvements to an existing residence. These proceeds are invested by the Board until used to fund loan purchases. The Board also invests the proceeds of bonds issued to construct long-term care facilities for eligible Texas veterans. In addition, any investment earnings and loan repayments or prepayments received by the Board that are not used to fund debt service on outstanding TVLB bonds, administrative expenses, or additional loan purchases are also invested by the Board.

Key Information:

TVLB Programs:

Veterans' Land Program
- *Veterans' Land Fund*

Veterans' Housing Assistance Program
- *Veterans' Housing Assistance Fund I*
- *Veterans' Housing Assistance Fund II*

Veterans' Financial Assistance Program
- *Veterans Home Revenue Bond Program*
- *Veterans Mortgage Revenue Bond Program*

TVLB Board Members:

As dictated by Article III, Section 49-b of the State Constitution, the Board is composed of the Commissioner of the General Land Office, who serves as Chair, and two other members, one of whom is well versed in veterans' affairs and one of whom is well versed in financial matters.

Current Board Members:

Dawn Buckingham, M.D., *Chairwoman*
Judson Scott
James Rothfelder

Custodian:

State Street Bank and Trust Company

Financial Advisor:

Stifel and Associates

Bond Counsel:

Bracewell LLP

Federal Tax ID:

72-2463347

Performance Benchmark:

The benchmark index will be a weighted composite index consisting of:

- 30% U.S. Treasury 91-Day Index, and
- 70% U.S. Treasury/Agency 1-3 Year Index.

Investment Objectives

The Board's general investment objective is to invest its assets in a manner that maximizes total return, while providing the liquidity and cash flow necessary to fund the programs it administers.

Return Requirements

The primary investment objective of the Board is to ensure the liquidity and cash flow necessary to fund loan purchases. The maximization of total return within the risk tolerance and investment constraints contained in this IPS is an important, but secondary, consideration.

Risk Tolerance

Preservation of principal is an important component of ensuring sufficient cash flow to fund loan purchases. This objective is accomplished primarily by controlling credit and interest rate risk.

Credit risk is controlled by investing in securities with high credit quality. These are typically securities rated "A" or better by a nationally recognized rating agency.

In the context of funding regular loan purchases, interest rate risk is controlled primarily by cash flow matching. This technique involves projecting cash flow needs and investing in securities that mature at or near the time of the projected cash flow requirements.

Investment Constraints

Time Horizon

The time horizon of the Board's composite investment portfolio should be flexible enough to allow for the inherent volatility in demand in its various loan programs.

Short-term liquidity and cash flow needs are very important during periods of high loan demand. Thus, during such periods, the overall time horizon will be very short (1 year or less). During periods of low loan demand, the overall time horizon will be short to intermediate (3 to 5 years). Reserve fund investments will typically have a time horizon greater than five years.

Liquidity

Due to the cash flow requirements of regular loan purchases, and the payment of TVLB debt service and administrative expenses, liquidity is a key investment constraint for the TVLB. Ample liquidity is ensured through cash flow matching and investing in high credit quality securities.

Depending upon market conditions, investments designed to ensure sufficient liquidity to meet programmatic needs may negatively affect the relative performance of the overall TVLB investment portfolio, when compared to the specified performance benchmark.

Regulation

The authority and direction for the investment of TVLB assets is defined by the Texas Constitution and the Texas Natural Resources Code. Federal tax law also dictates other restrictions on the investment of TVLB assets related to tax-exempt bond funds.

Veterans' Land Program

The Texas Constitution, Article III, Section 49-b, and the Texas Natural Resources Code, Chapter 161, Subchapter E, Sections 161.173, 161.1731, and 161.1732 direct and authorize the specific investment of monies held by the Board in the Veterans' Land Program.

Veterans' Housing Assistance Program

The Texas Constitution, Article III, Section 49-b, and the Texas Natural Resources Code, Chapter 162, Subchapter A, Sections 162.004, 162.0041, and 162.0042 direct and authorize the specific investment of monies held by the Board in the Veterans' Housing Assistance Program.

Veterans' Financial Assistance Program

The Texas Natural Resources Code, Chapter 164, Section 164.011, directs and authorizes the specific investment of monies held by the Board in the Veterans' Financial Assistance Program.

Taxes

Although the TVLB is exempt from taxation, all tax-exempt bond funds administered by the TVLB are subject to federal arbitrage/rebate regulations. Adherence to these regulations revolves primarily around ensuring compliance with yield restrictions on non-purpose investments allocated to tax-exempt bond issues.

Depending upon market conditions, investments made in tax-exempt bond funds designed to ensure compliance with mandated yield restrictions may negatively affect the relative performance of the overall TVLB investment portfolio, when compared to the specified performance benchmark.

Authorized Investments

Under Chapter 161, Section 161.173 and Chapter 162, Section 162.004, Texas Natural Resources Code, the following investments are authorized in the *Veterans' Land and Housing Assistance Programs*:

- A. direct security repurchase agreements and reverse security repurchase agreements made with state or national banks that have main offices or branch offices in this state or with primary dealers as approved by the Federal Reserve System;
- B. direct obligations of or obligations the principal and interest of which are guaranteed by the United States;
- C. direct obligations of or obligations guaranteed by the Federal Home Loan Banks, the Federal National Mortgage Association, the Federal Farm Credit System, the Student Loan Marketing Association, the Federal Home Loan Mortgage Corporation, or a successor organization to one of those organizations;

D. bankers' acceptances that:

1. are eligible for purchase by members of the Federal Reserve System;
2. do not exceed 270 days to maturity; and,
3. are issued by a bank that has received the highest short-term credit rating by a nationally recognized investment rating firm;

E. commercial paper that:

1. does not exceed 270 days to maturity; and,
2. has received the highest short-term credit rating by a nationally recognized investment rating firm;

F. contracts written by the Board in which the Board grants the purchaser the right to purchase securities in the Board's marketable securities portfolio at a specified price over a specified period and for which the Board is paid a fee and specifically prohibits naked-option or uncovered option trading;

G. obligations of a state or an agency, county, city, or other political subdivision of a state, including revenue bonds issued under Chapter 164, Texas Natural Resources Code, and mutual funds composed of these obligations. All obligations under this category, other than revenue bonds issued under Chapter 164, Texas Natural Resources Code, must be rated as to investment quality by a nationally recognized investment rating firm and must be rated not less than "A" or its equivalent. Municipal obligations of Texas will receive preferential treatment in the investment selection process;

H. an investment instrument, obligation, or other evidence of indebtedness the payment of which is directly or indirectly guaranteed by the full faith and credit of the United States;

I. an investment, account, depository receipt, or deposit that is fully:

1. insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or a successor organization to one of those organizations; or,
2. secured by obligations described by subsections (B), (C), or (H) of this section;

J. a collateralized mortgage obligation fully secured by securities or mortgages issued or guaranteed by the Government National Mortgage Association (GNMA) or any entity described by subsection (C) of this section;

K. a security or evidence of indebtedness issued by the Farm Credit System Financial Assistance Corporation, the Private Export Funding Corporation, or the Export-Import Bank;

L. mutual funds secured by obligations described by subsections (A)-(E) of this section, and,

- M. corporate debt obligations that are rated at least A or its equivalent by a nationally recognized statistical rating organization and mature in five years or less from the date on which the obligations were "acquired," as defined by the Securities and Exchange Commission in Rule 2a-7 (17 C.F.R. Section 270.2a-7).
- N. any other investment authorized for investment of state funds by the Comptroller under Section 404.024, Government Code, including:
 - 1. direct obligations of or obligations guaranteed by the Inter-American Development Bank, the International Bank for Reconstruction and Development (the World Bank), the African Development Bank, the Asian Development Bank, and the International Finance Corporation that have received the highest credit rating by a nationally recognized investment rating firm; and,
 - 2. bonds issued, assumed, or guaranteed by the State of Israel.

The following are not authorized investments:

- 1. obligations, the principal of which represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal;
- 2. obligations, the principal of which represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest;
- 3. collateralized mortgage obligations that have a stated final maturity date of greater than 10-years; and
- 4. collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the change in a market index.

No new investment authority granted to the Comptroller under Section 404.024 of the Government Code will be added to the approved TVLB investment list without first obtaining Board approval.

Regarding the *Veterans' Financial Assistance Program*, Chapter 164, Section 164.011(d), Texas Natural Resources Code states: "Money in a fund shall be invested in investments authorized as provided by a resolution or order of the Board."

Asset Allocation

Diversification is a fundamental consideration in structuring an investment portfolio. Diversifying a portfolio across several asset classes and across several different types of securities within a specific asset class serves to reduce the overall risk of a portfolio.

Since TVLB investments are limited by statute to only fixed-income securities, the asset allocation policy focuses only on diversification across several different types of authorized investments within the fixed-income asset class. The asset allocation parameters for the overall TVLB investment portfolio are as follows:

A. U.S. Treasury and Agency/Instrumentality Obligations

1. Portfolio Composition

A maximum of 100% of the market value of the total portfolio may be comprised of U.S. Treasury or agency/instrumentality obligations.

2. Limitations on Individual U.S. Agency/Instrumentality Obligations

A maximum of 20% of the market value of the total portfolio may be invested in any one federal agency/instrumentality.

3. Maturity Limitations

The maximum maturity of any U.S. Treasury or agency/instrumentality obligation shall be 30 years.

B. Repurchase Agreements (RP or Repo)

1. Portfolio Composition

A maximum of 30% of the market value of the total portfolio may be invested in direct repurchase agreements or reverse repurchase agreements.

Bond proceeds and investment proceeds allocable to bond issues may be invested in flexible or term repurchase agreements in order to meet yield restriction requirements.

2. Limitations on Individual Dealers

The TVLB may transact repurchase and reverse repurchase agreements only with state or national banks domiciled in this state or with primary dealers as approved by the Federal Reserve System, with a minimum capital requirement, as defined by the Federal Reserve's voluntary capital adequacy guidelines, of \$25 million. A maximum of 20% of the market value of the total portfolio may be invested with one dealer.

3. Maturity Limitations

The maximum maturity of direct repurchase agreements shall be 24 months. The term of any reverse security repurchase agreement may not exceed 90 days after the date the reverse security repurchase agreement is delivered. Money received under the terms of a reverse repurchase agreement shall be used to acquire additional authorized investments, but the term of the authorized investment acquired must mature not later than the expiration date stated in the reverse repurchase agreement.

C. Commercial Paper (CP)

1. Portfolio Composition

A maximum of 20% of the market value of the total portfolio may be invested in commercial paper.

2. Limitations on Individual Issuers

A maximum of 5% of the market value of the total portfolio may be invested in the CP of any one issuer or its affiliates. The CP issuer's program must have received the highest short-term credit rating by a nationally recognized rating firm.

3. Maturity Limitations

The maximum maturity of commercial paper shall be 270 days.

D. Bankers' Acceptances (BA)

1. Portfolio Composition

A maximum of 15% of the market value of the total portfolio may be invested in banker's acceptances.

2. Limitations on Individual Issuers

A maximum of 5% of the market value of the total portfolio may be invested in any one bank's or company's acceptances or those of its affiliates. The BAs must be eligible for purchase by members of the Federal Reserve System. The issuer must have received the highest short-term credit rating by a nationally recognized rating firm.

3. Maturity Limitations

The maximum maturity of bankers' acceptances shall be 270 days.

E. Certificates of Deposit (CDs)

1. Portfolio Composition

A maximum of 20% of the market value of the total portfolio may be invested in certificates of deposit.

2. Limitations on Individual Issuers

A maximum of 5% of the market value of the total portfolio may be invested in the CDs of any one bank, bank holding company, savings and loan, or a successor organization to one of those organizations.

3. Maturity Limitations

The maximum maturity of any certificate of deposit shall be one year.

F. Mortgage-Backed Securities and Collateralized Mortgage Obligations (MBS and CMOs)

1. Portfolio Composition

A maximum of 30% of the market value of the total portfolio may be invested in MBS and CMOs.

2. Limitations on Individual Issuers

A maximum of 15% of the market value of the total portfolio may be invested in any one agency, with the exception of GNMA securities, which may represent 30% of the market value of the total portfolio.

3. Maturity Limitations

The maximum maturity of mortgage backed securities shall be 30 years. The maximum stated final maturity for CMOs shall be 10 years.

G. State of Israel Bonds

1. Portfolio Composition

A maximum of 5% of the market value of the total portfolio may be invested in State of Israel Bonds.

2. Maturity Limitations

The maximum maturity of any State of Israel Bond shall be 30 years.

H. Municipal Bonds

1. Portfolio Composition

A maximum of 30% of the market value of the total portfolio may be invested in municipal bonds.

2. Limitations on Individual Issuers

A maximum of 15% of the market value of the total portfolio may be invested in any one municipality, except a maximum of 25% of the market value of the total portfolio may be invested in securities issued under Chapter 164, Texas Natural Resources Code.

3. Maturity Limitations

The maximum maturity of municipal securities shall be 35 years.

I. Corporate Bonds

1. Portfolio Composition

A maximum of 20% of the market value of the total portfolio may be invested in corporate bonds.

2. Limitations on Individual Issuers

A maximum of 5% of the market value of the total portfolio may be invested in any one corporation.

3. Maturity Limitations

The maximum maturity of corporate securities shall be 5 years.

J. Mutual Funds

1. Portfolio Composition

A maximum of 100% of the market value of the total portfolio may be invested in mutual funds.

2. Limitations on Individual Mutual Funds

A maximum of 100% of the market value of the total portfolio may be invested in the Texas State Treasury Agency Pool. A maximum of 20% of the market value of the total portfolio may be invested in any one mutual fund.

3. Securities Limitations

The mutual fund(s) must be secured by obligations described by subsections (A)-(E) of the *Authorized Investments* section of this IPS.

Control Procedures

Delegation of Authority

The Chairwoman, Director of VLB Bond Funds Management, Veterans Land Board Executive Secretary or Chairwoman's designee(s) (herein referred to as the Authorized Investment Officers) may purchase or sell any investment in any program in accordance with the limitations described in this IPS.

The Authorized Investment Officer shall be responsible for following the "prudent person" standard, which shall be applied in the management of the overall portfolio:

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the possible income to be derived.

The Authorized Investment Officer, exercising due diligence and acting in accordance with this IPS and written procedures, shall be relieved of personal responsibility and liability in the management of the TVLB investment portfolio. However, deviations from expectations shall be reported in a timely fashion, and appropriate action shall be taken to minimize adverse market effects.

Approval of Investment Transactions

In conjunction with the purchase or sale of any investment, an Authorized Investment Officer must approve such transaction in writing. Excluding the Chairwoman and Director of VLB Bond Funds Management, the person seeking approval of the transaction must obtain the approval from an individual of higher authority.

Conflicts of Interest

All staff involved in the investment process shall refrain from personal business activity that may conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Bond Funds Management staff shall disclose in writing any financial interest which they or their spouse, siblings or other close relatives may have in or with any financial institution, broker or other financial intermediary or advisor that could conduct business with, or be advantaged or disadvantaged by TVLB investment activity. They shall also disclose in writing any personal financial/investment positions that could be related to the performance of the TVLB's portfolio. PSF Investments staff shall subordinate their personal investment transactions to those of the TVLB.

Securities shall not be bought from or sold to:

- A. an affiliate of a member of the Board or the Bond Funds Management staff;
- B. a director, officer or employee of an affiliate of a member of the Board or the Bond Funds Management staff;
- C. a relative of a member of the Board or the Bond Funds Management staff; or,
- D. an employer, partner or other business associate of a member of the Board or the Bond Funds Management staff.

Reporting and Internal Controls

The agency's internal auditor will review internal controls to assure compliance with policies and procedures. The TVLB is charged with the responsibility of including a market report on investment activity in the agency's Annual Financial Report.

Bond Funds Management staff shall prepare a Quarterly Investment Report to the Board following the three-month periods ending each March, June, September, and December of each year.

Collateralization

Collateralization shall be required with respect to two types of investments: (1) certificates of deposit and (2) repurchase agreements. The collateralization level with respect to both of these types of investments will be 102% of the market value of principal plus accrued interest of the investment.

Eligible collateral for certificates of deposit includes:

- A. direct obligations of the United States of America (U.S. Treasury bills, notes, bonds);
- B. obligations guaranteed by the United States of America as to principal and interest by the U.S. Government;
- C. obligations of U.S. Agencies and Instrumentalities.

Collateral for repurchase agreements will be specified and controlled by the PSA's "Master Repurchase Agreement," as amended by the TVLB, and is executed with each repurchase agreement participant (Broker/Dealers and Banks). Collateral acceptable for repurchase agreements includes:

- A. direct obligations of the United States of America (U.S. Treasury bills, notes, bonds);
- B. obligations guaranteed by the United States of America as to principal and interest by the U.S. Government; and
- C. obligations of U.S. Agencies and Instrumentalities.

Collateral substitution is granted to the financial institutions and broker/dealers. Substitution should be kept to a minimum to control transaction costs. PSF Investments staff must be notified in advance of pending collateral substitutions. With respect to individual securities, the TVLB may collateralize its repurchase agreements and certificates of deposit using longer-dated investments, not to exceed 25 years to maturity.

A listing of the collateral held for certificates of deposit and repurchase agreements shall be provided monthly to the Bond Funds Management staff. The listing shall include total pledged securities itemized by financial institution, type/description of pledged security, par value, current market value, and maturity date. The collateral should be revalued (marked to market) weekly to ensure compliance with the margin requirement of 102%.

Physical possession of the collateral shall be maintained by the TVLB or in accordance with other arrangements to assure that the TVLB holds a perfected security interest in such collateral.

Broker/Dealer Selection

All routine investment transactions will be purchased or sold either directly through issuers or by utilizing an established pool of approved broker/dealers or financial institutions. These firms are defined as follows:

- A. Broker/dealers which are primary security dealers regulated by the Securities Exchange Commission (SEC);
- B. Secondary broker/dealers who are registered with the SEC and/or the National Association of Securities Dealers, Inc. (NASD); or,
- C. Financial institutions that are Federal Reserve member banks, federally insured banks and savings and loan associations, or their successor organizations.

Firms interested in being included in the pool of approved broker/dealers must satisfy the selection criteria contained in Appendix A to this IPS. Broker/dealers shall be provided a copy of this IPS so that they will be familiar with TVLB investment guidelines.

Execution of Investment Transactions

Best Execution

The TVLB shall seek "best execution" in all of its investment transactions. In order to accomplish this goal, the TVLB shall seek to conduct its investment transactions with several competing investment broker/dealers and/or financial institutions to obtain the best price. When possible, all investment transactions will be competitively bid, and the best bid or offer will be accepted, unless it has been determined by the Authorized Investment Officer that it is more beneficial to the TVLB to enter into a negotiated transaction with one or more firms.

Transaction Settlement and Securities Safekeeping

All securities purchased or sold, including collateral for repurchase agreements entered into by the TVLB, shall be handled on a delivery versus payment (DVP) basis except for State and Local Government Securities (SLGS) and physical form securities. All transaction settlement and securities safekeeping functions will be performed by one or more third-party custodians designated by the Board.

APPENDIX A

SELECTION CRITERIA FOR BROKER/DEALERS AND FINANCIAL INSTITUTIONS

The Authorized Investment Officer shall maintain a list of approved securities broker/dealers with whom the TVLB will conduct routine investment transactions. Documentation of adherence to the criteria must be included in a file established for each particular firm. Any firm failing to maintain the minimum criteria outlined below will be deleted from the TVLB's approved list. The Authorized Investment Officer will approve all additions and deletions to the list based on these minimum standards.

Selection Criteria for Broker/Dealers

A. Broker/Dealer Questionnaire

All prospective broker/dealers must complete the TVLB Broker/Dealer Questionnaire and Certification to the satisfaction of the Authorized Investment Officer prior to transacting any business.

B. Registered Broker/Dealers

Only primary and secondary broker/dealers will be utilized for investment transactions. Broker/dealers must be regulated by the Securities Exchange Commission (SEC) and the National Association of Securities Dealers, Inc. (NASD). The TVLB requires firms to be registered with the NASD for a minimum period of one year prior to being considered for approval.

C. Capital Adequacy

The broker/dealer will be required to comply with the Federal Reserve's voluntary capital adequacy guidelines. Each firm must submit to the Authorized Investment Officer a certification stating that it is in compliance with the capital adequacy standards on an on-going annual basis.

D. Financial Statements

Each broker/dealer must submit to the Authorized Investment Officer an annual audited financial statement within a reasonable time period from its fiscal year end which:

1. contains disclosure of the actual net capital and required net capital as specified in Rule 15c3-1 of the SEC regulations;
2. contains an unqualified auditor's opinion; and
3. discloses any litigation that could be deemed to have a material impact on the firm's financial position.

E. Certification by Primary Dealers

Each primary dealer must provide the Authorized Investment Officer with a certification that it is a primary dealer reporting daily to the Federal Reserve Bank of New York and must agree to notify the Authorized Investment Officer within five business days in the event the firm is no longer a primary dealer.

Selection Criteria for Financial Institutions

A. Broker/Dealer Questionnaire

All prospective financial institutions (i.e., banks and saving & loan associations, or their successor organization) must complete the TVLB Broker/Dealer Questionnaire and Certification to the satisfaction of the Authorized Investment Officer prior to transacting any business.

B. Registered Broker/Dealers

The institution must be a member of the Federal Reserve System.

C. Financial Statements

Each institution must submit to the Authorized Investment Officer an annual audited financial statement within a reasonable time period from its fiscal year end which:

1. contains disclosure that the Institution is insured by the Federal Deposit Insurance Corporation (F.D.I.C.), the Federal Savings and Loan Insurance Corporation (F.S.L.I.C.), or their successor organizations;
2. discloses the institution is incorporated under the laws of the United States or any state thereof; and
3. discloses any litigation that could be deemed to have a material impact on the institution's financial position.



MEMORANDUM

TEXAS VETERANS LAND BOARD • CHAIRWOMAN DAWN BUCKINGHAM, M.D.

Date: October 19, 2023

To: Dawn Buckingham, M.D., Chairwoman
Judson Scott, Member
James Rothfelder, Member

From: John Barton, Director of VLB Bond Funds Management

Subject: Agenda item 6c - Consideration and possible action on loan rates in the Veterans Housing Assistance Program and Veterans Land Program (VLP), and other matters in connection therewith.

Recommendation: The Board approve the change to Land Loan Rate from 6.95% to 7.25%.

As reflected in the attached VLB Land Loan Interest Rate History, over the past 20 years the Board has typically adjusted the borrowing rate in the VLP every 4-5 years. Unlike loan demand in the Veterans Housing Assistance Program (VHAP), demand in the Veterans Land Program (VLP) is generally inelastic regarding current economic conditions and interest rate levels (i.e., loan demand remains relatively unchanged regardless of the borrowing rate in the program). Therefore, the Board has historically been able to make changes to the borrowing rate in the VLP relatively infrequently, while still maintaining stable loan demand in the program.

The last rate change in the VLP was approved by the Board in January 2021. At that time, the Board decreased the loan rate from 7.25% to 6.95%, to reflect a decrease in market interest rates resulting from a sharp decrease in market interest rates due to the COVID-19 pandemic.

Interest rates have increased sharply over the past 12 months. Staff believes it is appropriate for the Board to consider a modest increase in the borrowing rate in the VLP to reflect the general interest rate characteristics of current markets. Therefore, staff is recommending a 0.30% (i.e., 30 basis points) increase in the VLP borrowing rate from 6.95% to 7.25%.

As it applies to new loans, increasing the rate from 6.95% to 7.25% will increase the average VLP borrower's monthly mortgage payment by \$22/month (approximately \$267/year) compared to existing loans. (Note: This analysis assumes an average original loan balance of \$110,000 and a 30-year repayment term.)

In addition, staff estimates that the borrowing rate will increase the amount of interest income earned in the VLP by approximately \$2.3 million over the following 5-year period. (Note: This analysis assumes average annual VLP loan demand of \$80 million per year.)

Veterans Land Board Land Loan History

Date	Rate
10/01/1949	3.00
04/01/1958	3.50
03/01/1961	4.00
05/01/1976	5.50
09/01/1976	6.00
03/01/1979	6.50
04/01/1983	8.50
08/01/1984	9.25
01/01/1985	9.97
01/14/1993	7.79
05/05/1994	7.64
09/01/1994	9.25
03/05/1995	9.80
01/31/1996	8.85
02/24/1996	6.65
05/19/1997	7.75
04/28/1999	6.25
05/03/2000	7.50
02/15/2002	6.40
02/01/2005	6.64
11/01/2007	7.25
07/26/2012	6.75
01/27/2017	7.25
01/29/2021	6.95
Average	7.04



MEMORANDUM

TEXAS VETERANS LAND BOARD • CHAIRWOMAN DAWN BUCKINGHAM, M.D.

Date: 19 October 2023

To: Dawn Buckingham, M.D., Chairwoman
Judson Scott, Member
James Rothfelder, Member

From: Dr. John Kelley, Director, Texas State Veterans Cemeteries

Subject: Agenda Item 7a - Report on cemetery operations and introduction of program staff

Recommendation: For information only, no action required.

Veterans Administration (VA) Developments:

- VA grant for the Corpus Christi Expansion project was awarded and groundbreaking occurred on 22 Sep 23. The project adds 3,130 pre-positioned crypts in 3 different sections, adds 1,220 columbaria plots via 4 new walls, adds Space Force representation, adds all necessary landscaping and irrigation for a total of \$9,123,066 in VA funding. This project also includes an off-site road improvement to allow for safe ingress and egress for construction traffic on the east side and motorized entry gates, both projects of which were VLB funded at \$144,000. The project will provide 10 years of plot space and is expected to complete in spring 2025.
- VA grant to establish a new cemetery in Lubbock was awarded. The new cemetery will be established with 500 pre-positioned crypts, 500 columbaria niches, and 500 in ground cremated remains plots as well as all facilities, roadways, landscaping, and irrigation for a total of \$16.2 million in VA funding. The VLB may fund additional alternate projects for: completion of the loop road, an additional 2,000 in-ground cremated remains plots, and motorized gates. Ground-breaking is scheduled for 17 November at 10:00 am.
- VA grant expansion application for Killeen submitted for \$11.853 million as approved during 24 Apr 23 VLB Board meeting. Includes: 5,400 pre-positioned crypts, 4,000 columbaria niches, a second committal shelter, additional administrative space, Space Force integration, and automatic gates. Funding decisions are forthcoming from National Cemetery Administration (NCA).
- National Cemetery Administration (NCA) operational inspection at Killeen scheduled for 14-16 Nov 23.
- Effective 1 October 2023, the VA plot reimbursement rate increases from \$893 per burial to \$948.

VLB Initiatives:

- VLB approved and signed a contract with the City of Abilene to provide the staff and operating supplies at the Texas State Veterans Cemetery at Abilene for \$800,000 annually. The contract mirrors the contracts with the City of Mission and Nueces County and will be in place for one year as a test period. If successful, then a longer duration contract will be sought.
- Getting to Know Your State Veteran Cemetery has been published to social media for Mission, Corpus, and Abilene and Killeen and have been well-received by the public.
- Monuments at Mission and Corpus are developing with unveiling ceremonies to be scheduled. The Vietnam memorial at the Abilene Cemetery was unveiled on 28 Sep 23 (see picture below).
- Demonstrations of robotic mowers were completed in September and October. These robots are intended to be used in undeveloped areas of each cemetery to increase efficiency and allow employees to focus on higher priority tasks. TSVC program continues to evaluate this technology.
- The Military Service Detachments at the Coastal Bend State Veterans Cemetery and the Rio Grande Valley State Veterans Cemetery were recognized for their volunteerism in providing military honors at both cemeteries.
- Wreath donation efforts are as important issue as we get closer to wreath-laying between Thanksgiving and Christmas:
 - Killeen is 100%
 - Abilene is 37%
 - Mission is 100%
 - Corpus Christi is 100%

Other Items of Interest:

- The staff of the Rio Grande Valley State Veterans Cemetery (Mission) played a key role in the apprehension of 14 suspected illegal aliens when they incurred on cemetery property on 25 August. The staff observed, reported, and vectored the Border Patrol, DPS, and troopers of operation LONE STAR to the suspects. Three of the 14 apprehended were wanted criminals. Unfortunately, two different interment services were disrupted by the activity.
- The West Texas State Veterans Cemetery at Lubbock Facebook page followership is expanding in the Lubbock area and currently has 200+ followers. The page has been updated with announcements about the new cemetery mailbox, new sign, and Master Plan.



Vietnam Monument at TSVC-Abilene

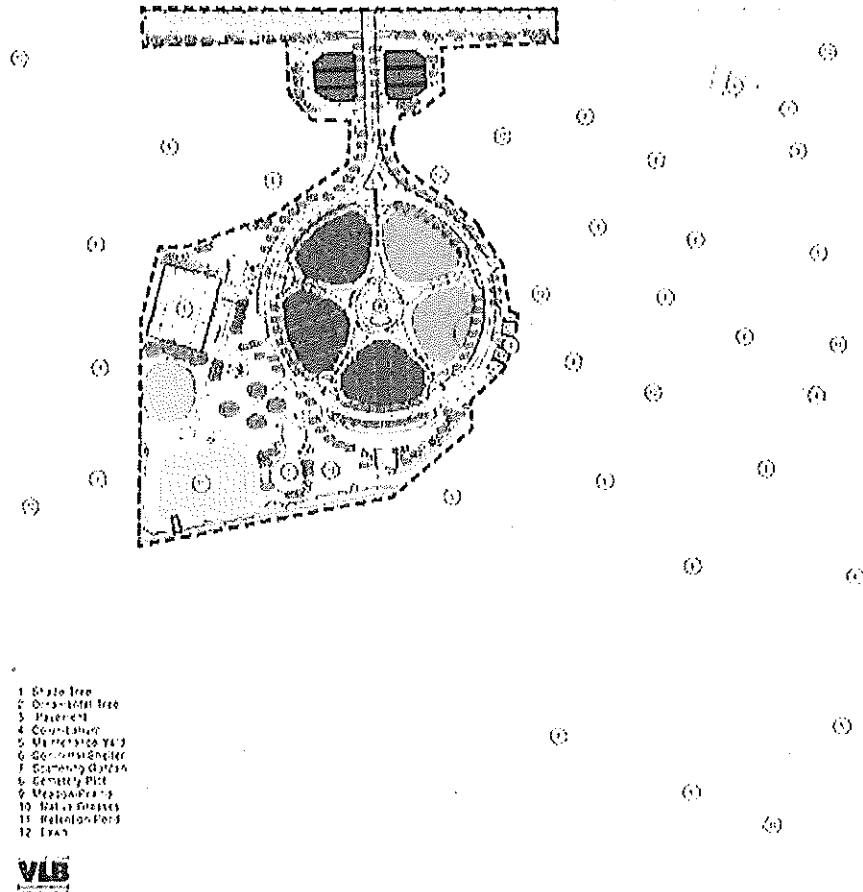


WTSVC Mailbox



WTSVC Future Home Sign

West Texas State Veterans Cemetery at Lubbock



WTSVC Master Plan

Texas State Veterans Cemeteries Staff Introductions

I would like to take a moment to explain how we are able to maintain such high standards in the execution of our duties to honor our Veterans and their families at the state veterans cemeteries. There are six reasons for this, and they are here with us today. Introducing:

The Chief of the On-Site Representatives (OSR) and OSR for the Central Texas State Veterans Cemetery in Killeen, Command Sergeant Major Doug Gault, US Army (Retired);

The OSR from the Coastal Bend State Veterans Cemetery in Corpus Christi, Petty Officer First Class, Alfredo "Freddie" Medina, US Navy (Retired);


The OSR from the Rio Grande Valley State Veterans Cemetery, US Army Veteran George Rice;

The OSR from the Texas State Veterans Cemetery at Abilene, Chief Petty Officer Craig Wooten, US Navy (Retired);

Our newest OSR from the West Texas State Veterans Cemetery in Lubbock, Petty Officer First Class Norman Bearden, US Navy (Retired);

And we can never forget our program Staff Services Officer, US Marine Corps Veteran Ashley Tucker.

I present you with your Texas State Veterans Cemeteries staff and I thank them for working hard to honor our veterans and their families.

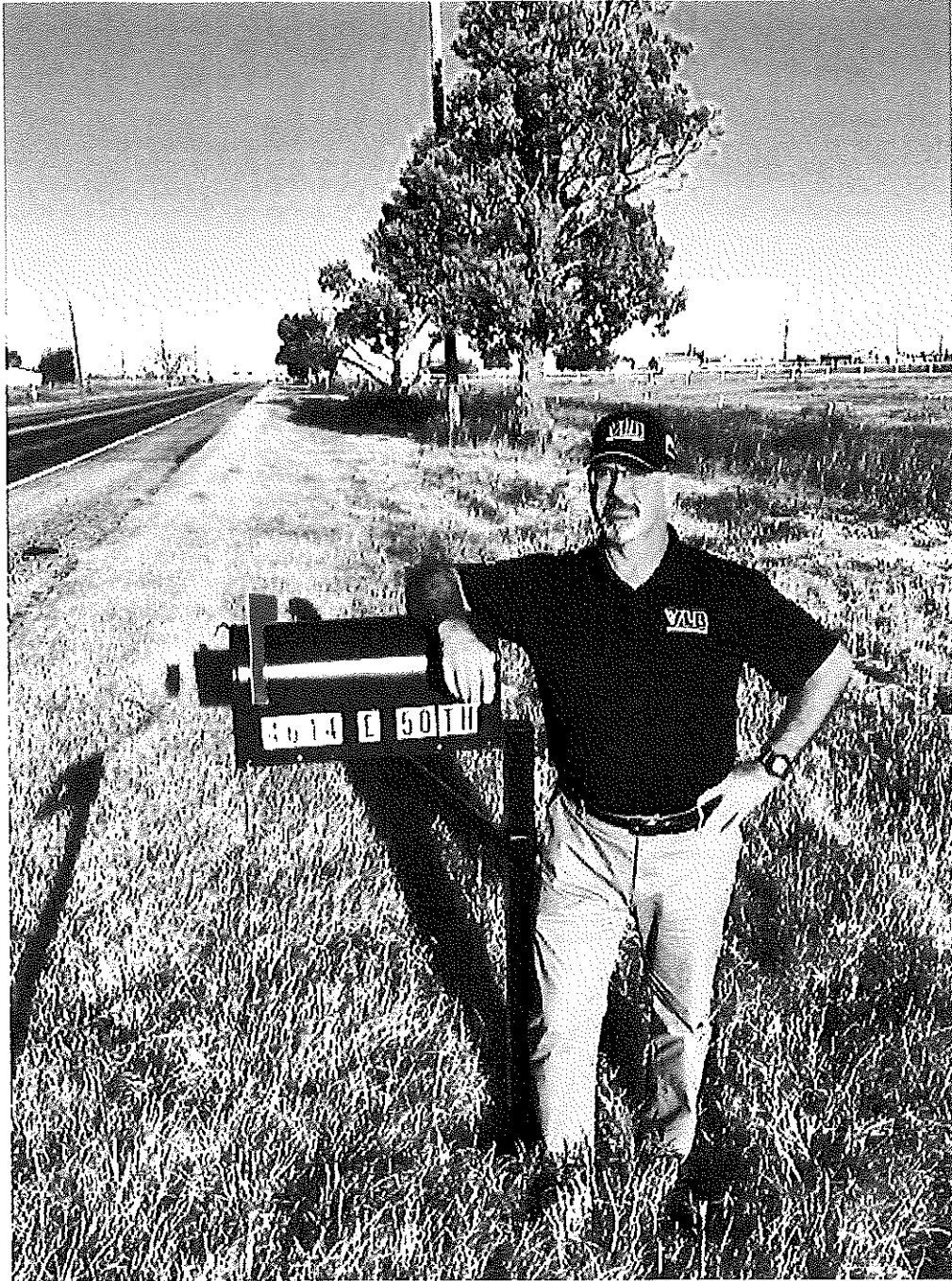


FUTURE HOME
West Texas State
Veterans Cemetery

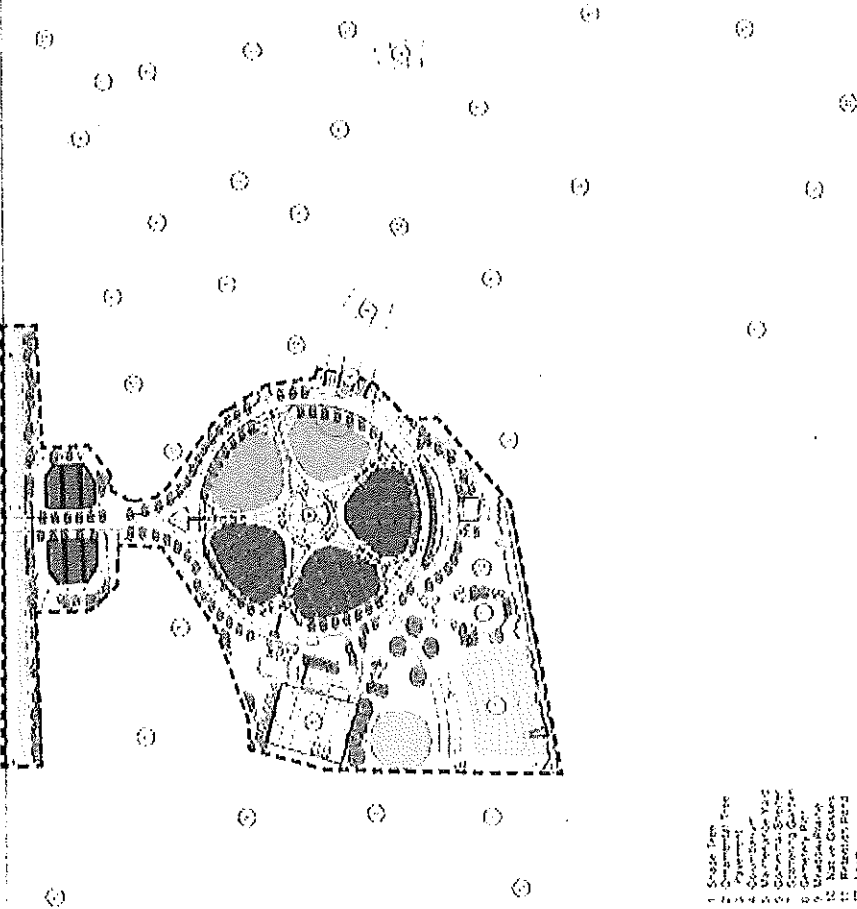
Texas Veterans Land Board
800-252-VETS (8387)

www.vlb.texas.gov

Dawn Buckingham, M.D., Chairwoman

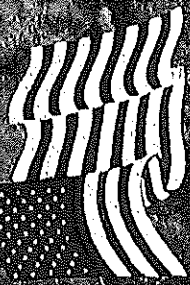


West Texas State Veterans Cemetery at Lubbock

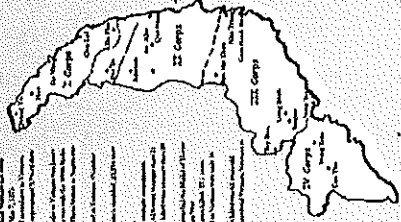


- 1. Chapel
- 2. Cemetery
- 3. Administration
- 4. Clubhouse
- 5. Maintenance Yard
- 6. Dining Hall
- 7. Community Center
- 8. Cemetery
- 9. Cemetery
- 10. Cemetery
- 11. Cemetery
- 12. Cemetery
- 13. Cemetery
- 14. Cemetery
- 15. Cemetery
- 16. Cemetery
- 17. Cemetery

VLB



FACTS ABOUT VIETNAM



The map shows the positions of the units as of February 28, 1973. The units are: I Corps (North), II Corps (Central), and III Corps (South). The map also shows the positions of the units in the North, Central, and South. The map is divided into regions with labels for units: III Corp (North), I Corp (Central), and II Corp (South). Specific locations like Hanoi, Da Nang, and Saigon are marked.

Who Goes With P-4??

Look at the
P-4's name
What do you
know about it?

The P-4 is a very special aircraft. It is a four-engine turboprop aircraft. It is used for transport and cargo. It is very reliable and has a long range. It is used by the Air Force for transport and cargo.

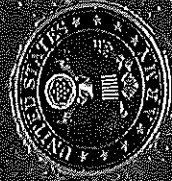
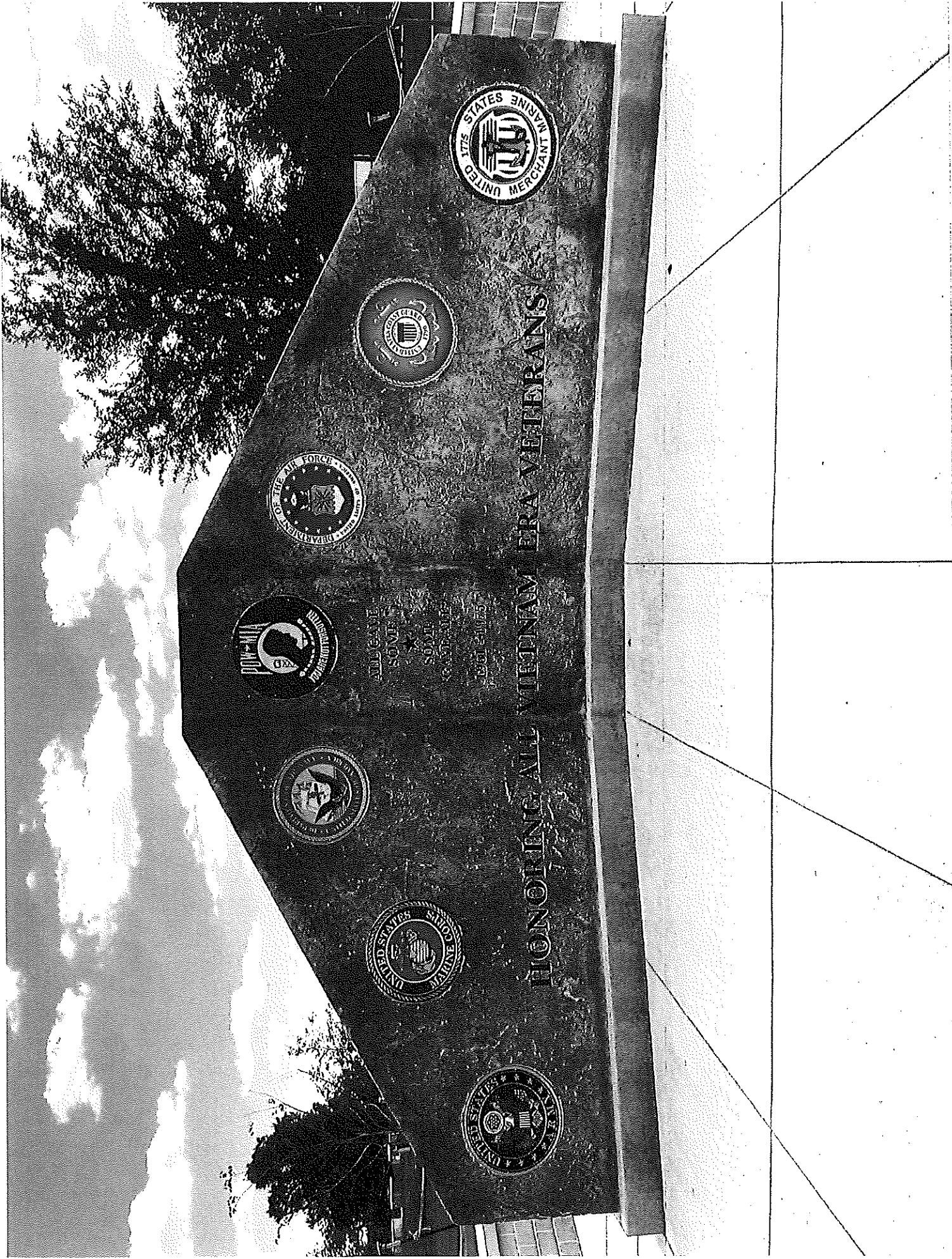
Why Never Retired?

The P-4 is still used today. It is a very reliable and has a long range. It is used by the Air Force for transport and cargo.

ENLIGHTENED
The P-4 is a very special aircraft. It is a four-engine turboprop aircraft. It is used for transport and cargo. It is very reliable and has a long range. It is used by the Air Force for transport and cargo.



In Memory
1961 to 1973
SACRE
Dedicated and Dared
Who Never Retired



HONORING ALL VIETNAM ERA VETERANS

ALL GAVE SOME
SOME GAVE EVERYTHING



MEMORANDUM

TEXAS VETERANS LAND BOARD • CHAIRWOMAN DAWN BUCKINGHAM, M.D.

Date: 19 October 2023

To: Dawn Buckingham, M.D., Chairwoman
Judson Scott, Member
James Rothfelder, Member

From: Dr. John Kelley, Director, Texas State Veterans Cemeteries

Subject: Agenda item 7b - Consideration and possible action on eligibility for cemetery services to members of the Texas Military Forces killed on state active duty or during state training or other duty.

Recommendation: That the Board approve a policy to provide Texas State Veterans Cemetery services to Texas Military Forces members killed in the line of duty.

Total Estimated Value: Approximately \$1,100 per burial.

Purpose: For consideration and approval of a policy to permit the burial of Texas Military Forces personnel killed in the line of duty while on state active duty or state training and other duty at any Texas State Veterans Cemetery free of charge.

Background: Effective 1 Sep 2023, House Bill 90, the Bishop Evans Act, was enacted. It established benefits for those in the Texas Military Forces on state active duty and state training and other duty.

Current Situation: House Bill 90 extends a variety of services to those injured in, or killed, in the line of duty while serving on state active duty and state training and other duty. This proposal is to provide burial plot space, a headstone, and flag for those service members eligible for benefits under the adopted Bishop Evan Act. Although the federal government will not provide any reimbursement for state active-duty forces, the State of Texas can provide the burial benefit to families of those fallen. The VLB has approved such burials in the past on a case-by-case basis. If adopted by the Board, this policy would formalize the change to eligibility.



MEMORANDUM

TEXAS VETERANS LAND BOARD • CHAIRWOMAN DAWN BUCKINGHAM, M.D.

Date: 19 October 2023

To: Dawn Buckingham, M.D., Chairwoman
Judson Scott, Member
James Rothfelder, Member

From: Dr. John Kelley, Director, Texas State Veterans Cemeteries

Subject: Agenda item 7c - Consideration and possible action on delegation of authority to the Executive Secretary to execute a contract with the City of Killeen for an operations and management contract for the Central Texas State Veterans Cemetery.

Recommendation: That the Board provide delegation of authority to the Executive Secretary to approve and execute a contract with the City of Killeen to operate the Central Texas State Veterans Cemetery in Killeen.

Total Estimated Value: \$1,400,000

Purpose: For consideration to delegate contract approval authority to execute a contract with the City of Killeen for the operation of the Central Texas State Veterans Cemetery at Killeen.

Background: VLB continues to seek more efficient, effective, and affordable methods to operate the Texas State Veterans Cemeteries. The cemetery in Killeen has been operated by Workquest/Peak Performers staff since February 2019. Local government support contracts have been successfully used at Mission (2020 contract with City of Mission), Corpus Christi (2021 contract with Nueces County) and Abilene (2023 contract with City of Abilene). The projected cost savings are estimated to be \$300,000 per year with Mission, \$500,000 per year at Corpus Christi \$300,000 per year at Abilene. The total estimated savings associated with this proposal are about \$700,000 per year.

Current Situation: The contractual relationship with the City of Killeen aims to provide staff and daily operational supplies in exchange for monthly payments. Negotiations are in progress. The objective is to have a term of 1 December 2023 to 30 September 2024.

8. Texas State Veterans Homes

- a. Report on state veteran home operations to include status of construction and pending opening of the Tuskegee Airmen State Veterans Home in Fort Worth.



MEMORANDUM

TEXAS VETERANS LAND BOARD • CHAIRWOMAN DAWN BUCKINGHAM, M.D.

Date: October 19, 2023

To: Dawn Buckingham, M.D., Chairwoman
Judson Scott, Member
James Rothfelder, Member

From: Kathy Johanns, Deputy Director of Texas State Veterans Home Program

Subject: Agenda Item 8a - Report on state veteran home operations to include status of construction and pending opening of the Tuskegee Airmen State Veterans Home in Fort Worth.

Home Operations Status

The State Veterans Homes owned by the Veterans Land Board have the total capacity to serve 1,300 veterans, eligible family members, and Gold Star families. Maintaining a high occupancy, which we refer to as a daily census, is important to serve the maximum number of veterans and to ensure the financial stability of the home. The nine homes have been averaging around a 90% occupancy. That is about 1,176 residents served. While the daily number fluctuates, there are about 128 beds available.

Some VLB homes such as Amarillo, El Paso and Tyler maintain high census counts above 97% to 100%. The home with the lowest census of 73% is Big Spring in Howard County about 40 miles northeast of Midland.

The COVID-19 pandemic had a demonstrable impact on nursing home residents, employees, and administrators across the country. Data shows that older Texas residents, whether in nursing home environments or not, suffered more fatalities than other age categories. According to data from Texas Health and Human Services, between March 2020 to March 2023, 77% of fatalities in Texas were between the ages of 60 years of age and older. Residents and family members were aware of the impact of this contagious disease on senior Texans and many families chose to relocate their family members to different settings to reduce exposure. This dynamic impacted skilled nursing homes across Texas.

Only three homes have not yet returned to their pre-pandemic census. Bonham (90% full), Temple (93% full) and Floresville (86% full) have not yet fully recovered, but all three have an upward trend in daily census counts.

Big Spring is the location that has the lowest census percentage (73% full) with about 44 beds available. While Big Spring has recovered from the COVID-19 pandemic in terms of census, they are far from their peak. Big Spring can accommodate 160 residents. The peak census was in

2008 when 155 residents were living in the home. The goal for FY24 is to get Big Spring to at least 80% occupied.

In 2013, the oil boom brought prosperity and increased wage and labor pressure to the Permian Basin. These market conditions impacted many private and public sector employers, including our nursing home operators. Due to skilled labor shortages, a 28-bed wing was closed in 2013. It has not yet reopened. The plan is to reopen the wing in FY24.

The VLB and the operator, Touchstone, are collaborating to serve the maximum number of veterans possible, address staffing and wage issues and re-open the wing. Touchstone is proactively addressing the labor side of the equation. The VLB Marketing team and Touchstone's marketing team are collaborating on promoting the home. Since the last Board meeting, we have sent over 33,335 pieces of direct mail, conducted an ongoing targeted web-based campaign that has made more than 2.2 million impressions in the vicinity of Big Spring/Midland and completed a text message campaign. Our focus is to ensure veterans and family members know we are here to serve them, how to set up a tour, and how to get admitted as a resident. The campaign is ongoing, and we will make necessary adjustments as we examine results.

Improved collaboration with operators

The nine VLB homes are operated by three different contracted partners. Working in collaboration to serve Texas veterans is an important priority. To enhance communications, address issues and improve collaboration with the operators we have instituted monthly Operational Excellence Groups. Monthly the senior leadership from each home and key leaders meet to discuss resident care, risk reduction, facilities issues, activities, marketing, staffing and any other issue related to home operations. The intent is to ensure that issues are responded to quickly, key personnel are aware of operational issues and any issue requiring action is addressed in a timely manner. Over time we will mature this process, but initial feedback from staff and operators is positive.

Recognition for Texas State Veterans Homes

Three of our Texas State Veterans Homes, the Alfredo Gonzalez Home in McAllen, Ambrosio Guillen Home in El Paso, and the William R. Courtney Home in Temple were ranked among Texas' top facilities in America's Best Nursing Homes 2023 by Newsweek. A total of 475 of the nation's top facilities were identified this year out of 11,722 analyzed. Approximately the top twenty percent of facilities were awarded in each state. The nursing homes were ranked by scores based on performance, reputation, and COVID-19. A link to the article is here: [America's Best Nursing Homes 2023](#)

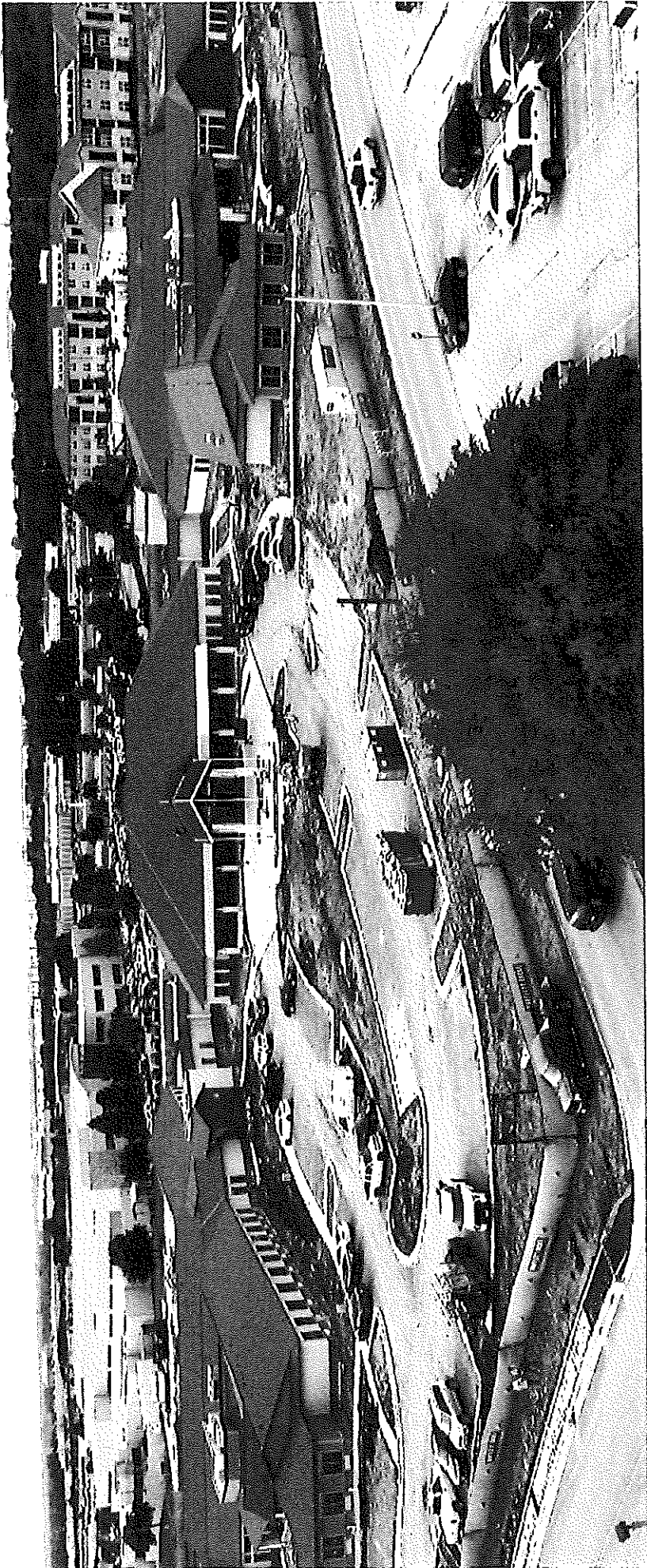
Tuskegee Airmen State Veterans Home in Fort Worth

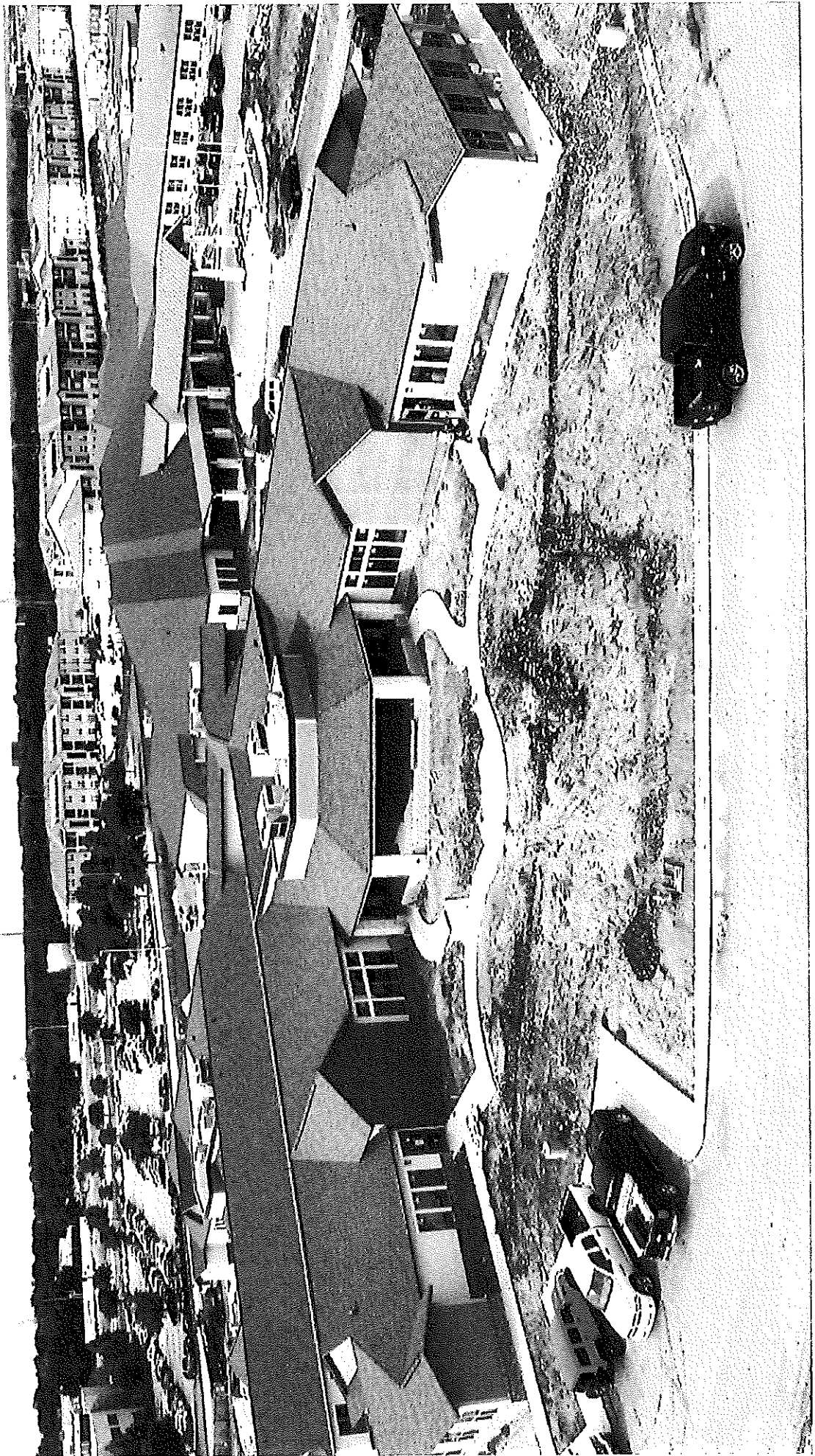
The VLB is constructing a 120-bed veterans home in Fort Worth. The location is adjacent to the Fort Worth VA Clinic. The expected substantial completion date for construction is December 19, 2023.

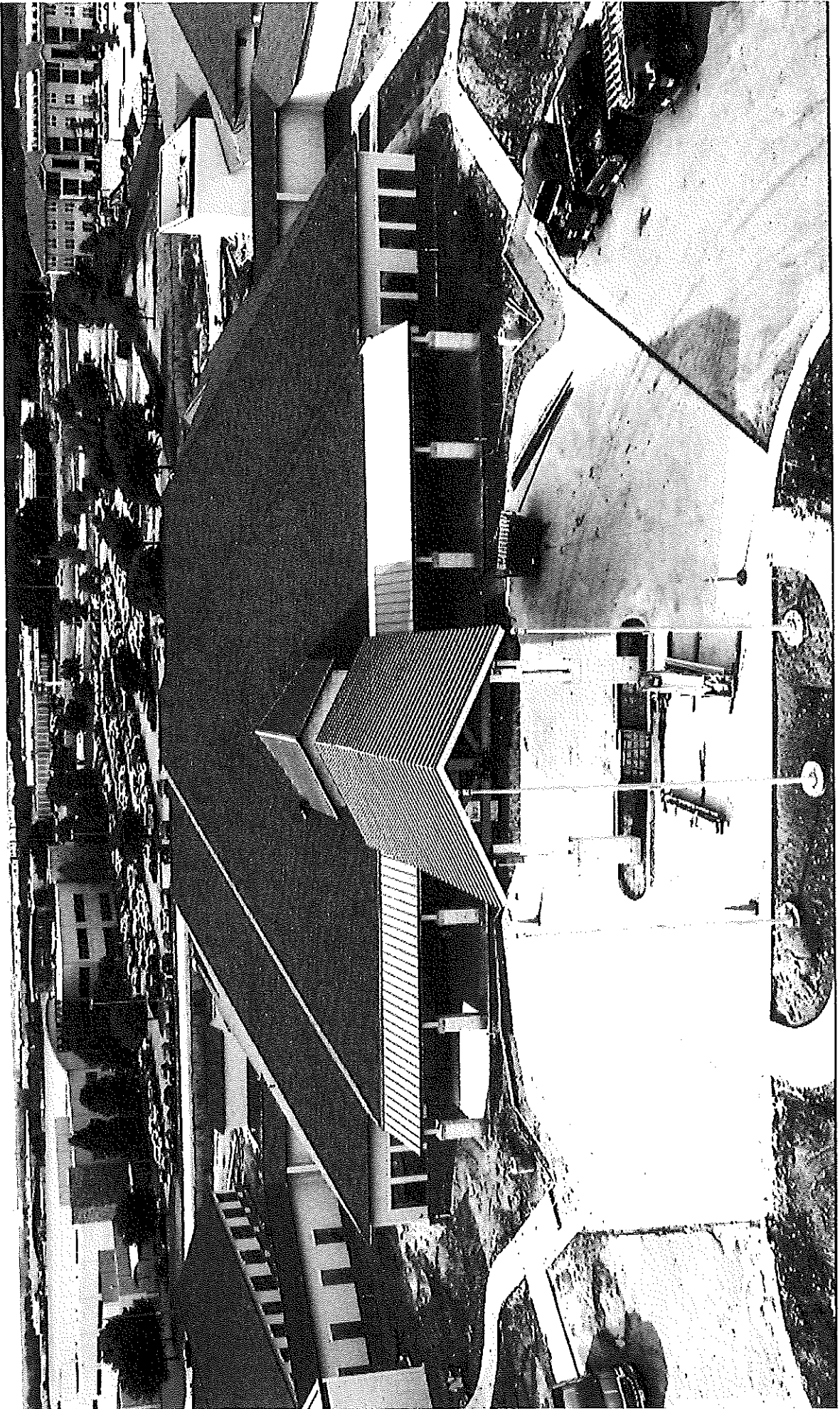
Once the home is ready to admit patients the operator must follow specific guidelines from the Texas Department of Health and Human Services (HHS). The process is to admit three residents, then HHS will conduct a survey. When the home gets a passing score, HHS will authorize 17 additional residents to move in. Once the initial 20 residents are in the home the VA will conduct a survey. Upon a successful VA survey, we are authorized to begin normal operations. The VLB currently has 51 eligible people on the waiting list.

VLB leadership is working on a set of quarterly census and financial goals so that we can establish quarterly targets and assess progress of filling the home. VLB marketing and the operator, HMR are collaborating. Prior to opening the home, HMR plans to lease an office near the new home so they can begin hiring.

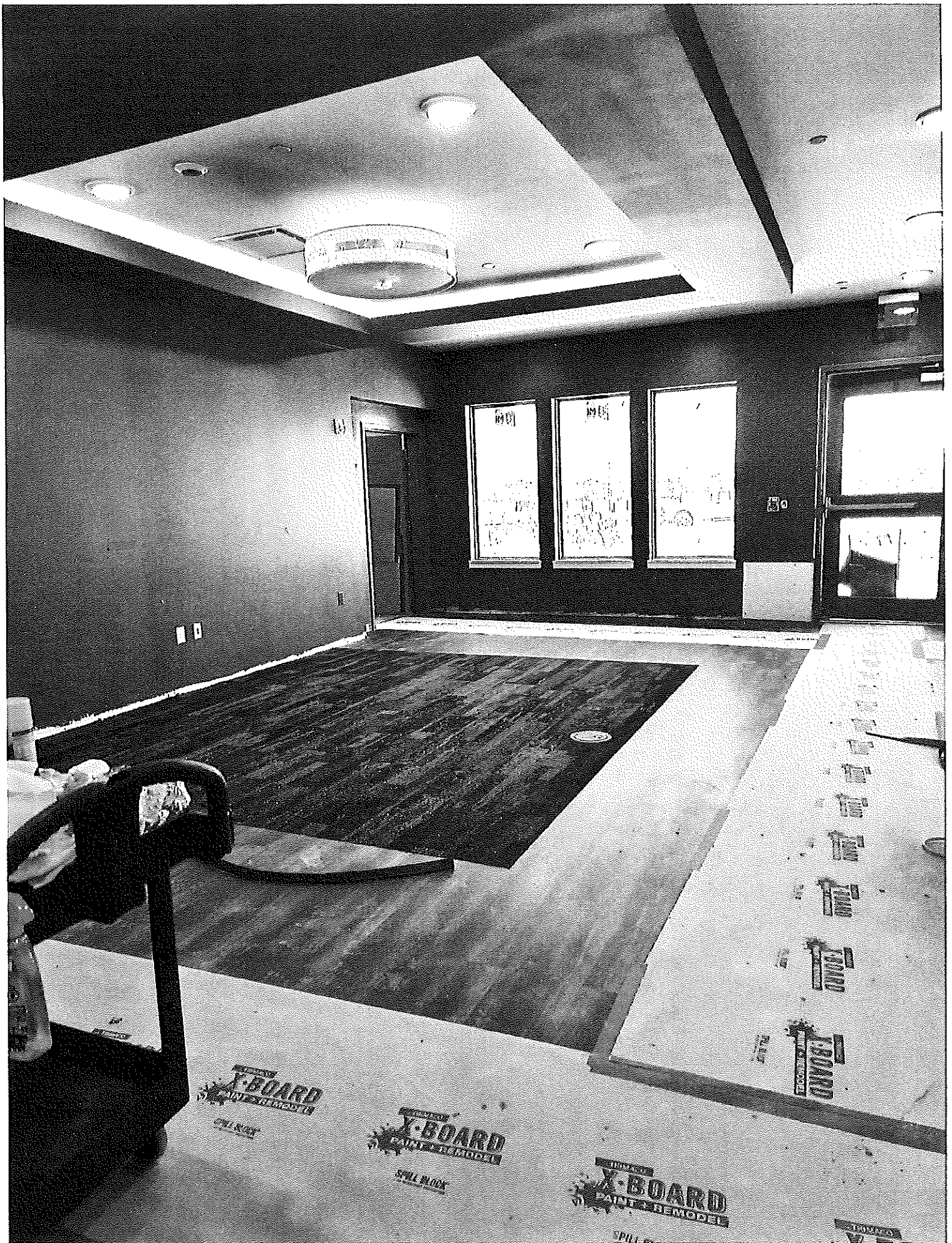
We tentatively plan an opening event in March 2024. Board members and the public will be invited.

















9. Internal Audit

- a. Report on results of Texas State Veterans Cemetery Operations Contract Management audit.
- b. Consideration and possible action to delegate authority to the Executive Secretary to issue a solicitation for audit services and execute a contract for audit services and notification to the Board of FY 2024 Audit Plan.



MEMORANDUM

TEXAS VETERANS LAND BOARD • CHAIRWOMAN DAWN BUCKINGHAM, M.D.

Date: October 19, 2023

To: Dawn Buckingham, M.D., Chairwoman
Judson Scott, Member
James Rothfelder, Member

From: Tracey Hall, Chief of Audit and Compliance

Subject: Item 9a – Report on results of Texas State Veterans Cemetery Operations Contract Management audit.

Recommendation: For information only, no action is required

Summary

Internal Audit performed an audit of the operations contracts with the City of Mission for the Rio Grande Valley State Veterans Cemetery and with Nueces County for the Coastal Bend State Veterans Cemetery in Corpus Christi.

The audit determined that the Texas State Veterans Cemeteries (TSVC) program generally has effective processes and controls to ensure the TSVCs are operated in compliance with contractual requirements.

There were some areas that were identified for improvement. They are as follows:

1. Conducting an annual test or exercise of the established Disaster Preparedness Plans in accordance with contractual requirements.
2. Development and submission of Risk Management and Loss Prevention Policies.
3. Routine periodic user access reviews to ensure appropriate access to sensitive data.
4. Retention of program documentation in adherence to agency requirements.

The detailed report is attached.



TEXAS GENERAL LAND OFFICE
COMMISSIONER DAWN BUCKINGHAM, M.D.

REPORT ON THE AUDIT OF THE TEXAS STATE VETERANS' CEMETERY OPERATIONS CONTRACT MANAGEMENT

SEPTEMBER 2023

EXECUTIVE SUMMARY

The Veterans Land Board, Texas State Veterans Cemeteries (TSVC) program generally has effective processes and controls to ensure the TSVCs are operated in compliance with contractual requirements. The audit determined that the following activities were conducted in accordance with contractual requirements:

- Disposal of capital assets/equipment
- Determination of Veteran eligibility for interment
- Timely submission of required reports (*daily, monthly, and annual financial reports*)

Although processes and controls are in place to ensure TSVCs is operating in compliance with contractual requirements, there are areas that should be strengthened to enhance them.

Areas of improvement identified during the review pertained to the following:

1. Conduction of annual testing or exercises of the established Disaster Preparedness Plans in accordance with contractual requirements.
2. Development and submission of Risk Management and Loss Prevention Policies.
3. Routine periodic user access reviews to ensure appropriate access to sensitive data.
4. Retention of program documentation in adherence to agency requirements.

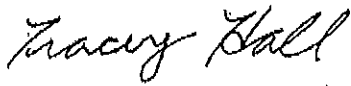
Additional information on the items mentioned above is outlined in the "Details Results" section of this report. As a result of the audit, there were additional opportunities to strengthen internal controls, but they did not meet the criteria for inclusion in this report. These items were presented to management in a separate communication.

MANAGEMENT’S SUMMARY RESPONSE

Management (concursgenerally concurs/does not concur.) with the recommendations. The “Detailed Results” section of this report contains management’s response to each observation.

ACKNOWLEDGMENTS

The TSVC program and staff of the state Veterans cemeteries reviewed during this audit (Rio Grande Valley State Veterans Cemetery in Mission and the Coastal Bend State Veterans Cemetery in Corpus Christi) are to be commended for their efforts. We appreciate the assistance and cooperation provided to us by the management and staff of the TSVC program during this audit. For questions about this report, please contact Tracey Hall at (512) 463-6078.



Tracey Hall, CPA, CISA
Chief of Audit and Compliance

September 18, 2023

Date

BACKGROUND INFORMATION

The Veterans Land Board (VLB), in partnership with the U.S. Department of Veterans Affairs (VA), maintains and operates four state veterans' cemeteries in Killeen, Abilene, Mission, and Corpus Christi. Veterans, including all members of the armed forces and certain reserve component members, their spouses, and eligible dependents, can be interred at no cost to them.

The GLO entered into Cemetery Management and Operation Interlocal Cooperation Agreements with the City of Mission (October 2020) and Nueces County (October 2021) to take over specific maintenance and operations of the Rio Grande Valley State Veterans Cemetery and the Coastal Bend State Veterans Cemetery, respectively. A GLO on-site representative serves as a VLB representative at each cemetery to monitor operations and act as a liaison between GLO, VLB, veterans and families, the operator of the cemetery, and the local community. In addition to VLB's management and oversight of state veterans' cemeteries, they are subject to compliance reviews conducted by the VA.

Table 1: TSVC Interlocal Cooperation Agreements

Operator Name	Effective Date	Contract Amounts		
		FY20 - FY21	FY21 - FY22	FY22 - FY23
City of Mission	10/1/2020	\$750,000	\$750,000	\$750,000
Nueces County	10/1/2021	N/A	\$918,000	\$900,000

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DETAILED RESULTS

CHAPTER 1: ENSURE DISASTER PREPAREDNESS PLANS ARE TESTED ANNUALLY

The Interlocal Cooperation Agreements with both the Coastal Bend (CBSVC) and Rio Grande Valley (RGVSVC) State Veterans Cemeteries require an established Disaster Preparedness plan¹, to which each of the TSVCs reviewed has established a documented plan in adherence to contractual requirements. According to the plans,² the Cemetery Director must conduct a test, exercise, or drill of each individual Plan at least annually, with results documented and filed. However, it was determined that neither of the TSVCs reviewed were consistently conducting annual tests, exercises, or drills of the plan.

The CBSVC provided supporting documentation for a hurricane tabletop training that was conducted in May 2022 and a fire drill conducted in April 2023. The RGVSVC has not conducted any tests, exercises, or drills of their plan in FY2021, FY2022, or FY2023.

Conducting annual tests, exercises, or drills of the Plan ensures all personnel understand their roles and responsibilities during a disaster and are ready to step into these roles quickly and effectively with or without warning. Additionally, annual tests, exercises, or drills are conducted to identify areas for continued improvement of the disaster preparedness plans.

RECOMMENDATIONS FOR MANAGEMENT

The Texas State Veterans Cemeteries Program should ensure that the state Veterans Cemeteries conduct tests, exercises, or drills of the Disaster Preparedness Plan at least annually, with results documented and filed in adherence to contractual requirements.

MANAGEMENT'S RESPONSE

All Texas State Veterans Cemeteries (TSVCs) will conduct, at a minimum, an annual tabletop exercise and walk-through of the emergency procedures associated with the most dangerous and most likely natural disaster for their specific location.

On-site representatives (OSRs) at each cemetery are responsible for documenting the exercise and attendees and providing the documentation to the TSVC Staff Services Officer (SSO) for storage.

TSVC SSO will store the documentation on the shared drive IAW document retention policy.

Implementation Date: August 25, 2023

Contact: TSVC Staff Services Officer

¹ The purpose of a Disaster Preparedness plan is to provide a comprehensive course of action for any happening, circumstance, or condition that puts the cemetery personnel and/or visitors at risk and/or makes it impossible for the cemetery staff to make scheduled interments.

² Disaster Preparedness Plan, Section (2)(4), *Updating and Testing of Emergency Plan*

CHAPTER 2: ENSURE THE DEVELOPMENT AND SUBMISSION OF RISK MANAGEMENT AND LOSS PREVENTION POLICIES

Each of the Interlocal Cooperation Agreements requires that a risk management and loss prevention policy, identifying internal controls in place to prevent the misappropriation, loss, or damage of cemetery capital equipment and/or capital improvements, be submitted within 30 days from the effective date of the contracts³. The Coastal Bend SVC (Nueces County) provided a Fraud Policy (Policy) as required by the Interlocal Corporation Agreement^{4, 5}. However, the Rio Grande Valley SVC (City of Mission) has not provided a risk management and loss prevention policy as of the date of this review.

Without a Risk Management and Loss Prevention policy, the TSVC would not be able to attest to the internal controls and process that the City of Mission has in place for preventing the misappropriation, loss, or damage of capital equipment and/or capital improvements at the Rio Grande Valley SVC.

RECOMMENDATIONS FOR MANAGEMENT

The Texas State Veterans Cemetery Program should ensure the City of Mission, Texas, submits a Risk Management and Loss Prevention Policy that addresses preventing the misappropriation, loss, or damage of Capital Equipment and/or Capital Improvements in accordance with contractual requirements.

MANAGEMENT'S RESPONSE

The City of Mission will develop and provide a Risk Management and Loss Prevention Policy per the contract. The policy will be provided to the OSR, Dir, TSVC, and TSVC SSO. Dir, TSVC will review for sufficiency IAW contract terms.

TSVC SSO will store the documentation on the shared drive IAW document retention policy.

Implementation Date: October 1, 2023

Contact: Deputy Director of TSVC

³ The GLO entered into Interlocal Cooperation Agreements with the City of Mission (Rio Grande Valley) in October 2020; and Nueces County (Coastal Bend) in October 2021.

⁴ Section 6.02, Loss Prevention

⁵ Nueces County's Fraud Policy identifies internal controls for preventing misappropriation, loss, and damage of assets/equipment (e.g., separation of duties, proper authorizations of transactions, and safeguarding assets).

CHAPTER 3: ENSURE THAT USER ACCESS REVIEWS ARE ROUTINELY CONDUCTED TO ENSURE APPROPRIATE ACCESS TO SENSITIVE DATA

The Texas State Veterans Cemeteries (TSVC) program uses DocuShare to store interment records for veterans and family members. These records contain Personal Identifiable Information (PII). The TSVC is tasked with conducting routine access reviews to ensure that only needed personnel has access to the file and records maintained. User access reviews are a part of the user account management and access control process, which involves periodically monitoring the rights and privileges of individuals permitted to access the data.

During the audit it was identified that the TSVC program had not conducted user access reviews of the file to identify staff that no longer need access to the maintained information. Additionally, the TSVC program does not have a documented process for conducting such reviews. Such a process should identify the frequency of the reviews as well as the personnel responsible for conducting the reviews.

RECOMMENDATIONS FOR MANAGEMENT

The Texas State Veterans Cemeteries program should establish a process to ensure the routine/periodic review of user access to TSVC files that contain personally identifiable information (PII).

MANAGEMENT'S RESPONSE

Although TSVC cannot remove persons from the authorized user's list, TSVC SSO will conduct a quarterly review of users authorized to access and provide a list to ITS of those persons requested to be deleted from accessing the secure DocuShare pages.

Implementation Date: August 25, 2023

Contact: TSVC Staff Services Officer

CHAPTER 4: ENSURE QUARTERLY CEMETERY INSPECTIONS ARE RETAINED IN ACCORDANCE WITH AGENCY REQUIREMENTS

Each of the Interlocal Cooperation Agreements requires that On-Site Representatives (OSR) for each TSVC conduct inspections of the cemetery at least once per quarter.⁶ The inspections are conducted to determine the Provider's compliance with the requirements of TSVC's Operating Manual. In conducting the inspections, the OSRs utilize the *Cemetery Inspection Checklist* to document observations and areas of non-compliance identified.

During the review, it was identified that quarterly cemetery inspection reports were not maintained in accordance with the program and agency guidance⁷, which requires the retention of documentation for three years. Testing reflected that 50 percent of each of the sampled inspection reports from each of the TSVCs were not maintained as required⁸.

The Cemetery Operating Manual does not clearly outline the retention requirements or the responsible parties to ensure supporting documentation is properly maintained in accordance with records retention requirements. By not maintaining quarterly inspection reports, the TSVC program is unable to effectively identify, track, address, and follow up on issues and concerns identified during the inspections.

RECOMMENDATIONS FOR MANAGEMENT

The Texas State Veterans Cemeteries program should ensure that quarterly cemetery inspections are appropriately maintained in accordance with the agency Records Retention Schedule. Additionally, the TSVC program should ensure that the Cemetery Operating Manual is revised to include the appropriate method and period for retaining completed quarterly cemetery inspections.

MANAGEMENT'S RESPONSE

OSRs will provide inspection forms to the Chief OSR, who will then provide them to the TSVC SSO after review. TSVC SSO will store the documentation on the shared drive IAW document retention policy.

Implementation Date: August 25, 2023

Contact: TSVC Staff Services Officer

⁶ Interlocal Cooperation Agreements, Section 8.03, Inspection and Withholding of Operations Fees

⁷ GLO Records Retention Schedule

⁸ Tested inspections from each TSVC, resulted in:

- CBSVC: 2 of 4 (50%) sampled inspections were not maintained.
- RGVSVC: 3 of 6 (50%) sampled inspections were not maintained.

APPENDIX

OBJECTIVE

To determine whether VLB Texas State Veterans Cemeteries (TSVC) program has effective processes and controls to ensure the TSVCs are operated in compliance with contractual requirements.

SCOPE & METHODOLOGY

The scope of the audit covered work performed during Coastal Bend State Veterans Cemetery's (SVC) period of fiscal year 2022 through fiscal year 2023 and Rio Grande Valley SVC's period of fiscal year 2021 through fiscal year 2023.

The methodology consisted of conducting site visits, observing processes, interviewing knowledgeable staff, collecting information, performing tests, and analyzing and evaluating the information. We reviewed our draft report with the appropriate management of the program area and solicited comments before issuing the final report.

The audit was conducted in accordance with *Government Auditing Standards and International Standards for the Professional Practice of Internal Auditing*. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

DISTRIBUTION LIST

TEXAS GENERAL LAND OFFICE & VETERANS LAND BOARD

Dawn Buckingham, M.D., Texas Land Commissioner

Mark Havens, Chief Clerk

Jennifer Jones, Deputy Land Commissioner

Jeff Gordon, General Counsel

Tony Dale, Senior Deputy Director, Veterans Land Board

Dr. John Kelley, Deputy Director, Texas State Veterans Cemeteries

Ashley Tucker, Staff Services Officer, Texas State Veterans Cemeteries

Douglas Gault, Chief On-Site Representative, Texas State Veterans Cemeteries

Veterans Land Board

GOVERNOR'S OFFICE OF BUDGET AND PLANNING

LEGISLATIVE BUDGET BOARD

TEXAS STATE AUDITOR'S OFFICE



MEMORANDUM

TEXAS VETERANS LAND BOARD • CHAIRWOMAN DAWN BUCKINGHAM, M.D.

Date: October 19, 2023

To: Dawn Buckingham, M.D., Chairwoman
Judson Scott, Member
James Rothfelder, Member

From: Tracey Hall, Chief of Audit and Compliance

Subject: Item 9b – Consideration and possible action to delegate authority to the Executive Secretary to issue a solicitation for audit services and execute a contract for audit services and notification to the Board of FY2024 Audit Plan.

Recommendation: I am requesting that the board give authority to the Executive Secretary to (i) issue a solicitation for audit services for an audit of the Bond Program, and (ii) to review, award, approve, and execute the contract and any work order for audit services for an audit of the Bond Program.

Summary: Each year, Internal Audit performs a risk assessment of all GLO and VLB operations. An annual audit plan is developed based on the data obtained in the risk assessment.

The item presented to you today is to notify the Board of any planned VLB audits.

The plan for this year includes an audit of the VLB bond program. This will be an outsourced audit, which will require the issuance of a solicitation for audit services.

The GLO plans to issue a master agreement to qualify multiple vendors to perform future audits of various areas. Work orders would be issued as audits are identified and approved for both VLB and the GLO. The cost of each audit is not yet known, but based on industry standards, it could exceed the VLB Major Contract Policy approval threshold of \$1,000,000.

The annual VLB audit plan is attached.



TEXAS GENERAL LAND OFFICE
COMMISSIONER DAWN BUCKINGHAM, M.D.

OFFICE OF INTERNAL AUDIT
FISCAL YEAR 2024 AND 2025
ANNUAL INTERNAL AUDIT PLANS

RISK ASSESSMENT

The Office of Internal Audit has completed the Fiscal Year (FY) 2024 Annual Risk Assessment and forecasted audit plan for FY2025 for the agency. The risk data was obtained from management interviews regarding activities conducted and administered within their divisions and across the agency. Internal Audit considered management's interest based on input from the Commissioner, Chief Clerk, and Deputy Land Commissioner. This assessment also incorporates data from the agency's strategic plan, appropriated budgets, and prior audit issues.

Auditable units and identified risks from the interviews were categorized according to twenty-one (21) risk factors and ranked based on inherent impact and inherent likelihood and the calculated inherent risk. The strength of existing controls was further calculated to identify a final residual risk score, which was considered in determining planned audits and developing the compiled and forecasted internal audit plans. Identified risks were categorized according to the following risk factors:

1. Governance and Oversight
2. Contract Management and Monitoring
3. Financial
4. Regulatory Compliance
5. Information Security
6. Data Integrity
7. Change Management
8. Operational Controls
9. Public Exposure & Sensitivity
10. Extent of Outsourcing and Contracting
11. Third-Party Risks
12. Potential for Fraud, Waste, and Abuse
13. Management Controls
14. Documentation of Policies and Procedures
15. Appropriate Access
16. Supervision and Training
17. Business Continuity
18. Complexity of Operations
19. Data Reliability
20. Information Systems
21. Organizational Changes

FY2024-2025 ANNUAL AND FORECASTED INTERNAL AUDIT PLANS

During the risk assessment, the inherent impact, inherent risk, and the strength of existing controls were evaluated and further calculated to identify the residual risk of each risk category of each program area and their associated functions. Residual risk is the amount of risk not eliminated by controls and the exposure that remains after all the known risks have been considered or addressed.

Of the 21 risk categories evaluated, nine (9) were identified for consideration for audits included in the proposed audit plans based on the risk to the agency, current controls, and remaining residual risk. Figure A identifies the nine (9) risk categories and the percentage of coverage for each, per the proposed FY2024 and 2025 audit plans.

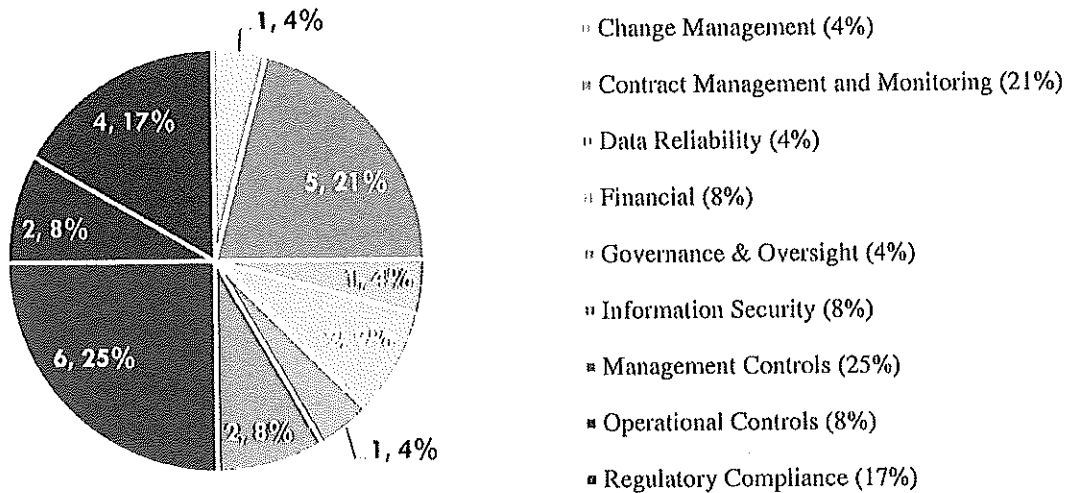
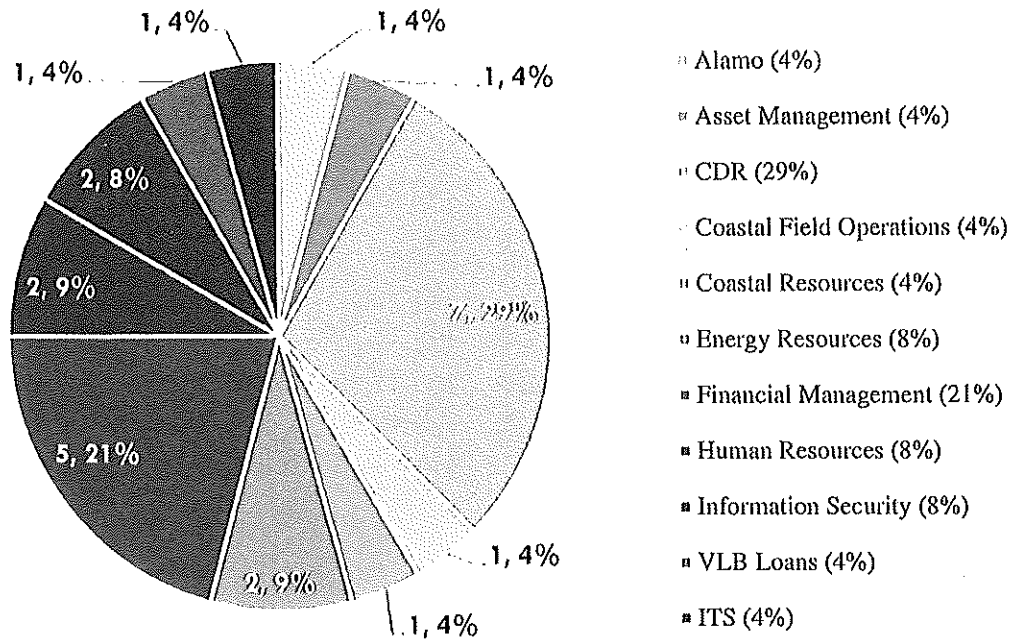


Figure B identifies the audit coverage provided by the FY2024 and projected FY2025 audit plans. In addition, the percent (%) of agency coverage per program area is provided.

Figure B: Audit Coverage for FY2024 and 2025 Audit Plans



ANNUAL AUDIT PLAN

The audit plan is designed to maximize the coverage of overall agency risks with available internal and external (contracted) resources. Each project provides the Audit Title, Division, Program Area, and Risk Category. The provided FY2024 plan also lists follow-up projects, other special projects, and annual reports that are part of our internal audit activities.

FY2024 AUDIT PLAN				
No.	Audit Title	Risk Category	Division(s)	Program Area(s)
1	Audit of Compliance with Texas Administration Code (TAC) 202	Information Security	Information Technology Solutions (ITS) Information Security	ITS Information Security
2	Audit of Travel Compliance	Regulatory Compliance	Financial Management	Cash & Data Management
3	Audit of Fixed Asset Inventory	Financial	Financial Management	Cash & Data Management
4	Audit of CDR Planning Studies Management	Contract Management and Monitoring	CDR	CDR

FY2024-2025 ANNUAL AND FORECASTED INTERNAL AUDIT PLANS

FY2024 AUDIT PLAN				
No.	Audit Title	Risk Category	Division(s)	Program Area(s)
5	Audit of Financial Operations at the Alamo Complex	Operational Controls	Heritage Financial Management	Alamo Trust Inc.
6	Audit of VLB Bond Funds Management	Governance and Oversight	VLB	VLB Bond Funds Management
7	Audit of the Texas Integrated Grant Reporting (TIGR) System	Management Controls	CDR	CDR
8	Audit of the Operations of the Gulf Coast Protection District (GCPD)	Management Controls	Coastal Protection	Coastal Field Operations
9	Audit of the State-Run Housing Assistance Program (HAP)	Management Controls	CDR	CDR

FY2024 PLANNED FOLLOW-UP REVIEWS		
Audit Follow-Up Title	Division(s)	Program Area(s)
Audit of Compliance with Texas Administrative Code (TAC) 202 (2016)	Information Security Information Technology Services (ITS)	Information Security Integrated Services
Audit of Compliance with Texas Administrative Code (TAC) 202 (2019)	Information Security ITS	Information Security ITS
Audit of Vendor Management (2021)	Veterans' Land Board	Land and Housing
Audit of Agency Cloud Services Management (2021)	Information Security ITS Procurement	Information Security ITS Procurement
Audit of Program Contract Management Processes (2021)	ITS	ITS
Audit of Grant Compliance for CDBG-DR 2015/2016 Flood Programs (2022)	Community Development & Revitalization (CDR)	Grant Management City of Houston / Harris County
Audit of COVID-19 Funding Compliance (2022)	Financial Management VLB	Federal Finance Texas State Veteran Homes
Audit of Business Continuity Preparedness (2022)	ITS Human Resources	ITS Human Resources

FY2024-2025 ANNUAL AND FORECASTED INTERNAL AUDIT PLANS

FY2024 PLANNED FOLLOW-UP REVIEWS		
Audit Follow-Up Title	Division(s)	Program Area(s)
Audit of the Administration of the Gulf of Mexico Energy Security Act (GOMESA) (2023)	Coastal Protection	Coastal Resources
Audit of Texas State Veterans Cemeteries Operations Contract Management (2023)	VLB	Texas State Veterans Cemeteries

FY2024 MANAGEMENT ASSISTANCE / SPECIAL PROJECTS	
Project Title	Division/Program Area
Internal Audit Quality Assurance Review	Internal Audit
Annual Risk Assessment and Internal Audit Plan	Internal Audit
Annual Report on Internal Audit (SAO)	Internal Audit
Annual Report on the Internal Audit Quality Assurance and Improvement Program	Internal Audit
Special Projects/Investigations	Internal Audit
Liaison for external audits and oversight entities (Federal and State)	Internal Audit
Management Assistance & Other Activities	Internal Audit

Proposed Forecasted FY2025 Audit Plan (the following audits are provisional and may change due to rising risks, agency activities, and resources):

FORECASTED FY2025 AUDIT PLAN				
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3	Audit of Coastal Resilience Master Plan	Management Controls	Coastal Protection	Coastal Resources
4	Audit of the Administration of the CDBG-DR Mitigation Program	Regulatory Compliance	CDR	CDR

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5	Audit of the Public School Fund (PSF) Internal Portfolio Management	Management Controls	Asset Enhancement	Asset Management
6	Audit of Agency Fleet Management	Operational Controls	Financial Management	Cash & Data Management
7	Audit of Human Resources Processes	Management Controls	Administration	Human Resources
8	Audit of CDR Business Development and Management	Contract Management and Monitoring	CDR	CDR
9	Audit of Water Resource Management	Contract Management and Monitoring	Asset Enhancement	Water Resources
10	Audit of CDR Subrecipient Expenditure Management	Contract Management and Monitoring	CDR	CDR
11	Audit of the Agency Federal Cost Allocation	Financial	Financial Management	Federal Finance
12	Audit of Vendor Management for the State Energy Marketing Program (SEMP)	Contract management and Monitoring	Asset Enhancement	Energy Resources
13	Audit of the Agency's Implementation of the Centralized Accounting and Payroll/Personnel System (CAPPS)	Change Management	Financial Management	Various
14	Audit of Compliance with the Davis-Bacon Act	Regulatory Compliance	CDR	CDR
15	Audit of CDBG-DR Privacy Controls	Information Security	CDR	CDR

FY2024-2025 ANNUAL AND FORECASTED INTERNAL AUDIT PLANS



TEXAS GENERAL LAND OFFICE
COMMISSIONER DAWN BUCKINGHAM, M.D.

OFFICE OF INTERNAL AUDIT
FISCAL YEAR 2024 AND 2025
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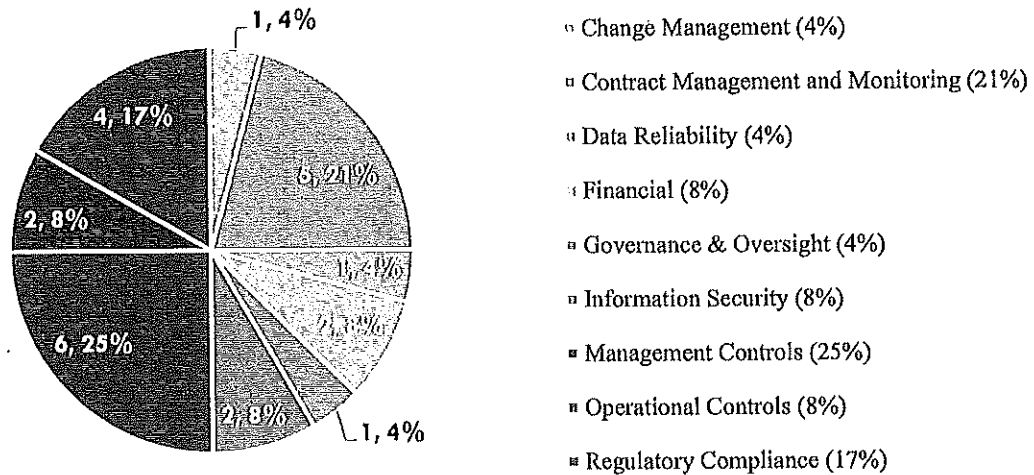
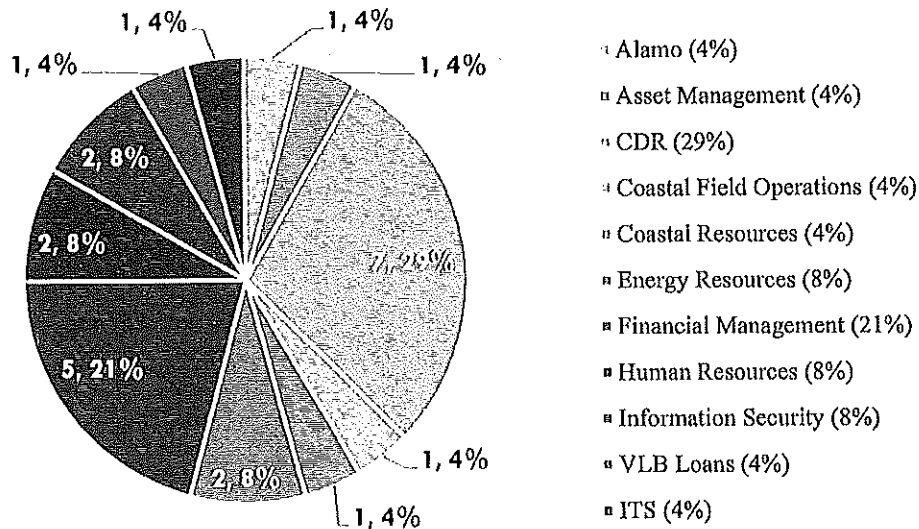


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Figure B: Audit Coverage for FY2024 and 2025 Audit Plans



ANNUAL AUDIT PLAN

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FY2024-2025 ANNUAL AND FORECASTED INTERNAL AUDIT PLANS

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Audit of Grant Compliance for CDBG-DR 2015/2016 Flood Programs (2022)	Community Development & Revitalization (CDR)	Grant Management City of Houston / Harris County
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Audit of Business Continuity Preparedness (2022)	ITS Human Resources	ITS Human Resources
Audit of the Administration of the Gulf of Mexico Energy Security Act (GOMESA) (2023)	Coastal Protection	Coastal Resources
Audit of Texas State Veterans Cemeteries Operations Contract Management (2023)	VLB	Texas State Veterans Cemeteries

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FY2024-2025 ANNUAL AND FORECASTED INTERNAL AUDIT PLANS

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15	Audit of CDBG-DR Privacy Controls	Information Security	CDR	CDR

10. Construction Services

- a. Consideration and possible action on an amendment to the major contract policy.
- b. Consideration and possible action on delegation of authority to the Executive Secretary to execute job order contracts for heating, ventilation, and air conditioning (HVAC) upgrades at Texas State Veterans Homes.
- c. Consideration and possible action on a job order contract on Project #121008-COV4, in the amount of \$2,303,000 with Basic SDV for HVAC Upgrade/Isolation Wing & HEPA Filtration at Watkins-Logan Home in Tyler, Texas.



MEMORANDUM

TEXAS VETERANS LAND BOARD • CHAIRWOMAN DAWN BUCKINGHAM, M.D.

Date: October 19, 2023

To: Dawn Buckingham, M.D., Chairwoman
Judson Scott, Member
James Rothfelder, Member

From: Tony Dale, Executive Secretary

Subject: Item 10a – Consideration and possible action on an amendment to the Major Contract Policy.

Recommendation: Approve adoption of an amendment to the Major Contract Policy for the limited purpose of authorizing the Executive Secretary to approve job order contracts for heating, ventilation, and air conditioning (HVAC) upgrades at Texas State Veterans Homes.

Summary

The VLB Board has an existing policy on identifying and approving Major Contracts. The policy was last amended by the Board on January 28, 2021. This agenda item is a proposal to amend the existing policy to provide limited authority to the Executive Secretary to execute job order contracts related to the construction of HVAC upgrades, isolation wards, and high-efficiency particulate air (HEPA) filtration at Texas State Veterans Homes.

Under the current board policy, the Executive Secretary may approve contracts that do not exceed \$2,000,000. Construction Services is in final negotiations with numerous construction companies for the HVAC improvements, but the contracts are not ready to be voted on by the Board. The deadline to award the contracts is November 7, 2023. If the contracts are not signed by November 7, 2023, the VLB is no longer authorized by the Legislature to expend the funds.

The source of the funding is from Senate Bill 8 (SB8) that was adopted during the 87th Legislature, 3rd Called Special Session. SB8 awarded \$35 million for COVID improvements at all Texas State Veteran Homes which include HVAC upgrades, isolation wards, and high-efficiency particulate air (HEPA) filtration. Design work is complete and final contract negotiations are in progress.

Adoption of the proposed amendment will facilitate Board action to ensure the Construction Services staff can meet the legislatively established deadline of November 7, 2023, without the need for a special called board meeting prior to November 7, 2023.

The proposed amendment is limited in scope and time. The amendment only applies to the job order contracts for HVAC improvements and expires on November 8, 2023. A separate agenda

item recommends that the Board delegate authority for contract approval to the Executive Secretary, pending the adoption of the Major Contract policy amendment in this agenda item.

The proposed amendment is indicated by the language that is bold and underlined:

C. Execution of Contracts

- (a) Only the Chairman, Acting Chairman, or if delegated by the Chairman, the Executive Secretary or Assistant Executive Secretary, may execute contracts. The Chairman hereby designates the Executive Secretary of the Board to execute contracts on their behalf, when needed.
- (b) The Board may vote to delegate authority to the Executive Secretary, for the sole purpose of executing job order contracts for HVAC upgrades, isolation wards, and high-efficiency particulate air (HEPA) filtration at Texas State Veterans Homes, using appropriations from Senate Bill 8. The authority in this paragraph expires on November 8, 2023.

The Executive Secretary will report the status of the job order contracts at the next VLB Board meeting. Staff recommends approval of the amendment to the Major Contract Policy.

VLB Policy on Review and Approval of Major Contracts

Section One: Purpose

This policy summarizes the Veterans Land Board's (the "Board") procedure and practice applicable to the review and approval of contracts by the Board and the authority delegated to the Chairman, Executive Secretary, Assistant Executive Secretary, or other designated individual to review and approve contracts on behalf of the Board.

Section Two: Definitions

"Assistant Executive Secretary" means the person nominated by the Commissioner and selected by a majority of the Board who performs all the duties required of them by the Board.

"Chairman" means the Commissioner of the Texas General Land Office as provided in the Texas Constitution, Article III, §49-b and the Texas Natural Resources Code, Chapter 161.

"Contract" means any written agreement of the Board for goods or services (including those defined herein as Major Contracts) provided by a vendor, including agreements, binding letters of intent, memoranda of understanding, amendments, renewals, revisions, and extensions.

"Deputy Director" means the Deputy Director of the Veterans Land and Housing Program, Deputy Director of the Texas State Veterans Homes, or the Deputy Director of the Texas State Veterans Cemeteries.

"Executive Secretary" means the person nominated by the Commissioner and selected by a majority of the Board who performs all the duties required of them by the Board.

"Major Contract" means any of the following: a Contract valued at \$1,000,000.00, including all potential renewals, whether automatic or by written agreement (Excluding Federal Housing Administration Title 1 insurance claims).

"Material Change" means any change that would cause a Major Contract to not substantially comply with the terms contained in a written solicitation for the Major Contract and the terms considered in awarding the Major Contract, including terms regarding cost of materials or labor, duration, price, schedule, and scope. A Material Change shall also include (1) extending the length of or postponing the completion of a contract for six months or more; or (2) increasing the total consideration to be paid under a contract by at least 10%, including substituting certain goods, materials, products, or services.

"Rules" means those rules and regulations contained in Title 40, Part 5 of the Texas Administrative Code.

"TSVC" means a burial ground operated solely for the burial of veterans and their eligible relatives.

"TSVH" means a life care facility, retirement home, retirement village, home for the aging, or other facility that furnishes shelter, food, medical attention, nursing services, medical service, social activities or other personal services or attention to veterans.

"TVC" means the Texas Veterans Commission.

"Veterans Housing Assistance Program" means the program created by the Texas legislature to provide low interest loans to Texas veterans to purchase a home.

"Veterans Home Improvement Program" means the program created to assist qualified Texas veterans in making eligible home improvements to their existing homes.

“Veterans Land Loan Program” means the program that provides Texas veterans the opportunity to borrow up to \$150,000 to purchase land at competitive interest rates.

Section Three: Policy

A. Identification of Major Contracts

The Contract Management Division of the Texas General Land Office is responsible for identifying a Contract that may be a Major Contract requiring approval of the Board. The Contract Management Division shall present the identified Contract to the Chief Clerk and General Counsel of the Texas General Land Office for review before any identified Contract is posted on the VLB meeting agenda.

B. Board Approval of Certain Major Contracts & Material Changes to Major Contracts

The applicable Deputy Director or their designee must, during an open meeting held in accordance with Texas Government Code Chapter 551, present for the Board’s review and approval each Major Contract and any amendment, extension, or renewal that increases the present value of a Contract to \$1,000,000.00 or more.

- (i) A Deputy Director, or their designee, may present the Board with one or more upcoming grant applications or solicitations that may or will require execution of a Major Contract. Approval by the Board of any upcoming grant application or solicitation shall be deemed to include authority for the Executive Secretary to review, award, approve and execute such Major Contracts whose total value does not exceed \$2,000,000.00. The Executive Secretary may not review, award, approve, and execute a Major Contract valued at or over \$2,000,000.00. If a Major Contract is executed pursuant to the authority granted the Executive Secretary under this subsection, the Deputy Director, or their designee, shall notify the Board of the terms of said Major Contract at the next regularly scheduled Board meeting.
- (ii) A Deputy Director may determine:
 - a. a solicitation for the purchase of goods or services may or will require execution of a Major Contract; or
 - b. a Contract may require execution of a(n) amendment, extension, work order, change order, or renewal that causes the Contract to become a Major Contract,

between the regularly scheduled meetings of the Board. If such a determination is made, and the solicitation or Contract has not been previously approved by the Board, a Deputy Director, or their designee, may present the Board with a description of such goods or services to be procured or a summary of the amendment, extension, work order, change order, or renewal, as applicable. The Deputy Director, or their designee, may request the Board’s review and approval for execution of such Major Contract or amendment, extension, work order, change order or renewal. Such approval may be granted regardless if the vendor has yet to be selected and/or the contract, amendment, extension, work order, change order or renewal value is estimated, as applicable. Approval by the Board in such instances shall be deemed to include authority for the Executive Secretary to

review, award, approve and execute such Major Contracts, amendments, extensions, work orders, change orders, or renewals whose total value does not exceed \$2,000,000.00. The Executive Secretary may not review, award, approve, and execute Major Contracts, amendments, extensions, work orders, change orders, or renewals valued at or over \$2,000,000.00 pursuant to this subsection. If a Major Contract is executed pursuant to the authority granted the Executive Secretary under this subsection, the Deputy Director, or their designee, shall notify the Board of the terms of said Major Contract at the next regularly scheduled Board meeting.

If a Material Change is required after a Major Contract has been awarded, the Board must consider, review and approve such Material Change. The applicable Deputy Director or their designee must, during an open meeting held in accordance with Texas Government Code Chapter 551, present the nature and necessity of the Material Change.

To the extent allowed by applicable law, the Board may consider the terms of a Major Contract and/or a Material Change to a Major Contract in an executive session of the Board.

C. Execution of Contracts

Only the Chairman, Acting Chairman, or if delegated by the Chairman, the Executive Secretary or Assistant Executive Secretary, may execute Contracts. The Chairman hereby designates the Executive Secretary of the Board to execute contracts on his behalf, when needed.

D. Contracts Not Requiring Board Approval

Any Contract that is not a Major Contract does not require Board review and approval. The Board hereby delegates authority to the Chairman, or if designated by the Chairman, the Executive Secretary, Assistant Executive Secretary, to review and approve all Contracts not requiring Board approval.

E. Quarterly & Annual Report of Contracts & Major Contracts

- (a) The Executive Secretary or the Director of Contract Management of the Texas General Land Office shall provide an annual report to the Board of the status of all current Contracts. Such status reports shall include:
1. The number of Contracts in place as of the date of the report;
 2. A listing of all Contracts, with each Contract's expiration date and renewal date, if applicable;
 3. The number of Contracts designated as Major Contracts;
 4. Identification of a Major Contract awarded, approved and executed pursuant to Section 3(B)(i) or (ii) of this policy;
 5. Major Contracts expiring within the then-current or following fiscal year, as of the date of the report;
 6. Major Contracts pending renewal or extension, including each such Major Contract's renewal date and term length; and
 7. Other information necessary for the Board to perform its duties.

F. Chairman of the Board

Per statute, the Commissioner of the Texas General Land Office serves as the Chairman of the Board. Both the duties as Commissioner and the duties as Chairman are outlined by statute. As such, he/she will act in accordance with those statutes.

Amended: January 28, 2021



MEMORANDUM

TEXAS VETERANS LAND BOARD • CHAIRWOMAN DAWN BUCKINGHAM, M.D.

Date: October 19, 2023

To: Dawn Buckingham, M.D., Chairwoman
Judson Scott, Member
James Rothfelder, Member

From: Jeffery Kauffmann, Deputy Director – Construction Services

Subject: Item 10b – Consideration and possible action on delegation of authority to the Executive Secretary to execute job order contracts for heating, ventilation, and air conditioning (HVAC) upgrades at Texas State Veterans Homes.

Recommendation: Delegate authority to the Executive Secretary to execute job order contracts to upgrade HVAC systems at Texas State Veterans Homes.

Summary

During the 87th Legislature, 3rd Called Special Session, Senate Bill 8 (SB8) passed and the GLO/VLB was awarded \$35 million for COVID improvements at all Texas State Veteran Homes which include HVAC upgrades, isolation wards, and high-efficiency particulate air (HEPA) filtration. Design work has been completed and is now in the process of soliciting bids for construction contracts. The deadline to execute the job order contracts is November 7, 2023. If the contracts are not signed by November 7, 2023, the VLB is no longer authorized by the Legislature to expend the funds.

The GLO/VLB entered negotiations and is soliciting bids for Job Order Contracts (JOC) from multiple construction vendors. Below are all Senate Bill 8 funded projects using JOC vendors and will each have construction contracts over \$1 million (in order of solicitation):

1. Project #121007-COV3, not to exceed \$5,300,000: HVAC Upgrades/Isolation Wings & HEPA Filtration at Richard A. Anderson TSVH-Houston and Alfredo Gonzalez Home-McAllen.
2. Project #121006-COV2, not to exceed \$5,800,000: HVAC Upgrades/Isolation Wings & HEPA Filtration at Ussery-Roan TSVH-Amarillo, and Ambrosio Guillen Home-El Paso.
3. Project #121005-COV1, not to exceed \$16,200,000: HVAC Replacement/Isolation Wings & HEPA Filtration at Lamun-Lusk-Sanchez TSVH-Big Spring, Clyde W. Cosper Home-Bonham, Frank M. Tejada Home-Floresville, and William R. Courtney Home-Temple.

Staff recommends the Board delegate authority to the Executive Secretary to execute job order contracts to upgrade HVAC systems at Texas State Veterans Homes.



MEMORANDUM

TEXAS VETERANS LAND BOARD • CHAIRWOMAN DAWN BUCKINGHAM, M.D.

Date: October 19, 2023

To: Dawn Buckingham, M.D., Chairwoman
Judson Scott, Member
James Rothfelder, Member

From: Jeffery Kauffmann, Deputy Director – Construction Services

Subject: Item 10c – Consideration and possible action on a job order contract on Project #121008-COV4, in the amount of \$2,303,000 with Basic SDV for HVAC Upgrade/Isolation Wing & HEPA Filtration at Watkins-Logan Home-Tyler.

Recommendation: Approve job order contract of Project #121008-COV4, in the amount of \$2,303,000 with Basic SDV for HVAC Upgrade/Isolation Wing & HEPA Filtration at Watkins-Logan Home-Tyler.

Summary

During the 87th Legislature, 3rd Called Special Session, Senate Bill 8 (SB8) passed and the GLO/VLB was awarded \$35 million for COVID improvements at all Texas State Veteran Homes which include HVAC upgrades, isolation wards, and high-efficiency particulate air (HEPA) filtration.

Project #121008-COV4, in the amount of \$2,303,000 was negotiated with Basic SDV for HVAC Upgrade/Isolation Wing & HEPA Filtration at Watkins-Logan Home-Tyler.

Basic SDV is a Texas-based company that provides construction and facility management services to clients, including the federal government, state agencies, colleges and universities, K-12 schools, cities, and municipalities. The company is a service-disabled veteran owned business and a HUB certified business.

Staff recommends approval of the job order contract.

JOC Proposal (121008-COV4 (TYL)) Rev.

Sent to:
Basic SDV, Inc.
13809 Research Blvd., Suite 500
Austin, Texas 78750



Job Order Recommendation to CMD

Date: October 06, 2023

Project Name:
 Tyler HVAC Upgrades and Negative-Air Isolation Unit

CS Project Number:
 121008-COV4

CS Project Manager:
 Michael Maclas

Project Location:
 Watkins-Logan, Tyler TSVH

Project Region:
 North & East

Contracted Coefficient:
 1.21

GLO IDIQ Contract No.: 23-016-003

Scope of Work

COVID Improvements at Watkins-Logan TSVH, Tyler:

1. HVAC
2. Isolation Ward

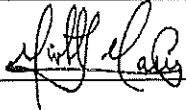
Task	Work Summary	Original bid	CO amount	Total JOC Amount
Task 1	HVAC Improvement	\$ 1,430,464	\$ -	
	HVAC Total (Including Owner's Work Order Allowance, General Conditions, and all materials, equipment, labor, and insurance and bonds, etc. per Contract, III, 3.01):		\$	1,430,464
Task 2	Isolation Ward	\$ 382,245	\$ -	
	HVAC Total (Including Owner's Work Order Allowance, General Conditions, and all materials, equipment, labor, and insurance and bonds, etc. per Contract, III, 3.01):		\$	382,245
			Work Order Sub-total:	\$ 1,812,709
			Contracted Coefficient:	1.21
			Work Order Total:	\$ 2,193,378
			Owner's Contract Contingency (not Work Order Allowance):	\$ 109,622
Job Order Total:				\$ 2,303,000

Assumptions:
 See original proposal.

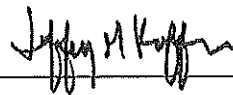
Anticipated Construction Duration: 140 Calendar Days

Milestone schedule to be provided one week after NTP

CS Project Manager Approval/Date


 10/06/2023

CS Deputy Director Approval/Date


 10/6/23

CS BSO/CAPPS No:
 HVAC Upgrades (HEPA Filtration and BI-polar Ionization)
 Isolation Ward (COVID Negative Air Pressure Unit)

JOC Proposal (121008-COV4 (TYL)) Rev.

Sent to:
Basic SDV, Inc.
13809 Research Blvd., Suite 500
Austin, Texas 78750



GLO IDIQ Contract No.: 23-016-003

Job Order Recommendation to CMD

Date: October 06, 2023

Project Name:
Tyler HVAC Upgrades and Negative-Air Isolation Unit

CS Project Number:
121008-COV4

CS Project Manager:
Michael Maclas

Project Location:
Watkins-Logan, Tyler TSVH

Project Region:
North & East

Contracted Coefficient:
1.21

Scope of Work

COVID Improvements at Watkins-Logan TSVH, Tyler:

- 1. HVAC**
- 2. Isolation Ward**

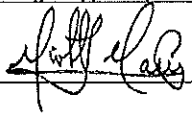
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	HVAC Total (including Owner's Work Order Allowance, General Conditions, and all materials, equipment, labor, and insurance and bonds, etc. per Contract, III, 3.01):		\$	382,245
			Work Order Sub-total:	\$ 1,812,709
			Contracted Coefficient:	1.21
			Work Order Total:	\$ 2,193,378
			Owner's Contract Contingency (not Work Order Allowance):	\$ 109,622
Job Order Total:				\$ 2,303,000

Assumptions:
 See original proposal.

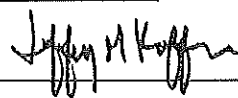
Anticipated Construction Duration: 140 Calendar Days

Milestone schedule to be provided one week after NTP

CS Project Manager Approval/Date


 10/06/2023

CS Deputy Director Approval/Date


 10/6/23

CS BSO/CAPPS No:
 HVAC Upgrades (HEPA Filtration and Bi-polar Ionization)
 Isolation Ward (COVID Negative Air Pressure Unit)

CS Project Number: 121008-COV4

BASIC SDV

GENERAL CONTRACTOR

10713 RR 620 N. Suite F-622

Austin, TX 78726

Basic SDV, Inc.

Proposal for:

Tyler HVAC Upgrades and Negative-Air Isolation Unit

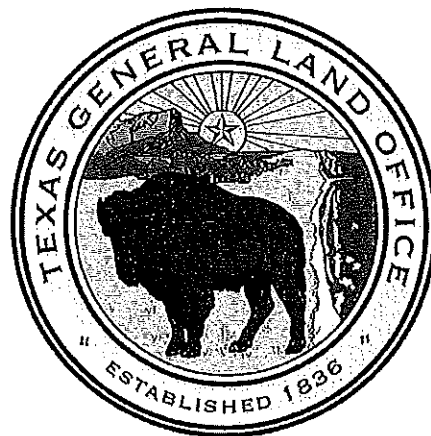
CS Project Number: 121008-COV4

Watkins-Logan, Tyler TSVH

GLO IDIQ Contract # 23-016-003

Proposal #2

ATTN: Michael Macias, CS Project Manager



www.basicadv.com

512.615.6095

info@basicadv.com





August 31, 2023

ATTN: Michael Macias

RE: GLO IDIQ Contract 23-016-003
JOC Proposal #2
Tyler Veterans Home

Basic SDV, Inc. is pleased to submit the attached bid in response to the GLO IDIQ Contract 23-016-003 JOC Proposal #2 Tyler HVAC Upgrades and Negative-Air Isolation Unit project.

Basic SDV focuses on value, service, responsiveness and high quality construction and facility support services to clients who have significant infrastructure including K-12 school districts, universities, community colleges, USPS postal facilities, county governments, municipalities, health care organizations, and commercial businesses.

Basic SDV offers the best value for the Tyler HVAC Veterans Home Project because we deliver uncompromising client service, speed of execution, and quality to our clients who care most about cost, time and peace of mind. We are also contributing to achieving diversity goals as a Texas Certified HUB Contractor and a Service-Disabled Veteran Owned Business.

All members of our team are highly committed to excellence and open communication with clients, employees and business partners. Basic SDV is immediately available to provide quality construction services for the successful completion of the Tyler HVAC Upgrades and Negative-Air Isolation Unit project.

Basic SDV, Inc., Bidder
10713 RR 620 N. Suite F-622
Austin, Texas 78726
State of Texas Corporation, 7/21/2020

Rich Barrick, President and Authorized Negotiator
(512) 615-6095 Office
rbarrick@basicsdv.com

Thank you for the opportunity to submit a bid response this Project. Please do not hesitate to call or email me if you have any questions or require additional information.

Best Regards,

A handwritten signature in black ink, appearing to read 'Rich Barrick', written over the 'Best Regards,' text.

Rich Barrick
President



Job Order Contract Proposal #02



JOC Proposal Scope of Work

Send to:

Michael Macias

GLO IDIQ Contract No.: 23-016-003

Scope of Work:

1. Add HEPA units to areas noted on drawings; Add BI-Polar Ionization to existing HVAC units;
2. Add negative air pressure exhaust and new outside air unit to create a COVID ward.
3. Note HVAC Testing, Adjusting, & Balancing requirements (Sect 23 05 93).
4. Commissioning of all new equipment and controls by the AE.
5. A site visit will be set up at a later date following this request.

Date: August 3, 2023

Project Name:

Tyler HVAC Upgrades and Negative-Air Isolation Unit

CS Project Number:

121008-COV4

CS Project Manager:

Michael Macias

Project Location:

Watkins-Logan, Tyler TSVH

Project Region:

North & East

Contracted Coefficient:

1.21

RSM Division	Work Breakdown	Cost per unit	Units	Total RSM Amount
233416100280	Fans, air conditioning and process air handling, in-line centrifugal, supply/exhaust booster, aluminum wheel/hub, disconnect switch, 1/4" S.P., 1520 CFM, 16" diameter connection	\$ 3,070.00	10.00	\$ 30,700.00
238413100580	Humidifier, steam, room or duct, filter, regulators, automatic controls, 220 V, 33 lb./hr., includes filter, regulator and standard controls, excludes blower	\$ 4,055.00	157.00	\$ 636,635.00
233713100620	Diffuser, aluminum, ceiling, perforated, 24" x 24" lay-in panel size, 24" x 24", includes opposed blade damper	\$ 482.00	130.00	\$ 62,660.00
233713301120	Grille, steel, air return, 24" x 12"	\$ 103.50	130.00	\$ 13,455.00
233713309000	Grille, minimum labor/equipment charge	\$ 218.00	130.00	\$ 28,340.00
233313136080	Duct accessories, multi-blade dampers, opposed blade, 24" x 24"	\$ 361.00	230.00	\$ 83,030.00
013113200260	Field personnel, superintendent, average	\$ 3,725.00	8.00	\$ 29,800.00
233113130560	Metal ductwork, fabricated rectangular, galvanized steel, 1000 to 2000 lb., incl fittings, joints, supports & allow for a flexible connections field sketches, excludes as-built drawings and insulation	\$ 10.05	10500.00	\$ 105,525.00
233113165440	Metal ductwork, spiral preformed, steel, galvanized, straight lengths, max. 10" SPWG, 10" diameter, 26 ga.	\$ 18.85	2300.00	\$ 43,355.00
233113169990	Metal ductwork, minimum labor/equipment charge	\$ 291.00	13.00	\$ 3,783.00

233353103980	Insulation, duct, board type, non-fibrous foam, temperature, bacteria and fungi resistant, 2" thick	\$	18.30	3600.00	\$	65,880.00
230713103180	Duct thermal insulation, blanket type, fiberglass, flexible, FSK vapor barrier wrap, .75 lb. density, 2" thick	\$	6.47	4080.00	\$	26,397.60
230593103000	Balancing, air conditioning equipment, supply, return, exhaust, registers and diffusers, average ceiling height, (Subcontractor's quote including material & labor)	\$	84.00	1500.00	\$	126,000.00
230593102700	Balancing, air conditioning equipment, package A.C. unit, (Subcontractor's quote including material & labor)	\$	350.00	42.00	\$	14,700.00
260533131162	Aluminum conduit, field bends, 45 Deg. to 90 Deg., 3/4" diameter	\$	17.60	14800.00	\$	260,480.00
260519900030	Wire, copper solid, 600 volt, #12, type THW, normal installation conditions in wireway, conduit, cable tray	\$	93.75	230.20	\$	21,581.25
260583100020	Motor connections, flexible conduit and fittings, 1 phase, 115 volt, up to 1 HP motor	\$	110.25	180.00	\$	19,845.00
260583109000	Motor connections, minimum labor/equipment charge	\$	207.00	10.00	\$	2,070.00
262726202470	Duplex receptacle, grounded, 120 volt, 20 amp	\$	44.70	100.00	\$	4,470.00
262416200100	Circuit breakers, bolt-on, 10 k A I.C., 1 pole, 120 volt, 15-50 amp	\$	110.50	80.00	\$	8,840.00
230923103229	Control components/DDC system, subcontractor's quote incl. material & labor, DDC controller (average 50' run in conduit), mechanical room, 32 point controller, incl. 120V/1 phase power supply	\$	5,425.00	10.00	\$	54,250.00
230923105010	Control components/DDC system, communications bus (data transmission cable), #18 twisted shielded pair in 1/2" EMT conduit	\$	380.00	37.20	\$	14,136.00
230923104600	Control components/DDC system, front end costs, calibration labor	\$	120.00	180.00	\$	21,600.00
230923104700	Control components/DDC system, front end costs, startup, checkout labor	\$	120.00	180.00	\$	21,600.00
320610100130	Sidewalks, driveways, and patios, bedding for brick or stone, sand, 2" thick, excludes base	\$	0.98	345.25	\$	338.35

This section filled in by bidders & attach backup

323129203400	Wood fences & gates, rail fencing, board, shadow box, No. 1 cedar, 1" x 6", 6' high, includes excavation	\$ 46.04	90.00	\$ 4,143.60
323129208040	Wood fences & gates, posts only, 6' high, includes excavation	\$ 91.00	15.00	\$ 1,365.00
323129209000	Wood fences & gates, rail fence, minimum labor/equipment charge	\$ 300.00	1.00	\$ 300.00
033053404000	Structural concrete, in place, foundation mat (3000 psi), under 10 C.Y., Includes forms(4 uses), Grade 60 rebar, concrete (Portland cement Type I), placing and finishing	\$ 597.84	6.00	\$ 3,587.04
024119166100	Selective demolition, cutout, drywall, to 5/8" thick, openings to 5 S.F., excludes re-framing, loading and disposal	\$ 25.00	130.00	\$ 3,250.00
237433102120	Rooftop air conditioner, multizone, electric cool, gas heat, 20 ton cooling, 360 MBH heating, Includes, standard controls, curb and economizer	\$ 76,900.00	1.00	\$ 76,900.00
260519900140	Wire, copper, stranded, 600 volt, #8, type THW, normal installation conditions in wireway, conduit, cable tray	\$ 161.00	12.00	\$ 1,932.00
262416201100	Circuit breakers, bolt-on, 22 k A l.C., 3 pole, 240 volt, 70-225 amp	\$ 930.00	1.00	\$ 930.00
089119103130	Wall louvers, aluminum, fixed blades, commercial grade, 36" x 24"	\$ 599.50	1.00	\$ 599.50
015433602500	Rent crane truck mounted, hydraulic, 25 ton capacity, Incl. Hourly Oper. Cost.	\$ 3,933.68	1.00	\$ 3,933.68

Subtotal: \$ 1,796,412.02

Contracted Coefficient: \$ 1.21

Job Order SubTotal: \$ 2,173,658.54

Task	Work Summary	Original bid	CO amount	Total JOC Amount
Task 1	HVAC Improvement	\$ 1,389,345.05	\$ -	\$ 1,389,345.05
Task 2	Isolation Ward	\$ 407,066.96	\$ -	\$ 407,066.96
Subtotal:				\$ 1,796,412.02
Contracted Coefficient:				\$ 1.21
Total:				\$ 2,173,658.54
Performance & Payment Bonds (2.5%):				\$ 54,341.46
Total including Coefficient & Bonds:				\$ 2,228,000.00
Owner's Allowance:				\$ 75,000.00
RS Means Total:		\$ 1,796,412.02	Job Order Total:	\$ 2,303,000.00

Assumptions:

- Project based on standard work days/hours (M - F, between 8am to 5pm). No after hours work included.
- Project shutdown anticipated for state inspections, etc. and high-volume visitations (Thanksgiving, Christmas, etc.)
- Construction Calendar Days are based on bullet above and anticipated lead times for equipment.
- Construction Schedule sequencing is based on performing one building at a time, with Covid Bldg. last. Covid Bldg. ("F") has anticipated longest equipment lead time (DOAS unit).
- After model building is completed and approved, Basic SDV would like to perform work two or more buildings concurrently, in order to lessen the impact on residents and staff.
- Basic SDV plans to perform as much work as possible in residents' rooms while they're scheduled to be dining, etc. & to perform as much work in the common areas as possible when residents are scheduled to be in their rooms, in order to lessen the impact on residents & staff.
- Basic SDV hereby offers a two percent (2%) discount on this and other future WO's #03 through #10 if two (2) or more of these WO's are awarded to Basic SDV.
- Basic SDV has included the Owner's Allowance as a 'below the line' item as there is no line item in RS Means.
- Basic SDV has included the Performance & Payment bonds item as a 'below the line' (but above Owner's Allowance) as per the contract.
- Basic SDV can meet BABA requirements on this project.

Anticipated Construction Duration:	140 Calendar Days		
Anticipated Construction Start Date:	11/13/2023	Subs. Comp. Date:	4/10/2024
CS Project Manager Approval/Date:	CS Deputy Director Approval/Date:		
CS Project Number: 121008-COV4			Date: 08/31/2023 Page 1

11. Executive Secretary Report

- a. Report on Veterans Land Board operations.
- b. Consideration and possible action on board policies.
- c. Consideration and possible action to select Robert Miri as Board Secretary.
- d. Consideration and possible action to select Darren Fitz Gerald as Assistant Executive Secretary.



MEMORANDUM

TEXAS VETERANS LAND BOARD • CHAIRWOMAN DAWN BUCKINGHAM, M.D.

Date: October 19, 2023

To: Dawn Buckingham, M.D., Chairwoman
Judson Scott, Member
James Rothfelder, Member

From: Tony Dale, Executive Secretary

Subject: Agenda Item 11a - Report on Veterans Land Board operations.

RECOMMENDATION

This agenda item requires no action from the Board.

Introduction of New Hires

Bobby Breeden, Program Administrator – U.S. Army veteran – Texas State Veterans Homes
Amy Kolar, Pharmacy Auditor – Texas State Veterans Homes
Robert Miri, Executive Assistant – U.S. Army and U.S. Navy veteran – Executive
Renee Vick, Staff Services Officer – Veterans Land and Housing
Michelle Straley, Portfolio Manager – VLB Bond Funds Management
Norman Bearden, On Site Representative – West Texas State Veterans Cemetery
Darren Fitz Gerald, Senior Advisor for Veterans Affairs – U.S. Army veteran – Executive

Promotions:

John Barton – Director of VLB Bond Funds Management

Veteran Friendly Employer Award:

In August 2023, the Texas Workforce Commission recognized the Texas State Veterans Cemetery Program with its Veteran Friendly Employer Award. The Veteran-Friendly Employer Award honors an employer whose efforts to recruit and hire veterans have had a significant effect on veterans in the local workforce and across the state.

The award highlights employers whose: recruiting and hiring practices attract veterans; policies give preference to hiring veterans; policies that support veterans in the workplace.

100% of the employees in the Veterans Cemetery program area are veterans. All state agencies have a target of hiring 20% veterans. The Veterans Land Board is currently employing 22 veterans bringing our total percentage to 37% veterans.

Contract Status:

During the May 23, 2023, Board meeting the Board authorized awarding the operations and maintenance contract for Tuskegee Airmen Texas State Veterans Home in Fort Worth to VSI. Contract negotiations are complete, and the contract was executed on August 8, 2023.

Since the last Board meeting the staff, legal counsel and our operating partner Touchstone, engaged in negotiations to initiate operations and maintenance contracts for Big Spring, Floresville, and McAllen veterans homes. The Temple home contract was amended and extended. All operations and maintenance contracts are in place.

We also executed numerous Privacy and Security Agreements focused on strengthening our cybersecurity governance and risk management. Thank you to all staff who work on the financial analysis, business terms and legal aspects of the agreements.

Upcoming Dates of Importance

November 17, 2023 - Groundbreaking, West Texas State Veterans Cemetery - Lubbock

December 11, 2023 to January 25, 2024 - Forfeited Land Sale

February 13, 2024 – Quarterly Veterans Land Board Meeting

March 2024 – Tentative Opening Event at the Tuskegee Airmen Texas State Veterans Home, Fort Worth – date to be determined



MEMORANDUM

TEXAS VETERANS LAND BOARD • CHAIRWOMAN DAWN BUCKINGHAM, M.D.

Date: October 19, 2023

To: Dawn Buckingham, M.D., Chairwoman
Judson Scott, Member
James Rothfelder, Member

From: Tony Dale, Executive Secretary

Subject: Agenda Item 11b - Consideration and possible action on board policies.

State law requires the Veterans Land Board to adopt board-level policies on specific topics. Current policies are either out-of-date, not adopted and/or are in a non-uniform format. Attached to this memo are draft policies for your comments and consideration. If adopted, the policies will ensure the VLB is compliant with state law, specifically Texas Natural Resources Code, Title 7, Chapter 161, Subchapter A.

RECOMMENDATION: I recommend the Board adopt the attached policies.

BACKGROUND

- The Texas Natural Resources Code governs the duties, and general activities of the Texas Veterans Land Board. Numerous legislatures since 1977 added laws requiring the board to adopt various policies.
- State law requires the Board to adopt six policies. These include policies related to the authority and responsibility of the Board, ethics, communication with the Board and complaint handling, use of technology and negotiated rulemaking and alternative dispute resolution.
- After a thorough search, only one adopted policy was located. A review of existing board policies is complete. VLB staff was able to identify one adopted policy related to contract management. Although not required by state law, the contract management policy was adopted in response to the most recent Sunset Commission review of the VLB.
- The proposed rules are uniform in format. Each draft policy includes the purpose, policy name, the elements of the policy and the authority (statutory reference) and the effective date.

BENEFITS AND RISKS TO VLB's MISSION

- Benefits of adopting these policies include:
 - Compliance with State Law: Adopting policies is mandated by state law.
 - Program Integrity: These policies are essential for maintaining the integrity of the Board's authority and providing clear guidance to the staff.
 - Veterans' Welfare: Clearly defined policies will allow the staff to focus on caring for Texas' veterans in accordance with the guidelines established by the Board.
 - Consistency: Adoption of the Board policies will put all policies in a consistent, updated format.

- Risks of not adopting the policies include:
 - Legal Consequences: Failure to adopt policies may result in legal repercussions for the Board which would distract from the mission of caring for veterans.
 - Program Ineffectiveness: Without clear policies, the program may operate inefficiently, potentially leading to misallocation of resources and reduced support for veterans.
 - Reputational Risk: The Legislature expects state agencies to comply with state law. Failure to adopt Board policies may result in a mistrust of the VLB among legislative members and staff.



VETERANS LAND BOARD (VLB) POLICIES

100 – VLB MISSION STATEMENT

110 – AUTHORITY AND RESPONSIBILITIES

120 – ETHICS

130 - COMMUNICATION WITH THE BOARD AND COMPLAINT HANDLING

140 – USE OF TECHNOLOGY

150 – *RESERVED FOR FUTURE USE*

160 – NEGOTIATED RULEMAKING AND ALTERNATIVE DISPUTE RESOLUTION



VETERANS LAND BOARD (VLB) POLICIES

100- VLB MISSION STATEMENT

Month, day, year

100.01 VLB MISSION STATEMENT

The mission of the Veterans Land Board is to ensure the veterans of Texas can access land loans, home loans, skilled nursing care and the cemetery services they are eligible for in recognition of their honorable service to our country.

AUTHORITY: Texas Constitution, Article 3. Legislative Department section 49-b VETERANS' LAND BOARD

EFFECTIVE: (date adopted by board)



VETERANS LAND BOARD (VLB) POLICIES

110- AUTHORITY AND RESPONSIBILITIES

Month, day, year

110.10 PURPOSE

The purpose of this policy is to define the authority and responsibility of the Board, the executive management and the VLB staff.

110.20 Responsibilities of the Board of Directors

The Board of Directors plays a crucial role in the strategic governance and long-term success of the Veterans Land Board. Their primary responsibilities include:

- A. Providing strategic direction: The Board sets the overall strategic direction and goals of the VLB, ensuring alignment with VLB's mission and statutory authority.
- B. Oversight and accountability: The Board monitors the performance of the executive management team, ensuring that they operate in compliance with legal, ethical, and financial standards.
- C. Risk management: The Board identifies and assesses significant risks facing the VLB and establishes appropriate risk management policies to safeguard the interests of veterans, bondholders, and the public.
- D. Appointment and guidance: The Board appoints and evaluates the Executive Secretary and the Assistant Executive Secretary, providing guidance and support in matters of executive leadership and succession planning.
- E. Financial stewardship: The Board ensures the VLB's financial stability, approves budgets, monitors financial performance, and safeguards the interests of veterans, taxpayers, and bondholders.

110.30 Delegations to the Executive Secretary and Assistant Executive Secretary

The Board of Directors delegates to the Executive Secretary the general powers and duties in the VLB enabling legislation, other applicable law, VLB Board policies necessary to accomplish VLB's purpose, plans and objectives as approved by the Board, except for those specifically reserved for the Board by provisions in VLB's enabling legislation, Bond resolutions and other Board policies. In the absence of the Executive Secretary, the Assistant Executive Secretary has the authority of the Executive Secretary. Duties not delegated to the Executive Secretary and reserved for the Board include:

- A. Authorize settlements of any dollar amount which results in VLB paying claims or funds to another party;
- B. Authorize and execute negotiable bonds as provided by law;
- C. Approval of any sale of real property;
- D. Setting rates charged to residents of Veterans Homes;
- E. Resident capacity, location and name of Veterans Homes and Veterans Cemeteries;
- F. Eligibility for burial in a Veterans Cemetery;
- G. Provide by resolution for use of the fund in a manner that will effectuate the intent of the constitution and the law;
- H. Prescribe and revise the interest rates as provided by law;



VETERANS LAND BOARD (VLB) POLICIES

- I. Provide for the forfeiture of contracts of sale and purchase and resale of forfeited land;
- J. Conduct Board initiated investigations it considers necessary;
- K. Obtain and review any components of internal audit plans that relate to board functions and approve those plans as appropriate during public meetings of the board;
- L. Obtain and review any internal audit reports that relate to board functions and discuss those reports during public meetings of the board; and
- M. Formulate policies and rules necessary and not in conflict with the law to ensure the proper administration and to carry out the intent and purposes of the law.

110.40 Responsibilities of the Executive Secretary

The executive management of the VLB is delegated to the Executive Secretary. The Executive Secretary is responsible for executing the strategies and day-to-day operations of the VLB, with the following key responsibilities:

- A. Strategy implementation: Develops and implements the strategic plans and initiatives outlined by the Board, aligning resources, and guiding the VLB toward its goals.
- B. Operational leadership: Managing daily operations, making operational decisions, and overseeing functional areas to ensure efficiency, productivity, and profitability.
- C. Team management: Recruits, develops, and leads the talented individuals who form the backbone of the VLB, ensuring a motivated workforce and fostering a positive culture.
- D. Financial management: Manage the financial resources of the VLB, including budgeting, financial planning, reporting, and ensuring effective use of funds to achieve objectives.
- E. Stakeholder communication: Maintains transparent and effective communication with stakeholders, including veterans, the Board, employees, customers, investors, legislative and regulatory bodies, representing the VLB's interests and upholding its reputation.

110.50 Responsibilities of VLB Staff

- A. Execution of Strategy: Responsible for implementing the strategies and plans devised by the executive leadership. They translate high-level goals into actionable tasks and ensure their timely and effective execution.
- B. Day-to-Day Operations: Manage the day-to-day activities of the VLB. They oversee various departments, coordinate workflows, and ensure smooth operations across different functions.
- C. Expertise and Specialization: Possess specific skills and expertise in their respective fields. Bring their knowledge and experience to execute tasks and contribute to the success of the organization.
- D. Collaboration and Coordination: Collaborate with colleagues within and across departments. Coordinate efforts, share information, and work together to achieve common objectives.
- E. Reporting and Documentation: Generate reports, collect data, and maintain documentation related to their areas of responsibility. Provide regular updates to the executive leadership and support decision-making processes.
- F. Quality Control and Efficiency: Focus on delivering high-quality products or services. Establish and enforce standards, implement quality control measures, and continuously seek ways to improve efficiency and productivity.



VETERANS LAND BOARD (VLB) POLICIES

110.60 AUTHORITY

Natural Resources Code, Title 7, Chapter 161, Subchapter A. Sec. 161.061 GENERAL DUTIES OF THE BOARD

Natural Resources Code, Title 7, Chapter 161, Subchapter A. Sec. 161.0141. SEPARATION OF RESPONSIBILITIES.

EFFECTIVE: (date adopted by board)



VETERANS LAND BOARD (VLB) POLICIES

120- ETHICS

Month, day, year

120.10 PURPOSE

The purpose of this policy is to provide guidance to the Veterans Land Board Directors regarding standards of ethical conduct and conflicts of interest.

120.20 Ethical Standards of Conduct

VLB Directors must conduct themselves so as to bring continued respect to the VLB and avoid any questionable conduct that would bring discredit to the VLB. In accordance with state law, no director should:

- A. Accept or solicit any gift, favor or service that might reasonably tend to influence him or her in the discharge of his or her official duties, or that he or she knows or should know is being offered to him or her with the intent to influence his or her official conduct;
- B. Accept or solicit employment or engage in any business or professional activity that he or she might reasonably expect would require or induce him or her to disclose confidential information acquired by reason of his or her official position;
- C. Accept or solicit other employment or compensation that could reasonably be expected to impair his or her independence of judgment in the performance of his or her official duties;
- D. Make personal investments that could reasonably be expected to create substantial conflicts between his or her private interest and the public interest;
- E. Intentionally or knowingly solicit, accept, or agree to accept any benefit for having exercised his or her official powers or performed his or her official duties in favor of another; or
- F. Misapply or misuse VLB property, services, or personnel for personal benefit.

120.30 Conflicts of Interest

Directors will avoid conflicts of interest and conduct themselves so as to avoid even the appearance of conflicts of interest in the discharge of their official duties.

- A. Before any vote or decision on a business entity or real property in which a director has a substantial interest, a director will publicly disclose the interest during a meeting of the Board, file an affidavit with the Secretary of the Board, and abstain from further participation in the matter if:
 - a. The action on the matter will have a special economic effect on the business entity that is distinguishable from the effect on the public; or
 - b. It is reasonably foreseeable that a board action on the matter will have an economic effect on the value of the property.
 - c. The Board must take a separate vote on any item specifically dedicated to a contract in which a director has a substantial interest.
- B. Regarding hiring, no director will appoint, confirm the appointment, or vote for the appointment of any individual if that individual:
 - a. Is related to that director or any other director within the third degree of consanguinity or second degree of affinity (defined as a spouse, parent, child, sibling, aunt, uncle, niece, nephew, grandparent, grandchild, great-grandparent, great-grandchild, brother-in-law, sister-in-law, mother-in-law, father-in-law, son-in-law, or daughter-in-law); and



VETERANS LAND BOARD (VLB) POLICIES

- b. That individual will receive or be compensated from VLB funds.
- C. Directors also must file a conflicts disclosure statement whenever a director becomes aware that a vendor or contractor of VLB, or a potential vendor or contractor, has an employment or business relationship with a director or a family member of the director (defined as the director's spouse, parent, child, father-in-law, mother-in-law, sons-in-law, and daughters-in-law). The disclosure statement also must be filed in the following circumstances:
 - a. When a director or a family member of a director receives taxable income from an VLB vendor or contractor or a potential vendor or contractor, other than investment income, that exceeds \$2,500 during the 12-month period preceding the date a contract is signed or first considered by VLB;
 - b. When a vendor has given to a director or a family member of a director one or more gifts that have an aggregate value of more than \$100 in the 12-month period preceding the date a contract is signed or first considered by VLB; or
 - c. When a director has a family relationship with an VLB vendor. A director must sign the disclosure statement (available from the general counsel) before a notary, under oath, acknowledging that it applies to the director's family members, then file it with the VLB records custodian by the seventh business day after the director becomes aware of facts requiring the form to be filed.

120.40 Annual Financial Disclosures

The Directors shall file an annual financial statement with the Texas Ethics Commission in accordance with Texas Government Code, Chapter 572.

102.60 Executive Secretary Authority

The Executive Secretary is authorized to develop and enforce a written policy of ethical conduct, which may be more restrictive than state law, applicable to employees of the VLB.

120.70 Donations Received by the VLB

The authority to accept grants, gifts, devises, trusts, and requests, for programs outside of Natural Resources Code, Title 7. Resources Program, Chapter 164. Veterans' Financial Assistance Program is reserved for the Chair of the Veterans Land Board, in his or her capacity as Commissioner of the General Land Office as specified in Natural Resources Code, Title 2. Public Domain, Subtitle C. Administration, Chapter 31. General Land Office, Subchapter A. General Provision, Section 31.065.

120.80 AUTHORITY

Natural Resources Code, Title 2. Public Domain, Subtitle C. Administration, Chapter 31. General Land Office, Subchapter A. General Provision, Section 31.065

Natural Resources Code, Title 7. Resources Program, Chapter 164, Section 164.005 RIGHTS AND POWERS OF BOARD

EFFECTIVE: (date adopted by board)



VETERANS LAND BOARD (VLB) POLICIES

130 – COMMUNICATION WITH THE BOARD AND COMPLAINT HANDLING

Month, day, year

130.10 PURPOSE

The purpose of this policy is to provide guidance to the Veterans Land Board on communicating with the public.

130.20 Public posting of board meeting documents

The Executive Secretary shall implement a plan to post agendas, board packets, board rules and approved minutes on the internet. The agenda and board packet shall be posted on the Internet prior to the meeting. The minutes shall be posted after the Board approves the minutes.

130.30 Communication with the Board via the internet

The Executive Secretary shall implement a method to allow the public to send communication to Directors via the internet.

130.40 Public comment during board meetings

The Executive Secretary shall include an agenda item allowing public comment during all regularly scheduled meetings, special called meetings, workshops, and work sessions. In accordance with the Open Meetings Act, the board may adopt reasonable rules governing public comment including requiring speakers to sign in advance, establishing reasonable limits on the length of presentation or the total time a member of the public can address the board on a given item.

130.50 Employee complaint handling

Internal employee related complaints will be addressed by VLB management in accordance with the Employment Practices published in the Texas General Land Office Employee Handbook.

130.60 External complaint handling

The board secretary shall maintain information about parties to the complaint, the subject matter of the complaint, a summary of the results of the review or investigation of the complaint, and the disposition of the complaint.

- A. Complaints regarding the Executive Secretary shall be referred to the Chair of the VLB.
- B. All other complaints shall be referred to the Executive Secretary.
- C. The party responsible for addressing the complaint shall exercise due diligence to resolve the complaint in a timely manner. The Executive Secretary shall inform the Board if the matter is resolved, with the details on the parties involved, the nature of the complaint, the actions taken to address the complaint and any other relevant information the Board may need to understand the final disposition of the complaint.



VETERANS LAND BOARD (VLB) POLICIES

130.70 **AUTHORITY**

Natural Resources Code, Title 7, Chapter 161, Subchapter A. Section 161.034. COMPLAINTS.

Natural Resources Code, Title 7, Chapter 161, Subchapter A. Section 161.035. USE OF TECHNOLOGY.

Government Code, Title 5, Subtitle A, Chapter 551, Subchapter A, Section 551.007 (c)

EFFECTIVE: (date adopted by board)



VETERANS LAND BOARD (VLB) POLICIES

140 – USE OF TECHNOLOGY

Month, day, year

140.10 PURPOSE

The purpose of this policy is to provide guidance regarding the Veterans Land Board's use of technology.

140.20 Technology Solutions

The Executive Secretary shall ensure that technology employed by the VLB enhances productivity, is supported by the manufacturer, is cost effective, and balances availability of data with the confidentiality of data and ensures the integrity of data.

140.30 AUTHORITY

Natural Resources Code, Title 7, Chapter 161, Subchapter A. Section 161.035. USE OF TECHNOLOGY.

EFFECTIVE: (date adopted by board)



VETERANS LAND BOARD (VLB) POLICIES

160 – NEGOTIATED RULEMAKING AND ALTERNATIVE DISPUTE RESOLUTION

Month, day, year

160.10 PURPOSE

The purpose of this policy is to encourage the use of negotiated rule making and alternative dispute resolution.

160.20 Negotiated Rulemaking

The Board encourages the use of negotiated rulemaking in accordance with Chapter 2001, Subchapter B of the Texas Government Code.

160.202 Alternative Dispute Resolution

The Board encourages the use of alternative dispute resolution consistent with Chapter 154, Civil Practice and Remedies Code and Government Code 2001.

160.30 AUTHORITY

Sec.161.036 NEGOTIATED RULEMAKING; ALTERNATIVE DISPUTE RESOLUTION.

Chapter 2008, Government Code

Chapter 2009, Government Code

EFFECTIVE: (date adopted by board)



MEMORANDUM

TEXAS VETERANS LAND BOARD • CHAIRWOMAN DAWN BUCKINGHAM, M.D.

Date: October 19, 2023

To: Dawn Buckingham, M.D., Chairwoman
Judson Scott, Member
James Rothfelder, Member

From: Tony Dale, Executive Secretary

Subject: Agenda Item 11c - Consideration and possible action to select Robert Miri as Board Secretary

On October 28, 2021, the Board selected Linda Quintanilla Olson as the Board Secretary. Mrs. Olson serves as a Senior Executive Assistant in the Office of Legal Counsel in the General Land Office. Her duties include paralegal work and Board Secretary duties for the School Land Board in addition to her Veterans Land Board duties. Mrs. Olson assumed a new position at the Public Utilities Commission effective October 15, 2023. The Board Secretary prepares the meeting minutes, posts open meeting notices, organizes board packets, prepares the meeting room for the Board, and other duties related to Board activity.

RECOMMENDATION: The Executive Secretary recommends selecting Robert Miri as the Board Secretary effective October 20, 2023.

This item requires the Chair to nominate the Board Secretary.



MEMORANDUM

TEXAS VETERANS LAND BOARD • CHAIRWOMAN DAWN BUCKINGHAM, M.D.

Date: October 19, 2023

To: Dawn Buckingham, M.D., Chairwoman
Judson Scott, Member
James Rothfelder, Member

From: Tony Dale, Executive Secretary

Subject: Agenda Item 11d - Consideration and possible action to select Darren Fitz Gerald as Assistant Executive Secretary

RECOMMENDATION: Recommend the Board select Darren Fitz Gerald as the Assistant Executive Secretary effective October 20, 2023.

BACKGROUND

State law requires the Veterans Land Board to select an Executive Secretary and Assistant Executive Secretary. There is not currently an Assistant Executive Secretary selected by the Board.

The Texas Natural Resources Code says that the Board "shall" select an Assistant Executive Secretary. Texas Natural Resources Code, Title 7, Chapter 161, Section 161.013. Executive Secretary and Assistant Executive Secretary line (a) says, "The board shall select an executive secretary and an assistant executive secretary, each of whom shall be nominated by the commissioner and approved by a majority of the board." Line (b) says, "The executive secretary and assistant executive secretary shall perform all duties required of them by the board."

Loan closing documents and other legal instruments that require the signature of the Executive Secretary cannot be executed in the absence of the Executive Secretary. The Board delegates the authority to the Executive Secretary to sign loan closing and land related documents. When the Executive Secretary is on vacation, unavailable or incapacitated, the documents must await the return of the Executive Secretary for execution. Selection of an assistant executive secretary will ensure continuity of operations.

I recommend the chair nominate and the Board select Darren Fitz Gerald as Assistant Executive Secretary.

Mr. Fitz Gerald is a graduate of the United State Military Academy at West Point and a retired U.S. Army combat veteran. He joins the VLB from the Texas Military Department where he most recently served as the Chief of Staff for the Texas State Guard.

This item requires the Chair to nominate the Assistant Executive Secretary.

II. EXECUTIVE SESSION

In accordance with Chapter 551, Government Code, the Texas Veteran Land Board will now convene in Executive Session pursuant to the following provisions of the Texas Open Meetings Act, Chapter 551, of the Texas Government Code:

- a. Section 551.071 - Consultation with attorney regarding issues concerning construction and warranty at the Richard A. Anderson Texas State Veterans Home in Houston, Texas.

12. Chair and Board Member Closing Comments.

13. Adjournment