

MEMORANDUM OF UNDERSTANDING

Amended Memorandum of Understanding, dated as of March 1, 2012, between the Texas Public Finance Authority (the "Authority") and the Texas Juvenile Justice Department, successor agency to the Texas Youth Commission) (the "Qualified Agency") reaffirms the Memorandum of Understanding dated March 27, 2008, between the Authority and the Texas Youth Commission, predecessor agency to the Qualified Agency;

WITNESSETH:

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

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

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

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

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

SECTION 1. Planning of Projects.

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

SECTION 2. Request for Bond Issuance.

(a) If the Qualified Agency desires to finance the costs of a project (or projects)

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

- (1) a description of the facilities comprising the project(s);
- (2) the estimated costs of each of the facilities;

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

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

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

SECTION 3. Issuance of Bonds.

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

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

SECTION 4. Completion of Project(s).

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

SECTION 5. Disposition of Excess Funds.

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

SECTION 6. Management of Project(s).

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

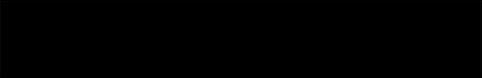
SECTION 7. Further Understandings.

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

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

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

TEXAS PUBLIC FINANCE AUTHORITY

By: 
Interim Executive Director

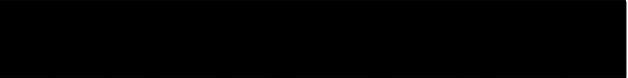
TEXAS JUVENILE JUSTICE DEPARTMENT

By: 
Executive Director

IN WITNESS WHEREOF, the parties have caused this Financing Agreement to be executed by their respective duly authorized officers as of the date first above written.

TEXAS PUBLIC FINANCE AUTHORITY

By:


Interim Executive Director/General Counsel

TEXAS JUVENILE JUSTICE DEPARTMENT

By:


Cheryl K. Townsend
Executive Director