Meeting of the Board of Regents

November 14, 2019
Waco, Texas
November 1, 2019

Mr. John Hatchel, Chair
Members of the Board of Regents
Texas State Technical College
Waco, Texas 76705

RE: Action Items for the Meeting of the Board of Regents on November 14, 2019

Regents:

The attached materials have been prepared for consideration by the Board of Regents of Texas State Technical College for the November 14, 2019 meeting. These materials have been reviewed and approved by the appropriate staff members as indicated.

As Chancellor of the College, I have also reviewed and approved the recommendations and submit them for whatever action the Board of Regents deems proper.

Sincerely,

[Signature]

Michael L. Reeser
Chancellor & CEO

Attachments
November 1, 2019

Mr. John Hatchel, Chair
Members of the Board of Regents
Texas State Technical College System
Waco, Texas 76705

SUBJECT: Quarterly Control & Compliance Attestation

Chairman and Regents:

I am providing this letter in connection with the College’s preparation of quarterly Board reporting. I understand that you and the Board of Regents will rely on these reports to assist with your governance responsibilities, specifically including, but not limited to, your responsibilities to the Governor’s Office, Legislative Budget Board, and the Texas Higher Education Coordinating Board.

I have reviewed sections of the Board reports relevant to my operating responsibilities and believe the disclosures are informative and reasonably reflect the underlying events and the inclusion of other information necessary to give you a materially complete picture of our operations. I hereby certify, to the best of my knowledge and belief, that the reports do not contain any untrue statement of a material fact or omit any material fact(s) necessary to make the report misleading.

I confirm that I am responsible within areas of my operating responsibility for:

a. The design and implementation of programs and controls to prevent and detect fraud;
b. Establishing and maintaining effective internal control over financial reporting, effective and efficient operations, and regulatory compliance;
c. Maintaining appropriate documentation of such internal control; and
d. Financial reports, records and supporting documentation that were properly reviewed and to my knowledge, do not contain any untrue statement of material fact or omit material facts that would result in making the information and/or documentation misleading.

I confirm, to the best of my knowledge and belief, the following representations:

1. I have no knowledge of any regulatory violations, occurrences of misstatement, fraud or suspected fraud affecting the College during the period being reviewed that has not been reported to you, our General Counsel, the Internal Audit Director, or the Audit Committee;
2. There are no contingent claims that have not been reported to our Chief Financial Officer or General Counsel; and

3. I have maintained adequate internal control over financial reporting, effective and efficient operations, and regulatory compliance within my areas of operating responsibility as of September 30, 2019, based on criteria established by prudent risk management practices.

4. There have been no changes in internal control that might negatively affect the effectiveness of such controls, including any corrective actions taken with regard to related deficiencies and weaknesses previously identified. I have resolved, or am currently in the process of resolving, all such issues identified and communicated to me during previous audits (internal or external).

5. All material transactions have been communicated to the Chief Financial Officer for recording and disclosure in the financial statements and/or Board reports.

6. The following, to the extent applicable, have been appropriately identified and communicated for proper recording and disclosure:
   a. Related-party transactions associated with vendor relationships; and
   b. Significant contractual obligations, or other contingent liabilities.

7. Violations or possible violations of laws or regulations whose effects should be considered for disclosure due to their level of impact have been communicated to you, our General Counsel, the Internal Audit Director, or the Audit Committee.

8. The College has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

9. Other than those previously disclosed, no events have occurred subsequent to September 30, 2019, that should be disclosed due to their impact on the financial statements, effectiveness of existing systems of control, or regulatory compliance.

Please note, this correspondence includes the disclosure of a matter that is summarized in the attachment to this letter. Additional details on the matter will be provided to the Board during the next Board meeting or at any other time requested.

Sincerely,

[Signature]

Michael L. Reeser
Chancellor & CEO

Enc.

tstc.edu
Attestation Attachment
Texas State Technical College
For the Calendar Quarter Ending September 30, 2019
This attachment contains one matter for report under the attestation process.

Contract Administration for Fleet Vehicle Leases at TSTC

TSTC executed a Master Lease Agreement (MLA) with D&M Leasing (D&M) on November 9, 2018 and a subsequent amendment on July 11, 2019. D&M has been requiring TSTC to sign and file IRS Form 8038-G or GC for each group of leases. This form is used to report to the IRS that a governmental unit has issued tax-exempt debt, which allows the creditor to exclude interest from taxable income. TSTC has signed numerous 8038 forms during 2019 as new vehicles are added to the lease fleet. The IRS Tax Exempt Government Entities division has provided notices acknowledging receipt of these forms.

TSTC is not issuing debt and therefore, should not have signed the forms required by D&M at the time of ordering new vehicles under the MLA. The MLA is a tax lease as described by Internal Revenue Code Section 7701(h)\(^1\), which specifically designates D&M as the owner of the vehicles, and allows D&M tax benefits such as a depreciation deduction. The lease payments are characterized as rental income for tax purposes, and not as debt service with a component of interest income. The characterization of the MLA as a tax lease and not a financing lease with lessee ownership is evidenced by TSTC’s certification on page 11 of the MLA:

![Certification by Lessee under Section 7701(h) of the Internal Revenue Code](image)

TSTC management became aware that D&M made an error when preparing the lease order packages by including the tax forms, and that the staff authorized to order the vehicles was not informed that the forms were incorrectly included in the electronically-signed package of documents. TSTC will amend and revoke the incorrectly-filed tax forms, and has determined there is no impact on the financial statements, effectiveness of existing systems of control, or regulatory compliance.

\(^1\) [https://www.law.cornell.edu/uscode/text/26/7701](https://www.law.cornell.edu/uscode/text/26/7701)
**TSTC Board of Regents Meeting(s)**
**Connally Meeting & Conference Center (CM&CC)**

**Wednesday, November 13, 2019**

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
<th>Location</th>
<th>Dress</th>
<th>Attendees</th>
</tr>
</thead>
<tbody>
<tr>
<td>3:00p.m. - 5:30p.m.</td>
<td>Hotel Check-In</td>
<td>The Hilton Waco</td>
<td>As You Wish</td>
<td>Regents &amp; Spouses</td>
</tr>
<tr>
<td>5:45p.m.</td>
<td>Travel to Campus*</td>
<td>The Hilton Waco to TSTC</td>
<td>Business Casual</td>
<td>Regents &amp; Spouse</td>
</tr>
<tr>
<td>6:00p.m.</td>
<td>Reception</td>
<td>Greta W. Watson Culinary Arts Center</td>
<td>Business Casual</td>
<td>Regents &amp; Spouses, Leadership Team &amp; Spouses &amp; invited guest(s)</td>
</tr>
<tr>
<td>6:30p.m.</td>
<td>Dinner</td>
<td>Greta W. Watson Culinary Arts Center</td>
<td>Business Casual</td>
<td>Regents &amp; Spouses, Leadership Team &amp; Spouses &amp; invited guest(s)</td>
</tr>
</tbody>
</table>

**Thursday, November 14, 2019**

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
<th>Location</th>
<th>Dress</th>
<th>Attendees</th>
</tr>
</thead>
<tbody>
<tr>
<td>7:45a.m.</td>
<td>Travel to Campus*</td>
<td>The Hilton Waco to TSTC</td>
<td>Business Suit &amp; Tie</td>
<td>Regents, Leadership Team &amp; invited guest(s)</td>
</tr>
<tr>
<td>8:00a.m. - 9:00a.m.</td>
<td>Breakfast</td>
<td>Houston Room</td>
<td>Business Suit &amp; Tie</td>
<td>Regents Abad (Chair), Regent Tremont, Jeff Kilgore, Rick Herrera &amp; invited guest(s)</td>
</tr>
<tr>
<td>9:00a.m. - 10:00a.m.</td>
<td>Student Learning &amp; Student Development Working Group</td>
<td>The Bowie Room</td>
<td>Business Suit &amp; Tie</td>
<td>Regent Abad (Chair), Regent Tremont, Jeff Kilgore, Rick Herrera &amp; invited guest(s)</td>
</tr>
<tr>
<td></td>
<td>Student Learning &amp; Student Development Working Group</td>
<td>The Goliad Room</td>
<td>Business Suit &amp; Tie</td>
<td>Regent Cleveland (Chair), Regent McDonald, Ray Rushing, Gail Lawrence, Roger Miller, Michael Bettersworth, Elton Stuckly &amp; invited guest(s)</td>
</tr>
<tr>
<td>9:00a.m. - 10:00a.m.</td>
<td>General Administration Working Group</td>
<td>Gail Lawrence’s Conference Room</td>
<td>Business Suit &amp; Tie</td>
<td>Regent Abad (Chair), Regent Tremont, Jason Mallory &amp; invited guest(s)</td>
</tr>
<tr>
<td>10:00a.m. - 10:30a.m.</td>
<td>Audit Working Group</td>
<td>The Gonzales Room</td>
<td>Business Suit &amp; Tie</td>
<td>Regent Andarza (Chair), Regent Tremont, Jason Mallory &amp; invited guest(s)</td>
</tr>
<tr>
<td>10:00a.m. - 10:30a.m.</td>
<td>Ad Hoc Committee Meeting</td>
<td>Crockett Room</td>
<td>Business Suit &amp; Tie</td>
<td>Chairman Hatchel, Regents Honey, Skinner, Andarza; Mike Reeser, Michael Bettersworth &amp; Jonathan Hoekstra</td>
</tr>
<tr>
<td>10:30a.m. - 11:30a.m.</td>
<td>Audit Committee Meeting</td>
<td>Austin Room</td>
<td>Business Suit &amp; Tie</td>
<td>Regents, Leadership Team, Guest(s) &amp; public citizens</td>
</tr>
<tr>
<td>11:30a.m. - 12:30p.m.</td>
<td>Lunch</td>
<td>Houston Room</td>
<td>Business Suit &amp; Tie</td>
<td>Regents, Leadership Team &amp; invited guest(s)</td>
</tr>
<tr>
<td>12:30p.m.</td>
<td>The Board of Regents Meeting</td>
<td>Austin Room (Live Broadcast &amp; Closed Caption)</td>
<td>Business Suit &amp; Tie</td>
<td>Regents, Leadership Team, Guest(s) &amp; public citizens</td>
</tr>
</tbody>
</table>

*Transportation that is provided by TSTC is an opt-in service. Regents are free to self-drive to and from campus as they see fit. Please notify the Chancellor’s office if you opt-out of TSTC transportation.

Please note: Meetings are scheduled to follow each other consecutively and may start earlier or later than the posted time depending on the length of the discussions and the reports of preceding meetings. The estimated times are approximate and may be adjusted as required with no prior notice.
The John B. Connally Technology Center is located off of I-35 at the entrance of our Waco campus.

When driving on I-35, take exit 342-A about 5 miles north of Waco. After exiting, go east on Crest Drive. The main entrance is on your right. The John B. Connally Technology Center is on the corner of Crest and Campus Drive.
AGENDA

I. MEETING CALLED TO ORDER

II. INVOCATION

III. DETERMINATION OF QUORUM

IV. ADOPTION OF AGENDA

V. APPROVAL OF MINUTES OF AUGUST 14 AND 15, 2019 MEETINGS

VI. RECOGNITION OF GUESTS

VII. PUBLIC COMMENTS

VIII. CHANCELLOR COMMENTS
IX. COMMITTEE REPORTS & MINUTE ORDERS

a. Committee for Student Learning and Student Development
   Tony Abad, Chair; Tiffany Tremont, Member

   Committee Chair Comments

   Minute Orders:
   Proposed MO#

   None.

   Reports:

   1. Annual Student Loan Default Report..................................................26
      Rick Herrera

   2. Enrollment Management Report..........................................................27
      Rick Herrera

b. Committee for General Administration
   Curtis Cleveland, Chair; Pat McDonald, Member

   Committee Chair Comments

   Minute Orders:
   Proposed MO#

   44-19(c) Approve the TSTC Foundation Operating Plan for the Period
   September 1, 2019 to August 31, 2020 ..................................................29
   Gail Lawrence

   Reports:

   1. The TSTC Foundation Update ..............................................................Oral Report
      Beth Wooten

   2. Marketing Update ....................................................................................Oral Report
      Nick Alvarado
c. **Committee for Facilities**  
Ellis Skinner, Chair; Curtis Cleveland, Member

**Committee Chair Comments**

**Minute Orders:**  
Proposed MO#  

45-19(c) Approve the Concept to Expand the Industrial Technology Center and the Electrical Lineworker Technology Facility at Texas State Technical College in Ft. Bend County and Authorize the Chancellor to Proceed with Contracts for the Project .................................................. 36  
Ray Fried

46-19(c) Approve the Project and Budget to Replace the Roof and HVAC Units on the Student Center at Texas State Technical College in Harlingen and Authorize the Chancellor to Enter into Contracts for the Project............................................................................................................. 37  
Ray Fried

**Reports:**

1. Major Facility Projects Status Update .................................................................................. 38  
Ray Fried

2. Deferred Maintenance Projects Summary FY 20 ................................................................. 39  
Ray Fried

d. **Committee for Fiscal Affairs**  
Keith Honey, Chair; Alex Meade, Member

**Committee Chair Comments**

**Minute Orders:**  
Proposed MO#  

47-19(c) Policy for Investments.................................................................................................. 41  
Jonathan Hoekstra

48-19(c) Approve the TexPool Resolution Amending Authorized Representatives .................................................................................................................. 49  
Jonathan Hoekstra
Reports:

1. Budget Performance Report ................................................................. 52
   Jonathan Hoekstra

2. TSTC Full Time Equivalent (FTE) Reports ........................................ 54
   Jonathan Hoekstra

3. Pledged Collateral Report ................................................................. 57
   Jonathan Hoekstra

4. Quarterly Investment Report ............................................................. 58
   Jonathan Hoekstra

5. Semi-Annual Report Certifying Debt Management Policy Compliance .... 60
   Jonathan Hoekstra

6. Biennium Report Certifying Investment Officer Training .................... 64
   Jonathan Hoekstra

X. CONSENT AGENDA ITEMS

44-19(c) Approve the TSTC Foundation Operating Plan for the Period
         September 1, 2019 to August 31, 2020

45-19(c) Approve the Concept to Expand the Industrial Technology Center
         and the Electrical Lineworker Technology Facility at Texas State
         Technical College in Ft. Bend County and Authorize the Chancellor
         to Proceed with Contracts for the Project

46-19(c) Approve the Project and Budget to Replace the Roof and HVAC
         Units on the Student Center at Texas State Technical College in
         Harlingen and Authorize the Chancellor to Enter into Contracts for
         the Project

47-19(c) Policy for Investments

48-19(c) Approve the TexPool Resolution Amending Authorized
         Representatives
XI. UNFINISHED BUSINESS

XII. NEW BUSINESS

XIII. RECESS OPEN MEETING

b. The Open Meeting is recessed and the Regents retire to the Crockett Room to conduct the Closed Meeting.

XIV. CLOSED MEETING

b. The Closed Meeting is called to Order and a Quorum is determined.

c. Consultation with Attorney (Texas Government Code, Section 551.071)

Texas Government Code, Section 551.071: “A governmental body may not conduct a private consultation with its attorney except:

(1) When the governmental body seeks the advice of its attorney about:
   (A) pending or contemplated litigation; or
   (B) a settlement offer; or

(2) On a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter.”

   1. Ted Donovan v. TSTC
   2. John Clark Owen v. TSTC

d. Deliberation Regarding Real Property (Texas Government Code, Section 551.072)

Texas Government Code, Section 551.072: “A governmental body may conduct a closed meeting to deliberate the purchase, exchange, lease, or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the governmental body in negotiations with a third person.”

   1. Potential Real Estate Acquisition

e. Personnel Matters (Texas Government Code, Section 551.074)

Texas Government Code, Section 551.074

“(a) This chapter does not require a governmental body to conduct an open meeting:
(1) to deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or
(2) to hear a complaint or charge against an officer or employee.

(b) Subsection (a) does not apply if the officer or employee who is the subject of the deliberation or hearing requests a public hearing.”

1. Internal Audit Director Performance Evaluation
2. Chancellor & CEO Performance Evaluation

f. Adjourn
g. Regents return to Austin Room at conclusion of Closed Meeting.

XV. OPEN MEETING RECONVENES

XVI. ACTION ON CLOSED MEETING

Possible Action from Closed Meeting

XVII. ELECTION OF OFFICERS

XVIII. PROPOSED MEETING DATES

a. Proposed Board of Regents Meeting Dates for Calendar Year 2020

XIX. CHANCELLOR COMMENTS

XX. BOARD COMMENTS

XXI. ADJOURN
MEETING CALLED TO ORDER

The special meeting of the Texas State Technical College Board of Regents was called to order at 1:00 p.m., August 14, 2019, by Chair Hatchel.

DETERMINATION OF QUORUM

Members Present: John Hatchel, Ellis Skinner, Ivan Andarza, Curtis Cleveland, Pat McDonald, and Tony Abad

Members Absent: Keith Honey, Alex Meade and Tiffany Tremont

A quorum was present and the notice of the meeting had been published.

ADOPTION OF AGENDA

Upon a motion by Regent Andarza and second by Regent McDonald, the Agenda was adopted unanimously.

CHANCELLOR COMMENTS

Verbal update on how the budget and strategic plan are calculated and updated for the College.

BUDGET OVERVIEW AND DISCUSSION
MINUTE ORDERS

Proposed MO#

30-19(c) Approve Operating Budget for Fiscal Year 2020 ......................................................... Jonathan Hoekstra

31-19(c) Approve Appropriation Transfers for Fiscal Year 2020 ..................................................... Jonathan Hoekstra

32-19(c) Approve Allocation of Higher Education Assistance Funds for Fiscal Year 2020 .......... Jonathan Hoekstra

Upon a motion by Regent Skinner and second by Regent Andarza, the Proposed Minute Orders were tabled to be voted on in the Unfinished Business Section of the August 15, 2019 meeting of the Board of Regents.

CHANCELLOR COMMENTS

None.

BOARD COMMENTS

None.

ADJOURN

The meeting adjourned at 2:28 p.m.

[Signature]
Ray Rushing
Secretary to the Board of Regents
TEXAS STATE TECHNICAL COLLEGE

Minutes of the Meeting of the
Audit Committee
of the Board of Regents

Texas State Technical College
Connally Meeting & Conference Center
1651 E. Crest Drive
Waco, TX 76705

Thursday, August 15, 2019

MEETING CALLED TO ORDER

The meeting of the Texas State Technical College Board of Regents Audit Committee was called to order at 10:45 a.m., August 15, 2019, by Chair Andarza.

Members Present: John Hatchel, Ivan Andarza, Pat McDonald, Curtis Cleveland, Tony Abad and Ellis Skinner

Members Absent: Keith Honey, Tiffany Tremont and Alex Meade

A quorum was present.

MINUTE ORDERS

Proposed MO#

33-19 (c) Proposed Audit Plan for Fiscal Year 2020

REPORTS

The following reports were presented to the Committee:

1. Status of Fiscal Year 2019 Audit Schedule & Other Projects

   Jason D. Mallory

2. Summary of Audit Reports

   Jason D. Mallory

3. Follow-up Schedule & Status

   Jason D. Mallory

4. Workplace Harassment Audit (19-014A)

   Jason D. Mallory
5. TAC 202 – Quarterly Update (19-012A)  
   Jason D. Mallory

6. Fixed Asset Follow-up Audit - Update  
   Jason D. Mallory

7. Safety & Security Follow-up Audit - Update  
   Jason D. Mallory

8. Post-payment Audit  
   Texas Comptroller of Public Accounts

9. Desk Review of CFDA 84.048, Award #14915, Perkins Career and Technical Education  
   THECB

10. AY 2018 A-133 Evaluation Management Letter  
    THECB

11. Attestation Disclosures  
    Jason D. Mallory

CHANCELLOR COMMENTS

None.

BOARD COMMENTS

None.

ADJOURN

The meeting adjourned at 10:50 a.m.

Ray Rushing  
Secretary to the Board of Regents
Texas State Technical College

Minutes of the
Meeting of the Board of Regents

Thursday, August 15, 2019
Texas State Technical College

Connally Meeting & Conference Center
1651 E. Crest Drive
Waco, TX 76705

MEETING CALLED TO ORDER

The meeting of the Texas State Technical College Board of Regents was called to order at 10:52 a.m., August 15, 2019, by Chair Hatchel.

DETERMINATION OF QUORUM

Members Present: John Hatchel, Ellis Skinner, Ivan Andarza, Curtis Cleveland, Pat McDonald, and Tony Abad

Members Absent: Keith Honey, Tiffany Tremont and Alex Meade

A quorum was present and the notice of the meeting had been published.

ADOPTION OF AGENDA

Upon a motion by Regent Andarza and second by Regent Cleveland, the Agenda was adopted unanimously.

APPROVAL OF MINUTES

Upon a motion by Regent Abad and second by Regent Cleveland, the Minutes of the May 15 and 16, 2019 Meetings of the Audit Committee and the Board of Regents were approved unanimously.

Upon a motion by Regent Skinner and second by Regent McDonald, the Minutes of the July 16, 2019 Executive Committee Meeting were approved unanimously.

RECOGNITION OF GUESTS

None.
CHANCELLOR COMMENTS

PowerPoint status update on the affairs of the College.

CLOSED MEETING

Chairman Hatchel announced: The meeting of the TSTC Board of Regents held at the Connally Meeting & Conference Center in Waco, Texas on Thursday, August 15, 2019, after proper posting and in accordance with Chapter 551 of the Texas Government Code for the specific purpose provided in sections 551.071, 551.072, and 551.074, will recess from open meeting into closed meeting at 11:20 a.m.

The Closed Meeting is called to Order and a Quorum is determined at 11:23 a.m.

a. Consultation with Attorney (Texas Government Code, Section 551.071)

Texas Government Code, Section 551.071: “A governmental body may not conduct a private consultation with its attorney except:

1. When the governmental body seeks the advice of its attorney about:
   (A) pending or contemplated litigation; or
   (B) a settlement offer; or

2. On a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter.”

- Ted Donovan v. TSTC.
  Discussion of the Ted Donovan v. TSTC case took place.

- John Clark Owen v. TSTC.
  Discussion of the John Clark Owen v. TSTC case took place.

b. Deliberation Regarding Real Property (Texas Government Code, Section 551.072)

Texas Government Code, Section 551.072: “A governmental body may conduct a closed meeting to deliberate the purchase, exchange, lease, or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the governmental body in negotiations with a third person.”

- Discussion of leasehold interest in real estate property and potential sale of the interest.

- Discussion of Right of First Refusal language in Ground Lease Agreement between TSTC and Campus Living Villages for additional housing development on the Waco campus.
c. Personnel Matters (Texas Government Code, Section 551.074)

Texas Government Code, Section 551.074
(1) This chapter does not require a governmental body to conduct an open meeting:
   (A) to deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or
   (B) to hear a complaint or charge against an officer or employee.
(2) Subsection (a) does not apply if the officer or employee who is the subject of the deliberation or hearing requests a public hearing.

No action was taken in the Closed Meeting.

The August 15, 2019 Closed Session of the Texas State Technical College Board of Regents adjourned at 11:55 a.m.

Regents return to the Austin Room at conclusion of the Closed Meeting.

OPEN MEETING RECONVENCES

The August 15, 2019 Open Meeting of the Texas State Technical College Board of Regents reconvened at 11:58 a.m.

ACTION ON CLOSED MEETING

Upon a motion by Regent Skinner and second by Regent Cleveland, the Action on Closed Meeting, Minute Order 43-19, was approved unanimously.

Minute Order:
43-19 Authorize the Relinquishment of Texas State Technical College’s Leasehold Interest in the Baylor Research and Innovation Collaborative

“The Texas State Technical College Board of Regents authorizes the relinquishment of Texas State Technical College’s leasehold interest in the Baylor Research and Innovation Collaborative to Baylor University.”

COMMITTEE REPORTS & MINUTE ORDERS

Committee for Facilities
Ellis Skinner, Chair; Curtis Cleveland, Member

Committee Chair Comments
Minutes 08/15/19
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**Minute Orders:**
Proposed MO#

36-19(c) Delegate the Authority to the Chancellor to Extend an Interagency Cooperation Contract for Natural Gas with the General Land Office in Excess of One Million Dollars ($1,000,000)

37-19(c) Approve the Project and Budget to Construct a New Shade Structure and Associated Infrastructure as the Texas State Technical College Waco Airport

38-19(c) Approve the Project and Budget for the Abatement and Demolition Project at Texas State Technical College in Waco

**Reports:**

Major Facility Projects Status Update

Capital Expenditure Plan (MP1) Summary Report

Ray Fried

Committee for Fiscal Affairs
Keith Honey, Chair; Alex Meade, Member

**Committee Chair Comments**

**Minute Orders:**
Proposed MO#

39-19(c) Approve Schedule of Tuition and Fees Effective Fall 2020 Semester

40-19(c) Authorize the Chancellor to Enter into and Execute an Agreement with Battlespace, Inc. to Lease Hangar Space, Campus Land, and Ramp Space at the Texas State Technical College Waco Airport

41-19(c) Approve the Multi-Year, Multi-Phase Statewide College Business Process Transformation Project and Delegate Related Contract Authority

42-19(c) Approve the Concept to Lease Land and Improvements to The TSTC Foundation at Texas State Technical College in Waco and Authorize the Chancellor to Proceed with Professional Services Contracts Required for Due Diligence of the Concept

**Reports:**
Budget Performance Report

Jonathan Hoekstra
Minutes 08/15/19
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TSTC Full Time Equivalent (FTE) Reports

Jonathan Hoekstra

Pledged Collateral Report

Jonathan Hoekstra

Quarterly Investment Report

Jonathan Hoekstra

RECESS FOR LUNCH

The meeting of the TSTC Board of Regents recessed for lunch at 12:35p.m. by Chair Hatchel.

DETERMINATION OF QUORUM (1:15 p.m.)

Members Present: John Hatchel, Ivan Andarza, Curtis Cleveland, Pat McDonald and Tony Abad

Members Absent: Keith Honey, Tiffany Tremont, Alex Meade and Ellis Skinner

A quorum was still present after Regent Skinner left due to conflicting commitment.

Committee for Student Learning and Student Development
Tony Abad, Chair; Tiffany Tremont, Member

Committee Chair Comments

Minute Orders:
Proposed MO#

34-19(c) Approve New Statewide Operating Standard (SOS) ES 3.12 Transfer and Substitution of Credit

Reports:

None.

Committee for General Administration
Curtis Cleveland, Chair; Pat McDonald, Member

Committee Chair Comments

Minute Orders:
Proposed MO#

35-19(c) Approve the Designation and Creation of C4EO as a Center for Technology Commercialization Under Sections 153.001 – 153.007 of the Texas Education Code
Reports:

Legislative Review and Report

Roger Miller

CONSENT AGENDA ITEMS

Upon a motion by Regent McDonald and second by Regent Cleveland, the Consent Agenda Items were approved unanimously.

33-19(c) Approve Proposed Audit Plan for Fiscal Year 2020

34-19(c) Approve New Statewide Operating Standard (SOS) ES 3.12 Transfer and Substitution of Credit

35-19(c) Approve the Designation and Creation of C4EO as a Center for Technology Commercialization Under Sections 153.001 - 153.007 of the Texas Education Code

36-19(c) Delegate the Authority to the Chancellor to Extend an Interagency Cooperation Contract for Natural Gas with the General Land Office in Excess of One Million Dollars ($1,000,000)

37-19(c) Approve the Project and Budget to Construct a New Shade Structure and Associated Infrastructure as the Texas State Technical College Waco Airport

38-19(c) Approve the Project and Budget for the Abatement and Demolition Project at Texas State Technical College in Waco

39-19(c) Approve Schedule of Tuition and Fees Effective Fall 2020 Semester

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41-19(c) Approve the Multi-Year, Multi-Phase Statewide College Business Process Transformation Project and Delegate Related Contract Authority

42-19(c) Approve the Concept to Lease Land and Improvements to The TSTC Foundation at Texas State Technical College in Waco and Authorize the Chancellor to Proceed with Professional Services Contracts Required for Due Diligence of the Concept
UNFINISHED BUSINESS

Upon a motion by Regent Andarza and second by Regent Abad, the Consent Agenda Items tabled from yesterday's, August 14, 2019 Special Meeting of the Board of Regents were approved unanimously.

30-19(c) Approve Operating Budget for Fiscal Year 2020
31-19(c) Approve Appropriation Transfers for Fiscal Year 2020
32-19(c) Approve Allocation of Higher Education Assistance Funds for Fiscal Year 2020

NEW BUSINESS

None.

PUBLIC COMMENTS

None.

CHANCELLOR COMMENTS

None.

BOARD COMMENTS

None.

ADJOURN

Chair Hatchel announced that the next Meetings of the Board of Regents are scheduled for November 14, 2019 at TSTC in Waco.

The meeting adjourned at 1:43 p.m.

Ray Rushing
Secretary to the Board of Regents
Committee Chair Comments

Minute Orders:
Proposed MO#

None.

Reports:

Report on Annual Student Loan Default Rates................................................................. 26
  Rick Herrera

Report on Enrollment Management Results and Plans..................................................... 27
  Rick Herrera
## Student Loan Default Rates

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>All Institutions in US</td>
<td>11.44%</td>
<td>11.03%</td>
<td>10.84%</td>
<td>10.01%</td>
<td>9.41%</td>
</tr>
<tr>
<td>All Institutions in Texas</td>
<td>12.79%</td>
<td>12.04%</td>
<td>9.67%</td>
<td>10.06%</td>
<td>9.72%</td>
</tr>
<tr>
<td>(Other than 4 Year)</td>
<td>19.34%</td>
<td>18.04%</td>
<td>14.74%</td>
<td>15.31%</td>
<td>14.60%</td>
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<tr>
<td>TSTC</td>
<td>20.28%</td>
<td>12.29%</td>
<td>9.51%</td>
<td>7.07%</td>
<td>8.07%</td>
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</table>
# Certified Enrollment Counts

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<th>Certified Enrollment Points</th>
<th>15/FA</th>
<th>16/FA</th>
<th>17/FA</th>
<th>18/FA</th>
<th>15/FA</th>
<th>16/FA</th>
<th>17/FA</th>
<th>18/FA</th>
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</thead>
<tbody>
<tr>
<td>Non Flex</td>
<td>248</td>
<td>248</td>
<td>520</td>
<td>520</td>
<td>248</td>
<td>248</td>
<td>410</td>
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<tr>
<td>Flex</td>
<td>4,324</td>
<td>4,425</td>
<td>4,550</td>
<td>4,637</td>
<td>4,218</td>
<td>4,265</td>
<td>4,587</td>
<td>4,635</td>
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<tr>
<td>Total</td>
<td>4,572</td>
<td>4,673</td>
<td>4,778</td>
<td>4,862</td>
<td>4,736</td>
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<td>444</td>
<td>703</td>
<td>703</td>
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<tr>
<td>Flex</td>
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<td>2,691</td>
<td>2,691</td>
<td>2,811</td>
<td>2,811</td>
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<tr>
<td>Non Flex</td>
<td>269</td>
<td>269</td>
<td>281</td>
<td>281</td>
<td>269</td>
<td>269</td>
<td>281</td>
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<tr>
<td>Flex</td>
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<td>1,145</td>
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<td>1,145</td>
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<tr>
<td>Total</td>
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<td>1,380</td>
<td>1,426</td>
<td>1,426</td>
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<td>Flex</td>
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<td>Total</td>
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<td>Non Flex</td>
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<td>455</td>
<td>455</td>
<td>401</td>
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<td>455</td>
<td>455</td>
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<tr>
<td>Total</td>
<td>754</td>
<td>754</td>
<td>863</td>
<td>863</td>
<td>754</td>
<td>754</td>
<td>863</td>
<td>863</td>
</tr>
</tbody>
</table>

**Total**

| Non Flex | 9,385 | 475   | 10,883 | 10,469 | 9,937 | 316   | 10,042 | 9,946 |
| Flex     | 4,324 | 4,425 | 4,550   | 4,637  | 4,218 | 4,265 | 4,587   | 4,635 |
| Total    | 13,709 | 5,000 | 15,383 | 15,106 | 14,154 | 631   | 15,088 | 14,581 |

_Duplicated totals count students twice within the same term if they fall both in Flex and Non Flex for each campus they are reported as attending classes at. The campus totals are then Unduplicated Totals return the distinct count of SSN for the respective categories._

*Texas State Technical College*
# Committee for General Administration

Curtis Cleveland, Chair; Pat McDonald, Member

## Committee Chair Comments

### Minute Orders:

**Proposed MO#**

<table>
<thead>
<tr>
<th>MO#</th>
<th>Description</th>
<th>Page</th>
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</thead>
<tbody>
<tr>
<td>44-19(c)</td>
<td>Approve The TSTC Foundation Operating Plan for the Period September 1, 2019 to August 31, 2020</td>
<td>29</td>
</tr>
</tbody>
</table>

_Gail Lawrence_

### Reports:

- **The TSTC Foundation Update**
  - Oral Report
  - _Beth Wooten_

- **Marketing Update**
  - Oral Report
  - _Nick Alvarado_
Board Meeting Date: November 14, 2019

Proposed Minute Order #: 44-19(c)

Proposed By: Gail Lawrence, Executive Vice Chancellor & Chief of Staff

Subject: Approve The TSTC Foundation Operating Plan for the Period September 1, 2019 to August 31, 2020

Background: The TSTC Foundation, chartered for the sole purpose of assisting Texas State Technical College (TSTC) and its students, seeks the approval of its operating plan for Fiscal Year 2020. The TSTC Foundation administration recommends approval of the plan.

Justification: The special provisions relating only to components of Texas State Technical College in the General Appropriations Act, approved by the Texas Legislature biennially, contain the provision that the TSTC Board of Regents must approve a satisfactory annual operating plan for a foundation that uses any of the College’s assets or facilities.

Additional Information: The TSTC System Administration has reviewed the plan and believes that the Board of Regents will find it to be acceptable and in the best interest of TSTC.

Fiscal Implications: None.

Attestation: This Minute Order is in compliance with all applicable laws and regulations to the best of my knowledge.

Attachment(s): The TSTC Foundation Annual Operating Plan September 1, 2019 – August 31, 2020.

Recommended Minute Order: “The Texas State Technical College Board of Regents approves The TSTC Foundation Operating Plan for the period September 1, 2019 to August 31, 2020.”

Recommended By: Gail Lawrence, Executive Vice Chancellor & Chief of Staff
TEXAS STATE TECHNICAL COLLEGE

THE TSTC FOUNDATION

And

ADVANCEMENT

Annual Operating Plan 2019-2020
Introduction

The TSTC Foundation was created to be independent of the TSTC state organization to accomplish a number of objectives that could not be done otherwise. Among other things, when individuals or business organizations wish to contribute money or other resources to TSTC, The Foundation can accept the gift and offer a tax deduction. Additionally, The TSTC Foundation can assist TSTC by providing funding for scholarships and other important purposes, investing gifts and donations, building relationships and collaborating with individuals and outside entities, and by providing financing arrangements for capital purposes.

The TSTC Foundation, created in 2000, is recognized by the United States Internal Revenue Service as a 501(c)3 non-profit organization, and is purposed to “promote the interests and general welfare of all components of the Texas State Technical College System, to encourage the development of community support for technical education across Texas; to contact legislators and other governmental agencies in support of TSTC’s role and mission; to influence public opinion in support of technical education in general and Texas State Technical College in particular.”

The relationship between The TSTC College and The TSTC Foundation is specified in writing in the form of a mutually-approved operating agreement. In this agreement, The Foundation agrees to provide support to the College in accordance with the provisions of its Articles of Incorporation, Charter and Bylaws. This includes, but is not limited to, raising, receiving, acknowledging, investing, accounting for and administering funds for the College to use for operational and educational purposes, as well as for legislative support.

With a unique, meaningful market offering and several markets available to it, The TSTC Foundation has high potential for producing significant funds for TSTC and its students. The key to realizing this potential is through disciplined execution of a few key, conventional strategies and investment in the effort.

Role of Advancement/The TSTC Foundation

Advancement is the strategic, integrated method of managing relationships to increase understanding and support among an educational institution’s key constituents, including alumni and friends, government policy makers, the media, members of the community and philanthropic entities of all types.
The primary core disciplines of educational advancement are alumni relations, communications, marketing and fundraising. Advancement professionals work on behalf of educational institutions to:

1. Secure private financial support from potential donors committed to the mission of the institution.
2. Engage alumni in the life of the institution as volunteers, advocates and supporters.
3. Promote or market the institution to prospective students, their parents and others.
4. Communicate about the institution with those who have a stake in its success, including community members, business leaders, government officials, the press and others.

The departments within Advancement at TSTC are:

1. Operations – event management, donor relations and stewardship, gift processing and accounting, alumni network, scholarship management and administration, database management and research.
2. Field Development – the process of gathering voluntary contributions of capital, cash or in-kind gifts from individuals, businesses, industry partners or charitable foundations.
3. Sponsored Programs - provides research administration support to serve TSTC and to enhance education through acquisition/administration of funds from sources outside the institution (grants, contracts, and other agreements from agencies, foundations, and private industry).

Goals for 2019-2020

- Increase cash gifts by 6%.
- Increase number of new donors by 5%.
- Increase donor retention by 2%.
- Increase alumni engagement by 12%.

Strategies for 2019-2020

Advancement Operations:

1. Event Management
   a. Grow the use of the Connally Meeting & Event Center through increased branding and marketing efforts.
b. Work closely with Field Development and Stewardship & Donor Relations to coordinate donor relations events in each region on a monthly basis.

c. Continue high level of event management support to the Chancellor’s office, the TSTC Board of Regents meetings, Legislative Affairs and The TSTC Foundation’s Board of Directors meetings.

2. Stewardship and Donor Relations
   a. Execute and institutionalize the Stewardship & Donor Relations strategic plan with primary objectives to steward gifts with complete transparency, serve our donors with excellent customer service throughout their journey with TSTC and to engage with donors in an authentic way.
   b. Manage and oversee the completion of the Fort Bend County donor recognition installation project.
   c. Develop and launch new stewardship and impact reporting that includes named scholarships, endowed scholarships and narrative reports that aim to demonstrate the impact of gifts.
   d. Work with Enrollment Management and Student Recruiting to develop a strategic vision and plan to more effectively award and administer scholarship funds.

3. Alumni Network
   a. Explore new social media platforms and concepts such as YouTube, geofencing advertising and Snapchat in an effort to reach and engage more alumni.
   b. Continue exploring and attending strategic campus event opportunities such as Operation Graduation, Hispanic Heritage events, New Student Orientation, class and club presentations, employer spotlights, Industry Career Fairs and on-campus pop-up events.
   c. Continue annual alumni rekindle campaign for primary objective of data acquisition.
   d. Continue to build and expand the alumni merchant discount program for the purposes of engaging alumni.
   e. Continue sending monthly alumni e-newsletter and for the purposes of engaging and educating alumni.

4. Database Management and Prospect Research
   a. Implement donor prospect and research strategies by providing weekly prospect reports to each FDO to focus on acquisition of new donors.
   b. Implement wealth screening tools and processes in an effort to qualify prospects.
   c. Create and launch a mass solicitation program aimed at lower level giving with the primary purpose to increase number of annual donors.
   d. Conduct quarterly data hygiene research and application to maintain a high standard of data integrity within the Raiser’s Edge database.

Development:

1. Each FDO will maintain an active portfolio of 75+ donors and prospects.
2. Implement new tracking and accountability system using the 4DX approach.
3. Develop and implement corporate development strategies aimed at securing major gift commitments from corporations and other entities to deepen relationships with industry and address statewide initiatives.
4. Increase number of new donors in each market by developing cultivation strategies using data provided in weekly prospect reports.
5. Increase retention of current donors by working closely with Events and Stewardship and Donor Relations on implementation of stewardship strategic plan.
6. Work closely with campus provost to maintain visibility and presence in local community through attendance at strategic and appropriate events that will increase TSTC brand.

Office of Sponsored Programs:

1. Implement 4DX strategic planning resources to restructure proposal development, refocusing on the institution’s strategic initiatives and securing support and guidance from the Leadership Team.
2. Implement new support processes for the pursuit of new revenue from private and corporate foundations in support of the institution’s strategic initiatives and the field officers’ fund-raising goals.

Conclusion

This presents The TSTC Foundation’s operational plan for fiscal year 2020 in accordance with the operational agreement between TSTC and The TSTC Foundation. This operational plan is written to directly support the purpose of promoting the interests and welfare of Texas State Technical College, and to develop community and legislative support by raising and managing private resources supporting the mission and priorities of the College and to provide a margin of institutional excellence unavailable with state funds.
Committee Chair Comments

Minute Orders:
Proposed MO#

45-19(c)  Approve the Concept to Expand the Industrial Technology Center and the Electrical Lineworker Technology Facility at Texas State Technical College in Ft. Bend County and Authorize the Chancellor to Proceed with Contracts for the Project
.......................................................................................................................................................... 36
  Ray Fried

46-19(c)  Approve the Project and Budget to Replace the Roof and HVAC Units on the Student Center at Texas State Technical College in Harlingen and Authorize the Chancellor to Enter into Contracts for the Project
.......................................................................................................................................................... 37
  Ray Fried

Reports:

1. Major Facilities Projects Update........................................................................................................... 38
  Ray Fried

2. Deferred Maintenance Projects Summary FY 20.................................................................................... 39
  Ray Fried

(c) denotes Consent Agenda Item
Board Meeting Date: November 14, 2019

Proposed By: Rick Herrera, Vice Chancellor & Chief Student Services Officer

Subject: Approve the Concept to Expand the Industrial Technology Center and the Electrical Lineworker Technology Facility at Texas State Technical College in Ft. Bend County and Authorize the Chancellor to Enter into Contracts for Pre-Construction Services

Background: The Fort Bend Industrial Technology Center (ITC) was opened in the Fall of 2016. The Electrical Lineworker Technology Facility was completed in the Spring of 2018. The Fort Bend campus continues to grow in enrollment.

Justification: The three programs that will benefit from this expansion are Welding Technology, Diesel Equipment Technology, and Electrical Lineworker Technology all of which are all high performing programs. The expansion of the facilities will add capacity and allow for increased enrollment.

Additional Information: The project phases are scheduled to be complete in the Fall of 2020 and Spring of 2021.

Action Schedule: Approve the Concept MO 45-19

Fiscal Implications: Funds will be made available through appropriations, gifts, and donations.

Attestation: This Minute Order is in compliance with all applicable laws and regulations to the best of my knowledge.

Attachment(s): None.

Recommended Executive Action: “The Texas State Technical College Board of Regents approves the Concept to expand the Industrial Technology Center and the Electrical Lineworker Technology Facility at Texas State Technical College in Ft. Bend County and authorizes the Chancellor, or his designee, to enter into contracts for pre-construction services up to ten percent (10%) of the proposed contract budget.”

Recommended By: Raymond D. Fried, Associate Vice Chancellor Facilities Planning Construction and Maintenance
<table>
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<tr>
<th>Board Meeting Date:</th>
<th>November 14, 2019</th>
<th>Proposed Minute Order #:</th>
<th>46-19(c)</th>
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<tr>
<td>Proposed By:</td>
<td>Rick Herrera, Vice Chancellor &amp; Chief Student Services Officer</td>
<td></td>
<td></td>
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<tr>
<td>Subject:</td>
<td>Approve the Project and Budget to Replace the Roof and HVAC Units on the Student Center at Texas State Technical College in Harlingen</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Background:</td>
<td>The Student Center building 20SC located at Texas State Technical College (TSTC) in Harlingen was built in 1991. The existing gravel roof and the fourteen roof top HVAC units have outlived their respective operational life.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Justification:</td>
<td>The construction improvements are necessary to restore the integrity of the building envelope. Replacement of the existing HVAC systems will reduce maintenance costs, operating costs, and will upgrade the overall indoor air quality of the building.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additional Information:</td>
<td>This project will provide a complete replacement of the building’s roof and all HVAC equipment. This includes, upgrading the electrical infrastructure and control systems for the HVAC units. The new HVAC units will be chilled water units tying into the existing chilled water distribution system. The total project budget is $824,000.</td>
<td></td>
<td></td>
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<td>Action Schedule:</td>
<td>Approve Project and Budget MO 46-19</td>
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<tr>
<td>Fiscal Implications:</td>
<td>Funds are available as currently budgeted.</td>
<td></td>
<td></td>
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<tr>
<td>Attestation:</td>
<td>This Minute Order is in compliance with all applicable laws and regulations to the best of my knowledge.</td>
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<tr>
<td>Attachment(s):</td>
<td>None.</td>
<td></td>
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<tr>
<td>Recommended Executive Action:</td>
<td>“The Texas State Technical College Board of Regents approves the project and budget to replace the roof and HVAC units on the Student Center at Texas State Technical College in Harlingen and authorizes the Chancellor, or his designee, to enter into contracts for the construction of this project.”</td>
<td></td>
<td></td>
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<tr>
<td>Recommended By:</td>
<td>Raymond D. Fried, Associate Vice Chancellor Facilities Planning Construction and Maintenance</td>
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## Texas State Technical College
### Major Facility Projects-Status Update November 2019

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<tr>
<th>#</th>
<th>Project Name</th>
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<th>Managing Campus</th>
<th>Delivery Method</th>
<th>Fund Source</th>
<th>Cost Allocation</th>
<th>Required Approvals</th>
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<tr>
<td>1</td>
<td>TSTC Monument and Wayfinding Project</td>
<td>Statewide</td>
<td>Statewide</td>
<td>Construction Manager at Risk</td>
<td>HEAF Bond</td>
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<td>HEAF Bond</td>
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<td>HEAF Bond</td>
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<td>Construction Cost</td>
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<td></td>
<td>HEAF Bond</td>
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<td>Total Budget</td>
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<td>Total Funds</td>
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<td>2</td>
<td>Rework and Replace Paving on Sweetwater Campus</td>
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<td>Sweetwater</td>
<td>RFQ / RFP</td>
<td>HEAF Bond</td>
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<td>HEAF Bond</td>
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<td>HEAF Bond</td>
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<td>Total Funds</td>
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<td>3</td>
<td>Sweetwater FireLoop Replacement</td>
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<td>Construction Cost</td>
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<td>Total Budget</td>
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<td>4</td>
<td>Abate and Demo Airbase Buildings on Waco Campus</td>
<td>Waco</td>
<td>Waco</td>
<td>RFQ / RFP</td>
<td>Appropriations</td>
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<td>A/E Including Master Plan,</td>
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<td>Demo Plan, Site Reclamation</td>
<td>$29,644,640</td>
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<td>Total Budget</td>
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<td>5</td>
<td>Renovate Building 20HI HVAC Lab in Harlingen</td>
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<td>IDIQ / RFP</td>
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<td>Construction Cost</td>
<td>$580,000</td>
<td>$580,000</td>
<td></td>
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<tr>
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<td></td>
<td></td>
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<td>Total Budget</td>
<td>$580,000</td>
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<td></td>
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<tr>
<td>6</td>
<td>Install New Roofs at TSTC Waco Campus</td>
<td>Waco</td>
<td>Waco</td>
<td>TIPS Purchasing Agreement</td>
<td>Insurance Proceeds</td>
<td>$1,305,242</td>
<td>$1,140,442</td>
<td>10%</td>
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<tr>
<td></td>
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<td></td>
<td></td>
<td>Local Funds</td>
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<td>Roof Replacement Contract</td>
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<td>$1,140,442</td>
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<td></td>
<td>Solar Panel Remove and Install</td>
<td>$264,800</td>
<td>$264,800</td>
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<td></td>
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<td></td>
<td>Total Budget</td>
<td>$1,405,242</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Infrastructure additions and Shade Structure</td>
<td>Waco</td>
<td>Waco</td>
<td>Competitive Sealed Proposal</td>
<td>Auxiliary Funds</td>
<td>$750,000</td>
<td>$750,000</td>
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<td></td>
<td>Construction</td>
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<td>Total</td>
<td>$750,000</td>
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<tr>
<td>8</td>
<td>Fort Bend FTC Welding / Diesel and Electrical</td>
<td>Fort Bend</td>
<td>Fort Bend</td>
<td>Best Value / RFP</td>
<td>Appropriations / Donations</td>
<td>$6,600,000</td>
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<td></td>
<td>Line Worker Technology</td>
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<td></td>
<td>A/E Design</td>
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<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
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<td>Construction Costs</td>
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<td></td>
<td></td>
<td></td>
<td>Owner Reserve</td>
<td>TBD</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Total Budget</td>
<td>TBD</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Replace Roof and HVAC Equipment on Building 20SC</td>
<td>Harlingen</td>
<td>Harlingen</td>
<td>Purchasing Agreement</td>
<td>Appropriations</td>
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<td>$824,000</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td></td>
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<td></td>
<td></td>
<td>Total</td>
<td>$824,000</td>
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### Deferred and First Time Ask Maintenance Summary FY20

<table>
<thead>
<tr>
<th>Campus</th>
<th>Total Maintenance &amp; Deferred Maintenance</th>
<th>Maintenance &amp; Deferred Maintenance Addressed</th>
<th>Deferred Maintenance Carried Forward</th>
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</thead>
<tbody>
<tr>
<td>Harlingen</td>
<td>$2,219,000</td>
<td>$961,000</td>
<td>$1,258,000</td>
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<tr>
<td>West Texas</td>
<td>$752,000</td>
<td>$397,000</td>
<td>$355,000</td>
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<td>Marshall</td>
<td>$204,000</td>
<td>$104,000</td>
<td>$100,000</td>
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<tr>
<td>Fort Bend</td>
<td>$208,000</td>
<td>$0</td>
<td>$208,000</td>
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<tr>
<td>Waco</td>
<td>$1,634,000</td>
<td>$1,031,000</td>
<td>$603,000</td>
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<tr>
<td><strong>Totals</strong></td>
<td><strong>$5,017,000</strong></td>
<td><strong>$2,493,000</strong></td>
<td><strong>$2,524,000</strong></td>
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</tbody>
</table>

#### Deferred Maintenance FY20

- **Total Deferred Maintenance**: $5,017,000
- **Deferred Maintenance Addressed**: $2,493,000
- **Deferred Maintenance Carried Forward**: $2,524,000
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**Committee for Fiscal Affairs**  
Keith Honey, Chair; Alex Meade, Member

### Committee Chair Comments

**Minute Orders:**  
**Proposed MO#**

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<th>MO#</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
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<td>41</td>
</tr>
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<td>48-19(c)</td>
<td>Approve the TexPool Resolution Amending Authorized Representatives</td>
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6. Biennium Report Certifying Investment Officer Training                                  | 64   |

*(c) denotes Consent Agenda Item*
Board Meeting Date: November 14, 2019  Proposed Minute Order #: 47-19(c)

Proposed By: Jonathan Hoekstra, Vice Chancellor & Chief Financial Officer

Subject: Policy for Investments

Background: The Public Funds Investment Act, Government Code Chapter 2256 (the Act), requires all state agencies to adopt an annual investment policy that ensures safety of principal, liquidity, and adequate yield for invested funds. The policy provides pertinent information, and includes operating requirements and performance standards to ensure compliance with the Act.

Justification: Texas State Technical College (TSTC) traditionally approves its investment policy annually in accordance with the Public Funds Investment Act, Government Code Chapter 2256, at the Fall meeting of the TSTC Board of Regents.

Additional Information: None.

Fiscal Implications: No significant fiscal impact.

Attestation: This Minute Order is in compliance with all applicable laws and regulations to the best of my knowledge.

Attachment(s): None.

Recommended Minute Order:

“It is the policy of Texas State Technical College (TSTC) to prudently invest funds not needed for immediate operating purposes and other funds such as plant funds, endowment funds, and other reserve funds. Such funds will be appropriately invested according to each fund type in consideration of preservation and safety of principal, liquidity, and yield while meeting the daily cash flow needs of the college. All deposits and investments shall conform to the Public Funds Investment Act.

THE COMPETITIVE SELECTION OF INVESTMENT INSTRUMENTS AND OPERATING ACCOUNTS

Before TSTC invests any funds, a competitive ‘bid’ process shall be conducted. If a specific maturity date is required, either for cash flow purposes or for conformance to maturity guidelines, bids will be requested for instruments that meet the maturity requirements. If no specific maturity is required, a market trend (yield curve) analysis will be conducted to determine which maturities would be most advantageous.
Written or oral bids will be requested from three approved depository banks for various options with regard to term and instrument. TSTC will accept the bid that provides the highest rate of return within the maturity required and within the parameters of these policies. TSTC will maintain a copy of bids obtained.

The Chief Financial Officer shall discuss with the Board of Regents Fiscal Affairs Committee the existing status of depository agreements with existing operating accounts at each fall meeting of the Board of Regents, including the necessity of bidding such operating accounts.

QUALIFIED INSTITUTIONS

TSTC shall maintain a listing of depository financial institutions that are approved for investment purposes. In order to be qualified as an approved depository institution, a financial institution must meet the following tests:

1. The financial institution is selected by competitive bid process in accordance with Section 51.003(a) of the Education Code;
2. The financial institution must provide their most recent Statement of Condition report on request;
3. The financial institution must sign a ‘Certification by Registered Principal of Investment Firm/Bank’ certifying that the registered principal reviewed TSTC’s Investment Policy and acknowledges that their organization has implemented reasonable procedures and controls to comply; and,
4. The financial institution must maintain a consistent record of compliance with TSTC’s collateral coverage and investment policy. TSTC shall use a competitive bid process in accordance with Section 51.003 of the Education Code to invest through any one of the following entities:
   1. “Primary” government security dealers (as defined by the New York Federal Reserve), or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule).
   2. A Federally-insured financial institution doing business in Texas, or
   3. Texas local government investment pools, as permitted in accordance with Government Code 2256.016 and this policy.

AUTHORIZED BROKERS

The Board of Regents is required to review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with TSTC at least annually, as set forth in Section 2256.025 of the Public Funds Investment Act. Accordingly, the following list of qualified brokers is adopted as a part of this policy:
ETHICAL GUIDELINES FOR INVESTMENTS

1. Section 51.923 of the Education Code permits an institution of higher education to contract with a non-profit corporation even though one or more members of the governing board of the institution of higher education also serves as a member, director, officer or employee of such a non-profit corporation. This section further permits an institution of higher education to contract with a business entity even though one or more members of the governing board of the institution of higher education have an interest in the business entity if the interest is not a substantial interest. An interest is a substantial interest if: (1) the board member owns one percent or more of the voting stock or shares of the business entity or owns either one percent or more or $15,000 or more of the fair market value of the business entity; (2) funds received by the member from the business entity exceed one percent of the member’s gross income for the previous year; (3) the member is an officer of the business entity or a member of the governing board of the business entity; or (4) an individual related to the member in the first degree by consanguinity or affinity, as determined under Chapter 573, Government Code, has an interest in the business entity as described above. If a board member has a substantial interest in a business entity as described in this paragraph, the institution of higher education can still contract with that business entity provided that the board member discloses such interest to the board and refrains from voting on the contract or transaction requiring board approval.

2. Section 404.0211 of the Government Code, does not disqualify a bank from serving as a depository for funds of a state agency if one or more officers or employees of the state agency, who have the duty of selecting a depository, is also an officer or director of the bank if a majority of the members of the board vote to select the bank as a depository; and the interested officer or employee does not vote or take part in the proceedings. This section also does not disqualify a bank from serving as a depository for funds of a state agency if one or more officers or employees of the state agency, who have the duty of selecting a depository, own or have a beneficial interest, individually or collectively in 10 percent or less of the outstanding capital stock of the bank, if a majority of the members of the board vote to select the bank as a depository; and the interested officer or employee does not vote or take part in the proceedings.
3. Employees of TSTC who are involved in the selection of depository financial institutions shall not attempt to gain any personal benefit from the financial institutions in turn for depositing the funds in said financial institution. These employees must complete and sign an Employee Independence – Deposits and Investments form, TSTC-0-FA-012 (10-15), at the beginning of each fiscal year. These forms are due to the Chief Financial Officer by October 1 of each year. This form seeks information needed to determine if a board vote would be needed for selection of a depository institution.

4. Board members will be requested to complete forms TSTC-0-FA-043 (10/19) and TSTC-0-FA-085 (10/19) before the fall meeting of the Board of Regents. These forms seek information needed to determine if a board vote would be needed for selection of a depository institution.

INVESTMENT OFFICER

The Chief Financial Officer is designated as Investment Officer of TSTC and is responsible for managing the purchase, sale and the investing of all financial resources under TSTC control or as granted by law. The Controller is designated as an alternate investment officer of TSTC who may act on investment decisions in the absence of the designated investment officer. The designated investment officers, acting in accordance with the Statewide Operating Standard – Policy for Investments and exercising due diligence, shall not be held personally responsible for a specific security’s credit risk or market price changes, provided that these deviations are reported immediately and that appropriate action is taken to control adverse developments. Should the Chief Financial Officer be unable to serve in the capacity of Investment Officer of TSTC, the Chancellor may designate a successor that shall be ratified by the TSTC Board of Regents at its next regularly scheduled meeting.

The standard of care to be applied by the Investment Officer shall be the ‘prudent investor’ rule, which states:

“Investments shall be made with judgment and care, under prevailing circumstances that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of the capital and the probable income to be derived. Investment of funds shall be governed by the following investment objectives, in order of priority: preservation and safety of principal, liquidity and yield.”

The prudent investor rule shall be applied in the context of managing the overall portfolio, rather than an individual investment.

LIQUIDITY

The TSTC Investment Officer shall insure that:

1. Income and expenditure patterns will be monitored and continually updated to determine monthly cash needs of TSTC;
2. Placement of TSTC’s investments and maturity schedules is determined by the cash needs and cash expectations of TSTC; and,

3. The TSTC portfolio will contain liquid interest-earning instruments.

YIELD

The TSTC Investment Officer shall insure that:

1. The yield on investments is negotiated at the time of purchase and that it reflects market conditions and yields available; and,

2. The investment portfolio consists of an appropriate mix of short-term interest-earning instruments that benefit from anticipated market conditions and that achieve the best allowable yield.

SHORT-TERM VERSUS LONG-TERM PORTFOLIO

Limitations on instruments, diversification and maturity scheduling shall depend upon whether the funds being invested are considered short-term or long-term funds. All funds shall be considered short-term except construction funds, endowment funds, plant funds for future capital projects, and reserve funds.

SHORT-TERM PORTFOLIO DIVERSIFICATION

TSTC will diversify its investments to avoid incurring unreasonable risks inherent in over-investing in individual financial institutions or maturities.

Maturity Scheduling:

Investment maturities of operating funds shall be scheduled to coincide with projected cash flow needs, taking into account large routine expenditures (payroll, bond payments) as well as considering sizeable blocks of anticipated revenue.

Short-term funds shall be invested in instruments whose maturities do not exceed one year from the time of purchase.

LONG-TERM PORTFOLIO DIVERSIFICATION

Eligible investment instruments and diversification objectives for the long-term portfolio shall be the same as for the short-term portfolio.

Maturity scheduling shall be timed according to anticipated need. Weighted Average portfolio maturity shall not exceed 24 months. Long-term funds shall be invested in instruments whose maturities do not exceed three years from the time of purchase.
AUTHORIZED investments and collateral are:

1. Certificates of Deposit (in Federally-insured institutions)

   Time Certificates of Deposit with a maturity not to exceed two (2) years from the date of purchase, insured by the Federal Deposit Insurance Corporation (FDIC) or its successor, and when possible and appropriate, in a financial institution or institutions located in the county or counties in which a TSTC campus operation is located, except for endowment accounts where the donor references a specific depository.

   In addition, separate CDs issued by depositories wherever located, bundled together into a single investment with the full amount of principal and interest of each CD federally insured may be purchased through a selected depository institution with its main office or branch office in Texas. This depository shall act as the custodian for the various certificates on behalf of TSTC.

2. Obligations of, or Guaranteed by, Governmental Entities
   a. Obligations, including letters of credit, of the United States or its agencies and instrumentalities;
   b. Direct obligations of this state or its agencies and instrumentalities;
   c. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, this state or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; and
   d. Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than ‘A’ or its equivalent.

3. Texas public funds investment pools investing in government securities and repurchase agreements as approved by the Board, rated no less than AAA or equivalent and seeking to maintain a constant dollar net asset value.

4. Repurchase agreements (“Repos”) with a defined termination date, collateralized by Treasury and Federal Agency securities listed in items “a,” “b” and “c” above, collateralized initially at a minimum market value of 102 percent of the dollar value of the transaction, with the accrued interest accumulated on the collateral included in the calculation.

UNAUTHORIZED investments and collateral are:

1. Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal;
2. Obligations whose payment represents the coupon payments on the outstanding principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest;

3. Collateralized Mortgage Obligations that have a stated final maturity date of greater than ten years;

4. Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index; and,

5. Securities of a company that is identified on a list of companies with scrutinized active business operations in Sudan or Iran or with business ties to Foreign Terrorist Organizations (collectively, “Listed Companies”) as published on the State Comptroller’s website.

An investment that requires a minimum credit rating does not qualify as an authorized investment during the period the investment does not have the minimum credit rating even if the investment had the appropriate rating at the time of purchase. The Investment Officers shall take all prudent measures that are consistent with this Policy to liquidate an investment that does not have the minimum rating.

Bond proceed investments must comply with the Texas Public Funds Investment Act, Chapter 2256 of the Government Code, and any amendments made thereto.

The terms of cash gifts or bequests made to TSTC shall be honored with respect to the donor’s preference of depository, type of investment and use of the earnings provided that the donor’s preference is not contrary to applicable law.

COLLATERAL

Statute requires that all state deposits above the level of federal insurance be fully collateralized. Statute further requires that all deposits that are collateralized by securities be protected at a minimum of 100 percent of the deposit amount. Securities are accepted at 100 percent of their market value. The value of surety bonds and FHLB Letters of Credit are their face value.

TSTC’s funds in excess of FDIC-insurance, are to be fully collateralized at all times by government securities which include U.S. Treasury obligations and/or direct obligations of Federal agencies or instrumentalities including certain mortgage-backed securities, FHLB Letters of Credit or surety bonds.

Pledged securities may be held in safekeeping at a commercial bank in the State of Texas, the Texas Independent Bankers-Bank (TIB), the Federal Home Loan Bank (FHLB), or at the Federal Reserve Bank.

The first portion of TSTC’s demand and time deposits may be collateralized by the applicable FDIC coverage.
INVESTMENT TRAINING

Investment officers shall receive five hours of investment training relating to an investment officer's responsibilities within six months after assuming duties; and attend additional training sessions not less than once every two years and receive not less than five hours of training. Such training from an independent source shall be sponsored or instructed through the University of North Texas Center for Public Management, the Government Finance Officers Association, Government Finance Officers Association of Texas, Government Treasurers Organization of Texas, Texas Municipal League, Texas Association of School Board Officials, Texas Association of School Boards, the North Central Texas Council of Governments or other independent industry organizations to include education in investment controls, security risks, strategy risks, market risks, and compliance with the Public Funds Investment Act. The Investment Officer shall report compliance with this training requirement to the Board of Regents not later than the 180th day after the last day of each regular session of the legislature."

Recommended By:

Jonathan Hoekstra, Vice Chancellor & Chief Financial Officer
Board Meeting Date: November 14, 2019

Proposed By: Jonathan Hoekstra, Vice Chancellor & Chief Financial Officer

Subject: Approve the TexPool Resolution Amending Authorized Representatives

Background: Texas State Technical College (TSTC) utilizes TexPool, an investment service for public funds that maintains a list of signatures with the authority to transmit funds for investment in TexPool/TexPool Prime and are each further authorized to withdraw funds from time to time, to issue letters of instructions, and to take all other actions deemed necessary or appropriate for the investment of local funds. Any changes to this list must be approved by the Board of Regents and submitted in writing to TexPool.

Personnel changes within the division of Accounting & Reporting necessitate the revision to the list of authorized signatories.

Justification: The TexPool Resolution Amending Authorized Representatives must be updated as additions, deletions, and other changes are made.

Additional Information: The proposed Minute Order includes a list of employees who are authorized to act on behalf of Texas State Technical College in regards to the handling of investment funds.

Fiscal Implications: None.

Attestation: This Minute Order is in compliance with all applicable laws and regulations to the best of my knowledge.

Attachment(s): TexPool Resolution Amending Authorized Representatives

Recommended Minute Order: “The Texas State Technical College Board of Regents approves the TexPool Resolution Amending Authorized Representatives with the following signature authorizations for TexPool transactions:

Authorized Representatives
Jonathan Hoekstra, Vice Chancellor and Chief Financial Officer
Chad Wooten, Executive Vice President - Accounting & Reporting
Anju Motwani, Vice President & Controller *
Albert Srubar, Comptroller”

* denotes primary responsibility for performing transactions

Recommended By: Jonathan Hoekstra, Vice Chancellor & Chief Financial Officer
Resolution Amending Authorized Representatives

Please use this form to amend or designate Authorized Representatives. This document supersedes all prior Authorized Representative forms.

* Required Fields

1. Resolution

WHEREAS,

Texas State Technical College

Participant Name*

("Participant") is a local government of the State of Texas and is empowered to delegate to a public funds investment pool the authority to invest funds and to act as custodian of investments purchased with local investment funds; and

WHEREAS, it is in the best interest of the Participant to invest local funds in investments that provide for the preservation and safety of principal, liquidity, and yield consistent with the Public Funds Investment Act; and

WHEREAS, the Texas Local Government Investment Pool ("TexPool/ TexPool Prime"), a public funds investment pool, were created on behalf of entities whose investment objective in order of priority are preservation and safety of principal, liquidity, and yield consistent with the Public Funds Investment Act.

NOW THEREFORE, be it resolved as follows:

A. That the individuals, whose signatures appear in this Resolution, are Authorized Representatives of the Participant and are each hereby authorized to transmit funds for investment in TexPool / TexPool Prime and are each further authorized to withdraw funds from time to time, to issue letters of instruction, and to take all other actions deemed necessary or appropriate for the investment of local funds.

B. That an Authorized Representative of the Participant may be deleted by a written instrument signed by two remaining Authorized Representatives provided that the deleted Authorized Representative (1) is assigned job duties that no longer require access to the Participant’s TexPool / TexPool Prime account or (2) is no longer employed by the Participant; and

C. That the Participant may by Amending Resolution signed by the Participant add an Authorized Representative provided the additional Authorized Representative is an officer, employee, or agent of the Participant;

List the Authorized Representative(s) of the Participant. Any new individuals will be issued personal identification numbers to transact business with TexPool Participant Services.

1. **Jonathan Hoekstra**
   - Name
   - Phone: 254-486-7489
   - Fax: 254-486-7999
   - Email: jahoekszta@tstc.edu
   - Signature

2. **Chad Wooten**
   - Name
   - Phone: 254-486-7393
   - Fax: 254-486-7888
   - Email: chad.wooten@tstc.edu
   - Signature

3. **Anju Motwani**
   - Name
   - Phone: 254-486-7389
   - Fax: 254-486-7888
   - Email: aamotwani@tstc.edu
   - Signature
4. Albert Srubar  
   Name  
   2-5486739562-548674888  
   Phone  
   Fax  
   Email  
   albert.srubar@tstc.edu  
   Title  
   Comptroller  
   Signature  

List the name of the Authorized Representative listed above that will have primary responsibility for performing transactions and receiving confirmations and monthly statements under the Participation Agreement.

Anju Motwani  
Name  

In addition and at the option of the Participant, one additional Authorized Representative can be designated to perform only inquiry of selected information. This limited representative cannot perform transactions. If the Participant desires to designate a representative with inquiry rights only, complete the following information.

Name  
Title  
Phone  
Fax  
Email  

D. That this Resolution and its authorization shall continue in full force and effect until amended or revoked by the Participant, and until TexPool Participant Services receives a copy of any such amendment or revocation. This Resolution is hereby introduced and adopted by the Participant at its regular/special meeting held on the 14 day of November, 2019.

Note: Document is to be signed by your Board President, Mayor or County Judge and attested by your Board Secretary, City Secretary or County Clerk.

Texas State Technical College  
Name of Participant*  
SIGNED  
Signature*  
John K. Hatchel  
Printed Name*  
Chairman, Board of Regents  
Title*  
ATTEST  
Signature*  
Ray Rushing  
Printed Name*  
Secretary, Board of Regents  
Title*  

2. Mailing Instructions

The completed Resolution Amending Authorized Representatives can be faxed to TexPool Participant Services at 1-866-839-3291, and mailed to:

TexPool Participant Services  
1001 Texas Avenue, Suite 1150  
Houston, TX 77002
<table>
<thead>
<tr>
<th>Operating Revenues</th>
<th>Budget</th>
<th>Actual</th>
<th>Note</th>
<th>% Variance</th>
<th>$ Variance</th>
<th>FY 20</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Appropriations &amp; HEAF</td>
<td>90,538,324</td>
<td>90,990,044</td>
<td></td>
<td>0.5%</td>
<td>451,720</td>
<td>111,950,795</td>
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<tr>
<td>Benefits Appropriations</td>
<td>9,100,000</td>
<td>9,170,135</td>
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<td>0.8%</td>
<td>70,135</td>
<td>9,858,000</td>
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<tr>
<td>Tuition</td>
<td>45,428,342</td>
<td>44,239,702</td>
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<td>-2.6%</td>
<td>-1,188,640</td>
<td>47,281,046</td>
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<tr>
<td>Student Financial Assistance</td>
<td>32,819,587</td>
<td>34,634,474</td>
<td></td>
<td>5.5%</td>
<td>1,814,887</td>
<td>33,190,901</td>
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<tr>
<td>Auxiliary Enterprises</td>
<td>13,047,100</td>
<td>12,386,791</td>
<td></td>
<td>-5.1%</td>
<td>-660,309</td>
<td>12,349,341</td>
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<tr>
<td>Debt Service</td>
<td>4,750,856</td>
<td>4,917,384</td>
<td>1</td>
<td>-3.0%</td>
<td>-2,061,481</td>
<td>4,336,150</td>
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<tr>
<td>Fees &amp; Educational Sales</td>
<td>6,855,780</td>
<td>4,794,299</td>
<td>2</td>
<td>-35.1%</td>
<td>-2,074,528</td>
<td>4,239,823</td>
</tr>
<tr>
<td>Industry Relations</td>
<td>5,906,104</td>
<td>3,831,576</td>
<td></td>
<td>-35.1%</td>
<td>-2,074,528</td>
<td>4,239,823</td>
</tr>
<tr>
<td>Grants &amp; Contracts</td>
<td>5,285,768</td>
<td>5,151,906</td>
<td></td>
<td>-2.5%</td>
<td>-133,862</td>
<td>5,194,295</td>
</tr>
<tr>
<td>Other</td>
<td>2,812,905</td>
<td>3,055,657</td>
<td>1</td>
<td>8.6%</td>
<td>242,752</td>
<td>1,500,000</td>
</tr>
<tr>
<td>Total Operating Revenues</td>
<td>216,544,766</td>
<td>213,171,968</td>
<td></td>
<td>-1.6%</td>
<td>-3,372,798</td>
<td>234,656,591</td>
</tr>
<tr>
<td>Operating Carryforward / Reserves</td>
<td>4,773,573</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td>4,310,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operating Expenditures</th>
<th>Budget</th>
<th>Actual</th>
<th>Note</th>
<th>% Variance</th>
<th>$ Variance</th>
<th>FY 20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruction</td>
<td>71,329,885</td>
<td>66,098,761</td>
<td></td>
<td>-7.3%</td>
<td>-5,231,124</td>
<td>75,612,486</td>
</tr>
<tr>
<td>Financial Aid</td>
<td>38,274,914</td>
<td>37,547,410</td>
<td></td>
<td>-1.9%</td>
<td>-727,504</td>
<td>39,687,490</td>
</tr>
<tr>
<td>Student Services</td>
<td>35,547,805</td>
<td>35,603,593</td>
<td></td>
<td>0.2%</td>
<td>55,788</td>
<td>41,950,478</td>
</tr>
<tr>
<td>Finance</td>
<td>8,943,051</td>
<td>9,098,357</td>
<td></td>
<td>1.7%</td>
<td>155,306</td>
<td>10,866,070</td>
</tr>
<tr>
<td>Advancement &amp; Communications</td>
<td>5,808,519</td>
<td>5,557,922</td>
<td></td>
<td>-4.3%</td>
<td>-250,597</td>
<td>7,099,381</td>
</tr>
<tr>
<td>General Counsel</td>
<td>2,429,011</td>
<td>2,373,409</td>
<td></td>
<td>-2.3%</td>
<td>-55,602</td>
<td>3,095,440</td>
</tr>
<tr>
<td>Government Affairs</td>
<td>737,613</td>
<td>839,341</td>
<td></td>
<td>13.8%</td>
<td>101,728</td>
<td>1,065,210</td>
</tr>
<tr>
<td>Internal Audit</td>
<td>374,034</td>
<td>373,751</td>
<td></td>
<td>-0.1%</td>
<td>-283</td>
<td>382,121</td>
</tr>
<tr>
<td>Office of the CEO</td>
<td>1,046,835</td>
<td>1,172,988</td>
<td></td>
<td>12.1%</td>
<td>126,153</td>
<td>1,426,127</td>
</tr>
<tr>
<td>Benefits Statewide</td>
<td>19,828,201</td>
<td>19,315,102</td>
<td></td>
<td>-2.6%</td>
<td>-513,099</td>
<td>19,884,672</td>
</tr>
<tr>
<td>Benefits Appropriation Match</td>
<td>9,100,000</td>
<td>9,170,135</td>
<td></td>
<td>0.8%</td>
<td>70,135</td>
<td>9,858,000</td>
</tr>
<tr>
<td>Debt Service &amp; Leases</td>
<td>10,676,435</td>
<td>11,641,527</td>
<td></td>
<td>9.0%</td>
<td>965,092</td>
<td>11,570,047</td>
</tr>
<tr>
<td>Utilities &amp; Other</td>
<td>6,566,398</td>
<td>6,645,914</td>
<td></td>
<td>1.2%</td>
<td>79,516</td>
<td>6,930,968</td>
</tr>
<tr>
<td>IT Shared</td>
<td>1,900,780</td>
<td>1,759,418</td>
<td></td>
<td>-7.4%</td>
<td>-141,362</td>
<td>5,063,078</td>
</tr>
<tr>
<td>Grants</td>
<td>1,527,954</td>
<td>1,597,484</td>
<td></td>
<td>4.6%</td>
<td>69,530</td>
<td>528,523</td>
</tr>
<tr>
<td>Strategic Pool (to be allocated)</td>
<td>7,226,904</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td>5,000,000</td>
</tr>
<tr>
<td>Total Operating Expenditures</td>
<td>221,318,339</td>
<td>208,795,112</td>
<td></td>
<td>-5.7%</td>
<td>-12,523,227</td>
<td>240,020,091</td>
</tr>
</tbody>
</table>

| Operating Budget Margin (Deficit)         | -         | 4,376,856   |      |            |            | (1,053,500) |
Notes:
Explanations are provided below for any notable variances from the original budget.

1) The $2.06 million revenue variance in Fees & Educational Sales is related to shortfalls in revenue generated from Flight Training ($1.45 million less than budget), Helicopter Pilot Training ($556K less than budget), and SkillsEngine ($535K less than budget). These revenue shortfalls were offset by lower than budgeted expenses (see note 3).

2) Industry Relations revenue was short of budget by $2.074 million, due in part to staffing changes within the department and aggressive initial budgeting. This shortfall was offset by lower than budgeted expenses (see note 3).

3) Expenses in the Instructional division were below budget in profit center units that saw revenue shortfalls, including expense reductions in Industry Relations ($1.91 million), Flight Training ($1.05 million), Helicopter Pilot Training ($441K) and SkillsEngine ($172K). The remaining variance in instructional expenses of $1.6 million less than budget is primarily attributable to salary savings from vacant positions.

4) Debt service expenses were higher than originally budgeted due to the lease purchase agreement with The TSTC Foundation for the Industrial Technology Center in Fort Bend. This transaction was approved by the Board of Regents after the original budget was finalized, resulting in an increase of $912,500 to debt service expenses.

5) The Strategic Pool functions as an institution-wide pool that is allocated among the operating divisions as compensation related and other budget increase requests arise throughout the year. No expenses are charged directly to the pool; instead, the budget is moved to the division where the actual expense is incurred. For FY 2019, $5.82 million of the $7.23 million pool budget was allocated to the operating divisions, resulting in an institution-wide variance of $1.41 million less than budget.
Texas State Technical College
State Appropriated Employees - Full Time Equivalent Report
FY 2019 - For the Quarter Ending August 31, 2019

The number of Full Time Equivalent employees is within the max threshold of 1,614 by 207 FTEs, therefore no action is required.
## Texas State Technical College
### Variance of FTEs by Title Category by Campus
#### As of 4th Quarter of Each Year

<table>
<thead>
<tr>
<th>FTE Title Category</th>
<th>Campus</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTE Administrators</td>
<td>Fort Bend</td>
<td>0 - 0</td>
<td>0 - 0</td>
<td>5 - 5</td>
<td>5 - 5</td>
<td>1 - 1</td>
</tr>
<tr>
<td></td>
<td>Harlingen</td>
<td>17 - 0</td>
<td>7 - (10)</td>
<td>6 - (11)</td>
<td>7 - (10)</td>
<td>3 - (14)</td>
</tr>
<tr>
<td></td>
<td>Marshall</td>
<td>6 - 0</td>
<td>4 - (2)</td>
<td>1 - (5)</td>
<td>3 - (3)</td>
<td>1 - (5)</td>
</tr>
<tr>
<td></td>
<td>North Texas</td>
<td>0 - 0</td>
<td>0 - 0</td>
<td>2 - 2</td>
<td>3 - 3</td>
<td>1 - 1</td>
</tr>
<tr>
<td></td>
<td>System</td>
<td>12 - 0</td>
<td>8 - (4)</td>
<td>9 - (3)</td>
<td>12 - 0</td>
<td>17 - 5</td>
</tr>
<tr>
<td></td>
<td>Waco</td>
<td>12 - 0</td>
<td>35 - 23</td>
<td>11 - (2)</td>
<td>22 - 10</td>
<td>11 - (1)</td>
</tr>
<tr>
<td></td>
<td>West Texas</td>
<td>6 - 0</td>
<td>5 - (1)</td>
<td>5 - (1)</td>
<td>8 - 2</td>
<td>3 - (3)</td>
</tr>
<tr>
<td>FTE Faculty</td>
<td>Fort Bend</td>
<td>0 - 0</td>
<td>0 - 0</td>
<td>21 - 21</td>
<td>27 - 27</td>
<td>31 - 31</td>
</tr>
<tr>
<td></td>
<td>Harlingen</td>
<td>177 - 0</td>
<td>169 - (8)</td>
<td>171 - (5)</td>
<td>155 - (22)</td>
<td>163 - (13)</td>
</tr>
<tr>
<td></td>
<td>Marshall</td>
<td>60 - 0</td>
<td>60 - 0</td>
<td>43 - (17)</td>
<td>37 - (24)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>North Texas</td>
<td>0 - 0</td>
<td>0 - 0</td>
<td>17 - 17</td>
<td>19 - 19</td>
<td>0 - 0</td>
</tr>
<tr>
<td></td>
<td>System</td>
<td>0 - 0</td>
<td>0 - 0</td>
<td>0 - 0</td>
<td>0 - 0</td>
<td>0 - 0</td>
</tr>
<tr>
<td></td>
<td>Waco</td>
<td>254 - 0</td>
<td>259 - 5</td>
<td>248 - (6)</td>
<td>230 - (24)</td>
<td>228 - (26)</td>
</tr>
<tr>
<td></td>
<td>West Texas</td>
<td>71 - 0</td>
<td>79 - 8</td>
<td>73 - 2</td>
<td>77 - 6</td>
<td>84 - 13</td>
</tr>
<tr>
<td>FTE Other Staff</td>
<td>Fort Bend</td>
<td>0 - 0</td>
<td>0 - 0</td>
<td>26 - 26</td>
<td>42 - 42</td>
<td>46 - 46</td>
</tr>
<tr>
<td></td>
<td>Harlingen</td>
<td>60 - 0</td>
<td>67 - 5</td>
<td>49 - (13)</td>
<td>51 - (11)</td>
<td>53 - (10)</td>
</tr>
<tr>
<td></td>
<td>Marshall</td>
<td>0 - 0</td>
<td>0 - 0</td>
<td>16 - 16</td>
<td>24 - 24</td>
<td>26 - 26</td>
</tr>
<tr>
<td></td>
<td>North Texas</td>
<td>0 - 0</td>
<td>33 - (2)</td>
<td>44 - 9</td>
<td>40 - 5</td>
<td>22 - (13)</td>
</tr>
<tr>
<td></td>
<td>System</td>
<td>35 - 0</td>
<td>33 - (2)</td>
<td>431 - 15</td>
<td>398 - (18)</td>
<td>397 - (19)</td>
</tr>
<tr>
<td></td>
<td>Waco</td>
<td>416 - 0</td>
<td>431 - 15</td>
<td>398 - (18)</td>
<td>397 - (19)</td>
<td>419 - 3</td>
</tr>
<tr>
<td></td>
<td>West Texas</td>
<td>136 - 0</td>
<td>124 - (12)</td>
<td>122 - (14)</td>
<td>121 - (15)</td>
<td>139 - 2</td>
</tr>
</tbody>
</table>

### Statewide Totals

#### 2015 | 2016 | 2017 | 2018 | 2019
---|---|---|---|---
FTE Administrators | 53 - 0| 59 - 7| 39 - (14)| 60 - 7| 37 - (15)
FTE Faculty | 562 - 0| 567 - 6| 574 - 12| 549 - (12)| 560 - (1)
FTE Other Staff | 1,054 - 0| 1,033 - (21)| 1,006 - (48)| 1,016 - (38)| 1,040 - (14)
Grand Total | 1,668 - 0| 1,659 - (9)| 1,619 - (50)| 1,625 - (43)| 1,638 - (31)
<table>
<thead>
<tr>
<th>Year</th>
<th>Appropriated</th>
<th>Other</th>
<th>Grand Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>1,335</td>
<td>334</td>
<td>1,669</td>
</tr>
<tr>
<td>2016</td>
<td>1,373</td>
<td>286</td>
<td>1,659</td>
</tr>
<tr>
<td>2017</td>
<td>1,346</td>
<td>273</td>
<td>1,619</td>
</tr>
<tr>
<td>2018</td>
<td>1,376</td>
<td>251</td>
<td>1,627</td>
</tr>
<tr>
<td>2019</td>
<td>1,407</td>
<td>231</td>
<td>1,638</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>FTE Trend</th>
<th>Appropriated Difference</th>
<th>Other Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>38</td>
<td>(61)</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>11</td>
<td>(48)</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>41</td>
<td>(83)</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>72</td>
<td>(103)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>FTE Trend</th>
<th>Appropriated Difference</th>
<th>Other Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## TEXAS STATE TECHNICAL COLLEGE

Pledged Collateral Report  
August 31, 2019

<table>
<thead>
<tr>
<th>Depository - Location</th>
<th>Demand Deposits</th>
<th>Money Market Deposits</th>
<th>Total Deposits</th>
<th>FDIC Coverage (up to)</th>
<th>Required Collateral</th>
<th>Collateral at Market Value</th>
<th>Sufficient (Insufficient)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frost Bank - Harlingen/Fort Bend</td>
<td>233,481</td>
<td>-</td>
<td>233,481</td>
<td>250,000</td>
<td>-</td>
<td>998,332</td>
<td>1,014,851</td>
</tr>
<tr>
<td>Texas National Bank - Sweetwater</td>
<td>68,421</td>
<td>-</td>
<td>68,421</td>
<td>250,000</td>
<td>-</td>
<td>-</td>
<td>181,579</td>
</tr>
<tr>
<td>Texas Bank &amp; Trust - Marshall</td>
<td>52,712</td>
<td>-</td>
<td>52,712</td>
<td>250,000</td>
<td>-</td>
<td>-</td>
<td>197,288</td>
</tr>
<tr>
<td>Citizens National Bank - Red Oak</td>
<td>32,013</td>
<td>-</td>
<td>32,013</td>
<td>250,000</td>
<td>-</td>
<td>-</td>
<td>217,987</td>
</tr>
<tr>
<td>Prosperity Bank - Abilene</td>
<td>21,494</td>
<td>-</td>
<td>21,494</td>
<td>250,000</td>
<td>-</td>
<td>-</td>
<td>228,506</td>
</tr>
<tr>
<td>Texas Bank - Brownwood</td>
<td>17,417</td>
<td>-</td>
<td>17,417</td>
<td>250,000</td>
<td>-</td>
<td>-</td>
<td>232,583</td>
</tr>
<tr>
<td>InterBank - Breckenridge</td>
<td>15,086</td>
<td>-</td>
<td>15,086</td>
<td>250,000</td>
<td>-</td>
<td>-</td>
<td>234,914</td>
</tr>
<tr>
<td>Bank of America - Waco</td>
<td>-</td>
<td>10,000</td>
<td>10,000</td>
<td>250,000</td>
<td>-</td>
<td>-</td>
<td>240,000</td>
</tr>
<tr>
<td>Compass Bank - Waco</td>
<td>-</td>
<td>1,113,915</td>
<td>1,113,915</td>
<td>250,000</td>
<td>863,915</td>
<td>1,600,000</td>
<td>736,085</td>
</tr>
<tr>
<td>First Community Bank - San Benito</td>
<td>-</td>
<td>40,121</td>
<td>40,121</td>
<td>250,000</td>
<td>-</td>
<td>-</td>
<td>209,879</td>
</tr>
<tr>
<td>First Ntl Bank - Albany/Breckenridge</td>
<td>-</td>
<td>199,215</td>
<td>199,215</td>
<td>250,000</td>
<td>-</td>
<td>-</td>
<td>50,785</td>
</tr>
<tr>
<td>Veritex Comm. Bank - N. Richland Hills</td>
<td>-</td>
<td>10,000</td>
<td>10,000</td>
<td>250,000</td>
<td>-</td>
<td>-</td>
<td>240,000</td>
</tr>
<tr>
<td>Texas First State Bank - Waco</td>
<td>-</td>
<td>505,042</td>
<td>505,042</td>
<td>250,000</td>
<td>255,042</td>
<td>1,099,324</td>
<td>844,282</td>
</tr>
<tr>
<td>Texas Regional Bank - McAllen</td>
<td>-</td>
<td>132,200</td>
<td>132,200</td>
<td>250,000</td>
<td>-</td>
<td>-</td>
<td>117,800</td>
</tr>
<tr>
<td>Cash in State Treasury</td>
<td>6,548,214</td>
<td>-</td>
<td>6,548,214</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>No Collateral Required</td>
</tr>
<tr>
<td>TexasTerm (Government Pool)</td>
<td>12,554,427</td>
<td>-</td>
<td>12,554,427</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>No Collateral Required</td>
</tr>
<tr>
<td>TexPool (Government Pool)</td>
<td>777,916</td>
<td>-</td>
<td>777,916</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>No Collateral Required</td>
</tr>
</tbody>
</table>

TOTAL: 46,042,259 | 4,809,667 | 50,851,926

* Federal Deposit Insurance Corp. All demand deposits owned by a public unit held in an insured depository institution within the State in which the public unit is located are added together and insured up to $250,000. Separately, all time and savings deposits owned by a public unit and held in an insured depository institution within the State in which the public unit is located are added together and insured up to $250,000. The term "demand deposits" means both interest-bearing and noninterest-bearing deposits.
## Operating Funds

<table>
<thead>
<tr>
<th>Description</th>
<th>Ending Value as of 08/31/18</th>
<th>Beginning Value as of 05/31/19</th>
<th>Ending Value as of 08/31/19</th>
<th>Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash in State Treasury</td>
<td>12,204,889</td>
<td>14,005,199</td>
<td>6,548,214</td>
<td>2.34%</td>
</tr>
<tr>
<td>Statewide Operating</td>
<td>18,875,629</td>
<td>23,402,848</td>
<td>17,959,836</td>
<td>2.25%</td>
</tr>
<tr>
<td>Harlingen - Local Operating</td>
<td>620,550</td>
<td>148,878</td>
<td>191,645</td>
<td>1.60%</td>
</tr>
<tr>
<td>Waco - Local Operating</td>
<td>235,074</td>
<td>25,112</td>
<td>40,418</td>
<td>2.25%</td>
</tr>
<tr>
<td>Sweetwater - Local Operating</td>
<td>239,681</td>
<td>37,535</td>
<td>68,421</td>
<td>2.08%</td>
</tr>
<tr>
<td>Marshall - Local Operating</td>
<td>98,865</td>
<td>36,986</td>
<td>52,712</td>
<td>0.10%</td>
</tr>
<tr>
<td>Fort Bend - Local Operating</td>
<td>99,269</td>
<td>26,962</td>
<td>41,836</td>
<td>0.00%</td>
</tr>
<tr>
<td>Brownwood - Local Operating</td>
<td>59,509</td>
<td>15,823</td>
<td>17,417</td>
<td>0.69%</td>
</tr>
<tr>
<td>System - Local Operating</td>
<td>50,374</td>
<td>15,702</td>
<td>15,788</td>
<td>2.25%</td>
</tr>
<tr>
<td>Abilene - Local Operating</td>
<td>62,381</td>
<td>14,125</td>
<td>21,494</td>
<td>0.20%</td>
</tr>
<tr>
<td>North Texas - Local Operating</td>
<td>86,477</td>
<td>22,468</td>
<td>32,013</td>
<td>0.41%</td>
</tr>
<tr>
<td>Breckenridge - Local Operating</td>
<td>54,446</td>
<td>13,955</td>
<td>15,086</td>
<td>0.25%</td>
</tr>
<tr>
<td>Payroll</td>
<td>11,090,697</td>
<td>5,872,050</td>
<td>5,994,805</td>
<td>2.25%</td>
</tr>
<tr>
<td>Federal Funds</td>
<td>47,934</td>
<td>10</td>
<td>10</td>
<td>0.00%</td>
</tr>
<tr>
<td>FNB Central Texas - MMKT</td>
<td>1,975,213</td>
<td>2,006,850</td>
<td>2,017,826</td>
<td>2.25%</td>
</tr>
<tr>
<td>FNB Central Texas - CD</td>
<td>-</td>
<td>250,825</td>
<td>500,825</td>
<td>2.25%</td>
</tr>
<tr>
<td>Compass Bank - CD</td>
<td>1,644,576</td>
<td>1,413,185</td>
<td>918,343</td>
<td>2.26%</td>
</tr>
<tr>
<td>FNB Albany/Breckenridge - CD</td>
<td>100,000</td>
<td>100,000</td>
<td>100,000</td>
<td>2.00%</td>
</tr>
<tr>
<td>First Community Bank - CD</td>
<td>172,346</td>
<td>40,121</td>
<td>40,121</td>
<td>1.11%</td>
</tr>
<tr>
<td>Texas First State Bank - CD</td>
<td>250,005</td>
<td>253,763</td>
<td>505,042</td>
<td>2.38%</td>
</tr>
<tr>
<td>Texas Regional Bank - CD</td>
<td>-</td>
<td>132,200</td>
<td>132,200</td>
<td>2.25%</td>
</tr>
<tr>
<td>TexasTerm - Pool</td>
<td>6,032,201</td>
<td>12,163,737</td>
<td>12,235,363</td>
<td>2.21%</td>
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<tr>
<td><strong>Total Operating Funds</strong></td>
<td><strong>54,000,116</strong></td>
<td><strong>59,997,794</strong></td>
<td><strong>47,449,415</strong></td>
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</table>

## Endowment Funds

<table>
<thead>
<tr>
<th>Description</th>
<th>Ending Value as of 08/31/18</th>
<th>Beginning Value as of 05/31/19</th>
<th>Ending Value as of 08/31/19</th>
<th>Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank of America - CD</td>
<td>10,000</td>
<td>10,000</td>
<td>10,000</td>
<td>0.05%</td>
</tr>
<tr>
<td>Compass Bank - CD</td>
<td>-</td>
<td>195,572</td>
<td>195,572</td>
<td>2.36%</td>
</tr>
<tr>
<td>FNB Central Texas - MMKT</td>
<td>470,151</td>
<td>278,997</td>
<td>280,523</td>
<td>2.25%</td>
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<tr>
<td>Liberty/Veritex Community Bank - CD</td>
<td>10,000</td>
<td>10,000</td>
<td>10,000</td>
<td>2.62%</td>
</tr>
<tr>
<td><strong>Total Endowment Funds</strong></td>
<td><strong>589,366</strong></td>
<td><strong>593,784</strong></td>
<td><strong>595,310</strong></td>
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</tbody>
</table>

## Bond Proceeds

<table>
<thead>
<tr>
<th>Description</th>
<th>Ending Value as of 08/31/18</th>
<th>Beginning Value as of 05/31/19</th>
<th>Ending Value as of 08/31/19</th>
<th>Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>FNB Central Texas</td>
<td>2,637,530</td>
<td>1,716,679</td>
<td>1,710,221</td>
<td>2.25%</td>
</tr>
<tr>
<td>TexasTerm</td>
<td>2,344,362</td>
<td>366,930</td>
<td>319,064</td>
<td>2.21%</td>
</tr>
<tr>
<td>TexPool</td>
<td>1,469,118</td>
<td>957,421</td>
<td>777,916</td>
<td>2.17%</td>
</tr>
<tr>
<td><strong>Total Bond Proceeds</strong></td>
<td><strong>6,451,010</strong></td>
<td><strong>3,041,030</strong></td>
<td><strong>2,807,201</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Total All Investments</strong></td>
<td><strong>61,040,492</strong></td>
<td><strong>63,632,608</strong></td>
<td><strong>50,851,926</strong></td>
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</tbody>
</table>
### Schedule of Time Deposits:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Maturity Date</th>
<th>Days Maturity</th>
<th>Rate</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Texas First State Bank</td>
<td>255,042</td>
<td>6/27/2020</td>
<td>365</td>
<td>2.50%</td>
<td>Operating</td>
</tr>
<tr>
<td>Texas First State Bank</td>
<td>250,000</td>
<td>7/25/2020</td>
<td>365</td>
<td>2.25%</td>
<td>Operating</td>
</tr>
<tr>
<td>Compass Bank</td>
<td>195,572</td>
<td>12/5/2019</td>
<td>365</td>
<td>2.36%</td>
<td>Endowment</td>
</tr>
<tr>
<td>Compass Bank</td>
<td>918,343</td>
<td>4/11/2020</td>
<td>365</td>
<td>2.26%</td>
<td>Operating</td>
</tr>
<tr>
<td>Bank of America</td>
<td>10,000</td>
<td>8/10/2020</td>
<td>365</td>
<td>0.05%</td>
<td>Endowment</td>
</tr>
<tr>
<td>Texas Regional Bank</td>
<td>132,200</td>
<td>9/13/2019</td>
<td>365</td>
<td>2.25%</td>
<td>Operating</td>
</tr>
<tr>
<td>First Community Bank</td>
<td>40,121</td>
<td>11/18/2019</td>
<td>334</td>
<td>1.11%</td>
<td>Operating</td>
</tr>
<tr>
<td>FNB Central Texas</td>
<td>250,825</td>
<td>5/24/2020</td>
<td>365</td>
<td>2.25%</td>
<td>Operating</td>
</tr>
<tr>
<td>FNB Central Texas</td>
<td>250,000</td>
<td>8/7/2020</td>
<td>365</td>
<td>2.25%</td>
<td>Operating</td>
</tr>
<tr>
<td>FNB - Albany/Breckenridge</td>
<td>34,215</td>
<td>4/13/2020</td>
<td>365</td>
<td>1.75%</td>
<td>Endowment</td>
</tr>
<tr>
<td>FNB - Albany/Breckenridge</td>
<td>100,000</td>
<td>4/13/2020</td>
<td>365</td>
<td>2.00%</td>
<td>Operating</td>
</tr>
<tr>
<td>FNB - Albany/Breckenridge</td>
<td>65,000</td>
<td>4/5/2020</td>
<td>365</td>
<td>1.75%</td>
<td>Endowment</td>
</tr>
<tr>
<td>Veritex Community Bank</td>
<td>10,000</td>
<td>9/7/2020</td>
<td>731</td>
<td>2.62%</td>
<td>Endowment</td>
</tr>
<tr>
<td><strong>Total Time Deposits</strong></td>
<td>2,511,318</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Weighted Average Maturity (Time Deposits):** 366 days

**Weighted Average Rate of Interest (All Investments):** 2.22%

- *Current One Year Treasury Bill Rate:* 1.76%
- *Lipper Money Market Funds Average Return (1 YR):* 1.71%

**FY 2019 Interest Received and Accrued (All Investments):** $1,332,867

All investments are shown at cost. Market value equals cost due to the type of investment. All balances are per the bank as of the report date.

I certify that this investment portfolio is in compliance with Texas State Technical College's policy on investments and the Public Funds Investment Act (Texas Government Code, Section 2256).

---

Anju Motwani, Vice President & Controller

November 1, 2019

Jonathan Hoekstra, Chief Financial Officer

November 1, 2019
October 8, 2019

Mr. John Hatchel  
Members of the Board of Regents  
Texas State Technical College  
Waco, Texas  76705

SUBJECT: Semi-annual Report Certifying Debt Management Policy Compliance

Regents:

As detailed in Texas State Technical College Statewide Operating Standard FA 2.4, Policy for Debt Management, it is the policy of the College to use debt to finance capital projects needed to achieve its strategic objectives. The College will ensure that prudent practices are in place to maintain financial stability, minimize interest costs, and preserve future financial flexibility. Additionally, a semi-annual report from the Office of Accounting & Reporting is to be provided to the Board of Regents certifying compliance with the policy.

Accordingly, I hereby certify that the College currently complies with SOS FA 2.4, Policy for Debt Management, and with all bond covenants. Further, I have verified that current and projected revenues are sufficient to fund debt service, as of August 31, 2019. Details of outstanding principal balances, current debt service due, and the sources of debt service funding have been provided to the Committee for Fiscal Affairs.

If you have any questions or need additional information, please advise.

Respectfully submitted,

Jonathan Hoekstra, MBA, CPA  
Vice Chancellor &  
Chief Financial Officer  

Chad Wooten, CPA  
Executive Vice President  
Accounting & Reporting

tstc.edu
Texas State Technical College
Sources of Debt Service Funding for FY 2020

<table>
<thead>
<tr>
<th>Bonds</th>
<th>FY 2020 Debt Service</th>
<th>Source of Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>RFS Series 2008A Bonds, Taxable (Clean Energy)</td>
<td>73,214</td>
<td>other discretionary funds</td>
</tr>
<tr>
<td>RFS Series 2009 Bonds (Local Revenue)</td>
<td>1,554,800</td>
<td>other discretionary funds</td>
</tr>
<tr>
<td></td>
<td>line-item appropriation (35%)</td>
<td></td>
</tr>
<tr>
<td>RFS Series 2011 Bonds (Tuition / Local Revenue)</td>
<td>2,200,331</td>
<td>partner contributions (46%)</td>
</tr>
<tr>
<td></td>
<td>other discretionary funds</td>
<td></td>
</tr>
<tr>
<td>RFS Series 2011A Bonds (Local Revenue)</td>
<td>362,838</td>
<td>other discretionary funds</td>
</tr>
<tr>
<td>Constitutional Appropriation Series 2016 Bonds (HEAF)</td>
<td>2,983,350</td>
<td>pledged appropriation</td>
</tr>
<tr>
<td>RFS Series 2016 Bonds (Tuition / Local Revenue)</td>
<td>3,857,982</td>
<td>line-item appropriation (77%)</td>
</tr>
<tr>
<td></td>
<td>other discretionary funds (23%)</td>
<td></td>
</tr>
<tr>
<td>Texas Public Finance Authority Lease Purchases</td>
<td>3,754,262</td>
<td>other discretionary funds</td>
</tr>
<tr>
<td>Other Lease Purchases</td>
<td>1,585,572</td>
<td>other discretionary funds</td>
</tr>
<tr>
<td>State Energy Conservation Office (SECO) Loans</td>
<td>880,199</td>
<td>other discretionary funds</td>
</tr>
<tr>
<td>Governor's Office Loan (Hangar - Waco)</td>
<td>181,419</td>
<td>other discretionary funds</td>
</tr>
<tr>
<td><strong>TOTAL:</strong></td>
<td><strong>$17,433,967</strong></td>
<td></td>
</tr>
</tbody>
</table>
# Texas State Technical College
## Summary of Outstanding Debt as of 8/31/19

<table>
<thead>
<tr>
<th>Bonds</th>
<th>Outstanding Principal</th>
<th>Interest Rate</th>
<th>Maturity Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>RFS Series 2008A Bonds, Taxable (Clean Energy)</td>
<td>214,286</td>
<td>1.00%</td>
<td>December 2021</td>
</tr>
<tr>
<td>RFS Series 2009 Bonds (Local Revenue)</td>
<td>1,495,000</td>
<td>3.00% - 5.00%</td>
<td>August 2020</td>
</tr>
<tr>
<td>RFS Series 2011 Bonds (Tuition / Local Revenue)</td>
<td>18,360,000</td>
<td>3.75% - 5.00%</td>
<td>August 2036</td>
</tr>
<tr>
<td>RFS Series 2011A Bonds (Local Revenue)</td>
<td>3,555,000</td>
<td>3.00% - 4.00%</td>
<td>August 2031</td>
</tr>
<tr>
<td>Constitutional Appropriation Series 2016 Bonds (HEAF)</td>
<td>17,740,000</td>
<td>4.00% - 5.00%</td>
<td>October 2025</td>
</tr>
<tr>
<td>RFS Series 2016 Bonds (Tuition / Local Revenue)</td>
<td>52,390,000</td>
<td>2.00% - 5.00%</td>
<td>October 2035</td>
</tr>
<tr>
<td><strong>Total Bonds</strong></td>
<td><strong>93,754,286</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Lease Purchases                                                      |                       |                 |               |
| TSTC Foundation, 2003 (Housing - Marshall)                           | 961,370               | 3.75%           | October 2023  |
| TSTC Foundation, 2010 (Warehouse - Harlingen)                        | 186,798               | 4.08%           | July 2020     |
| TSTC Foundation, 2018 (ITC - Fort Bend)                              | 5,685,133             | 3.00%           | September 2025|
| TSTC Foundation, 2019 (GMC Yukon)                                    | 41,234                | 4.95%           | May 2023      |
| TSTC Foundation, 2017 (Ford F-150)                                   | 12,419                | 4.50%           | January 2020  |
| TSTC Foundation, 2018 (Ford Expedition)                              | 46,605                | 4.50%           | March 2022    |
| Dell Financial Services, 2018 (Computer Equipment)                   | 634,489               | 7.06%           | September 2022|
| Texas Public Finance Authority (402 leases)                          | 10,047,290            | various         | various through 2026 |
| **Total Lease Purchases**                                            | **17,615,338**        |                 |               |

| State Energy Conservation Office (SECO) Loans                        |                       |                 |               |
| 2010 - Waco                                                          | 2,703,696             | 2.00%           | August 2024   |
| 2011 - Harlingen                                                     | 836,164               | 3.00%           | February 2023 |
| **Total SECO Loans**                                                | **3,539,860**         |                 |               |

| Governor's Office Loan (Hangar - Waco)                               | 1,240,000             | 5.50%           | January 2030  |
| **Total Outstanding Debt**                                           | **$116,149,484**      |                 |               |
Total Outstanding Debt as of August 31:

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$70,517,360</td>
</tr>
<tr>
<td>2016</td>
<td>129,785,251</td>
</tr>
<tr>
<td>2017</td>
<td>125,791,712</td>
</tr>
<tr>
<td>2018</td>
<td>126,189,894</td>
</tr>
<tr>
<td>2019</td>
<td>116,149,484</td>
</tr>
</tbody>
</table>

TSTC Bond Ratings as of 8/31/19

<table>
<thead>
<tr>
<th>TSTC Bond Series</th>
<th>Fitch</th>
<th>S&amp;P</th>
<th>Moody's</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016 HEAF</td>
<td>AAA</td>
<td>AAA</td>
<td>Aaa</td>
</tr>
<tr>
<td></td>
<td>AA+</td>
<td>AA+</td>
<td>Aa1</td>
</tr>
<tr>
<td></td>
<td>AA</td>
<td>AA</td>
<td>Aa2</td>
</tr>
<tr>
<td></td>
<td>AA-</td>
<td>AA-</td>
<td>Aa3</td>
</tr>
<tr>
<td></td>
<td>A</td>
<td>A</td>
<td>A2</td>
</tr>
<tr>
<td></td>
<td>A-</td>
<td>A-</td>
<td>A3</td>
</tr>
<tr>
<td></td>
<td>BBB+</td>
<td>BBB+</td>
<td>Baa1</td>
</tr>
<tr>
<td></td>
<td>BBB</td>
<td>BBB</td>
<td>Baa2</td>
</tr>
<tr>
<td></td>
<td>BBB-</td>
<td>BBB-</td>
<td>Baa3</td>
</tr>
<tr>
<td></td>
<td>BB+</td>
<td>BB+</td>
<td>Ba1</td>
</tr>
<tr>
<td></td>
<td>BB</td>
<td>BB</td>
<td>Ba2</td>
</tr>
<tr>
<td></td>
<td>BB-</td>
<td>BB-</td>
<td>Ba3</td>
</tr>
<tr>
<td></td>
<td>B+</td>
<td>B+</td>
<td>B1</td>
</tr>
<tr>
<td></td>
<td>B</td>
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<td>B2</td>
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<tr>
<td></td>
<td>B-</td>
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<td>B3</td>
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<tr>
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<td>CCC+</td>
<td>CCC+</td>
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<tr>
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<td></td>
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<td>C</td>
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</tr>
<tr>
<td></td>
<td>DDD</td>
<td>SD</td>
<td>C</td>
</tr>
<tr>
<td></td>
<td>DD</td>
<td>D</td>
<td></td>
</tr>
</tbody>
</table>

Rating Description:
- **Prime**
- **High Grade**
- **Upper Medium Grade**
- **Lower Medium Grade**
- **Below Investment Grade / Speculative**
- **Highly Speculative**
- **Substantial Risks / Extremely Speculative**
- **Default Imminent**
- **In Default**

Rating Outlook Summary:

**2016 HEAF Bonds**: Rated on the credit of the State of Texas, as debt service funds are appropriated by the state's constitution. Outlook for both *Fitch and Moody's is STABLE*.

**Revenue Financing System (RFS) Bonds**: Moody's and S&P rate all four issuances of RFS bonds; Fitch rates Series 2016 only. Outlook from all three agencies is **STABLE**.
October 18, 2019

Mr. John Hatchel  
Members of the Board of Regents  
Texas State Technical College  
Waco, Texas 76705

SUBJECT: Biennium Report Certifying Investment Officer Training

Regents:

Per Texas Government Code, Title 10, Subtitle F, Sec. 2256.007, “an investment officer shall attend a training session not less than once each state fiscal biennium and may receive training from any independent source approved by the governing body of the estate agency. The investment officer shall prepare a report on this subchapter and deliver the report to the governing body of the state agency not later than the 180th day after the last day of each regular session of the legislature.”

Accordingly, I hereby certify that Texas State Technical College currently complies with this requirement.

If you have any questions or need additional information, please advise.

Respectfully submitted,

Jonathan Hoekstra, MBA, CPA  
Vice Chancellor & Executive  
Chief Financial Officer

Chad Wooten, CPA  
Vice President  
Accounting & Reporting
# Texas State Technical College Board of Regents

*Meeting Dates for Calendar Year 2020*

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
<th>Venue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Board Retreat</td>
<td>Wednesday, February 5, 2020</td>
<td>TSTC in Waco</td>
</tr>
<tr>
<td>Winter Meeting</td>
<td>Thursday, February 6, 2020</td>
<td>TSTC in Waco</td>
</tr>
<tr>
<td>Spring Meeting</td>
<td>Thursday, May 14, 2020</td>
<td>TSTC in Waco</td>
</tr>
<tr>
<td>Summer Meetings</td>
<td>Wednesday, August 19, 2020</td>
<td>TSTC in Waco</td>
</tr>
<tr>
<td></td>
<td>Thursday, August 20, 2020</td>
<td></td>
</tr>
<tr>
<td>Fall Meeting</td>
<td>Thursday, November 12, 2020</td>
<td>TSTC in Waco</td>
</tr>
</tbody>
</table>