

# **Self-Evaluation Report Instructions**



***Sunset Advisory Commission  
August 2017***

# INSTRUCTIONS

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Each agency under Sunset review is required by law to complete a Self-Evaluation Report (SER) on its operations. The SER is designed to provide the Sunset Commission members and staff with a general background description of each agency being reviewed. The SER also gives each agency an opportunity to provide the Commission with a preview of issues and suggested improvements regarding the agency and its functions.

The SER contains 12 sections. Agencies should record their responses to each question directly on this electronic form. Answers should be typed in the white space beneath each question. Use as little or as much room as needed to answer each question. Since the SER is intended to be a learning instrument, and you are the instructor, Sunset is quite flexible in how various charts and sections apply to your operations. If the information requested does not apply to your agency, either provide similar information to reflect agency practices or enter "N/A" in the space provided. In charts, add or delete rows, change column widths, and renumber exhibits as necessary, or rename chart headings to better reflect agency practices. If a chart is not applicable, indicate so and delete the blank chart. If information requested appears in documents already produced by your agency, it is acceptable to provide a summary of that information within the SER, note the precise document and location within the document of the information, and then attach the document for further details.

For questions where statistics, performance measures, or other data is provided, please also provide basic information regarding the methodology used to collect and report that data.

This document also contains examples for certain sections of the SER. Links are provided to jump directly from one part of the document to another, and can be accessed by clicking on the text indicating an exhibit example or exhibit.

Reviewing the background and issues sections of recent Sunset staff reports may also be helpful in preparing certain sections of the SER. Recent Sunset staff reports are available on the Sunset website at [www.sunset.texas.gov](http://www.sunset.texas.gov).

Once the report is complete, update the appropriate page numbers on the table of contents. The text regarding Instructions, Attachments, and Examples can be deleted from the SER that the agency submits to the Sunset Commission.

By September 1, 2017, please submit an accessible pdf file of the Self-Evaluation Report and attachments to Janet Wood at [janet.wood@sunset.texas.gov](mailto:janet.wood@sunset.texas.gov). Please redact any personally identifiable medical information from any documents you provide to Sunset. If available, please provide the Sunset Commission with one hard copy of the SER and attachments to verify the pdf.

As of 2013, it is the responsibility of the agency under Sunset review, not the Sunset Commission, to submit copies of the agency's self-evaluation report directly to the Texas State Library and Archives Commission. Sunset no longer maintains the self-evaluation report as part of its retention schedule and will not keep copies of these reports after the review is complete.

Agencies should submit copies of their self-evaluation reports to the Publications Depository Program to fulfill the archival requirement. If you have any questions, please contact your agency's assigned Government Information Analyst at the Texas State Library and Archives Commission.

We encourage you to contact Robert Romig at [robert.romig@sunset.texas.gov](mailto:robert.romig@sunset.texas.gov) of the Sunset staff at (512) 463-1300 with any questions, or email them to the Sunset Commission. Every effort will be made to minimize the additional workload this report places on your agency.

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## School Land Board Self-Evaluation Report

### I. Agency Contact Information

A. Please fill in the following chart.

**School Land Board  
Exhibit 1: Agency Contacts**

	Name	Address	Telephone & Fax Numbers	Email Address
<b>Agency Head</b>	George P. Bush	1700 N. Congress	512-463-5001	GeorgeP@glo.texas.gov
<b>Agency's Sunset Liaison</b>	Anne Idsal, Chief Clerk	1700 N. Congress	512-463-5001	Anne.Idsal@glo.texas.gov

Table 1 Exhibit 1 Agency Contacts

### II. Key Functions and Performance

Provide the following information about the overall operations of your agency. More detailed information about individual programs will be requested in a later section.

A. Provide an overview of your agency's mission, objectives, and key functions.

The purpose of the School Land Board (SLB) is to approve transactions involving Permanent School Fund (PSF) land that in turn maximize the amount of revenue that will in turn be deposited into the PSF. Some of these transactions include the leasing of lands for various purposes (e.g., oil and gas development, grazing, etc.), the disposition of PSF assets, and the expenditure of money for the improvement of PSF assets. Other related responsibilities of the SLB include approving pooling or unitization agreements. In these cases, different tracts of state lands are combined with other lands to form a drilling block eligible for the full Railroad Commission production allocation. The SLB also considers all school land trades that consolidate isolated tracts, yielding little or no income to the state, into larger tracts which will produce greater income. Finally, the SLB sets the fees charged for various uses of public school lands primarily for public benefits.

The SLB is responsible for the investment of money in the Real Estate Special Fund Account (RESFA) of the PSF. Pursuant to applicable law, money in the RESFA may be invested in land, interests in real estate, mineral and royalty interests, real assets investments, investments or interests in public infrastructure, or other interests.

The SLB's written real assets investment policy statement (Investment Policy) authorizes the investment of money in the RESFA in externally managed comingled funds and separate accounts, as well as in direct investments that are sourced, executed, and managed by internal Texas General Land Office staff.

The PSF, through a series of funding mechanisms, helps finance public education in Texas. Revenue is deposited in the PSF as provided by Section 15.01 of the Education Code. Investments of the fund are made under the authority of the State Board of Education. All interest or dividends from these investments are placed in the Available School Fund. This fund includes, in addition to these sources of income, revenue from state fuel taxes and other appropriations made by the legislature. The fund is used to assist financing of education by a formula which divides the money among the counties based on the population of elementary and high school age students.

It is important to note that certain land uses remain under the exclusive jurisdiction of the Land Commissioner. Such uses include surface leases and certain types of easements that require only the Land Commissioner's approval. Revenues from these activities are also dedicated to the PSF.

**B. Do your key functions continue to serve a clear and ongoing objective? Explain why each of these functions is still needed. What harm would come from no longer performing these functions?**

Yes, each of the key functions continues to serve a clear and ongoing objective. Each of the functions serves the PSF, and therefore the schoolchildren of Texas, by maximizing revenue to the PSF through innovative administration and prudent stewardship of state lands and natural resources.

In Fiscal Year 2016, nearly \$1.3 billion was deposited into the PSF. Falling within the purview of the SLB, this significant source of revenue for public education in Texas is generated from functions such as the leasing and development of the oil, gas and other minerals owned by the PSF and by the prudent disposition of PSF real estate. These revenues are directed by the SLB into diversified investments, including real estate, infrastructure, and energy related investment opportunities, further maximizing future income for the funding of public school districts.

Additionally, properties owned by various state agencies that are deemed to be underutilized are monitored and marketed, thus generating additional revenue and savings for the State. Another important fact is that the financial stability of the PSF is utilized by public school districts to guarantee their bond issuances. This allows the schools districts to obtain lower interest rates on their bonds.

**C. What evidence can your agency provide to show your overall effectiveness and efficiency in meeting your objectives?**

The Asset Management, Leasing Operations, and Energy Resources divisions within the General Land Office ("GLO") are the three primary divisions that engage in transactions that require School Land Board ("SLB") approval. Each of those divisions compile and report quarterly and annual LBB Measures to the Legislative Budget Board. These measures highlight the overall effectiveness and efficiency in meeting division objectives and indicate whether targets are met.

**D. Does your agency's enabling law continue to correctly reflect your mission, objectives, and approach to performing your functions?**

Yes

**E. Have you recommended changes to the Legislature in the past to improve your agency's operations? If so, explain. Were the changes adopted?**

None have been recommended under the leadership of Commissioner George P. Bush.

**F. Do any of your agency's functions overlap or duplicate those of another state or federal agency? Explain if, and why, each of your key functions is most appropriately placed within your agency. How do you ensure against duplication with other related agencies?**

The GLO and some other state agencies all sell state-owned property. The GLO is obligated to sell the property under the Natural Resources Code ("NRC"), Sec 31.158, while some state agencies have the option of selling their own state-owned property.

**G. In general, how do other states carry out similar functions?**

Other states perform the same functions in a similar manner, subject to their specific statutory authority. The Western States Land Commissioner Association meets twice a year to discuss and share information about the proper management of state trust lands.

**H. What key obstacles impair your agency's ability to achieve its objectives?**

**Commodities Prices** – The price of crude oil and natural gas is driven by national and global economics. The Permanent School Fund (PSF), like other royalty owners, has no control over these market prices. Industry interest in leasing PSF lands is closely tied to commodity prices, as well as location and geology. Also, budgetary constraints and a relative lack of experienced oil and gas professionals in the Central Texas Area present a challenge.

**Budget and Staffing** - Budgetary reductions, particularly during a period of anticipated state revenue shortfalls, limit staffing levels. These facts make it critical for the department to retain quality staff.

**Information Resources** - Data availability is also a significant asset. Access to timely, accurate data is critical to our business functions and to maximizing revenue. Staff utilize industry standard third-party data sources for production information.

**I. Discuss any changes that could impact your agency's key functions in the near future (e.g., changes in federal law or outstanding court cases).**

The Endangered Species Act (ESA) – Federal and state legislation relating to the energy sector impacts operations. For example, USFWS continues to propose the listing of various species as endangered or threatened on or near lands owned by the PSF. The Environmental Protection Agency (EPA) seems likely to become further involved in the regulation of hydraulic fracturing and emissions limits, which may render many oil and gas development projects uneconomic.

**J. What are your agency’s biggest opportunities for improvement in the future?**

One major opportunity for improvement is the project that is underway to update the existing Royalty Reporting and Control (“RRAC”) system. RRAC has an inventory of expected GLO1 and GLO2 production reports based upon lease/unit/RRC ID combinations. Reporting companies file their reports electronically through the RRAC system. The project will improve the performance and functionality of the system for operators and GLO staff. Edits in the reporting process will be added to improve accuracy of the data, which will aid future audits and reconciliations. Included are enhancements which will allow reporting companies and operators to review and download previous royalty reporting and payment history. Currently this information must be produced by GLO staff. An online ledger is another major enhancement which will allow operators to reconcile royalty reporting and payments on a lease basis. Once implemented GLO staff will be able to focus compliance activities based on exception analysis resulting in additional underpaid royalty detections as less time will be spent reviewing leases that are in compliance.

**K. In the following chart, provide information regarding your agency’s key performance measures included in your appropriations bill pattern, including outcome, input, efficiency, and explanatory measures. See Exhibit 2 Example. Please provide information regarding the methodology used to collect and report the data.**

(Asset Enhancement)  
Exhibit 2: Key Performance Measures — Fiscal Year 2016

Key Performance Measures	FY 2016 Target	FY 2016 Actual Performance	FY 2016 % of Annual Target
Revenue from Audits/Lease Reconciliations (1.1.1 OP 4)	\$11.2 million	\$14 million	Exceeded target by 25%
Percentage of PSF Uplands Acreage Leased (1.1 OC2)	88.0 %	88.31%	Exceeded target by 0.31%
Annual Revenue from Uplands Surface Leases (1.1.4 OP 1)	\$2,970,753.00	\$5,254,127.40	Exceeded target by 76.86%

Table 2 Exhibit 2 Key Performance Measures

**L. Please discuss any “high-value data” your agency possesses, as defined by Section 2054.1265 of the Government Code. In addition, please note whether your agency has posted those data sets on publicly available websites as required by statute.**

N/A



### III. History and Major Events

Provide a timeline of your agency's history and key events, including:

- the date your agency was established;
- the original purpose and responsibilities of your agency; and
- major changes in responsibilities or statutory authority.

Also consider including the following information if beneficial to understanding your agency:

- changes to your policymaking body's name or composition;
- significant changes in state/federal legislation, mandates, or funding;
- significant state/federal litigation that specifically affects your agency's operations; and
- key changes in your agency's organization (e.g., a major reorganization of the agency's divisions or program areas).

The Board of Mineral Development, predecessor of the School Land Board (SLB), was established in 1931 to award mineral leases of state-owned riverbeds and channels for oil and gas development. In 1939, the legislature abolished the Board of Mineral Development and created the Texas School Land Board (Senate Bill 167, 46th Legislature, Regular Session). This legislation charged the SLB to supervise the management, leasing, and sale of the PSF lands, and determined the prices at which land may be leased or sold. Originally, the board was composed of the commissioner of the GLO, as chairman, the governor, and the attorney general. However, the law was amended in 1963 to remove the governor and the attorney general as members and provided for two citizen members for two-year terms upon confirmation by the Senate. One citizen member is appointed by the governor and the other is appointed by the attorney general.

Since its creation, the board's responsibilities have expanded and the acreage controlled by the board has increased. For instance, in 1941, the acreage controlled by the SLB grew from 900,000 to 4,000,000 acres by an act of the 4th Legislature. It dedicated to the PSF all state lands within tidewater limits including islands, lakes, bays and the submerged lands of the Gulf of Mexico extending three marine leagues (10.36 miles) from the coastal boundary. In 1973, the Coastal Public Lands Management Act was passed by the 63rd Legislature, expanding the types of uses for which leases and easements may be issued. The Act also gave the board the responsibility of preserving the natural resources of coastal public lands. Additionally, the 63rd Legislature granted the board authority to trade PSF land for other lands to combine diverse holdings into manageable units, and to acquire lands of unique cultural, recreational, or biological value.

The SLB meets publicly twice a month. The secretary of the SLB is an employee of the GLO, and the staff of the GLO performs all necessary functions to assist the SLB in meeting its statutory obligations. Areas of support provided by the GLO include Communications, Internal Audit,

General Counsel, Special Operations, Archives and Records, Compliance, Contract Management, Enterprise Technology Solutions, Financial Management, Human Resources, Investment Management, Ombudsman, Asset Management, Appraisal Services, Construction Services, Energy Resources, Leasing Operations, Surveying Services, Coastal Resources, Community Development and Revitalization, and Oil Spill.

Other than per diem and travel costs paid to citizen members, there is no expenditure of state funds directly attributed to the SLB. However, a substantial portion of the GLO activities are related to areas within the statutory authority of the SLB.

In 1985, during the 69th Legislative Session, SB 43 established the Asset Management Division within the General Land Office, transferring the State Purchasing, and General Services Commission's real estate records powers and duties to the Commissioner of the General Land Office and the Asset Management Division. SB 43 also requires the Asset Management Division to determine current market value, identify property not being used or being substantially underused, and make future use recommendations, which maximize property utilization. SB 43 requires the Asset Management Division to complete state owned real estate transactions on behalf of the state, to include sale, exchange or lease of state owned property.

In 2001, HB 3558 granted the GLO authority to invest and advise for the benefit of the PSF. That legislation authorized the board to use the proceeds from future mineral leases and royalties available to the board for the acquisition of additional real property and mineral interests on behalf of PSF.

In 2015, the GLO completed an agency-wide reorganization. As part of that effort the Asset Management, Leasing Operations and Energy Resources divisions were placed under the new position of Senior Deputy Director of Asset Enhancement.

## IV. Policymaking Structure

### A. Complete the following chart providing information on your policymaking body members.

**(Agency Name)**  
**Exhibit 3: Policymaking**  
**Body**

<b>Member Name</b>	<b>Term / Appointment Dates / Appointed by</b> <i>(e.g., Governor, Lt. Governor, Speaker)</i>	<b>Qualification</b> <i>(e.g., public member, industry representative)</i>	<b>City</b>
George P. Bush	January 2015- Present	Commissioner of the GLO	Austin
Scott Rohman	August 2017- September 2019 Attorney General Appointee	Public Member	Dallas
Gilbert Burciaga	September 2015- August 2017 Governor's Appointee	Public Member	Austin

**Table 3 Exhibit 3 Policymaking Body**

**B. Describe the primary role and responsibilities of your policymaking body.**

The School Land Board (SLB) was established in 1939 by the 46th Legislature to manage the sale and mineral leasing of Permanent School Fund (PSF) lands. The SLB's responsibilities include approving land sales, trades and exchanges, and the purchase of land for the PSF. In addition to this, the SLB issues permits, leases and easements for uses of state-owned submerged land. The SLB is composed of three members.

**C. How is the chair selected?**

The Commissioner is the chairman (Ex officio).

**D. List any special circumstances or unique features about your policymaking body or its responsibilities.**

In addition to the Commissioner, there are two other SLB board members. One is appointed by the Governor, and the other is appointed by the Attorney General.

**E. In general, how often does your policymaking body meet? How many times did it meet in FY 2016? In FY 2017?**

The SLB meets as needed on the first and third Tuesdays of every month, but may call special meetings if necessary. In FY 2016, there were 12 meetings. In fiscal year 2017, there have been 10 meetings to date.

**F. What type of training do members of your agency's policymaking body receive?**

All SLB members receive the following training:

- The Texas Attorney General's Public Information Act Training
- The Texas Attorney General's Open Meetings Act Training
- ☐ Texas Ethics Commission Online Ethics Training for State Officers
- Comptroller's Governing Bodies Webinar Training S.B. 1681

**G. Does your agency have policies that describe the respective roles of the policymaking body and agency staff in running the agency? If so, describe these policies.**

Texas Administrative Code ("TAC") Rules for the SLB are in Title 31, Chapters 151, 154 and 155. Chapter 32 of the Natural Resources Code authorizes the provisions, powers and duties of the SLB.

**H. What information is regularly presented to your policymaking body to keep them informed of your agency's performance?**

With regard to the performance of the TXGLO PSF Real Assets Investment Portfolio, the Chief Investment Officer presents a comprehensive Quarterly Investment Report to the School Land Board that contains performance measurement data compiled by the SLB's third-party performance measurement agent, State Street Bank and Trust Company.

**I. How does your policymaking body obtain input from the public regarding issues under the jurisdiction of the agency? How is this input incorporated into the operations of your agency?**

SLB meetings are open to the public and since 2005 have been webcast live. SLB meeting agendas are posted in the Texas Register and can be accessed via the Texas Secretary of State website. Agendas must be posted seven working days prior to a SLB meeting.

**J. If your policymaking body uses subcommittees or advisory committees to carry out its duties, fill in the following chart. *See Exhibit 4 Example.* In addition, please attach a copy of any reports filed by your agency under Government Code Chapter 2110 regarding an assessment of your advisory committees.**

**(Agency Name)****Exhibit 4: Subcommittees and Advisory Committees**

Name of Subcommittee or Advisory Committee	Size / Composition / How are members appointed?	Purpose / Duties	Legal Basis for Committee
Pooling Committee / Energy Resources	Three / One Representative each from the GLO, the Governor's Office and the Attorney General	Review Pooling Applications for Recommendations to the SLB	Texas Administrative Code, Title 31, Rule 9.81 (b)(2)
Investment Advisory Committee	Five members. Chaired by the Chief Investment Officer of the GLO	With regard to externally managed investments, the Investment Policy authorizes an Investment Advisory Committee (IAC) to review potential investments and make recommendations to the SLB for the investment of money in the RESFA. The current IAC is comprised of four members, chaired by the chief investment officer of the Texas General Land Office. The IAC meets periodically to review potential investments and works in conjunction with the SLB's real assets investment advisor, currently The Townsend Group, to evaluate potential investments and make recommendations to the SLB for the investment of money in the RESFA. Following the formulation of recommendations by the IAC, the chairman of the IAC makes formal presentations and recommendations to the SLB for its consideration and approval.	Internal Policy

Table 4 Exhibit 4 Subcommittees and Advisory Committees

**V. Funding****A. Provide a brief description of your agency's funding.**

The activities related to the SLB are funded primarily with earnings associated with the investment of money in the Real Estate Special Fund Account (RESFA) of the Permanent School Fund 044. Pursuant to applicable law, money in the RESFA may be invested in land, interest in

real estate, mineral and royalty interests, real asset investments, investments or interest in public infrastructure, or other interest.

**B. List all riders that significantly impact your agency's budget.**

General Appropriations Act, 85<sup>th</sup> Legislature, S.B. 1, Conference Committee Report:

- GLO Rider 5, Appropriation: Defense of Title to Permanent School Fund Real Property and Prosecution of Mineral Lease Claims or Cases
- GLO Rider 10, Appropriation of Receipts: Real Property Sales and Mineral Royalties
- GLO Rider 11, Appropriation: Receipts and Account Balances for Surface Damages
- GLO Rider 12, Marketing, Acquisition, Disposition, and Management of Real Property Purchased by the Permanent School Fund
- GLO Rider 13, State Energy Marketing Program (this program reports directly to the Commissioner, rather than the SLB. However, revenue generated by the program is deposited into the PSF).

**C. Show your agency's expenditures by strategy. See Exhibit 5 Example.**

**School Land Board**  
**Exhibit 5: Expenditures by Strategy — Fiscal Year 2016 (Actual)**

Goal / Strategy	Amount Spent	Percent of Total	Contract Expenditures (Included in Total Amount)
<i>Goal: Enhance State Assets and Revenues by Managing State-Owned Lands</i>			
Strategy A.1.1: Energy Lease Management & Revenue Audit	\$3,900,428	23.69%	\$0
Strategy A.1.2: Energy Marketing*	\$655,762	3.98%	\$0
Strategy A.1.3: Defense and Prosecution	\$3,567,036	21.66%	\$0
Strategy A.1.4: Coastal and Uplands Leasing	\$2,590,743	15.73%	\$0
Strategy A.2.1: Asset Management	\$4,867,301	29.55%	\$0
Strategy A.2.2: Surveying and Appraisal	\$888,160	5.39%	\$0
<b>GRAND TOTAL</b>	<b>\$16,469,430</b>	<b>100.00%</b>	<b>\$0</b>

Note: Includes direct strategy expenditures only. \*Energy Marketing reports directly to the Commissioner and not the School Land Board, however revenues generated by the program are deposited into the PSF.

**D. Show your agency’s sources of revenue. Include all local, state, and federal appropriations, all professional and operating fees, and all other sources of revenue collected by the agency, including taxes and fines. See Exhibit 6 Example.**

**School Land Board  
Exhibit 6: Federal Funds — Fiscal Year 2016 (Actual)**

Type of Fund	State / Federal Match Ratio	State Share	Federal Share	Total Funding
Federal Oil and Gas Royalty Management	0/100	\$0	\$129,143	\$129,143
<b>TOTAL</b>		<b>\$0</b>	<b>\$129,143</b>	<b>\$129,143</b>

Table 5 Exhibit 6 Federal Funds

**E. If you receive funds from multiple federal programs, show the types of federal funding sources. See Exhibit 7 Example.**

**School Land Board  
Exhibit 7: Federal Funds — Fiscal Year 2016 (Actual)**

Type of Fund	State / Federal Match Ratio	State Share	Federal Share	Total Funding
Federal Oil and Gas Royalty Management	0/100	\$0	\$129,143	\$129,143
<b>TOTAL</b>		<b>\$0</b>	<b>\$129,143</b>	<b>\$129,143</b>

Table 6 Exhibit 7 Federal Funds

**F. If applicable, provide detailed information on fees collected by your agency. See Exhibit 8 Example.**

**(Asset Enhancement)  
Exhibit 8: Fee Revenue — Fiscal Year 2016**

Fee Description/ Program/ Statutory Citation	Current Fee/Statutory Maximum	Number of Persons or Entities Paying Fee	Fee Revenue	Where Fee Revenue is Deposited (e.g., General Revenue Fund)
1.5% of negotiated sales price of Internal Portfolio, Sovereign Land, and PSF Land sold	1.5%	35	\$ 450,408.65	PSF

<b>Fee Description/ Program/ Statutory Citation</b>	<b>Current Fee/Statutory Maximum</b>	<b>Number of Persons or Entities Paying Fee</b>	<b>Fee Revenue</b>	<b>Where Fee Revenue is Deposited (e.g., <i>General Revenue Fund</i>)</b>
Leasing Application Fees. Generated per occurrence on new, amended, and assignment applications.	\$100	1	\$ 5,000.00	General Revenue
Coastal Processing Fee	Varies	386	\$ 104,250.00	General Revenue
Energy Resources Filing Fee	\$25	630	\$ 170,385.03	General Revenue
Filing Fees - Other Rental	\$25	35	\$ 2,100.00	General Revenue
Geophysical Permit Filing Fee	\$100	12	\$ 1,431.25	General Revenue
Highway Right-of-Way Lease Processing Fee	\$500	45	\$ 22,200.00	General Revenue
In-Kind Gas Contract Maintenance Fee	\$.05 per barrel; \$.03 per MMBTU delivered	906	\$ 395,682.60	General Revenue
Misc Filing Fees-Vacancies	Varies	1	\$ 250.00	General Revenue
Nomination Fee	\$100	49	\$ 18,300.00	General Revenue
RAL Lease Processing Fee	\$100	717	\$ 67,279.75	General Revenue
Uplands Processing Fee	Varies	94	\$ 100,800.00	General Revenue
Admin Penalty-Late Documents	Varies	42	\$ 1,026,257.66	PSF



<b>Fee Description/ Program/ Statutory Citation</b>	<b>Current Fee/Statutory Maximum</b>	<b>Number of Persons or Entities Paying Fee</b>	<b>Fee Revenue</b>	<b>Where Fee Revenue is Deposited (e.g., <i>General Revenue Fund</i>)</b>
Appraisal Fees	Varies	137	\$ 1,100.00	PSF
Asset 1-1/2% Land Sale Fee	Varies	276	\$ 450,408.65	PSF
Asset Interest	Varies	3	\$ 101.71	PSF
Coastal Commercial	Varies	38	\$ 1,463,079.25	PSF
Coastal Commercial - Contingent Rent	Varies	336	\$ 11,126.71	PSF
Coastal Miscellaneous Easement Rental	Varies	258	\$ 1,972,496.46	PSF
Coastal Private Short-Term Easement Rental	Varies	10	\$ 376,982.16	PSF
Coastal Public Short- Term Lease Rental	Varies	4	\$ 1,219.65	PSF
Def & Pros Interest	Varies	100	\$ 644,529.55	PSF
Def & Pros Penalty	Varies	87	\$ 295,608.19	PSF
Delinquent Royalties Interest	Varies	209	\$ 240,457.40	PSF
Delinquent Royalties Penalty	Varies	385	\$ 1,046,152.54	PSF
Land Easements Rental, Riverbed	Varies	94	\$ 255,854.85	PSF

Fee Description/ Program/ Statutory Citation	Current Fee/Statutory Maximum	Number of Persons or Entities Paying Fee	Fee Revenue	Where Fee Revenue is Deposited (e.g., <i>General Revenue Fund</i> )
Mineral leases 1- 1/2% Lease Sale Fee	1.5%	42	\$ 1,649,729.57	PSF
Miscellaneous Easements-Uplands	Varies	137	\$ 1,777,078.90	PSF
Surface Damages Fees – Asset	See Schedule	139	\$ 700,875.70	PSF
Surface Damage Fees – Energy	See Schedule	276	\$ 3,421,910.26	PSF
Surface Lease - Coastal Contingent Rent	Varies	3	\$ 69,173.11	PSF
Surface Lease - Uplands Contingent Rent	Varies	38	\$ 881,588.67	PSF
Surface Lease Rentals – Coastal	Varies	336	\$ 1,192,982.77	PSF
Surface Lease Rentals – Uplands	Varies	258	\$ 1,193,043.89	PSF
Surface Leasing \$10 threshold	Varies	10	\$ (10.32)	PSF
Uplands - Contingent Rent	Varies	4	\$ 28,537.86	PSF
Uplands Commercial A (acquisitions)	Varies	35	\$ 1,815,474.98	PSF
<b>Total:</b>	Varies	<b>6,307</b>	<b>\$21,853,847.45</b>	

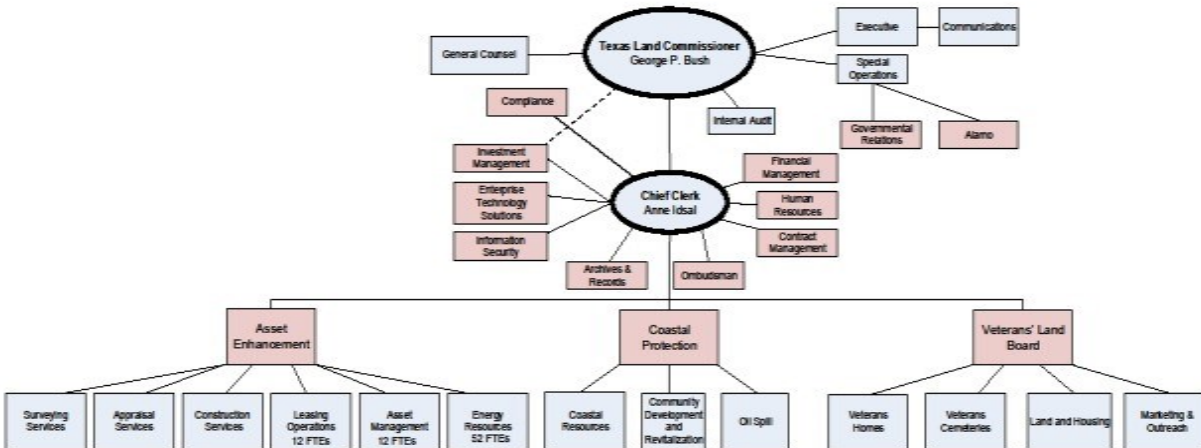
Table 7 Exhibit 8 Fee Revenue

\*Please Note – Two Leasing Application fees were charged \$50.

## VI. Organization

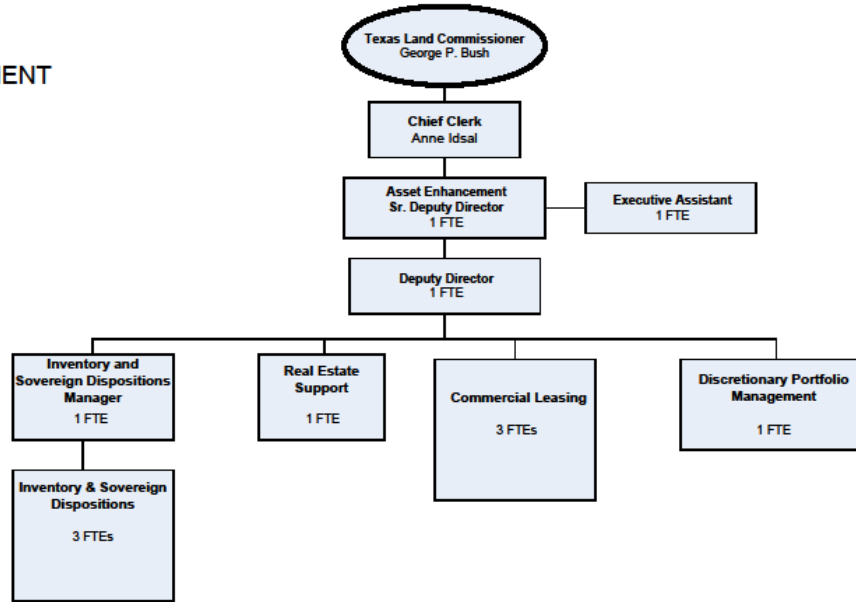
- A. Provide an organizational chart that includes major programs and divisions, and shows the number of FTEs in each program or division. Detail should include, if possible, Department Heads with subordinates, and actual FTEs with budgeted FTEs in parenthesis.

General Land Office and Veterans' Land Board



10/06/2016

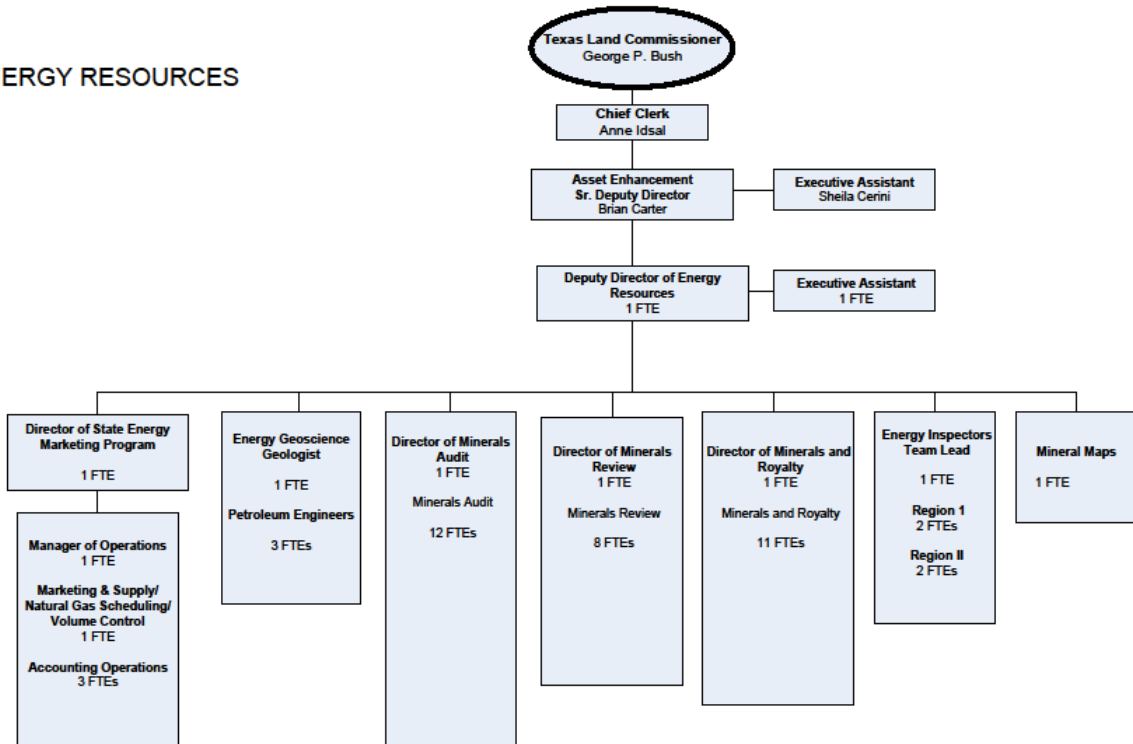
ASSET MANAGEMENT



02/02/2016

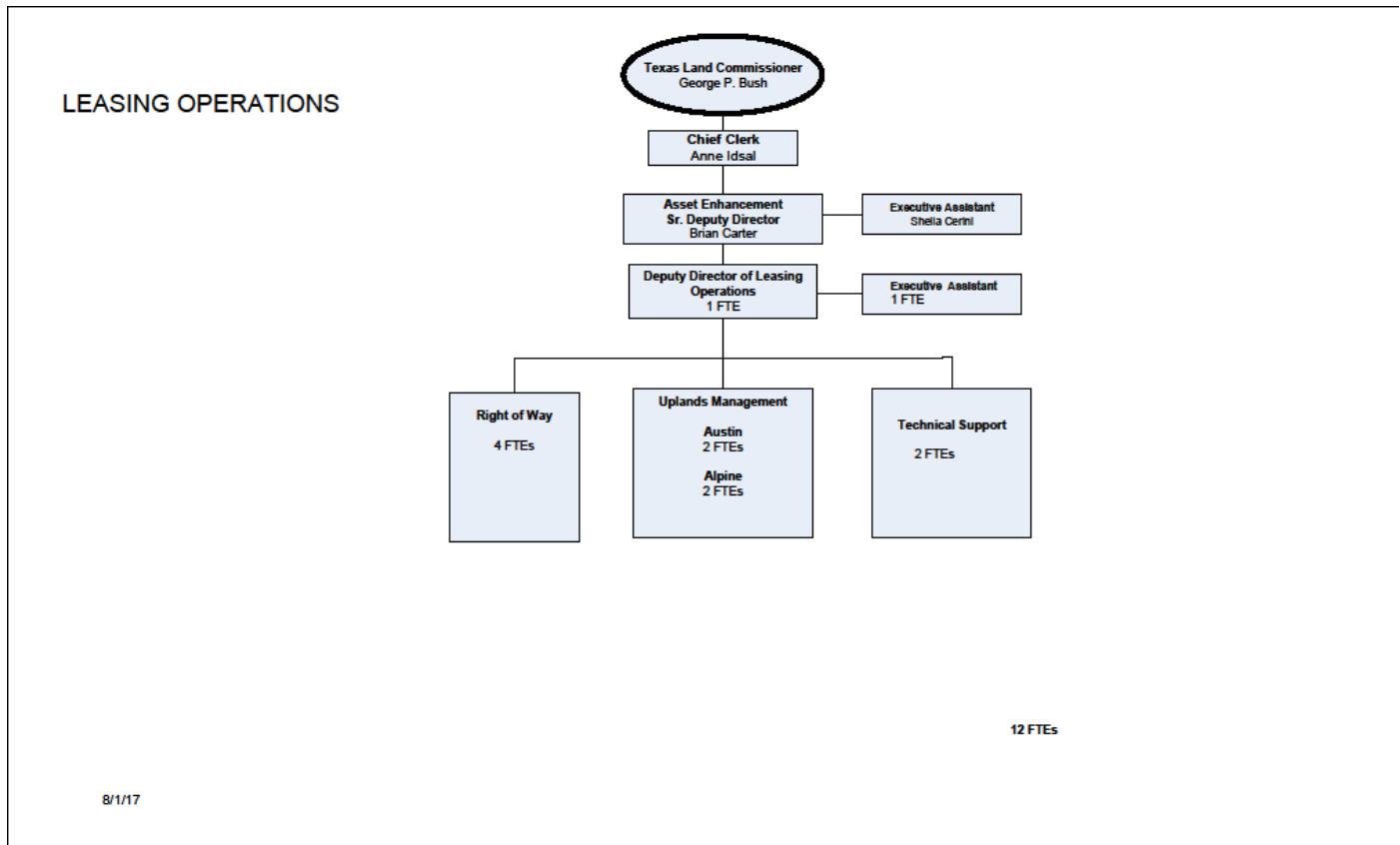
12 FTEs

ENERGY RESOURCES



8/1/17

52 FTEs



**B. If applicable, fill in the chart below listing field or regional offices. See Exhibit 9 Example.**

**Exhibit 9: FTEs by Location — Fiscal Year 2016**

Headquarters, Region, or Field Office	Location	Co-Location? Yes / No	Number of Budgeted FTEs FY 2016	Number of Actual FTEs as of June 1, 2016
Field Office	Alpine, TX	No	(2)	2
Field Office	Amarillo, TX	No	(1)	1
Field Office	Corpus Christi, TX	No	(1)	1
Field Office	Fort Stockton, TX	No	(1)	1
Field Office	Houston, TX	No	(4)	4
Field Office	Odessa, TX	No	(1)	1
Field Office	Tyler, TX	No	(1)	1
Field Office			<b>TOTAL: (11)</b>	<b>TOTAL: 11</b>

\*Please Note – Alpine is a Leasing Operations field office. The others are Energy Resources field offices.

**C. What are your agency's FTE caps for fiscal years 2016–2019?**

Because the SLB is not an agency, it has no FTE cap. The agency-wide FTE cap for the GLO is as follows:

FY 2016 and FY 2017: 649.2 FTEs

FY 2018 and FY 2019: 600.0 FTEs

**D. How many temporary or contract employees did your agency have as of August 31, 2016? Please provide a short summary of the purpose of each position, the amount of expenditures per contract employee, and the procurement method of each position.**

As of August 31, 2016, the Asset Enhancement program area of the GLO had six temporary or contract employees.

In fiscal year 2016, Asset Enhancement employed five temporary employees. All five temporary employees were classified as Clerks. Asset Enhancement spent \$48,627.20 in fiscal year 2016 for the five temporary employees.

**E. List each of your agency's key programs or functions, along with expenditures and FTEs by program. See Exhibit 10 Example.**

**School Land Board  
Exhibit 10: List of Program FTEs and Expenditures — Fiscal Year 2016**

Program	Number of Budgeted FTEs FY 2017	Actual FTEs as of June 1, 2017	Actual Expenditures
Energy Lease Management & Revenue Audit	42.0	40.9	\$3,900,428
Energy Marketing*	6.0	6.0	\$655,762
Defense and Prosecution	27.0	26.0	\$3,567,036
Coastal and Uplands Leasing	42.0	41.0	\$2,590,743
Asset Management	40.0	40.0	\$4,867,301
Surveying and Appraisal	10.0	9.0	\$888,160
<b>TOTAL</b>	<b>(167.0)</b>	<b>162.9</b>	<b>\$16,469,430</b>

Note: Includes only direct FTEs and expenditures for SLB strategies. \*Energy Marketing reports directly to the Commissioner and not the School Land Board, however revenues generated by the program are deposited into the PSF.

## VII. Guide to Agency Programs

Complete this section for **each** agency program (or each agency function, activity, or service if more appropriate). Copy and paste the questions as many times as needed to discuss each program, activity, or function. Contact Sunset staff with any questions about applying this section to your agency.

The GLO is the steward of the land entrusted to the PSF. The agency is comprised of several divisions. Some divisions are charged with generating funds for the PSF. These divisions are: Asset Management, Energy Resources, and Leasing Operations.

### A. Provide the following information at the beginning of each program description.

***Name of Program or Function: Asset Enhancement***

***Location: Austin, TX***

***Contact Name: Brian Carter, Senior Deputy Director of Asset Enhancement***

***Actual Expenditures, FY 2016: \$16,469,430.00***

***Number of Actual FTEs as of June 1, 2017: 162.9 FTEs***

### Asset Management -

***Statutory Citation for the Division:*** SB 43 of the 69<sup>th</sup> Texas Legislature - Relating to the acquisition, disposition, accounting, and management of certain state property; to the creation and use of the Texas capital trust fund; to establishing an asset management division in the GLO and the powers and duties of the division and the Commissioner of the General Land Office; and to transfer of real estate records from the State Purchasing and General Services Commission to the asset management division.

Sec. 31.154. REAL PROPERTY INVENTORY. The division shall review and keep inventory records of all real property owned by the state. The division shall compile the inventory records from the information submitted under Sections 31.153 and 31.155 of this subchapter.

Sec. 31.157. EVALUATION REPORT. (a) The commissioner shall prepare a draft evaluation report, which shall include the results and findings of the evaluation of the real property owned by the state required under Section 31.156.

Sec. 31.1571. GOVERNOR'S REPORT. (a) At any time, the commissioner may make a report to the governor recommending real estate transactions or other actions involving any real property included in the most recent evaluation report and identified as not used or substantially underused.

Sec. 31.1573. REAL ESTATE TRANSACTIONS AUTHORIZED BY GOVERNOR. (a) The land office shall take charge and control of real property as necessary to conduct and close a real estate transaction authorized by the governor.

### **Leasing Operations –**

GLO manages several types of operating leases. The need for each specific lease category is based upon the type of action proposed (e.g. pier, dock, agriculture, recreational hunting, pipeline, etc.), and the statute under which it will be authorized.

Commercial leases and easements (LC) are issued for projects that produce revenue from the private use of state-owned property. LCs are issued pursuant to Chapters 33 and 51, Texas Natural Resources Code (TNRC), and fees are based on the published SLB rate schedule in effect at the time of contract issuance. The rate schedule allows calculation of fees based upon the amount of state land encumbered and the appraised value of the adjacent littoral property. LCs cover activities and structures such as marinas, bait stands, fishing piers, mooring dolphins, fuel docks, dredging activity, restaurants, and navigation signs. Contract for LCs grant the applicant exclusive use of the site for the purposes specified in the contract.

Coastal easements (CE) are issued pursuant to TNRC §33.103(a)(2) and 33.111(a) authorizing owners of private property abutting submerged state-owned lands to place and maintain structures on coastal public land adjacent to their private property. CEs typically cover structures such as piers, decks, docks, rip-rap, pilings, bulkheads, and boat lifts. CEs are also issued for activities such as dredging, filling, and material disposal. Contracts for CEs grant the applicant exclusive use of the structure but not the public land around the structure.

Coastal leases (CL) are issued pursuant to TNRC §33.103(1) and 33.105. CLs are issued to state agencies, eligible cities or counties, nonprofit tax-exempt organizations, or scientific or educational entities to authorize the use of state-owned land for public recreation, estuarine preserves, wildlife preserves, or scientific research activities. CLs grant the applicant limited exclusive use of the property for the purposes stated within the contract. GLO may issue other grants of interest for use of the same property, so long as it does not interfere with the current leaseholder's activities.

Surface leases (SL) are issued pursuant to TNRC §51.011, 51.121, and 51.292. Coastal SLs are issued for activities on submerged coastal public lands and are typically used to authorize activities not associated with littoral property ownership adjacent to state-owned submerged land, and for energy platforms in the Gulf of Mexico. Examples of activities covered by coastal SLs include, but are not limited to, drilling platforms not on a leased mineral tract, electrical substations, pumping stations, loading racks, tank farms, artificial reefs, and wildlife preserves. Upland SLs typically authorize activities such as grazing, hunting, crop production, timber production, and other commercial activity.

Miscellaneous easements (ME) are issued on both coastal submerged lands and state-owned uplands tracts for projects which require a right-of-way (ROW) for access across, through, or under state-owned lands, pursuant to TNRC §51.291. Fees are based upon a published rate schedule and



are calculated based on the width and length of right-of-way, the region of the state, and the diameter of the pipeline (if applicable). ME contracts cover activities such as oil and gas pipelines, power transmission lines, communication lines, roads, and certain other structures and uses. Contracts for MEs grant the applicant use of the ROW for the purposes specified in the contract.

Holders of the above leases and easements are required to maintain all structures in a safe condition and to comply with all terms of the contract. Violation of contract terms or failure to submit payment for the required land-use fees may result in delinquent penalties and/or termination of the contract. Removal of the structures may also be required at the expense of the lease/easement holder. Obtaining said leases and easements from GLO does not exempt the applicant from complying with all other applicable local, state, and federal permitting requirements.

Special documents (SD) are issued for projects on state-owned submerged land and state-owned uplands. SDs are issued for Highway Use Agreements under Chapter 203, Subchapter D, Texas Transportation Code for Texas Department of Transportation projects on land dedicated to the permanent school fund. SDs may also be used for projects that do not fall into one of the other established categories.

The GLO engages in surface leases to support the development of solar, wind, and geothermal power plants. As a large mineral estate owner in West Texas, the agency also considers surface site use agreements for the build-out of utility-scale solar facilities and onshore wind turbines. Pursuant to Texas Natural Resource Code Chapter 51, the Leasing Operations Division directly negotiates solar, wind and geothermal leases on the PSF surface estate.

*Statutory Citation for the Division:* Chapter 51 of the Texas Natural Resource Code

### **Energy Resources -**

Energy Resources performs a variety of functions that ultimately augment the value of the PSF. The division conducts oil and gas lease sales on behalf of the PSF and other state agencies, processes oil and gas leases covering various types of state land (such as Relinquishment Act, Free Royalty, highways and rivers), issues geophysical and prospect permits for mineral exploration, issues mining leases for hard mineral production, reviews pooling and unitization applications, administers leases and ensures compliance with various lease provisions, collects and verifies royalty payments, performs price and volumetric reviews and audits, physically inspects and monitors leases producing state oil, gas and hard minerals, markets electricity and natural gas to public retail customers, and researches water development projects.

*See addition information on Energy Resources on bullet F. Statutory Citation for the Division:* Texas Natural Resources Code Chapters 32, 52 and 53.

### **B. What is the objective of this program or function? Describe the major activities performed under this program.**

To manage and sell sovereign land for the benefit of the PSF. Manage, acquire and sell state owned property. Manage co-investments and limited partnerships, for the benefit of the PSF. Manage

commercial leasing. Manage all state agency inventory. Compose the Annual State Real Property Report, and the Governor’s Report.


Leasing Operations Division is responsible for the management of the uplands surface estate dedicated to the PSF. This includes on-site field inspections of state lands, and the issuance of right of way easements and surface leases. Majority of the surface leases issued relate to an agricultural use (grazing, hunting, farming and timber production) with a relatively small percentage being issued for recreational activities and some commercial uses. Right-of-way easements are issued for oil/gas activities, roadways, electric transmission and fiber optic lines.

The main objective of the Energy Resources Division (Energy) is to manage the minerals owned by the PSF and maximize revenue from mineral resources to the PSF in a reasonable, prudent manner. With respect to the SLB, the primary Energy functions are related to the consideration and approval of pooled units and the leasing of state fee lands and other state agencies’ lands for oil and gas.

**C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and outcome performance measures that best convey the effectiveness and efficiency of this function or program. Also, please provide a short description of the methodology behind each statistic or performance measure.**

The fiscal year 2016 Performance Measures for Asset Management are evidence of effectiveness and efficiency of the program. The disposition transactions exceeded the projected target 52.99%.

Key/Non-Key	(All)
Measure Frequency	(All)
Program Area	Asset Mgmt.
FY	2016

Approved by the Director  
of Inventory and Dispositions   
Date \_\_\_\_\_

Measure I.D.	Name of Measure	Target	Rpt Period	Variance Comments	Performance	YTD Total	% Of Annual
1.2.1 EF 1	Disposition Transactions, Percent of Fair Market Value	120%	Qtr 4	In the 4th Quarter 5 properties appraising at \$2,308,194 sold for \$8,050,531. These dispositions show a gain because they were negotiated above market value.	348.78%	183.59%	152.99%
1.2.1 EF 2	Acquisition Transactions, Percent of Fair Market Value	100%	Qtr 4	One acquisition was made during the 4th Quarter	140.00%	35.00%	35.00%
1.2.1 OP 1	Evaluation of PSF and Other State Agency Land	150	Qtr 4	147 state agency properties were evaluated in the 4th Quarter.	142.00	147.00	98.00%

The Leasing Operations division generated 5.2 million dollars of revenue to the PSF through surface leasing and easements in fiscal year 2016. On-site inspection of PSF lands insures prudent use and protection of State natural resources. Surface leasing provides a mechanism to insure prudent care is given to State lands while also generating revenue in the process.

Program Area	(All)
Key/Non-Key	(All)
Measure Frequency	(All)
FY	2016

Measure I.D.	Name of Measure	Target	Rpt Period	Variance Comments	Performance	YTD Total	% Of Annual
1.1 OC 2	Percent of PSF Uplands Acreage Leased	88.00%	Qtr 4		89.97%	88.31%	100.35%
1.1.4 OP 1	Annual Revenue from Uplands Surface Leases	2,970,753.00	Qtr 4	No observed decrease in lease generating assets as anticipated from previous FY's downward adjustment.	963,163.43	5,254,127.40	176.86%
1.1.4 OP 2	Number of Active Uplands Surface Leases Managed	1,776.00	Qtr 4	The program area ended FY15 and began FY16 in excess of the existing target. There was also an increase in easement requests in West Texas due to increased oil & gas activity.	2,125.00	2,075.00	116.84%
1.1.4 OP 3	Number of PSF Uplands Acres Leased	603,067.00	Qtr 4		606,568.38	600,960.45	99.65%
1.1.4 OP 4	Number of Uplands Field Inspection Reports Completed	240.00	Qtr 4	Inspections of PSF land increased beyond projections due to increased oil & gas activity in West Texas.	74.00	261.00	108.75%



The Percentage of PSF Upland Acreage Leased exceeded the projected target in FY16 by 0.35%. The Number of Active Uplands Surface Leases Managed exceeded the projected target in FY16 by 76.86%.

For pooled units, all Energy Resources staff recommendations are considered by a pooling committee that reviews and recommends acceptance by the SLB or not. The pooling committee is composed of the Director of Energy, a Governor’s appointee and an Attorney General’s appointee. First, staff verifies that all applications for pooling and unitization involving PSF lands grant a fair participation factor to the state. Then the applications are presented to the pooling committee for consideration. For the leasing of state fee tracts and other agency tracts, this is accomplished by performing assessments of all tracts proposed for lease, offering the tracts for competitive sealed bids, and evaluating tracts for sale or trade. Recommendations are then made to the SLB.

Measure I.D.	Name of Measure	Target	Rpt Period	Variance Comments	Performance	YTD Total	% Of Annual
1.1.1 OP 4	Amount of Revenue from Audits/Lease Reconciliations	11,200,000.00	Qtr 4	FY2016 detections are ahead of target by 25% due primarily to Volume Reconciliation detections of \$5.1 million. FY2016 detections are less than prior year's detections by 33.5%, due to extraordinarily high audit detections of \$10.8 million back in FY2015. However, audit detections in FY2016 are in line with norm, with total detections ahead of target by 25%.	6,152,336.61	14,027,139.26	125.24%

The amount of Revenue from Audits/Lease Reconciliations exceeded the projected target by 25.24% for FY16.

**D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.**

The Asset Management division manages an internal real estate portfolio made up of sovereign land and acquired real estate investments. It also provides surface & coastal commercial leasing along the Texas coastline. Asset Management provides State Agency Real Property Evaluations, Dispositions, and the State Agency Real Property Report. The department provides investment analysis, professional management, and expert consulting to other state agencies.

Although associated with other titles over the years, the core function of the Leasing Operations division has always been to provide management to the surface estate of the PSF. New and innovative approaches to leasing have been adopted and the addition of renewable energy leasing is an effort to stay current with leasing land trends in Texas.

In 2015, the SLB began leasing state fee properties for oil and gas development by competitive sealed bid online. Since going to the online sales, the GLO has had two of the highest grossing sales in the history of the agency. In January 2015, the last traditional lease sale with hand-delivered bids was held, bringing in about \$2.3 million for 10,119 acres or \$227/acre. Seven months later, the first online lease sale was held in August of 2015, with 11,820 acres of PSF land bringing in more than \$20 million, about \$1,500/acre more than the previous traditional lease sale. The online lease sale in January 2016 brought in nearly \$11 million for 4,393 acres for \$2,500/acre. The July 2016 auction showed the greatest returns netting more than \$98 million for 13,339 acres, averaging \$7,365/acre. The January 2017 lease sale awarded 14,036 acres and earned \$84 million overall, averaging \$5,881.38/acre. The August 2017 lease sale awarded 8,880.54 acres and earned \$42 million, averaging 4,721.44.

**E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.**

The Asset Management division affects the citizens of Texas, the school children of Texas, and state agencies. The school children are most affected because the disposition of sovereign land contributes to the PSF, which funds public schools in the state. There are no qualifications or eligibility requirements for persons or entities affected.

The most common users of the aspects of the Leasing Operations division are the public and oil-related businesses. All surface leasing is available to the public under agency-approved uses. Oil-related leasing supports the agency's Energy division. All leasing and right-of-way activities provide revenue to the PSF.

Energy Resources affects oil and gas lessees, hard mineral lessees, and royalty reporting and paying entities. There are no qualifications or eligibility requirements for persons/entities effected.

**F. Describe how your program or function is administered, including a description of the processes involved in the program or function. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. Indicate how field/regional services are used, if applicable.**

Asset Management serves as a real estate operation under the umbrella of Asset Enhancement with defined policies and procedures. The organizational chart of Asset Management and staff is detailed on the GLO web page. Detailed procedures are available for the multiple services that the department provides regarding acquisitions, dispositions, and State Real Property Reports. Asset Management interacts with outside state agencies, governmental entities, and outside related real estate services on a regular basis.

The Leasing Operations division utilizes a field office located in Alpine, TX to manage most of the PSF surface estate located in the Trans Pecos region of the state.

Energy Resources maximizes revenue for the PSF in the following ways:

1. Ensuring that all oil and gas leases and hard mineral leases are awarded at comparable market terms or higher. This is accomplished by performing assessments of all tracts proposed for lease, as well as lands being considered for sale or trade.
2. Performing annual volume reconciliations of the oil and gas leases that generate 80% of the royalty annually. The process verifies that royalty paid matches royalty due per production reports and volumes are properly accounted for by reconciling volumes reported to the GLO against volumes reported to the Railroad Commission.
3. Performing audit program designed to select a sample of State lands managed by the GLO to ascertain that the oil and gas produced has been measured and valued accurately in accordance with the statutes and lease agreements. Limited reviews usually concentrate on one or two underpaid royalty issues generated through leads from various program areas or by analysis based on exception criteria.
4. Ensuring that the state's royalties are being properly reported. Auditors, examiners, petroleum engineers and field inspectors review production designs and meter statements to determine if oil and gas production from the wells is being metered and reported properly and to calculate the amount of natural gas being used and/or flared at the location.
5. Verifying all applications for pooling and unitization, involving PSF lands and other agency lands, grant an equitable participation factor to the state. Staff reviews each pooling and unitization application to determine if it matches the likely drainage area of a well or wells.
6. Monitoring lease compliance by the lessees. We continuously perform lease reviews to determine if a lease has terminated by cessation of production, lack of production in paying quantities, missed rental and shut-in payments or the retained acreage clause, so the acreage can be returned to inventory for future leasing opportunities.
7. Maintaining the Royalty Reporting and Control (RRAC) system. RRAC has an inventory of expected GLO1 and GLO2 production reports based upon lease/unit/RRAC id

combinations. Reporting companies file their reports electronically through the RRAC system.

8. Researching additional sources of potential revenues from PSF lands.
9. Physically inspecting state oil and gas leases to ensure lessee compliance with the lease terms.

Energy has five regional one-person field offices with Energy Inspectors to ensure lease compliance.

**G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).**

Funding sources for Asset Management include \$3,404,963 in Appropriated Receipts and \$5,917,534 in Permanent School Fund No. 044. Funding sources for Leasing Operations include \$185,203 in Coastal Public Lands Management Fee Account No. 450, \$9,724 in General Revenue, and \$2,395,816 in Permanent School Fund No. 044. For Energy Resources, funding sources include \$1,057,398 in Appropriated Receipts, \$129,143 in Federal Funds, \$520 in Interagency Contracts, and \$3,369,129 in Permanent School Fund No. 044.

**H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions to the target population. Describe the similarities and differences.**

Each of these three divisions are unique in their functions. Asset Management is driven both by maximizing investment returns for the PSF and assisting other agencies in their real estate needs. Typically, other agencies' real estate has been identified as underutilized by the Governor and require liquidation real estate services by the GLO. Texas Department of Transportation (TxDot) acquires real estate for transportation services. Though TxDot, Texas Parks and Wildlife Department (TPWD), and the Texas Military Department (TMD) can sell their own property, the GLO is the only agency able to sell state-owned property owned by other state agencies.

In addition, the Leasing Operations division and the Energy Resources divisions are the only divisions in the agency that perform their functions of leasing PSF land to the public for hunting, grazing, oil and gas production, and various other functions.

**I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.**

The GLO and Teachers Retirement System (TRS) both make investments for the PSF. Having two different entities invest dollars creates competition and a base for evaluation purposes regarding rates of returns. Certain agencies provide their own real estate services; however, need additional expertise and staff at certain times. Asset Management will communicate and

negotiate fair (MOUs) with other state agencies to address their needs and our goals to mutually benefit each other. At certain times the state legislature directs the GLO to assist other agencies in their real estate needs.

Also, no other division leases PSF surface estate, provides right-of-way easements, or leases PSF land.

**J. If the program or function works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.**

Since all real estate transactions have rules and regulations established by the local city, county, state, and federal agencies Asset Management must communicate and abide by those established laws related to the real estate asset involved. These issues could involve zoning, platting, ordinances, and utilities.

Leasing Operations occasionally coordinates with the USDA regarding Farm Bill provisions and relation to conservation practices on PSF farmland.

The SLB also serves as the board for lease for the oil and gas rights owned for various state agencies that do not have their own leasing board, such as the Texas Department of Transportation, the Department of Public Safety, the Texas Historical Commission and the Department of State Health Services.

Energy also issues Oilfield Development Permits for oil and gas exploration in certain state waters under the delegated authority of the U. S. Army Corps of Engineers.

**K. If contracted expenditures are made through this program please provide:**

- **a short summary of the general purpose of those contracts overall;**

McKinney Consulting Inc. manages real estate for ten (10) state-owned properties. Kemp Smith LLP provides outside counsel service for the GLO. First Merit/Townsend Group provides financial advisory services for the GLO. W.D. Von Gonten & Company is a petroleum engineering and geological evaluation counseling services related to investments in oil and gas. Pape-Dawson Engineers provide engineering services for the design, bidding, and construction administration for the utilities and off site road construction for PSF tract and the Houston area Veterans Home.

- **the amount of those expenditures in fiscal year 2016;**

There was \$4,948,365.85 spent in fiscal year 2016.

- **the number of contracts accounting for those expenditures;**

There were 68 contracts accounting for these expenditures.

- **the method used to procure contracts**

Typically the method used to procure contracts is the Request for Proposal (RFP) process.

- **top five contracts by dollar amount, including contractor and purpose;**

<b>• Vendor</b>	<b>Value</b>	<b>Contract Number</b>	<b>Work Order</b>	<b>Purpose</b>
2014 McKinney Consulting Inc.	\$1,541,956.61	14-355-000-8611	8611	Real Estate Services for ten (10) state-owned properties
Kemp Smith LLP	\$416,350.26	09-158-000-3598	3598	Outside Counsel Services
First Merit/Townsend Group	\$349,586.07	06-115-000-0723	0723	Real Estate Funds - Financial Advisory Services
W.D. Von Gonten & Co.	\$320,451.00	13-121-000-7179	7179	Petroleum engineering and geological evaluation counseling services related to investments in oil and gas.
Pape-Dawson Engineers, Inc.	\$234,352.50	16-341-000-9913	9913	Engineering services for the design, bidding, and construction administration for the utilities and off site road construction for PSF tract and the Houston area Veterans Home.

- **the methods used to ensure accountability for funding and performance; and**

See column four in the chart above regarding Work Order number (accountability and funding.)

- **a short description of any current contracting problems.**

1. The Contract Management Team is in the process of implementing a new Contract Management database.
2. In 2015/2016, the General Land Office went through a major agency re-organization. As a result, there may be instances where Programs Areas were re-named and Contract Management attempted to reclassify the contract to its appropriate Program Area. In the current Contract Management System, this reclassification is a manual process and some reclassifications may have been missed.

Asset Management will engage contracts for brokers, engineers, and specialized real estate consultants.

The contracting process utilizes procedures established by the GLO contracting department adhering to state requirement regulations. Contracts for brokers are typically paid out of sales closing only if the real estate transaction closes with an established negotiated commission rate. Engineering services costs are established by the scope of services that were provided.

**L. Provide information on any grants awarded by the program.**



N/A

**M. Are there any barriers or challenges that impede the program's performance, including any outdated or ineffective state laws? Explain.**

For Asset Management new regulations, technological advances, and political change all create challenges and the need for reviewing state laws and statues to address new issues. Specifically, Texas Natural Resources Code section 31.158 can cause the selling of property to be more complex. It is listed below:

Sec. 31.158. REAL ESTATE TRANSACTIONS AUTHORIZED BY LEGISLATURE.

(a) If the legislature authorizes a real estate transaction involving real property owned by the state, the division shall take possession and control of the real property and shall negotiate and close such real estate transaction on behalf of the state. In performing such duties, the division shall act on behalf of the state agency which owns or controls the subject state real property. Proceeds from the real estate transaction shall be deposited in the Texas capital trust fund unless the proceeds are dedicated by the constitution of this state to another fund or unless the enabling legislation ordering the real estate transaction provides otherwise.

(b) The division may not take possession and control under this section of real property administered by a state agency that, under Chapter 2201, Government Code, is ineligible to benefit from the Texas capital trust fund.

(c) Unless the enabling legislation or general law authorizing the real estate transaction specifies a different procedure, the division shall transact the sale or lease of state real property in the following manner:

(1) The sale or lease shall be by sealed bid, by public auction, or as provided by Subsection (d); provided, however, the SLB shall have the first option to purchase such real property pursuant to Section 31.159 of this code. Subdivisions (2) - (7) apply only to a sale or lease by sealed bid or public auction.

(2) Notice of the sale or lease shall be published at least 30 days prior to the date of sale or lease in at least three issues of four daily newspapers in the state. One of the papers must be of general circulation in the county where the real property is located.

(3) The notice shall state that real property is to be offered for sale or lease on a certain date and that lists describing the real property and terms of sale or lease can be obtained from the division.

(4) No bid may be accepted that does not meet the minimum value established by the commissioner, which shall not be less than market value.

(5) The division may reject any bids, but if the division elects not to reject all bids, it is required to accept the best bid submitted.

(6) If the award of a bid does not result in a final transaction with the bidder, the land office may solicit proposals, negotiate, and sell, exchange, or lease the real property, provided, the sales price may not be less than market value.

(7) If, after proper notice has been posted, no bids meeting the minimum requirements are received at the appointed time and place for the sale or lease, the division may solicit proposals and negotiate the sale, exchange, or lease of the real property to any person, provided that the sales price may not be less than the market value of the real property. The governor must approve any sale or lease of real property negotiated under this section. Failure of the governor to approve the sale or lease constitutes a veto of the transaction.

(8) Each grant of an interest in real property made pursuant to this section shall be made by an instrument signed by the commissioner and, if the governor's approval is required, by the governor.

(9) The expenses incurred by the division in conducting the sale, exchange, or lease, including the payment of reasonable brokerage fees, may be deducted from the proceeds of the sale prior to deposit in the Texas capital trust fund or other appropriate depository account. The division may promulgate rules relating to the payment of reasonable brokerage fees.

(10) These procedures will not apply to sales or leases of real property that are possessed by an agency that under Chapter 2201, Government Code, is ineligible to use the Texas capital trust fund or real property which belongs to the permanent school fund.

(11) Prior to the actual sale or lease, the state representative and state senator in the district where the subject real property is located shall be notified of all efforts to sell or lease the real property and shall be provided with copies of all brokerage contacts relating to the sale or lease.

(d) The division may contract for the services of a real estate broker or a private brokerage or real estate firm in the course of a real estate transaction under this section if the commissioner determines contracting for those services is in the best interest of the state.

**N. Provide any additional information needed to gain a preliminary understanding of the program or function.**

The Asset Management division provides real estate expertise in investing, real estate consulting, and real estate reporting for other agencies. Please see the GLO website for additional information <http://www.glo.texas.gov/land/land-management/overview/index.html>. Additional information regarding the Energy division can be found at <http://www.glo.texas.gov/energy/index.html>, and information regarding leasing and easements can be found at <http://www.glo.texas.gov/land/land-management/leasing-easements/index.html>.

**O. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe:**

why the regulation is needed;

- the scope of, and procedures for, inspections or audits of regulated entities;
- follow-up activities conducted when non-compliance is identified;
- sanctions available to the agency to ensure compliance; and procedures for handling consumer/public complaints against regulated entities.

Professional real estate operations include interaction with certified and licensed appraisers, surveyors, brokers and attorneys. Real estate requires oversight and regulations to insure transparency. In addition, internal and outside audits are utilized regarding the investments and real estate transactions.

- P. For each regulatory program, if applicable, provide the following complaint information. The chart headings may be changed if needed to better reflect your agency's practices. Please include a brief description of the methodology supporting each measure.**

N/A

- A. Name of Program or Function:** *Cabin Program*

**Location/Division:** *Coastal Resources*

**Contact Name:** *Amy Nunez*

**Actual Expenditures, FY 2016:** *\$105,026 (Fund 450)*

**Number of Actual FTEs as of June 1, 2017:** *Average 13 staff work part time on Program*

**Statutory Citation for Program:** *Chapter 33 of Texas Natural Resources Code*

- B. What is the objective of this program or function? Describe the major activities performed under this program.**

The Cabin Program manages boat-only accessible fishing cabins located along the Texas coast. These are state-owned cabins which the GLO permits for use by individuals for noncommercial, recreational purposes only. Currently, there are 403 cabins, located in nine counties along the Texas coast. Management activities include: on-site inspections, reports, and issuance of cabin permits at the discretion of the Board.

- C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and outcome performance measures that best convey the effectiveness and efficiency of this function or program. Also please provide a short description of the methodology behind each statistic or performance measure.**

The Cabin Program is managed with existing staff and resources. Staff members that work with the Program have other responsibilities within the Agency. Annual rent collected is deposited into a special account called Fund 450 that solely supports the Cabin Program. Revenue generated in fiscal year 2016 totaled \$271,722.

On-site inspections of cabin structures on Coastal Public Land insures compliance and prudent management of natural resources.

**D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.**

Recreational cabins located in Texas bays and waterways have a long history with the State of Texas. Many cabin sites have been in use since the early 1900s, and have provided recreational enjoyment for multiple generations of Texas fishermen and coastal enthusiasts.

The first cabins, known as “fishing shacks,” were constructed by sport and commercial fishermen and duck hunters between 1900 and 1920. At this time, Texas bays were still vast and remote areas with limited human use, but over time more cabin structures were constructed along the coast. These cabins were usually built on small islands or shell outcroppings in the bays.

A significant event in cabin history occurred in 1949 when the United States Army Corps of Engineers (USACE) completed the dredging of the Intracoastal Waterway (ICWW) to provide safe shipping access from Corpus Christi to Brownsville. New land was created from the dredged spoils all along the edge of the ICWW, commonly called "the ditch." The number of cabins increased as people began building on these new spoil islands.

In 1973, the Texas Legislature enacted Chapter 33 of the Texas Natural Resources Code, and charged the SLB (Board), acting through the General Land Office, with the management of these cabins. At that time, cabins that were in existence on August 27, 1973, could register the structure with the Board. Failure to do so would result in the person who constructed the cabin losing any claim to the structure and the structure could be removed by the State. Initially, 619 cabin permits were registered with the Board. Since that time, the GLO has managed the coastal Cabin Program, striving to balance the needs of permit holders with the protection of natural resources.

**E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.**

Cabin permits are held by members of the public. Currently, there are 403 permit holders and approximately 630 listed cabin permit partners that participate in the Program.

Between 2005 and 2013 GLO held 5 bid offerings for a total of 12 cabin sites. These “new” permit sites were relocated from cabin sites that had been destroyed / removed and had no permit holder. Less environmentally sensitive areas with high recreational use were chosen. Due to the

implementation of a USACE Intra-Coastal Waterway Setback, other regulatory criteria, and environmental considerations, there are no planned bid offerings at this time.

Currently, cabin permits can be transferred from one interested party to another with approval from the SLB. Staff completes an inspection and report, and presents to SLB for approval. An average of 12-15 cabin permits are transferred each year.

Permit holders can also take on partners and that is another way people participate in the Cabin Program.

**F. Describe how your program or function is administered, including a description of the processes involved in the program or function. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. Indicate how field/regional services are used, if applicable.**

Most Cabin Program functions are currently handled in the two regional field offices (Corpus Christi and La Porte), including site inspection, field report, and contract generation.

The timeline to complete the renewal of a permit is approximately 3 months. This is variable depending on the amount of coordination required with the permit holder and staff workload. Cabins that are presented to the Board for approval may take additional time, depending on docket scheduling.

**G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).**

Funding source for this Program is the amount appropriated from Fund 450.

**H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions to the target population. Describe the similarities and differences.**

The GLO Cabin Program is unique to Texas Bays. Sometimes confusion exists regarding Texas Parks and Wildlife Floating Cabins (houseboats) and the GLO Cabin Program. Both programs have structures on Texas Bays, primarily used by fishermen. However, GLO cabins are pile supported (may be located on islands in the bay or over water) and have been regulated since 1973. TPWD floating cabins have been authorized since 2001 and are boat like structures that float.

**I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.**

GLO field staff works with TPWD field staff to appropriately route phone calls to the correct agency, depending on type of structure.

**J. If the program or function works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.**

These structures are in areas where other regulatory agencies also have jurisdiction, including multiple Divisions of the US Army Corps of Engineers (USACE).

1. USACE manages the dredge placement areas where many cabins are located. These cabins are addressed in the USACE Dredge Material Management Plan for the specific areas.
2. USACE has also established an Intracoastal Waterway (ICWW) Setback Policy that may affect some cabin permits. GLO coordinated with USACE to ensure no existing structures would be impacted, unless destroyed beyond repair.
3. USACE Regulatory Division has jurisdiction over piers and some cabin structures associated with the Program. GLO administers a USACE Regional General Permit (RGP) for proposed pier structures associated with the Program and is working with the USACE to complete a RGP for existing cabin structures as needed.

Other agencies, such as US Fish and Wildlife Service (USFWS) and TPWD have jurisdiction regarding disturbance to wildlife, specifically birds. These regulations are included as special conditions in the Cabin Permit Contract.

**K. If contracted expenditures are made through this program please provide:**

- a short summary of the general purpose of those contracts overall;
- the amount of those expenditures in fiscal year 2016;
- the number of contracts accounting for those expenditures;
- the method used to procure contracts
- top five contracts by dollar amount, including contractor and purpose;
- the methods used to ensure accountability for funding and performance; and
- a short description of any current contracting problems.

N/A

**L. Provide information on any grants awarded by the program.**

N/A

**M. Are there any barriers or challenges that impede the program's performance, including any outdated or ineffective state laws? Explain.**

Presently, the Cabin Program generates more money for Fund 450 than is appropriated back to the Agency for the management of the Program. Staff has prepared recommendations to increase revenue to the Program through changes in the Texas Administrative Code. However,

at present an increase in money generated by the Program will not necessarily result in additional money appropriated to GLO to manage the Program.

The additional funds could be used to maintain and replace capital equipment needed to manage the Program, as well as, assist with salaries for staff working with the Program.

**N. Provide any additional information needed to gain a preliminary understanding of the program or function.**

N/A

**O. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe:**

- why the regulation is needed;
- the scope of, and procedures for, inspections or audits of regulated entities;
- follow-up activities conducted when non-compliance is identified;
- sanctions available to the agency to ensure compliance; and
- procedures for handling consumer/public complaints against regulated entities.

N/A

**P. For each regulatory program, if applicable, provide the following complaint information. The chart headings may be changed if needed to better reflect your agency's practices. Please include a brief description of the methodology supporting each measure.**

N/A

## **VIII. Statutory Authority and Recent Legislation**

- A. Fill in the following charts, listing citations for all state and federal statutes that grant authority to or otherwise significantly impact your agency. Do not include general state statutes that apply to all agencies, such as the Public Information Act, the Open Meetings Act, or the Administrative Procedure Act. Provide information on Attorney General opinions from FY 2011–2015, or earlier significant Attorney General opinions, that affect your agency's operations.**

**School Land Board**  
**Exhibit 12: Statutes / Attorney General Opinions**

**Statutes**

Citation / Title	Authority / Impact on Agency (e.g., "provides authority to license and regulate nursing home administrators")
Article XIV, § 1, Texas Constitution	Creates the General Land Office.
Article IV, § 1, Texas Constitution	Executive Department of State includes GLO Commissioner.
Article IV, § 23, Texas Constitution	GLO Commissioner serves four-year term.
Article VII, § 2, Texas Constitution	Establishes the Permanent School Fund.
Article VII, § 2B, Texas Constitution	Authorizes the release of certain interests of state in land to private landowner.
Article VII, § 4, Texas Constitution	Authorizing the sales and investments of proceeds of lands set apart to the Permanent School Fund.
Article VII, § 5, Texas Constitution	Relating to transfers from the permanent school fund to the available school fund, expenses of the management of the PSF, limitations on the legislatures use of PSF funds to only use for school funding, and authorizes use of PSF for bond guarantees.
Texas Education Code, § 43.001-.020	Composition of the permanent school fund and available school fund, transfers from PSF, investment and management of PSF.
Texas Government Code, § 441.202	Archives of the General Land Office.
Texas Government Code, Chapter 572	Related to conflicts of interests of state officers, including members of the School Land Board.
Texas Government Code, § 2155.147	Related to procurement of certain services by GLO for CEPRA projects.
Texas Government Code, § 552.113	Regarding public disclosure laws for certain confidential material in connection with matters before the SLB.
Local Government Code, § 307.042	Authorizes local governments to mortgage improvements located on state owned submerged lands and authorizes grants of leases for up to 99 years of purchasers of such interest.
Texas Natural Resources Code, Chapter 11	Public Domain
Texas Natural Resources Code, Chapter 12	Red River Boundary Compact
Texas Natural Resources Code, Chapter 31	General Land Office
Texas Natural Resources Code, Chapter 32	School Land Board
Texas Natural Resources Code, Chapter 33	Management of Coastal Public Land
Texas Natural Resources Code, § 40.108	Authorizes Commissioner to remove abandoned or derelict vessels located on state owned submerged lands.



Citation / Title	Authority / Impact on Agency (e.g., “provides authority to license and regulate nursing home administrators”)
Texas Natural Resources Code, Chapter 51	Authorizes the management of land, timber and surface resources of PSF. Relating to sales, surface leases, vacancies, patents, easement, sale of timber, land acquisition and grants for improvements on PSF lands.
Texas Natural Resources Code, Chapter 52	Authorizes oil and gas leasing on PSF lands (uplands and submerged lands), O&G development on state riverbeds, relinquishment lands, royalties and exploration permmttg.
Texas Natural Resources Code, Chapter 53	Relating to mineral leasing on PSF lands
Texas Natural Resources Code, Chapter 61	Relating to the public use and access to and maintenance of public beaches including state owned and PSF submerged lands.
Texas Natural Resources Code, Chapter 63	Dune Protection including prevention of impacts to state owned and submerged lands.
Texas Natural Resources Code, Chapter 101	Relating to the cooperative development of oil & gas including PSF lands.
Texas Natural Resources Code, Chapter 102	Pooling
Texas Natural Resources Code, Chapter 113	Liquefied Petroleum Gas
Texas Natural Resources Code, § 131.006	Exclusion of certain PSF lands from the Uranium Surface Mining and Reclamation Act.
Texas Natural Resources Code, Chapter 141	Powers and duties of SLB for geothermal energy development leasing on PSF lands.
Texas Natural Resources Code, Chapter 183	Conservation Easements
Texas Natural Resources Code, Chapter 221	Wetland Mitigation
Texas Natural Resources Code, Chapter 191.0525	Categorical exclusion of PSF land sales, leases, easement, trades from certain notice requirements related to public lands under the Antiquities Code.
Occupations Code, Chapter 1071	Land Surveyors
Parks and Wildlife Code, Chapter 14	Powers and duties of GLO regarding development of State Wetlands Conservation Plan with TPWD.
Property Code, Chapter 71	Disposition of Escheated Property
Transportation Code, Chapter 51	Texas Coastal Waterway Act
Transportation Code, Chapter 52	Texas Deepwater Port Procedures Act
Transportation Code, § 284.067	Relating to certain tollway revenue provided to the GLO and PSF.
Transportation Code, Chapter 341	Relating to construction of private causeways or bridges across coastal public land.
Transportation Code, Chapter 224	Acquisition, Construction and Maintenance of State Highway System
Transportation Code, § 203.056	Regarding Transportation Dept use of coastal submerged lands for highway projects and SLB rights regarding O&G leases on adjacent tidewaters.

Citation / Title	Authority / Impact on Agency (e.g., "provides authority to license and regulate nursing home administrators")
Utilities Code, Chapter 35	State Authority to Sell or Convey Power
Water Code, § 11.034	Regarding appropriator right of ways across PSF lands.
Water Code, § 16.320-321	Regarding coastal erosion and flooding rule authority of GLO.
Water Code, § 5.115	Regarding Commission notice requirements to SLB, comments, and voidability by SLB of permits that effect PSF lands if proper notice not provided.
Water Code, Chapter 18	Marine Seawater Desalination Projects
Water Code, Chapter 60	Navigation Districts – General Provisions
Water Code, Chapter 61	Article III, Section 52 Navigation Districts
Water Code, Chapter 62	Article XVI, Section 59 Navigation Districts

Table 8 Exhibit 12 Statutes

**Attorney General Opinions**

Attorney General Opinion No.	Impact on Agency
KP-0097	OAG determined that Education Code directed Board of Education to take possession of property for an open enrollment charter school that ceases to operate but that the land does not become unappropriated property for the PSF. Nominal or no impact.

Table 9 Exhibit 12 Attorney General Opinions

- B. Provide a summary of recent legislation regarding your agency by filling in the charts below or attaching information already available in an agency-developed format. Briefly summarize the key provisions. For bills that did not pass, briefly explain the key provisions and issues that resulted in failure of the bill to pass (e.g., opposition to a new fee, or high cost of implementation). Place an asterisk next to bills that could have a major impact on the agency. See Exhibit 13 Example.**

**Texas General Land Office School Land Board  
Exhibit 13: 85th Legislative Session**

**Legislation Enacted**

Bill Number	Author	Summary of Key Provisions
HB 3423	Lambert	Relating to the recording by a county clerk of certain documents relating to the sale or lease of public school land.
HB 3402	Bonnen	Relating to the sale of certain state property in Brazoria County by the Texas Board of Criminal Justice.
HB 1406	Blanco	Relating to the authority of the asset management division of the General Land Office to sell real property to a federally recognized Indian tribe.

Bill Number	Author	Summary of Key Provisions
HB 641	Phillips	Relating to the continuation of the Red River Boundary Commission
HB 1643	Springer	Relating to the regulation of the operation of an unmanned aircraft and the prosecution of a related criminal offense
HB 1771	Price	Relating to the use of certain weapons in or on the beds or banks of the Canadian River in Potter County
HB 2610	Guillen	Relating to the term for a lease of land owned by certain navigation districts.
HB 641	Phillips	Relating to the continuation of the Red River Boundary Commission.
HB 2377	Larson	Relating to the development of brackish groundwater.
SB 736	Hancock	Relating to a report on the sale of retail electric power by the General Land Office.
SB 807	Creighton	Relating to choice of law and venue for certain construction contracts.
SB 813	Hughes	Relating to recovery of damages, attorney's fees, and costs related to frivolous regulatory actions by state agencies.
SB 840	Zaffirini	Relating to certain images captured by an unmanned aircraft.
SB 1349	Watson	Relating to the authority of the Texas Department of Motor Vehicles over real property and to the transfer of specific property from the Texas Department of Transportation.
SB 1361	Creighton	Relating to the powers and duties of the Sabine-Neches Navigation District of Jefferson County.
SB 1395	Creighton	Relating to the powers and duties of navigation districts and port authorities.
SB 1430	Perry	Relating to a requirement that the Texas Commission on Environmental Quality provide an expedited procedure for acting on certain applications for an amendment to a water right by certain applicants that use desalinated seawater.
SB 2242	Hinojosa	Relating to the resolution of disputes or errors involving the ad valorem taxation of the same property by multiple taxing units of the same type as a result of disputed, overlapping, or erroneously applied boundaries.

Table 10 Exhibit 13 Legislation Enacted 85th Leg

**Legislation Not Passed**

Bill Number	Author	Summary of Key Provisions / Reason Bill Did Not Pass
(Number)	(Text)	(Text)

Table 11 Exhibit 13 Legislation Not Passed 85th Leg

## IX. Major Issues

The purpose of this section is to briefly describe any potential issues raised by your agency, the Legislature, or stakeholders that Sunset could help address through changes in statute to improve your agency's operations and service delivery. Inclusion of an issue does not indicate support, or opposition, for the issue by the agency's board or staff. Instead, this section is intended to give the Sunset Commission a basic understanding of the issues so staff can collect more information during our detailed research on your agency. Some questions to ask in preparing this section may include: (1) How can your agency do a better job in meeting the needs of customers or in achieving agency goals? (2) What barriers exist that limit your agency's ability to get the job done?

Emphasis should be given to issues appropriate for resolution through changes in state law. Issues related to funding or actions by other governmental entities (federal, local, quasi- governmental, etc.) may be included, but the Sunset Commission has no authority in the appropriations process or with other units of government. If these types of issues are included, the focus should be on solutions which can be enacted in state law. This section contains the following three components.

**A. Brief Description of Issue** -- Note: There are no major issues to report for this section.

**B. Discussion**

**Background.** Include enough information to give context for the issue. Information helpful in building context includes:

- What specific problems or concerns are involved in this issue?
- Who does this issue affect?
- What is the agency's role related to the issue?
- Any previous legislative action related to the issue?

**C. Possible Solutions and Impact**

Provide potential recommendations to solve the problem. Feel free to add a more detailed discussion of each proposed solution, including:

- How will the proposed solution fix the problem or issue?
- How will the proposed change impact any entities or interest groups?
- How will your agency's performance be impacted by the proposed change?
- What are the benefits of the recommended change?
- What are the possible drawbacks of the recommended change?
- What is the fiscal impact of the proposed change?

Complete this section for **each** issue. Copy and paste components A through C as many times as needed to discuss each issue. **See Major Issue Example.**

## X. Other Contacts

- A. Fill in the following charts with updated information on people with an interest in your agency, and be sure to include the most recent email address.

**(Asset Enhancement)  
Exhibit 14: Contacts**

### ***Interest Groups***

*(groups affected by agency actions or that represent others served by or affected by agency actions)*

Group or Association Name/ Contact Person	Address	Telephone	Email Address
Council of Petroleum Accountant Societies/Vanessa de Soto	445 Union Blvd., Suite 207 Lakewood, CO 80228	(877) 992-6727	vanessa.deSoto@copas.org
American Association of Professional Landmen/Russell Cohen	800 Fournier Street, Fort Worth, TX 76102	(817) 847-7700	rcohen@landman.org

**Table 12 Exhibit 14 Interest Groups**

### ***Interagency, State, or National Associations***

*(that serve as an information clearinghouse or regularly interact with your agency)*

Group or Association Name/ Contact Person	Address	Telephone	Email Address
Western States Land Commissioners Assoc./ Kathy Jopp	204 North Robinson St., Ste 900 Oklahoma City, OK 73102	(208) 807-7407	kathyjopp@gmail.com
Texas Oil & Gas Assoc./Mari Ruckel	304 W. 13 <sup>th</sup> St., Austin, TX 78701	(512) 478-6631	mruckel@txoga.org
Texas Alliance of Energy Producers/Bill Stevens	1000 West Ave., Ste. B, Austin, TX 78701	(512) 656-2209	bill@windriverassociatesllc.com
Texas Independent Producers and Royalty Owners Assoc./Servando Esparaza	919 Congress Ave., Ste 1000, Austin, TX 78701	(512) 477-4452	sesparaza@tipro.org
Permian Basin Petroleum Assoc./Ben Shepperd	1122 Colorado St., Ste. 2301 Austin, TX 78701	(512) 297-2693	ben@pbpa.info

**Table 13 Exhibit 14 Interagency, State, and National Association**

### ***Liaisons at Other State Agencies***

*(with which your agency maintains an ongoing relationship, e.g., the agency's assigned analyst at the Legislative Budget Board, or attorney at the Attorney General's office)*

Agency Name / Relationship / Contact Person	Address	Telephone	Email Address
Legislative Budget Board/Pamela Bolton	1501 Congress Ave Austin, TX 78701	512-463-7054	Pamela.Bolton@lbb.state.tx.us

Texas Facilities Commission / Peter Maass	1701 San Jacinto Austin, TX 78701	512- 463-9454	peter.maass@tfc.state.tx.us
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Agency Name / Relationship / Contact Person	Address	Telephone	Email Address
Office of the Attorney General/ Charlie Shelton	209 W. 14 <sup>th</sup> Street Austin, TX 78701	512-463-2100	Charlie.Shelton@oag.texas.gov
Texas Department of Criminal Justice / Bobby Lumpkin	209 W. 14 <sup>th</sup> , Suite 500 Austin, TX 78701	512-463-9988	Bobby.Lumpkin@tdcj.texas.gov
Texas Parks and Wildlife Dept / Ted Hollingsworth	4200 Smith School Rd. Austin, TX 78744	512-389-4520	Ted.Hollingsworth@tpwd.texas.gov
Texas Comptroller of Public Accounts/ Ela Jochacy	111 East 17 <sup>th</sup> St., Austin, TX 78701	512-475-5382	Elzbieta.jochacy@cpa.texas.gov
Texas Education Agency/ Von Byer	1701 N. Congress Ave., Austin, TX 78701	512-463-9734	Von.byer@tea.texas.gov
Texas Dept of Transportation/ Carlton Bernhard	125 E. 11 <sup>th</sup> Street Austin, TX 78701	512-416-3218	Carlton.bernhard@txdot.gov
Texas Rail Road Commission/ Lori Wrotenbery	1701 N. Congress Austin, TX 78701	512-463-7158	Lori.wrotenbery@rrc.texas.gov

Table 14 Exhibit 14 Liaisons at Other State Agencies

## XI. Additional Information

- A. Texas Government Code, Sec. 325.0075 requires agencies under review to submit a report about their reporting requirements to Sunset with the same due date as the SER. Include a list of each agency-specific report that the agency is required by statute to prepare and an evaluation of the need for each report based on whether factors or conditions have changed since the statutory requirement was put in place. Please do not include general reporting requirements applicable to all agencies, reports that have an expiration date, routine notifications or notices, posting requirements, federally mandated reports, or reports required by G.A.A. rider. If the list is longer than one page, please include it as an attachment. See Exhibit 15 Example.**

**Texas General Land Office School Land Board**  
**Exhibit 15: Evaluation of Agency Reporting Requirements**

Report Title	Legal Authority	Due Date and Frequency	Recipient	Description	Is the Report Still Needed? Why?
<i>SLB Investment Funds Report</i>	<i>TxNRC §51.412(a)</i>	<i>September 1<sup>st</sup> of even-numbered years, Biennially</i>	<i>Legislature</i>	<i>This report assesses the direct and indirect economic impact of the investment funds.</i>	<i>Yes. This report is needed to ascertain the impact of funds designated by statute for deposit into the real estate special fund account of the PSF.</i>
<i>Economic Impact of PSF Investments</i>	<i>TxNRC §51.412(b)</i>	<i>January 1<sup>st</sup> of odd-numbered years, Biennially</i>	<i>Legislature</i>	<i>This report assesses the return and economic impact of PSF investments before the preceding regular legislative session.</i>	<i>Yes. This report is needed to ascertain the impact of funds designated by statute for deposit into the real estate special fund account of the PSF.</i>
<i>Report on Major Investment Funds</i>	<i>TxGC §322.014</i>	<i>Annually - Ad Hoc Due Date driven by LBB (typically December)</i>	<i>Legislative Budget Board</i>	<i>Each agency that administers a state investment fund must provide information the Legislative Budget Board with the information the board requests regarding the performance of the fund.</i>	<i>Yes. The information in this report is used by the LBB for their Annual Report on Major State Investment Funds.</i>
<i>Land Sold Below or Above Appraised Value Report</i>	<i>TxNRC §51.011</i>	<i>October 15<sup>th</sup>, Annually</i>	<i>Legislative Budget Board</i>	<i>Sale of any land set apart to the permanent school fund for less than appraised value or the purchase of any land that is set apart to the permanent school fund for more than appraised value during the preceding state fiscal year</i>	<i>Yes. The information provided is also a part of the LBB performance measures submitted on a quarterly basis.</i>
<i>Report on Anticipated Transfer of Funds</i>	<i>TxNRC §51.4131</i>	<i>September 1<sup>st</sup> of each even-numbered year, Biennially</i>	<i>Legislature, Comptroller, State Board of Education, and LBB</i>	<i>A report that, specifically and in detail, states the date a transfer will be made and the amount of money the board will transfer during the subsequent state fiscal biennium from the real estate special fund account of the permanent school fund established under Section 51.401 to the available school fund or the State Board of Education for investment in the permanent school fund.</i>	<i>Yes. The information contained in the report is needed to ascertain the anticipated available balance of the PSF.</i>

**B. Has the agency implemented statutory requirements to ensure the use of "first person respectful language"? Please explain and include any statutory provisions that prohibits these changes.**

The SLB is not an agency under the direction of the Health and Human Services Commission, and has not gone under Sunset review since the passage of legislation in 2011 directing the use



of “first person respectful language,” under H.B. 1481. As such, the agency has not officially implemented rules.

- C. Fill in the following chart detailing information on complaints regarding your agency. Do not include complaints received against people or entities you regulate. The chart headings may be changed if needed to better reflect your agency’s practices.**

(Agency Name)  
**Exhibit 16: Complaints Against the Agency — Fiscal Years 2015 and 2016**

	Fiscal Year 2015	Fiscal Year 2016
Number of complaints received	15	14
Number of complaints resolved	10	10
Number of complaints dropped / found to be without merit	5	4
Number of complaints pending from prior years	0	0
Average time for resolution of a complaint	4 days	4days

**Table 15 Exhibit 16 Complaints Against the Agency**

- D. Fill in the following charts detailing your agency’s Historically Underutilized Business (HUB) purchases. See Exhibit 17 Example.**

**Texas General Land Office School Land Board  
Exhibit 17: Purchases from HUB**

**FY15 GLO Annual HUB Report Summary**

Procurement Category	Total Expenditures	Total HUB Expenditures	HUB Percentage	Agency HUB Goal	Statewide HUB Goal
Heavy Construction	N/A	N/A	N/A	N/A	N/A
Building Construction	\$6,340,980	\$2,007,999	31.67%	21.10%	21.1%
Special Trades	\$1,474,212	\$1,234,428	16.27%	32.90%	32.90%

Professional Services	\$21,919,276	\$4,046,323	18.46%	23.70%	23.70%
Other Services	\$207,633,350	\$7,164,664	3.45%	26.00%	26.00%
Commodities	\$84,543,982	\$83,552,710	1.17%	21.10%	21.10%
<b>Total</b>	<b>\$321,911,802</b>	<b>\$14,450,044</b>	<b>4.49%</b>		

Table 16 Exhibit 17 HUB Purchases for FY 2015

\* If your goals are agency specific-goals and not statewide goals, please provide the goal percentages and describe the method used to determine those goals. (TAC Title 34, Part 1, Chapter 20, Rule 20.284)

**Fiscal Year 2016**

Procurement Category	Total Expenditures	Total HUB Expenditures	HUB Percentage	Agency HUB Goal	Statewide HUB Goal
Heavy Construction	\$3,125	0	0	0	11.20%
Building Construction	\$7,488,534	\$6,554,187	87.52%	8.7%	21.10%
Special Trades	\$1,917,388	\$745,990	38.91%	14.71%	32.90%
Professional Services	\$14,444,498	\$1,299,710	9.00%	11.66%	23.70%
Other Services	\$161,410,950	\$9,916,561	6.14%	3.4%	26.00%

Commodities	\$80,867,501	\$1,090,846	1.35%	1.25%	21.10%
<b>Total</b>	<b>\$266,131,998</b>	<b>\$19,607,296</b>	<b>7.37%</b>		

Table 17 Exhibit 17 HUB Purchases for FY 2016

**Fiscal Year 2017**

Procurement Category	Total Expenditures	Total HUB Expenditures	HUB Percentage	Agency HUB Goal	Statewide HUB Goal
Heavy Construction	N/A	N/A	N/A	N/A	11.20%
Building Construction	\$2,930,545	\$2,699,348	92.11%	8.7%	21.10%
Special Trades	\$2,193,341	\$1,318,617	60.12%	14.71%	32.90%
Professional Services	\$8,385,065	\$313,218	3.74%	11.66%	23.70%
Other Services	\$62,559,532	\$8,708,884	13.92%	3.4%	26.00%
Commodities	\$52,446,598	\$509,464	1.97%	1.25%	21.10%
<b>Total</b>	<b>\$128,515,083</b>	<b>\$13,549,533</b>	<b>10.54%</b>		

Table 18 Exhibit 17 HUB Purchases for FY 2017

**E. Does your agency have a HUB policy? How does your agency address performance shortfalls related to the policy? (Texas Government Code, Sec. 2161.003; TAC Title 34, Part 1, rule 20.286c)**

Yes, the HUB Team meets with our Purchasing Director to re-evaluate upcoming purchasing cycles, expected contract expirations and analyze our HUB goals appropriate to our agency's missions.

- F. For agencies with contracts valued at \$100,000 or more: Does your agency follow a HUB subcontracting plan to solicit bids, proposals, offers, or other applicable expressions of interest for subcontracting opportunities available for contracts of \$100,000 or more? (Texas Government Code, Sec. 2161.252; TAC Title 34, Part 1, rule 20.285)**

Yes. In accordance with Texas Government Code §2161.252 and the Texas Administrative Code (TAC) Title 34, part 1, Chapter 20 Subchapter B Section §20.14, each state agency, that considers entering a contract with an expected value of \$100,000 over the life of the contract, including any renewal terms shall, before the agency solicits bids, proposals, offers or other applicable expressions of interest determine whether subcontracting opportunities are probable under the contract.

If the agency has determined that probable subcontracting opportunities have been identified in the scope of work, then all vendors, (HUB and Non-HUB), must include a completed HUB Subcontracting Plan with their response.

- G. For agencies with biennial appropriations exceeding \$10 million, answer the following HUB questions.**

- 1. Do you have a HUB coordinator? If yes, provide name and contact information. (Texas Government Code, Sec. 2161.062; TAC Title 34, Part 1, rule 20.296)**

**Mindy Sue Cohen, HUB Coordinator**

[Mindy.cohen@glo.texas.gov](mailto:Mindy.cohen@glo.texas.gov)

**512-936-1487**

**Daphne Grantham, Assistant HUB Coordinator**

[Daphne.grantham@glo.texas.gov](mailto:Daphne.grantham@glo.texas.gov)

**512-463-5194**

- 2. Has your agency designed a program of HUB forums in which businesses are invited to deliver presentations that demonstrate their capability to do business with your agency? (Texas Government Code, Sec. 2161.066; TAC Title 34, Part 1, rule 20.297)**

Yes.

- 3. Has your agency developed a mentor-protégé program to foster long-term relationships between prime contractors and HUBs and to increase the ability of HUBs to contract with the state or to receive subcontracts under a state contract? (Texas Government Code, Sec. 2161.065; TAC Title 34, Part 1, rule 20.298)**

Yes.

**H. Fill in the charts below detailing your agency's Equal Employment Opportunity (EEO) statistics. See Exhibit 18 Example.**

**Texas General Land Office  
Exhibit 18: Equal Employment Opportunity Statistics**

**1. Officials / Administration**

Year	Total Number of Positions	Percent African-American	Statewide Civilian Workforce Percent	Percent Hispanic	Statewide Civilian Workforce Percent	Percent Female	Statewide Civilian Workforce Percent
2015	11	9.09%	7.4%	9.09%	22.1%	18.18%	37.4%
2016	18	5.56%	7.4%	5.56%	22.1%	27.78%	37.4%
*2017	17	5.88%	7.4%	5.88%	22.1%	29.41	37.4%

Table 19 Exhibit 18 EEO Statistics for Officials/Administration

**2. Professional**

Year	Total Number of Positions	Percent African-American	Statewide Civilian Workforce Percent	Percent Hispanic	Statewide Civilian Workforce Percent	Percent Female	Statewide Civilian Workforce Percent
2015	44	4.55%	10.4%	13.64%	19.3%	50.00%	55.3%
2016	74	8.11%	10.4%	16.22%	19.3%	52.70%	55.3%
*2017	73	9.59%	10.4%	16.44%	19.3%	52.05%	55.3%

Table 20 Exhibit 18 EEO Statistics for Professionals

**3. Technical (HR)**

Year	Total Number of Positions	Percent African-American	Statewide Civilian Workforce Percent	Percent Hispanic	Statewide Civilian Workforce Percent	Percent Female	Statewide Civilian Workforce Percent
2015	6	0.00%	14.4%	33.33%	27.2%	0.00%	55.3%
2016	5	0.00%	14.4%	20.00%	27.2%	0.00%	55.3%
*2017	5	0.00%	14.4%	20.00%	27.2%	0.00%	55.3%

Table 21 Exhibit 18 EEO Statistics for Technical

**4. Administrative Support (HR)**

Year	Total Number of Positions	Percent African-American	Statewide Civilian Workforce Percent	Percent Hispanic	Statewide Civilian Workforce Percent	Percent Female	Statewide Civilian Workforce Percent
2015	5	20.00%	14.8%	20.00%	34.8%	100%	72.1%
2016	14	21.43%	14.8%	35.71%	34.8%	92.86	72.1%
*2017	15	20.00%	14.8%	40.00%	34.8%	93.93%	72.1%

Table 22 Exhibit 18 EEO Statistics for Administrative Support

**5. \*\*Service / Maintenance (HR)**

Year	Total Number of Positions	Percent African-American	Statewide Civilian Workforce Percent	Percent Hispanic	Statewide Civilian Workforce Percent	Percent Female	Statewide Civilian Workforce Percent
2015	N/A	N/A	13.0%	N/A	54.1%	N/A	51.0%
2016	N/A	N/A	13.0%	N/A	54.1%	N/A	51.0%
2017	N/A	N/A	13.0%	N/A	54.1%	N/A	51.0%

Table 23 Exhibit 18 EEO Statistics for Service and Maintenance

#### 6. **\*\*Skilled Craft** (HR)

Year	Total Number of Positions	Percent African-American	Statewide Civilian Workforce Percent	Percent Hispanic	Statewide Civilian Workforce Percent	Percent Female	Statewide Civilian Workforce Percent
2015	N/A	N/A	10.6%	N/A	50.7%	N/A	11.6%
2016	N/A	N/A	10.6%	N/A	50.7%	N/A	11.6%
2017	N/A	N/A	10.6%	N/A	50.7%	N/A	11.6%

Table 24 Exhibit 18 EEO Statistics for Skilled Craft

**\*FY 2017 data covers May 2017.**

**\*\*Service/Maintenance and Skilled Craft are categories in which GLO has no employees.**

#### I. Does your agency have an equal employment opportunity policy? How does your agency address performance shortfalls related to the policy?

Yes, agency recruitment continues to seek out various ways to reach those segments of the state workforce that are underrepresented at the GLO in an effort to obtain an applicant pool that reflects the diversity of the state, and thereby help reduce the differentials.

## XII. Agency Comments

Provide any additional information needed to gain a preliminary understanding of your agency.

## ATTACHMENTS ---

Create a separate file and label each attachment (e.g., Attachment 1, Agency Statute) and include a list of items submitted. Attachments may be provided in electronic form or through links to agency webpages.

### Attachments Relating to Key Functions, Powers, and Duties

1. Agency's enabling statute.
2. Annual reports published by the agency from FY 2015–2017.

3. Internal or external newsletters published by the agency from FY 2016–2017.
4. List of studies that the agency is required to do by legislation or riders.
5. List of legislative or interagency studies relating to the agency that are being performed during the current interim.
6. List of studies from other states, the federal government, or national groups/associations that relate to or affect the agency or agencies with similar duties or functions. Provide links if available.

#### **Attachments Relating to Policymaking Structure**

7. Biographical information (e.g., education, employment, affiliations, and honors) or resumes of all policymaking body members. Attachment #7
8. Agency's most recent rules. If lengthy, please provide electronically or just the citation to the Administrative Code.

Attachment #8

#### **Attachments Relating to Funding**

##### **Agency's Legislative Appropriations Request for FY 2018–2019.**

9. Annual financial reports from FY 2015–2016.

<http://www.glo.texas.gov/the-glo/reports/budget/files/GLO-VLB-2018-19-LAR.pdf>

10. Operating budgets from FY 2015–2017.

Attachment #9

#### **Attachments Relating to Organization**

11. If applicable, a map to illustrate the regional boundaries, headquarters location, and field or regional office locations.

N/A

#### **Attachments Relating to Agency Performance Evaluation**

12. Quarterly performance reports completed by the agency in FY 2015–2017.

<http://www.glo.texas.gov/the-glo/reports/budget/files/FY-2016-Performance-Measures.pdf>

<http://www.glo.texas.gov/the-glo/reports/budget/files/FY-2015-Performance-Measures.pdf>

13. Agency's current internal audit plan.

Attachment #10

14. Agency's current strategic plan.

<http://www.glo.texas.gov/the-glo/reports/audit-legislative/files/GLO-VLB-Agency-Strategic-Plan-2017-2021.pdf>

15. List of internal audit reports from FY 2013–2017 completed by or in progress at the agency.

Attachment#11

16. List of State Auditor reports from FY 2013–2017 that relate to the agency or any of its functions.

Attachment #12

17. Any customer service surveys conducted by or for your agency in FY 2016–2017.

None