May 1, 2020

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 May 14, 2020

Regents:

The attached materials have been prepared for consideration by the Board of Regents of Texas State Technical College for the May 14, 2020 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,

Michael L. Reeser
Chancellor & CEO

Attachments
May 1, 2020

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 March 31, 2020, 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 March 31, 2020, that should be disclosed due to their impact on the financial statements, effectiveness of existing systems of control, or regulatory compliance.

Please note, no qualifying matters occurred during the period covered by this correspondence. So, this two-page letter makes up the entirety of this installment of the periodic disclosures.

Sincerely,

Michael L. Reeser
Chancellor & CEO

tstc.edu
TSTC Board of Regents Meeting(s)
Connally Meeting & Conference Center, Waco, TX and Teleconference

Thursday, May 14, 2020

<table>
<thead>
<tr>
<th>When</th>
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<th>Dress</th>
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<tbody>
<tr>
<td>1:00 p.m. - 1:30 p.m.</td>
<td>Audit Committee Meeting</td>
<td>Board Room, Teleconference</td>
<td>Business Casual Face Coverings</td>
<td>Limited Regents &amp; Leadership Team</td>
</tr>
<tr>
<td>1:30 p.m. - 2:00 p.m.</td>
<td>The Board of Regents Closed Session</td>
<td>Board Room, Teleconference</td>
<td>Business Casual Face Coverings</td>
<td>Limited Regents &amp; Leadership Team</td>
</tr>
<tr>
<td>2:00 p.m.</td>
<td>The Board of Regents Meeting</td>
<td>Board Room, Teleconference</td>
<td>Business Casual Face Coverings</td>
<td>Limited Regents &amp; Leadership Team</td>
</tr>
</tbody>
</table>

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.
I. CLOSED MEETING

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

2. 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:

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

   (b) 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
3. 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 Acquisitions

4. 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.”

5. Adjourn

II. MEETING CALLED TO ORDER and TELECONFERENCE LINE OPENED

III. INVOCATION

IV. DETERMINATION OF QUORUM

V. ADOPTION OF AGENDA

VI. APPROVAL OF MINUTES OF FEBRUARY 5 AND 6, 2020 MEETINGS

VII. APPROVAL OF MINUTES OF APRIL 9, 2020 EXECUTIVE COMMITTEE MEETING
VIII. RECOGNITION OF GUESTS

IX. PUBLIC COMMENTS

X. CHANCELLOR COMMENTS

XI. COMMITTEE REPORTS & MINUTE ORDERS

   a. Committee for Student Learning and Student Development
      Tiffany Tremont, Chair; Kathy Powell, Member

      Committee Chair Comments

      Minute Orders:
      None.

      Reports:
      None.

   b. Committee for Fiscal Affairs
      Alex Meade, Chair; Kathy Powell, Member

      Committee Chair Comments

      Minute Orders:
      Proposed MO#

      15-20(c)  Approve Lease of Property and Facility to Educator’s Credit Union, Inc., on the Campus at Texas State Technical College in Waco........... 26
               Jonathan Hoekstra

      16-20(c)  Approve Lease of Hangar Space to Sav Aviation LLC at Texas State Technical College in Waco Airport.......................................................... 29
               Jonathan Hoekstra
17-20(c)  Approve Appropriation Transfers for Fiscal Year 2020...................... 32  
Jonathan Hoekstra

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1.  Budget Performance Report................................................................. 34  
   Jonathan Hoekstra

2.  TSTC Full Time Equivalent (FTE) Reports........................................... 36  
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3.  Pledged Collateral Report................................................................. 38  
   Jonathan Hoekstra

4.  Quarterly Investment Report............................................................. 39  
   Jonathan Hoekstra

5.  Semi-Annual Debt Management Report............................................. 40  
   Jonathan Hoekstra

c.  Committee for Facilities  
   Keith Honey, Chair; Ron Widup, Member

Committee Chair Comments

Minute Orders:  
Proposed MO#  

18-20(c)  Accept the Project to Install Statewide Monument Signs on Multiple 
          Texas State Technical College Campuses........................................... 46  
          Ray Fried

19-20(c)  Approve the Project to Install the Fire Hydrant Loop at Texas State 
          Technical College in Sweetwater...................................................... 48  
          Ray Fried

20-20(c)  Accept the Project to Replace the Roof and HVAC Units at Texas 
          State Technical College in Harlingen .............................................. 49  
          Ray Fried
21-20(c) Accept the Project to Install New Roofs at Texas State Technical College in Waco ................................................................. 50

Ray Fried

22-20(c) Approve the Project and Budget to Renovate the Industrial Technology Center (ITC) at Texas State Technical College in Waco and Delegate Authority to the Chancellor to Enter into and Execute Contracts for the Project in Excess of One Million Dollars ($1,000,000) ........................................................................................................ 51

Ray Fried

Reports:

1. Major Facility Projects Status Update ................................................................. 53

Ray Fried

d. Committee for General Administration
Pat McDonald, Chair; Tony Abad, Member

Committee Chair Comments

Minute Orders:

None.

Reports:

None.

XII. CONSENT AGENDA ITEMS

15-20(c) Approve Lease of Property and Facility to Educator's Credit Union, Inc., on the Campus at Texas State Technical College in Waco

16-20(c) Approve Lease of Hangar Space to Sav Aviation LLC at Texas State Technical College in Waco

17-20(c) Approve Appropriation Transfers for Fiscal Year 2020
18-20(c)  Accept the Project to Install Statewide Monument Signs on Multiple Texas State Technical College Campuses

19-20(c)  Approve the Project to Install the Fire Hydrant Loop at Texas State Technical College in Sweetwater

20-20(c)  Accept the Project to Replace the Roof and HVAC Units at Texas State Technical College in Harlingen

21-20(c)  Accept the Project to Install New Roofs at Texas State Technical College in Waco

22-20(c)  Approve the Project and Budget to Renovate the Industrial Technology Center (ITC) at Texas State Technical College in Waco and Delegate Authority to the Chancellor to Enter into and Execute Contracts for the Project in Excess of One Million Dollars ($1,000,000)

XIII. UNFINISHED BUSINESS

XIV. NEW BUSINESS

XV. ACTION ON CLOSED MEETING

XVI. CHANCELLOR COMMENTS

XVII. BOARD COMMENTS

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

Wednesday, February 5, 2020

Minutes of the Special Meeting of the Board of Regents

MEETING CALLED TO ORDER

The special meeting of the Texas State Technical College Board of Regents was called to order at 1:09 p.m., February 5, 2020, by Chair Hatchel.

DETERMINATION OF QUORUM

Members Present:  John Hatchel, Curtis Cleveland, Tony Abad, Keith Honey, Ron Widup and Kathy Powell

Members Absent:  Pat McDonald, Alex Meade and Tiffany Tremont

Notice of the meeting had been published. A quorum was not present due to the two new Regents not being sworn in until tonight. No quorum was required because no action was being taken.

CHANCELLOR COMMENTS

The Chancellor provided verbal commentary accompanied by a PowerPoint presentation.

MANAGEMENT and BOARD PLANNING

1. TSTC Mission Review
2. TSTC Milestones
3. Higher Ed Landscape Overview
4. Strategic Plan Interim Report
5. Strategic Plan Assessment and Advancement
BOARD COMMENTS

Chairman Hatchel organized an Ad Hoc Committee to assess the strategic plan advancement with the leadership team comprised of Chairman Hatchel, Regent Honey, Regent Abad and Regent Widup.

ADJOURN

The meeting adjourned at 3:20 p.m.

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, February 6, 2020

MEETING CALLED TO ORDER

The meeting of the Texas State Technical College Board of Regents Audit Committee was
called to order at 10:39 a.m., February 6, 2020, by Chair Cleveland.

Members Present: John Hatchel, Curtis Cleveland, Tony Abad, Tiffany Tremont,
Keith Honey, Alex Meade, Kathy Powell, Ron Widup

Members Absent: Pat McDonald

A quorum was present.

MINUTE ORDERS

Proposed MO#

None.

REPORTS

The following reports were presented to the Committee:

1. Status of Fiscal Year 2020 Audit Schedule & Other Projects
   Jason D. Mallory

2. Summary of Audit Reports
   Jason D. Mallory

3. Follow-up Schedule & Status
   Jason D. Mallory
4. C4EO Audit (19-032A)  
5. Benefits Proportionality Audit (20-001A)  
6. Annual Contracting Audit (19-031A)  
7. Internal Network Penetration Test - Harlingen (20-011A)  
8. TAC 202 - Quarterly Update (20-010A)  
10. Texas N-DEx Audit Compliance Report (Waco Police)  
11. Attestation Disclosures

CHANCELLOR COMMENTS

None.

BOARD COMMENTS

None.

ADJOURN

The meeting adjourned at 10:55 a.m.

[Signature]
Ray Rushing
Secretary to the Board of Regents
MEETING CALLED TO ORDER

The meeting of the Texas State Technical College Board of Regents was called to order at 11:11 a.m., February 6, 2020, by Chair Hatchel.

DETERMINATION OF QUORUM

Members Present: John Hatchel, Curtis Cleveland, Tony Abad, Keith Honey, Tiffany Tremont, Alex Meade, Kathy Powell and Ron Widup

Members Absent: Pat McDonald

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

ADOPTION OF AGENDA

Regent Honey asked to amend the Agenda as posted by removing Consent Agenda Item 08-20(c). Upon a motion by Regent Meade and second by Regent Cleveland, the amended Agenda was adopted unanimously.

APPROVAL OF MINUTES OF NOVEMBER 14, 2019 MEETINGS

Upon a motion by Regent Honey and second by Regent Meade, the Minutes of the November 14, 2019 Meetings of the Audit Committee and the Board of Regents were approved unanimously.

RECOGNITION OF GUESTS

Chairman thanked all employees of TSTC with a special thanks to the maintenance staff for maintaining the college facilities so well. Chancellor Reeser introduced the new Executive Vice President of Facilities and Maintenance, Mr. Kevin Semien.

PUBLIC COMMENTS

None.
CHANCELLOR COMMENTS

The Chancellor provided a brief summary of the items being brought to the Board today.

COMMITTEE REPORTS & MINUTE ORDERS

Committee for Student Learning and Student Development
Tiffany Tremont, Chair; Kathy Powell, Member

Committee Chair Comments

Minute Orders:
Proposed MO#

01-20(c) Approve Current List of Associate Degree and Certificate Programs.

Reports:
Student Learning Division Video

Committee for General Administration
Pat McDonald, Chair; Tony Abad, Member

Committee Chair Comments

Minute Orders:
Proposed MO#

02-20(c) Rescind Statewide Operating Standard (SOS) GA 1.11 Passenger Transportation on TSTC Aircraft

03-20(c) Reaffirm the Mission Statement of Texas State Technical College

Reports:
None.
Committee for Facilities
Keith Honey, Chair; Ron Widup, Member

Committee Chair Comments

Minute Orders:
Proposed MO#

04-20(c) Approve granting a Dedicated Easement Agreement for Utilities to the City of Abilene for the operation, maintenance, replacement, repair, upgrade, and removal of utility improvements and related facilities over, on, and across Texas State Technical College in Abilene and authorize the Chancellor to execute the agreement.

05-20(c) Approve the Project and Budget to Expand the Industrial Technology Center and the Electrical Lineworker Technology Facility at Texas State Technical College in Ft. Bend County and Delegate Authority to the Chancellor to Enter into and Execute a Contract for the Project in Excess of One Million Dollars ($1,000,000)

06-20(c) Approve the Project and Budget to Expand the Welding Technology Facility in the Industrial Technology Center (ITC) at Texas State Technical College in Waco and Authorize the Chancellor to Enter into Contracts for the Construction of the Project.

07-20(c) Approve the Concept to Expand the Welding Technology Facility in the Industrial Technology Building (ITC) at Texas State Technical College in Harlingen and Authorize the Chancellor to Enter into Contracts for Pre-Construction Services

08-20 Delegate the Authority to the Chancellor to Enter into and Execute Multiple Environmental, Abatement, Demolition, and Construction Management Services Contracts in Excess of One Million Dollars ($1,000,000)

09-20(c) Approve the Concept to Renovate the Industrial Technology Center (ITC) at Texas State Technical College in Waco and Authorize the Chancellor to Enter into Contracts for Pre-Construction Services

Reports:

1. Major Facility Projects Status Update

RECESS FOR LUNCH

The meeting of the Texas State Technical College Board of Regents recessed for lunch at 11:55 a.m. by Chair Hatchel.
RECONVENE

The meeting of the Texas State Technical College Board of Regents reconvened at 12:27 p.m. Regent Meade left the meeting in order to travel home via a pre-scheduled flight out of Austin, TX.

Committee for Fiscal Affairs
Alex Meade, Chair; Kathy Powell, Member

Committee Chair Comments

Minute Orders:
Proposed MO#

10-20(c) Approve the Ground Lease of Land at Texas State Technical College in Waco to The TSTC Foundation and Authorize the Chancellor to Execute the Lease Agreement

11-20(c) Approve the Master Lease of Student Housing Facilities and Related Parking at Texas State Technical College in Waco from The TSTC Foundation for a Term of up to 30 Years and Authorize the Chancellor to Execute the Lease Agreement

12-20(c) Approve the Employee Holiday Schedule for Fiscal Year 2021

13-20(c) Approve the Schedule of Student and Family Housing Rental Rates, Room and Board Rates, Service Charges, and Deposits Effective Fall 2020 Semester

Reports:

1. Budget Performance Report
2. TSTC Full Time Equivalent (FTE) Reports
3. Pledged Collateral Report
4. Quarterly Investment Report
5. Annual Financial Report

CONSENT AGENDA ITEMS

Chair Hatchel removed 08-20(c) from the Consent Agenda Items.

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

01-20(c) Approve Current List of Associate Degree and Certificate Programs
02-20(c) Rescind Statewide Operating Standard (SOS) GA 1.11 Passenger Transportation on TSTC Aircraft

03-20(c) Reaffirm the Mission Statement of Texas State Technical College

04-20(c) Approve granting a Dedicated Easement Agreement for Utilities to the City of Abilene for the operation, maintenance, replacement, repair, upgrade, and removal of utility improvements and related facilities over, on, and across Texas State Technical College in Abilene and authorize the Chancellor to execute the agreement

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06-20(c) Approve the Project and Budget to Expand the Welding Technology Facility in the Industrial Technology Center (ITC) at Texas State Technical College in Waco and Authorize the Chancellor to Enter into Contracts for the Construction of the Project

07-20(c) Approve the Concept to Expand the Welding Technology Facility in the Industrial Technology Building (200f) at Texas State Technical College in Harlingen and Authorize the Chancellor to Enter into Contracts for Pre-Construction Services

09-20(c) Approve the Concept to Renovate the Industrial Technology Center (ITC) at Texas State Technical College in Waco and Authorize the Chancellor to Enter Into Contracts for Pre-Construction Services

10-20(c) Approve the Ground Lease of Land at Texas State Technical College in Waco to The TSTC Foundation and Authorize the Chancellor to Execute the Lease Agreement

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12-20(c) Approve the Employee Holiday Schedule for Fiscal Year 2021

13-20(c) Approve the Schedule of Student and Family Housing Rental Rates, Room and Board Rates, Service Charges, and Deposits Effective Fall 2020 Semester

UNFINISHED BUSINESS

None.
NEW BUSINESS

Upon a motion by Regent Honey and Second by Regent Abad, Minute Order 08-20 was approved.

08-20 Delegate the Authority to the Chancellor to Enter into and Execute Multiple Environmental, Abatement, Demolition, and Construction Management Services Contracts in Excess of One Million Dollars ($1,000,000)

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, February 6, 2020, 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 1:02 p.m.

Regent Alex Meade excused himself from the remainder of the Board Meeting due to travel.

The Closed Meeting is called to Order and a Quorum is determined at 1:03 p.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.”

- None.
c. 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.”

None.

d. Adjourn
   The February 6, 2020 Closed Session of the Texas State Technical College Board of Regents adjourned at 1:38 p.m.

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

OPEN MEETING RECONVENES

The February 6, 2020 Open Meeting of the Texas State Technical College Board of Regents reconvened at 1:40 p.m.

ACTION ON CLOSED MEETING

None.

CHANCELLOR COMMENTS

None.

BOARD COMMENTS

None.

ADJOURN

The meeting adjourned at 1:44 p.m.

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

Meeting of the Board of Regents
Executive Committee

Texas State Technical College
Teleconference

Thursday, April 9, 2020

2:00pm

MEETING CALLED TO ORDER

The meeting of the Texas State Technical College Board of Regents Executive Committee was called to order at 2:00 p.m., April 9, 2020, by Chair Hatchel.

DETERMINATION OF QUORUM

Members Present: Chairman Hatchel, Regent Cleveland, Regent Abad, Regent Tremont, Regent Honey
Members Absent: None

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

EXECUTIVE ACTION ITEMS

Proposed Executive Actions:

EA 13-20 Approve the Project and Budget to Expand the Welding Technology Facilities in the Industrial Technology Building (2001) at Texas State Technical College in Harlingen and Authorize the Chancellor to Enter Into and Execute Contracts for the Project in Excess of One Million Dollars ($1,000,000)

Upon a motion by Regent Cleveland and a second by Regent Abad, the proposed Executive Action was unanimously approved.

EA 14-20 Authorize the Resolution to Reimburse with Proceeds from Financing Obligations Issued to Acquire and Make Capital Improvements at Various Texas State Technical College Campuses and Authorize Submission of an Application to the Texas Bond Review Board to Issue a Series of Revenue Financing System Bonds for Such Projects
Upon a motion by Regent Abad and a second by Regent Cleveland, the proposed Executive Action was unanimously approved.

BOARD COMMENTS

None.

ADJOURN

The meeting adjourned at 2:33 p.m.

Ray Rushing
Secretary to the Board of Regents
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Committee for Student Learning and Student Development
Tiffany Tremont, Chair; Kathy Powell, Member

Committee Chair Comments

Minute Orders:
Proposed MO#

None.

Reports:

None.
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Committee for Fiscal Affairs
Alex Meade, Chair; Kathy Powell, Member

Committee Chair Comments

Minute Orders:
Proposed MO#

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3. Pledged Collateral Report .................................................................38
    Jonathan Hoekstra

4. Quarterly Investment Report ..............................................................39
    Jonathan Hoekstra

5. Semi-Annual Debt Management Report ...........................................40
    Jonathan Hoekstra

(c) denotes Consent Agenda Item
Board Meeting Date: May 14, 2020

Proposed Minute Order #: 15-20(c)

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

Subject: Approve Lease of Property and Facility to Educator’s Credit Union, Inc., on the Campus at Texas State Technical College in Waco

Background: Educator’s Credit Union, Inc. currently leases this space on the campus at Texas State Technical College (TSTC) in Waco. The lease covers 0.919 acres located in Block 43 of the campus (100 Bolling) and includes a 3,159 square foot bank facility.

While there is not an imminent need for the property, its location near the campus entrance and proximity to the state-wide meeting space present unique opportunities in the near future. Therefore, an additional one-year lease term at market value was agreed upon. This term will enable Educator’s the opportunity to secure another location to meet their long-term plans.

Justification: The lease agreement to Educator’s will allow continued use of the facility to provide financial services to College students and employees while TSTC markets the property or reconsiders it useful purpose.

Additional Information: This parcel of real estate is not needed for instruction or training at this time.

Fiscal Implications: The College is to receive $3,159 in monthly payments for a period of one year. Educator’s is responsible for all maintenance and upkeep costs, along with related utilities. General liability coverage in the amount of $3 million is also required to be effectively maintained.

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

Attachment(s): Location Map
Letter from General Counsel

Recommended Minute Order: “The Texas State Technical College Board of Regents approves the lease to Educator’s Credit Union, Inc. for 0.919 acres and the attached 3,159 square foot bank facility located at 100 Bolling on the campus at Texas State Technical College in Waco, and authorizes the Chancellor, or his designee, to execute the lease agreement.”

Recommended By: [ORIGINAL SIGNED BY]
Jonathan Hoekstra, Vice Chancellor & Chief Financial Officer
April 17, 2020

Mr. Michael L. Reeser  
Chancellor & CEO  
Texas State Technical College  
3801 Campus Drive  
Waco, Texas 76705  

Re: Approve Lease of Property and Facility to Educator’s Credit Union, Inc., on the Campus at Texas State Technical College in Waco

As requested, I have considered the legal ramifications of extending the current Lease Agreement with the Educator’s Credit Union, Inc (“Lessee”), for property located on the Texas State Technical College (“TSTC”) Waco Campus at 100 Bolling Drive, Waco, Texas 76705.

In 1997, TSTC entered into a ground lease agreement with Lessee to facilitate the construction and operation of a commercial building for the performance of financial services traditionally performed by credit unions. After the termination of the ground lease agreement in 2017, TSTC and Lessee entered into a subsequent three year lease agreement which will terminate on May 31, 2020.

Contingent upon approval of the Board of Regents, the term of this extension will begin on June 1, 2020, and terminate on May 31, 2021. This term extension would allow Lessee the opportunity to secure another location to facilitate their long-term plans. During this term extension, TSTC will receive $3,159 in monthly payments from Lessee, while Lessee will be responsible for all maintenance, upkeep costs, related utilities and Lessee will carry insurance to protect against damage to property and harm to persons. The property to be leased is not needed by TSTC for instruction or training at this time.

Having reviewed the Lease Agreement, it is my opinion that the terms and conditions comport with state law and TSTC policy. The applicable indemnities and insurance requirements are in place.

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

Respectfully Submitted,

[ORIGINAL SIGNED BY]

Edward C. Vallejo  
Associate General Counsel

cc: Jonathan Hoekstra  
Vice Chancellor & Chief Financial Officer

Ray Rushing, J.D.  
Vice Chancellor & Chief Legal Officer / General Counsel
Board Meeting Date: May 14, 2020

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

Subject: Approve Lease of Hangar Space to Sav Aviation LLC at Texas State Technical College in Waco Airport

Background: Sav Aviation LLC provides dry lease services of aircraft to fulfill personal and/or commercial travel. Texas State Technical College (TSTC) has partnered with Sav Aviation LLC to meet statewide travel needs since 2015. Proper use of the services is tracked and monitored by TSTC in accordance with state travel rules and each utilization is justified prior to travel. This process is reviewed by the audit division for compliance and integrity.

Sav Aviation LLC proposes to lease approximately 13,200 square feet of hangar space within the B-1 hangar located at 801 Airline Drive at Texas State Technical College (TSTC) in Waco. The facility was built in 1942 and has never been used for instructional purposes. The airport FBO (Servion) presently leases the other half of the hangar for $2,250 a month.

Justification: The lease arrangement will assist in meeting statewide travel needs by providing an alternate cost effective and safe mode of transportation.

Additional Information: The negotiated lease will be on a one year term. Lease rates and terms compare favorably to TxDOT market studies and other current airport leases. At lease termination, the facilities will revert to TSTC control, and the hangar will be leasable at the prevailing market rate.

Fiscal Implications: TSTC will receive four hours of air time a month on one of the noted aircraft, which equates to approximately $4,400 of value per month. Any unused air time will accrue up to a period of 12 months, and the College will pay market rate for any air time in excess of the noted amount.

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

Attachment(s): Map of Hangar Location
Letter from General Counsel

Recommended Minute Order: “The Texas State Technical College Board of Regents approves the lease of hangar space to Sav Aviation LLC at Texas State Technical College in Waco Airport and authorizes the Chancellor, or his designee, to execute the Lease Agreement with Sav Aviation LLC”

Recommended By: [ORIGINAL SIGNED BY] Jonathan Hoekstra, Vice Chancellor & Chief Financial Officer
April 17, 2020

Mr. Michael L. Reeser
Chancellor & CEO
Texas State Technical College System
3801 Campus Drive
Waco, Texas 76705

Re: Lease of Hangar Space at the TSTC Waco Airport to Sav Aviation LLC

As requested, I have reviewed and considered the legal ramifications of the leasing of hangar space at the TSTC Waco Airport to Sav Aviation LLC.

Sav Aviation LLC provides dry lease services of aircraft to fulfill personal and/or commercial travel. The College has engaged the services of Sav Aviation LLC, to assist in meeting TSTC’s state-wide travel needs since 2015. Sav Aviation LLC proposes to lease approximately 13,200 s.f. of hangar space within the 8-1 hangar located at 801 Airline Drive. TSTC will receive four hours of airtime a month, which equates to approximately $4,400 of value per month. Any unused airtime will accrue up to a period of 12 months, and TSTC will pay market rate for any airtime in excess of the noted amount. Pilot and fuel costs are assumed by the TSTC. This lease arrangement will assist TSTC in meeting state-wide travel needs, and provide same in a more convenient and safer manner than other forms of available commercial travel. The Term of the lease will be one (1) year, with two single year options to renew. At lease termination, the facilities will revert to TSTC ownership, and the hangar will be leasable at the prevailing market rate.

The noted space to be leased at the TSTC Waco Airport is not needed, nor anticipated to be needed in the foreseeable future, by TSTC for instruction or training.

Having reviewed the lease it is my opinion that the terms and conditions comport with state law and TSTC policy. The applicable indemnities and insurance requirements are in place.

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

Respectfully Submitted,

[ORIGINAL SIGNED BY]
Edward C. Vallejo
Associate General Counsel

cc: Rick Herrera
Vice Chancellor & Chief Student Services Officer

Jonathan Hoekstra
Vice Chancellor & Chief Financial Officer

Ray Rushing, J.D.
Vice Chancellor & Chief Legal Officer / General Counsel
Board Meeting Date: May 14, 2020

Proposed Minute Order #: 17-20(c)

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

Subject: Approve Appropriation Transfers for Fiscal Year 2020

Background: Appropriations are originally allocated to the college in a manner influenced by legacy structures that pre-date the merger of Texas State Technical College (TSTC) to a single, statewide college. However, the Texas General Appropriations Act allows the Board of Regents to approve the transfer of appropriated funds across the statewide college in support of operational changes and realities.

Justification: Operational needs and related budgets commonly vary from the funding patterns established during the appropriations process in response to environmental, operational, and unforeseen needs.

Additional Information: Generally, re-allocations of the original legacy structure occur as administrative redundancies are reduced or eliminated and as resources serve a statewide, or enterprise purpose in the current structure.

Fiscal Implications: Funds are allocated to the entity from which they will be expended.

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: “The Texas State Technical College Board of Regents approves the following appropriation transfers for Fiscal Year 2020:

1) Reallocation of Instruction & Administration, and General Revenue Appropriations to support operations:

   To TSTC System Administration $ 5,977,224
   To TSTC Marshall $ 139,280
   From TSTC Waco (EWCHEC) $ 1,530,131
   From TSTC Waco $ 2,671,995
   From TSTC North Texas $ 108,065
   From TSTC Fort Bend $ 69,804
   From TSTC West Texas $ 1,146,523
   From TSTC Harlingen $ 589,986”
Recommended By: [ORIGINAL SIGNED BY]
Jonathan Hoekstra, Vice Chancellor & Chief Financial Officer
<table>
<thead>
<tr>
<th></th>
<th>FY 2020 YTD Budget</th>
<th>FY 2020 YTD actual</th>
<th>$ Variance</th>
<th>% Variance</th>
<th>FY 2020 Approved Budget</th>
<th>FY 20 YE Forecast*</th>
<th>Variance</th>
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</thead>
<tbody>
<tr>
<td><strong>Operating Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Appropriations &amp; HEAF</td>
<td>113,766,006</td>
<td>114,257,069</td>
<td>491,063</td>
<td>0.4%</td>
<td>125,567,676</td>
<td>121,666,288</td>
<td>(3,901,388)</td>
</tr>
<tr>
<td>Tuition</td>
<td>37,352,405</td>
<td>35,306,733</td>
<td>-2,045,672</td>
<td>-5.5%</td>
<td>47,281,046</td>
<td>40,000,000</td>
<td>(7,281,046)</td>
</tr>
<tr>
<td>Student Financial Assistance</td>
<td>24,893,175</td>
<td>23,176,713</td>
<td>-1,716,462</td>
<td>-6.9%</td>
<td>33,190,901</td>
<td>30,252,264</td>
<td>(2,938,637)</td>
</tr>
<tr>
<td>Auxiliary Enterprises</td>
<td>7,080,825</td>
<td>7,405,315</td>
<td>324,490</td>
<td>4.6%</td>
<td>12,349,341</td>
<td>9,604,206</td>
<td>(2,745,135)</td>
</tr>
<tr>
<td>Grants</td>
<td>2,327,044</td>
<td>1,815,646</td>
<td>-511,398</td>
<td>-20.0%</td>
<td>5,194,295</td>
<td>4,048,304</td>
<td>(1,145,991)</td>
</tr>
<tr>
<td>Fees &amp; Educational Sales</td>
<td>2,309,347</td>
<td>2,442,201</td>
<td>-132,854</td>
<td>5.8%</td>
<td>12,349,341</td>
<td>9,604,206</td>
<td>(2,745,135)</td>
</tr>
<tr>
<td>Industry Relations / Other</td>
<td>3,313,450</td>
<td>2,321,214</td>
<td>-992,236</td>
<td>-29.9%</td>
<td>7,790,682</td>
<td>6,470,524</td>
<td>(1,320,158)</td>
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<tr>
<td>CARES Act - Institutional Portion</td>
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<td></td>
<td></td>
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<tr>
<td><strong>Total Operating Revenues</strong></td>
<td>191,042,252</td>
<td>186,724,891</td>
<td>-4,317,361</td>
<td>-2.3%</td>
<td>235,710,091</td>
<td>220,522,291</td>
<td>(15,187,800)</td>
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<tr>
<td><strong>Operating Carryforward / Reserves</strong></td>
<td>4,310,000</td>
<td>4,310,000</td>
<td></td>
<td></td>
<td>4,310,000</td>
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<tr>
<td><strong>Operating Expenditures</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Instruction</td>
<td>34,953,176</td>
<td>34,172,093</td>
<td>-781,083</td>
<td>-2.2%</td>
<td>75,435,486</td>
<td>72,104,480</td>
<td>(3,331,006)</td>
</tr>
<tr>
<td>Student Financial Aid</td>
<td>19,194,076</td>
<td>17,632,841</td>
<td>-1,561,235</td>
<td>-8.1%</td>
<td>39,687,490</td>
<td>38,158,862</td>
<td>(1,528,628)</td>
</tr>
<tr>
<td>Finance</td>
<td>5,098,005</td>
<td>4,850,405</td>
<td>-247,600</td>
<td>-4.9%</td>
<td>10,977,816</td>
<td>10,527,510</td>
<td>(450,306)</td>
</tr>
<tr>
<td>Advancement &amp; Communications</td>
<td>2,715,575</td>
<td>2,392,564</td>
<td>-323,011</td>
<td>-11.9%</td>
<td>7,085,881</td>
<td>6,648,220</td>
<td>(437,661)</td>
</tr>
<tr>
<td>Auxiliary Services</td>
<td>5,294,601</td>
<td>5,306,772</td>
<td>12,171</td>
<td>0.2%</td>
<td>10,954,519</td>
<td>10,451,721</td>
<td>(502,798)</td>
</tr>
<tr>
<td>Facilities</td>
<td>4,655,084</td>
<td>4,614,722</td>
<td>-40,362</td>
<td>-0.9%</td>
<td>10,579,737</td>
<td>9,224,039</td>
<td>(1,355,698)</td>
</tr>
<tr>
<td>Facilities - Transfer to Capital</td>
<td>3,690,836</td>
<td>3,690,836</td>
<td>-</td>
<td>0.0%</td>
<td>3,690,836</td>
<td>3,690,836</td>
<td>-</td>
</tr>
<tr>
<td>Enrollment Management</td>
<td>4,799,147</td>
<td>4,341,386</td>
<td>-457,761</td>
<td>-9.5%</td>
<td>11,147,948</td>
<td>9,639,793</td>
<td>(1,508,155)</td>
</tr>
<tr>
<td>Information Technology</td>
<td>6,766,003</td>
<td>5,218,370</td>
<td>-1,547,633</td>
<td>-22.9%</td>
<td>10,140,165</td>
<td>9,342,903</td>
<td>(797,262)</td>
</tr>
<tr>
<td>Statewide Administration</td>
<td>2,870,480</td>
<td>2,771,469</td>
<td>-99,011</td>
<td>-3.4%</td>
<td>5,982,398</td>
<td>5,756,607</td>
<td>(225,791)</td>
</tr>
<tr>
<td>Statewide Benefits</td>
<td>14,573,909</td>
<td>15,063,837</td>
<td>489,928</td>
<td>3.4%</td>
<td>29,742,672</td>
<td>32,109,384</td>
<td>2,366,712</td>
</tr>
<tr>
<td>Debt Service &amp; Leases</td>
<td>5,482,635</td>
<td>5,924,013</td>
<td>441,378</td>
<td>8.1%</td>
<td>12,011,364</td>
<td>12,771,700</td>
<td>760,336</td>
</tr>
<tr>
<td>Utilities &amp; Other</td>
<td>3,412,701</td>
<td>2,731,252</td>
<td>-681,449</td>
<td>-20.0%</td>
<td>7,583,779</td>
<td>6,561,343</td>
<td>(1,022,436)</td>
</tr>
<tr>
<td>Strategic Pool (to be allocated)</td>
<td>878,498</td>
<td>878,498</td>
<td>-</td>
<td>0.0%</td>
<td>5,000,000</td>
<td>-</td>
<td>(5,000,000)</td>
</tr>
<tr>
<td><strong>Total Operating Expenditures</strong></td>
<td>114,384,726</td>
<td>109,589,058</td>
<td>-4,795,668</td>
<td>-4.2%</td>
<td>240,020,091</td>
<td>226,987,398</td>
<td>(13,032,693)</td>
</tr>
<tr>
<td><strong>Operating Budget Margin (Deficit)</strong></td>
<td>80,677,256</td>
<td>81,445,833</td>
<td>7,768,587</td>
<td>0.6%</td>
<td></td>
<td>(2,155,107)</td>
<td>(2,155,107)</td>
</tr>
</tbody>
</table>

*as of 4/21/20
Notes:

Explanations are provided below for any notable variances from the original budget.

1) State appropriation revenue is forecasted to include a 5% reduction in funding.

2) Prior to the COVID-19 disruption, tuition revenue was forecasted to be $3.6 million below budget for the fiscal year, totaling $43.7 million. Given the uncertainty of when the disruption ends, and best guess placeholder of $40 million is being used.

3) Both forecasts for Student Financial Assistance Revenue and Student Financial Aid Expense have been reduced, to align with the current decrease in forecasted tuition.

4) The Auxiliary Services Revenue forecast has been decreased 25% in Housing, Food Service, and Bookstore due to the COVID-19 disruption.

5) Various other revenue line items such as Grants, Industry Relations, Fees, and Educational Sales have all been adjusted down to reflect the COVID-19 business disruption.

6) In late March, the CARES Act was enacted into law to provide federal financial relief from the COVID-19 shutdown. Higher Education institutions were granted funds based on prior year financial aid amounts and student counts. TSTC received $9.965 million in grant funds, half of which must be distributed directly to students. The other half, $4.982 million, is institutional aid that can be used to offset lost revenue, and cover COVID-19 related costs.

7) Instructional Expenses are forecasted to be below the original budget, mainly due to a $2 million savings on postponing strategic partnership expansions.

8) $1 million for statewide master planning in the Facilities budget has been deferred.

9) Statewide benefits expenses are higher than originally budgeted due to salary and wage increases awarded in the first half of the current fiscal year. The increased benefits expense is partially offset by increased state appropriation revenue.

10) TSTC’s Strategic Pool, which is primarily used to fund compensation increases, is designed to be allocated among functional departments as expenses are incurred, therefore, no actual expenses are reflected in this line item. As of February 29, 2020, $2.6 million of the pool had been allocated, leaving $2.4 million to be allocated in the future. Management has now set aside $2 million of this remainder, to hedge against potential tuition revenue shortfall and other new expenses related to the COVID-19 disruption.
# Texas State Technical College

**Variance of FTEs by Title Category by Campus**

FY2020 - For the Quarter Ending February 29, 2020

<table>
<thead>
<tr>
<th>FTE Title Category</th>
<th>Campus</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTE Administrators</td>
<td>Fort Bend</td>
<td>0 - 0</td>
<td>5 - 5</td>
<td>4 - 4</td>
<td>4 - 4</td>
<td>1 - 1</td>
</tr>
<tr>
<td></td>
<td>Harlingen</td>
<td>16 - 0</td>
<td>12 - (4)</td>
<td>5 - (11)</td>
<td>5 - (11)</td>
<td>3 - (13)</td>
</tr>
<tr>
<td></td>
<td>Marshall</td>
<td>6 - 0</td>
<td>2 - (4)</td>
<td>2 - (4)</td>
<td>1 - (5)</td>
<td>1 - (5)</td>
</tr>
<tr>
<td></td>
<td>North Texas</td>
<td>0 - 0</td>
<td>2 - 2</td>
<td>2 - 2</td>
<td>2 - 2</td>
<td>1 - 1</td>
</tr>
<tr>
<td></td>
<td>System</td>
<td>12 - 0</td>
<td>12 - 0</td>
<td>10 - (2)</td>
<td>10 - (3)</td>
<td>18 - 6</td>
</tr>
<tr>
<td></td>
<td>Waco</td>
<td>20 - 0</td>
<td>14 - (6)</td>
<td>15 - (5)</td>
<td>11 - (9)</td>
<td>11 - (9)</td>
</tr>
<tr>
<td></td>
<td>West Texas</td>
<td>10 - 0</td>
<td>8 - (2)</td>
<td>4 - (6)</td>
<td>6 - (4)</td>
<td>3 - (7)</td>
</tr>
<tr>
<td>FTE Faculty</td>
<td>Fort Bend</td>
<td>0 - 0</td>
<td>21 - 21</td>
<td>25 - 25</td>
<td>26 - 26</td>
<td>31 - 31</td>
</tr>
<tr>
<td></td>
<td>Harlingen</td>
<td>167 - 0</td>
<td>162 - (5)</td>
<td>166 - (1)</td>
<td>166 - (1)</td>
<td>169 - 2</td>
</tr>
<tr>
<td></td>
<td>Marshall</td>
<td>63 - 0</td>
<td>40 - (23)</td>
<td>45 - (19)</td>
<td>37 - (26)</td>
<td>36 - (27)</td>
</tr>
<tr>
<td></td>
<td>North Texas</td>
<td>0 - 0</td>
<td>16 - 16</td>
<td>20 - 20</td>
<td>19 - 19</td>
<td>21 - 21</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>255 - 0</td>
<td>255 - (1)</td>
<td>243 - (12)</td>
<td>237 - (18)</td>
<td>223 - (32)</td>
</tr>
<tr>
<td></td>
<td>West Texas</td>
<td>76 - 0</td>
<td>76 - 0</td>
<td>79 - 3</td>
<td>89 - 13</td>
<td>85 - 9</td>
</tr>
<tr>
<td>FTE Other Staff</td>
<td>Fort Bend</td>
<td>0 - 0</td>
<td>26 - 26</td>
<td>41 - 41</td>
<td>46 - 46</td>
<td>51 - 51</td>
</tr>
<tr>
<td></td>
<td>Harlingen</td>
<td>376 - 0</td>
<td>352 - (24)</td>
<td>333 - (43)</td>
<td>329 - (47)</td>
<td>316 - (60)</td>
</tr>
<tr>
<td></td>
<td>Marshall</td>
<td>66 - 0</td>
<td>51 - (15)</td>
<td>52 - (14)</td>
<td>53 - (13)</td>
<td>52 - (14)</td>
</tr>
<tr>
<td></td>
<td>North Texas</td>
<td>0 - 0</td>
<td>16 - 16</td>
<td>21 - 21</td>
<td>25 - 25</td>
<td>22 - 22</td>
</tr>
<tr>
<td></td>
<td>System</td>
<td>34 - 0</td>
<td>35 - 1</td>
<td>45 - 11</td>
<td>43 - 9</td>
<td>24 - (10)</td>
</tr>
<tr>
<td></td>
<td>Waco</td>
<td>411 - 0</td>
<td>405 - (6)</td>
<td>404 - (7)</td>
<td>391 - (20)</td>
<td>424 - 13</td>
</tr>
<tr>
<td></td>
<td>West Texas</td>
<td>126 - 0</td>
<td>125 - (1)</td>
<td>126 - (1)</td>
<td>128 - 2</td>
<td>141 - 15</td>
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<table>
<thead>
<tr>
<th>Statewide Totals</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTE Administrators</td>
<td>64 - 0</td>
<td>55 - (9)</td>
<td>42 - (22)</td>
<td>39 - (25)</td>
<td>38 - (26)</td>
</tr>
<tr>
<td>FTE Faculty</td>
<td>561 - 0</td>
<td>571 - 10</td>
<td>577 - 16</td>
<td>574 - 13</td>
<td>566 - 5</td>
</tr>
<tr>
<td>FTE Other Staff</td>
<td>1,013 - 0</td>
<td>1,010 - (3)</td>
<td>1,020 - 7</td>
<td>1,014 - 1</td>
<td>1,030 - 17</td>
</tr>
<tr>
<td>Grand Total</td>
<td>1,638 - 0</td>
<td>1,636 - (2)</td>
<td>1,639 - 1</td>
<td>1,628 - (10)</td>
<td>1,634 - (4)</td>
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</table>
Texas State Technical College
Variance of Annual FTEs by Funding Source
As of February 29, 2020

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<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
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<tbody>
<tr>
<td>Appropriated</td>
<td>1,384</td>
<td>1,395</td>
<td>1,395</td>
<td>1,401</td>
<td>1,411</td>
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<tr>
<td>Other</td>
<td>254</td>
<td>242</td>
<td>245</td>
<td>227</td>
<td>223</td>
</tr>
<tr>
<td>Grand Total</td>
<td>1,638</td>
<td>1,636</td>
<td>1,639</td>
<td>1,628</td>
<td>1,634</td>
</tr>
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</table>

FTE Trend

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
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<tbody>
<tr>
<td>Appropriated</td>
<td>0</td>
<td>11</td>
<td>11</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>0</td>
<td>-12</td>
<td>-10</td>
<td>-27</td>
<td>-31</td>
</tr>
<tr>
<td>Grand Total</td>
<td>0</td>
<td>-2</td>
<td>1</td>
<td>-10</td>
<td>-4</td>
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</tbody>
</table>
## Demand Money Market Total FDIC* Required Collateral at Sufficient Deposits & Time Deposits Deposits Coverage (up to) Collateral Market Value (Insufficient)

<table>
<thead>
<tr>
<th>Depository - Location</th>
<th>Demand Deposits</th>
<th>Money Market &amp; Time Deposits</th>
<th>Total Deposits</th>
<th>FDIC(^a) Coverage (up to)</th>
<th>Required Collateral</th>
<th>Collateral at Market Value</th>
<th>Sufficient (Insufficient)</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Ntl Bank of Central Texas - Waco</td>
<td>26,032,661</td>
<td>2,817,653</td>
<td>28,850,314</td>
<td>500,000</td>
<td>28,350,314</td>
<td>42,125,926</td>
<td>13,775,612</td>
</tr>
<tr>
<td>Frost Bank - Harlingen/Fort Bend</td>
<td>178,745</td>
<td>-</td>
<td>178,745</td>
<td>250,000</td>
<td>-</td>
<td>911,687</td>
<td>982,942</td>
</tr>
<tr>
<td>Texas National Bank - Sweetwater</td>
<td>47,017</td>
<td>-</td>
<td>47,017</td>
<td>250,000</td>
<td>-</td>
<td>-</td>
<td>202,983</td>
</tr>
<tr>
<td>Texas Bank &amp; Trust - Marshall</td>
<td>45,923</td>
<td>-</td>
<td>45,923</td>
<td>250,000</td>
<td>-</td>
<td>-</td>
<td>204,077</td>
</tr>
<tr>
<td>Citizens National Bank - Red Oak</td>
<td>17,876</td>
<td>-</td>
<td>17,876</td>
<td>250,000</td>
<td>-</td>
<td>-</td>
<td>232,124</td>
</tr>
<tr>
<td>Prosperity Bank - Abilene</td>
<td>17,186</td>
<td>-</td>
<td>17,186</td>
<td>250,000</td>
<td>-</td>
<td>-</td>
<td>232,814</td>
</tr>
<tr>
<td>Texas Bank - Brownwood</td>
<td>15,353</td>
<td>-</td>
<td>15,353</td>
<td>250,000</td>
<td>-</td>
<td>-</td>
<td>234,647</td>
</tr>
<tr>
<td>InterBank - Breckenridge</td>
<td>16,933</td>
<td>-</td>
<td>16,933</td>
<td>250,000</td>
<td>-</td>
<td>-</td>
<td>233,067</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>927,084</td>
<td>927,084</td>
<td>250,000</td>
<td>677,084</td>
<td>750,000</td>
<td>72,916</td>
</tr>
<tr>
<td>First Community Bank - San Benito</td>
<td>-</td>
<td>172,368</td>
<td>172,368</td>
<td>250,000</td>
<td>-</td>
<td>-</td>
<td>77,632</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>703,821</td>
<td>703,821</td>
<td>250,000</td>
<td>453,821</td>
<td>1,007,012</td>
<td>553,191</td>
</tr>
<tr>
<td>Cash in State Treasury</td>
<td>9,388,775</td>
<td>-</td>
<td>9,388,775</td>
<td>No Collateral Required</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TexasTerm (Government Pool)</td>
<td>17,473,504</td>
<td>-</td>
<td>17,473,504</td>
<td>No Collateral Required</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TexPool (Government Pool)</td>
<td>658,834</td>
<td>-</td>
<td>658,834</td>
<td>No Collateral Required</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>53,892,807</strong></td>
<td><strong>4,840,141</strong></td>
<td><strong>58,732,948</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^a\) 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>Beginning Value as of 11/30/19</th>
<th>Ending Value as of 02/29/20</th>
<th>Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash in State Treasury</td>
<td>9,211,900</td>
<td>9,388,775</td>
<td>2.00%</td>
</tr>
<tr>
<td>Statewide Operating</td>
<td>20,587,064</td>
<td>18,354,122</td>
<td>1.50%</td>
</tr>
<tr>
<td>Harlingen - Local Operating</td>
<td>166,216</td>
<td>145,491</td>
<td>1.08%</td>
</tr>
<tr>
<td>Waco - Local Operating</td>
<td>65,731</td>
<td>36,773</td>
<td>1.50%</td>
</tr>
<tr>
<td>Sweetwater - Local Operating</td>
<td>60,621</td>
<td>47,017</td>
<td>1.65%</td>
</tr>
<tr>
<td>Marshall - Local Operating</td>
<td>47,922</td>
<td>45,923</td>
<td>0.10%</td>
</tr>
<tr>
<td>Fort Bend - Local Operating</td>
<td>42,079</td>
<td>33,254</td>
<td>0.00%</td>
</tr>
<tr>
<td>Brownwood - Local Operating</td>
<td>19,276</td>
<td>15,353</td>
<td>0.55%</td>
</tr>
<tr>
<td>System - Local Operating</td>
<td>15,856</td>
<td>15,915</td>
<td>1.50%</td>
</tr>
<tr>
<td>Abilene - Local Operating</td>
<td>25,846</td>
<td>17,186</td>
<td>0.20%</td>
</tr>
<tr>
<td>North Texas - Local Operating</td>
<td>24,725</td>
<td>17,876</td>
<td>0.25%</td>
</tr>
<tr>
<td>Breckenridge - Local Operating</td>
<td>15,727</td>
<td>16,933</td>
<td>0.25%</td>
</tr>
<tr>
<td>Payroll</td>
<td>5,666,060</td>
<td>6,042,235</td>
<td>1.50%</td>
</tr>
<tr>
<td>Federal Funds</td>
<td>21,160</td>
<td>10</td>
<td>0.00%</td>
</tr>
<tr>
<td>FNB Central Texas - MMKT</td>
<td>2,026,461</td>
<td>2,034,050</td>
<td>1.50%</td>
</tr>
<tr>
<td>FNB Central Texas - CD</td>
<td>500,825</td>
<td>500,825</td>
<td>2.25%</td>
</tr>
<tr>
<td>Compass Bank - CD</td>
<td>921,875</td>
<td>927,084</td>
<td>2.26%</td>
</tr>
<tr>
<td>FNB Albany/Breckenridge - CD</td>
<td>100,000</td>
<td>100,000</td>
<td>2.00%</td>
</tr>
<tr>
<td>First Community Bank - CD</td>
<td>40,121</td>
<td>40,121</td>
<td>1.60%</td>
</tr>
<tr>
<td>First Community Bank - CD</td>
<td>132,247</td>
<td>132,247</td>
<td>2.00%</td>
</tr>
<tr>
<td>Texas First State Bank - CD</td>
<td>256,650</td>
<td>258,249</td>
<td>2.50%</td>
</tr>
<tr>
<td>Texas First State Bank - CD</td>
<td>250,000</td>
<td>250,000</td>
<td>2.25%</td>
</tr>
<tr>
<td>TexasTerm - Pool</td>
<td>12,295,054</td>
<td>17,353,043</td>
<td>1.58%</td>
</tr>
</tbody>
</table>

**Total Operating Funds**  
52,493,416  
55,772,482

### Endowment Funds

<table>
<thead>
<tr>
<th>Description</th>
<th>Beginning Value as of 11/30/19</th>
<th>Ending Value as of 02/29/20</th>
<th>Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank of America - CD</td>
<td>10,000</td>
<td>10,000</td>
<td>0.05%</td>
</tr>
<tr>
<td>Compass Bank - CD</td>
<td>195,572</td>
<td></td>
<td>2.36%</td>
</tr>
<tr>
<td>FNB Albany/Breckenridge - CD</td>
<td>99,215</td>
<td>99,215</td>
<td>1.75%</td>
</tr>
<tr>
<td>FNB Central Texas - MMKT</td>
<td>281,723</td>
<td>282,778</td>
<td>1.50%</td>
</tr>
<tr>
<td>Texas First State Bank - CD</td>
<td>-</td>
<td>195,572</td>
<td>1.85%</td>
</tr>
<tr>
<td>Liberty/Veritex Community Bank - CD</td>
<td>10,000</td>
<td>10,000</td>
<td>2.62%</td>
</tr>
</tbody>
</table>

**Total Endowment Funds**  
596,510  
597,565

### Bond Proceeds

<table>
<thead>
<tr>
<th>Description</th>
<th>Beginning Value as of 11/30/19</th>
<th>Ending Value as of 02/29/20</th>
<th>Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>FNB Central Texas</td>
<td>1,681,721</td>
<td>1,583,606</td>
<td>1.50%</td>
</tr>
<tr>
<td>TexasTerm</td>
<td>119,978</td>
<td>120,461</td>
<td>1.58%</td>
</tr>
<tr>
<td>TexPool</td>
<td>656,210</td>
<td>658,834</td>
<td>1.59%</td>
</tr>
</tbody>
</table>

**Total Bond Proceeds**  
2,457,909  
2,362,901

**Total All Investments**  
55,547,835  
58,732,948
### 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>258,249</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>Texas First State Bank</td>
<td>195,572</td>
<td>12/5/2020</td>
<td>365</td>
<td>1.85%</td>
<td>Endowment</td>
</tr>
<tr>
<td>Compass Bank</td>
<td>927,084</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>First Community Bank</td>
<td>132,247</td>
<td>6/20/2020</td>
<td>215</td>
<td>2.00%</td>
<td>Operating</td>
</tr>
<tr>
<td>First Community Bank</td>
<td>132,247</td>
<td>6/20/2020</td>
<td>276</td>
<td>0.05%</td>
<td>Endowment</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>5/24/2020</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>4/13/2020</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>
</tbody>
</table>

**Total Time Deposits** 2,523,313

**Weighted Average Maturity (Time Deposits):** 359

**Weighted Average Rate of Interest (All Investments):** 1.64%

- **Current One Year Treasury Bill Rate:** 0.97%
- **Lipper Money Market Funds Average Return (1 YR):** 1.48%

**FY 2020 Interest Received and Accrued (All Investments):** $489,467

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).

---

**[ORIGINAL SIGNED BY]**

Anju Motwani, Vice President & Controller  
April 1, 2020

**[ORIGINAL SIGNED BY]**

Jonathan Hoekstra, Chief Financial Officer  
April 1, 2020
March 17, 2020

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 February 29, 2020. 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  
Associate Vice Chancellor  
Finance
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>RFS Series 2011 Bonds (Tuition / Local Revenue)</td>
<td>2,200,331</td>
<td>partner contributions (46%)</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>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>TOTAL:</td>
<td>$17,433,967</td>
<td></td>
</tr>
</tbody>
</table>
Texas State Technical College
Summary of Outstanding Debt as of 2/29/20

<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>142,857</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>15,560,000</td>
<td>4.00% - 5.00%</td>
<td>October 2025</td>
</tr>
<tr>
<td>RFS Series 2016 Bonds (Tuition / Local Revenue)</td>
<td>50,835,000</td>
<td>2.00% - 5.00%</td>
<td>October 2035</td>
</tr>
<tr>
<td><strong>Total Bonds</strong></td>
<td><strong>89,947,857</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Lease Purchases</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>TSTC Foundation, 2003 (Housing - Marshall)</td>
<td>851,645</td>
<td>3.75%</td>
<td>October 2023</td>
</tr>
<tr>
<td>TSTC Foundation, 2010 (Warehouse - Harlingen)</td>
<td>85,855</td>
<td>4.08%</td>
<td>July 2020</td>
</tr>
<tr>
<td>TSTC Foundation, 2018 (ITC - Fort Bend)</td>
<td>4,943,187</td>
<td>3.00%</td>
<td>September 2025</td>
</tr>
<tr>
<td>TSTC Foundation, 2019 (GMC Yukon)</td>
<td>36,175</td>
<td>4.95%</td>
<td>May 2023</td>
</tr>
<tr>
<td>TSTC Foundation, 2017 (Ford F-150)</td>
<td>8,115</td>
<td>4.50%</td>
<td>January 2021</td>
</tr>
<tr>
<td>TSTC Foundation, 2018 (Ford Expedition)</td>
<td>38,006</td>
<td>4.50%</td>
<td>March 2022</td>
</tr>
<tr>
<td>Dell Financial Services, 2018 (Computer Equipment)</td>
<td>491,704</td>
<td>7.06%</td>
<td>September 2022</td>
</tr>
<tr>
<td>Texas Public Finance Authority (402 leases)</td>
<td>8,451,254</td>
<td>various</td>
<td>various through 2026</td>
</tr>
<tr>
<td><strong>Total Lease Purchases</strong></td>
<td><strong>14,905,941</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>State Energy Conservation Office (SECO) Loans</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2010 - Waco</td>
<td>2,441,263</td>
<td>2.00%</td>
<td>August 2024</td>
</tr>
<tr>
<td>2011 - Harlingen</td>
<td>672,236</td>
<td>3.00%</td>
<td>February 2023</td>
</tr>
<tr>
<td><strong>Total SECO Loans</strong></td>
<td><strong>3,113,499</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Governor's Office Loan (Hangar - Waco)                               | 1,190,000             | 4.60%         | January 2030   |

| Total Outstanding Debt:                                               | **$ 109,157,297**     |               |                |
### TSTC Bond Ratings as of 2/29/20

<table>
<thead>
<tr>
<th>TSTC Bond Series</th>
<th>Fitch</th>
<th>S&amp;P</th>
<th>Moody's</th>
<th>Rating Description</th>
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<tr>
<td><strong>2016 HEAF</strong></td>
<td>AAA</td>
<td>AAA</td>
<td>Aaa</td>
<td>Prime</td>
</tr>
<tr>
<td>AA+</td>
<td>AA+</td>
<td></td>
<td>Aa1</td>
<td></td>
</tr>
<tr>
<td>AA</td>
<td>AA</td>
<td></td>
<td>Aa2</td>
<td></td>
</tr>
<tr>
<td>AA-</td>
<td>AA-</td>
<td></td>
<td>Aa3</td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>A</td>
<td></td>
<td>A2</td>
<td></td>
</tr>
<tr>
<td>A-</td>
<td>A-</td>
<td></td>
<td>A3</td>
<td></td>
</tr>
<tr>
<td>BBB+</td>
<td>BBB+</td>
<td></td>
<td>Baa1</td>
<td>Lower Medium Grade</td>
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<tr>
<td>BBB</td>
<td>BBB</td>
<td></td>
<td>Baa2</td>
<td></td>
</tr>
<tr>
<td>BBB-</td>
<td>BBB-</td>
<td></td>
<td>Baa3</td>
<td></td>
</tr>
<tr>
<td>BB+</td>
<td>BB+</td>
<td></td>
<td>Ba1</td>
<td>Below Investment Grade / Speculative</td>
</tr>
<tr>
<td>BB</td>
<td>BB</td>
<td></td>
<td>Ba2</td>
<td></td>
</tr>
<tr>
<td>BB-</td>
<td>BB-</td>
<td></td>
<td>Ba3</td>
<td></td>
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<tr>
<td>B+</td>
<td>B+</td>
<td></td>
<td>B1</td>
<td>Highly Speculative</td>
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<tr>
<td>B</td>
<td>B</td>
<td></td>
<td>B2</td>
<td></td>
</tr>
<tr>
<td>B-</td>
<td>B-</td>
<td></td>
<td>B3</td>
<td></td>
</tr>
<tr>
<td>CCC+</td>
<td>CCC+</td>
<td></td>
<td>Caa1</td>
<td>Substantial Risks / Extremely Speculative</td>
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<tr>
<td>CCC</td>
<td>CCC</td>
<td></td>
<td>Caa2</td>
<td></td>
</tr>
<tr>
<td>CCC-</td>
<td>CCC-</td>
<td></td>
<td>Caa3</td>
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<td>CC</td>
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<td>Ca</td>
<td>Default Imminent</td>
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<td>DDD</td>
<td>SD</td>
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<td>C</td>
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<tr>
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</tr>
</tbody>
</table>

### 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**.
Committee Chair Comments

Minute Orders:
Proposed MO#

18-20(c) Accept the Project to Install Statewide Monument Signs on Multiple Texas State Technical College Campuses ..............................................46
   Ray Fried

19-20(c) Accept the Project to Install the Fire Hydrant Loop at Texas State Technical College in Sweetwater.................................................................48
   Ray Fried

20-20(c) Accept the Project to Replace the Roof and HVAC Units at Texas State Technical College in Harlingen ..........................................................49
   Ray Fried

21-20(c) Accept the Project to Install New Roofs at Texas State Technical College in Waco ................................................................................................50
   Ray Fried

22-20(c) Approve the Project and Budget to Renovate the Industrial Technology Center (ITC) at Texas State Technical College in Waco and Delegate Authority to the Chancellor to Enter into and Execute Contracts for the Project in Excess of One Million Dollars ($1,000,000) .........................................................................................51
   Ray Fried

Reports:

1. Major Facility Projects Status Update .................................................................53
   Ray Fried
Board Meeting Date: May 14, 2020

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

Subject: Accept the Project to Install Statewide Monument Signs on Multiple Texas State Technical College Campuses

Background: Texas State Technical College has become a single college with multiple campuses. Many of the monument signs and wayfinding on the individual campuses are out dated and do not reflect the “One TSTC” image. This Statewide project will update, standardize, and strengthen the Texas State Technical College Brand.

Justification: Multiple Contractors have completed the construction of statewide monument signs on the proposed campuses.

Additional Information: The standardized TSTC Monument sign was developed during the design process for the Fort Bend Industrial Technology Center. Monuments signs have been constructed on Texas State Technical College Campuses at Fort Bend, Abilene, Waco, Marshall, Harlingen, North Texas, Sweetwater, Breckenridge, and Brownwood.

Action Schedule:
- Approve Project and Budget MO 03-17(c)
- Accept Project MO 18-20(c)

Fiscal Implications: Funds available as currently budgeted

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

Attachment(s): Picture of Monument Sign

Recommended Minute Order: “The Texas State Technical College Board of Regents authorizes the Chancellor, or designee, to accept the project for the installation of Statewide Monument Signs on multiple TSTC campuses.”

Recommended By: [ORIGINAL SIGNED BY]
Raymond D. Fried, Associate Vice Chancellor Facilities Planning and Construction
Board Meeting Date: May 14, 2020
Proposed By: Rick Herrera, Vice Chancellor & Chief Student Services Officer
Subject: Accept the Project to Install the Fire Hydrant Loop at Texas State Technical College in Sweetwater

Background: The fire loop on the Sweetwater Campus was not operating adequately to service the campus and required a full replacement. By MO 15-19(c) The Board of Regents approved the project and budget to replace the fire loop.

Justification: The project has been completed by the contractor in accordance with the contract documents.

Additional Information: None.

Action Schedule:
- Approve Concept  MO 05-19(c)
- Approve Project and Budget  MO 15-19(c)
- Accept Project  MO 19-20(c)

Fiscal Implications: Funds available as currently budgeted

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:
“The Texas State Technical College Board of Regents authorizes the Chancellor, or designee, to accept the project for the installation of the fire loop at Texas State Technical College in Sweetwater and upon final completion authorizes the Chancellor, or designee, to make final payment to the contractor in the full amount.”

Recommended By: [ORIGINAL SIGNED BY]
Raymond D. Fried, Associate Vice Chancellor Facilities Planning and Construction
Board Meeting Date: May 14, 2020

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

Subject: Accept the Project to Replace the Roof and HVAC Units at Texas State Technical College in Harlingen

Background: The Student Center building 20SC located on the Harlingen campus was built in 1991. The existing gravel roof and the fourteen roof top HVAC units have outlived their respective operational life.

By Minute Order 46-19(c), the Board of Regents approved the project and budget to replace the roof and HVAC units on Building 20SC.

Justification: The project will be completed by the contractors in accordance with the contract documents.

Additional Information: None.

Action Schedule:
- Approve Project and Budget
- Accept Project

Fiscal Implications: Funds available as currently budgeted.

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:
“The Texas State Technical College Board of Regents authorizes the Chancellor, or designee, to accept the project to replace roof and HVAC units at Texas State Technical College in Harlingen and upon final completion authorizes the Chancellor, or designee, to make final payment to the contractors in the full amount.”

Recommended By: [ORIGINAL SIGNED BY]
Raymond D. Fried, Associate Vice Chancellor Facilities Planning and Construction
Board Meeting Date: May 14, 2020  Proposed Minute Order #: 21-20(c)

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

Subject: Accept the Project to Install New Roofs at Texas State Technical College in Waco

Background: On April 13, 2018, Texas State Technical College (TSTC) in Waco experienced significant roof damage to the Student Services Center, Kultgen Automotive Center, and Electronics Building due to wind and hail. By EA 27-19, the Board of Regents approved the project and budget for the roof replacements.

Justification: The project will be completed by the roofing contractor in accordance with the contract documents.

Additional Information: None.

Action Schedule:
- Approve Project and Budget EA 27-19
- Designate Chancellor to Enter into a Contract >$1M EA 28-19
- Accept Project MO 21-20(c)

Fiscal Implications: The roof replacement costs will be funded by the insurance proceeds.

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: "The Texas State Technical College Board of Regents authorizes the Chancellor, or designee, to accept the project for the installation of new roofs on the Student Services Center, Kultgen Automotive Center and Electronics Building at Texas State Technical College in Waco and upon final completion authorizes the Chancellor, or designee, to make final payment to the contractor in the full amount."

Recommended By: [ORIGINAL SIGNED BY]
Raymond D. Fried, Associate Vice Chancellor Facilities Planning and Construction
Proposed Minute Order #: 22-20(c)

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

Subject: Approve the Project and Budget to Renovate the Industrial Technology Center (ITC) at Texas State Technical College in Waco and Delegate Authority to the Chancellor to Enter into and Execute Contracts for the Project in Excess of One Million Dollars ($1,000,000)

Background: By Minute Order 09-20(c) the Board of Regents approved the concept to renovate the Industrial Technology Center (ITC) building on the Waco Campus to house the occupants of the buildings due for demolition and house administrative functions for the College.

Several of the pre-1965 buildings scheduled for demolition will require the relocation of the current occupants. After extensive review of various options for relocation, the renovation of the western portion of the ITC serves as the most expedient and cost-efficient means to house the displaced staff in preparation for the planned demolition. This space is currently unoccupied.

Justification: Due to the abatement and demolition of buildings on the Waco campus, the Industrial Technology Building will undergo renovations to house the occupants of the buildings due for demolition.

Additional Information: The desired project schedule is for occupancy in the Fall of 2021. The project budget is $16,300,000.

Action Schedule: Approve Concept
                    Approval of Project, Budget and Contracts >$1M

Fiscal Implications: Bonds and Appropriations.

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

Attachment(s): Letter from General Counsel

Recommended Minute Order: “The Texas State Technical College Board of Regents approves the project and budget to renovate the Industrial Technology Center at Texas State Technical College in Waco and authorizes the Chancellor, or his designee, to enter into and execute contracts for the construction of the project in excess of One Million Dollars ($1,000,000).”

Recommended By: [ORIGINAL SIGNED BY]
Raymond D. Fried, Associate Vice Chancellor Facilities Planning and Construction
April 17, 2020

Mr. Michael L. Reeser
Chancellor & CEO
Texas State Technical College
3801 Campus Drive
Waco, Texas 76705

Re: Approve the Project and Budget to Renovate the Industrial Technology Center (ITC) at Texas State Technical College in Waco and Authorize the Chancellor to Enter Into Contracts for the Construction of the Project and Delegate Authority to the Chancellor to Enter into and Execute Contracts for the Project in Excess of One Million Dollars ($1,000,000)

As requested, I have reviewed and considered the legal ramifications of approving (1) the project and budget to renovate the Industrial Technology Center at Texas State Technical College in Waco, and (2) the delegation of authority from the Texas State Technical College Board of Regents to the Chancellor, or his designee, to enter into and execute contracts for the construction of the project in excess of One Million Dollars ($1,000,000).

Generally, Chapter 135 of the Texas Education Code vests the organization and control of Texas State Technical College (“TSTC”) with the Board of Regents. This would include the ability to approve projects, and the budget for said projects, to renovate any facilities.

During the 84th Legislative Session comprehensive changes were made to the Texas Government Code. Generally, the TSTC Board of Regents alone has authority to approve and sign contracts on behalf of TSTC with a value exceeding One Million Dollars ($1,000,000.00). However, among the changes made to the Government Code is a provision that allows the TSTC Board of Regents to delegate this approval and signatory authority to the Chancellor or his designee.

Having reviewed the Texas Education Code and the Government Code, it is my opinion that the approval of (1) the project and budget to renovate the Industrial Technology Center at Texas State Technical College in Waco, and (2) the delegation of authority from the Texas State Technical College Board of Regents to the Chancellor, or his designee, to enter into and execute contracts for the construction of the project in excess of One Million Dollars ($1,000,000), comports with state law and TSTC policy.

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

Respectfully Submitted,

[ORIGINAL SIGNED BY]
Edward C. Vallejo
Associate General Counsel

cc: Rick Herrera
    Vice Chancellor & Chief Student Services Officer
    Ray Rushing, J.D.
    Vice Chancellor & Chief Legal Officer / General Counsel
<table>
<thead>
<tr>
<th>#</th>
<th>Project Name</th>
<th>Campus</th>
<th>Managing Campus</th>
<th>Delivery Method</th>
<th>Fund Source</th>
<th>Cost Allocation</th>
<th>Required Approvals</th>
<th>% Complete</th>
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<tbody>
<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>
<td>$ 780,000</td>
<td>Owners reserve $ 280,385</td>
<td>Approve Project and Budget MO 08-17(c)</td>
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<tr>
<td>2</td>
<td>Rework and Replace Paving on Sweetwater Campus</td>
<td>Sweetwater</td>
<td>Sweetwater</td>
<td>RFQ / RFP</td>
<td>HEAF Bond</td>
<td>$ 40,000</td>
<td>Engineering / Design $ 40,000</td>
<td>Approve Concept MO 07-16(c)</td>
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<td>3</td>
<td>Sweetwater Fire Loop</td>
<td>Sweetwater</td>
<td>Sweetwater</td>
<td>RFQ / RFP</td>
<td>Local Funds</td>
<td>$ 580,000</td>
<td>Construction Costs $ 540,000</td>
<td>Approve Project MO 05-19(c)</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>
<td>$ 29,644,640</td>
<td>* A/E Fee (MP, Demo and Abatement Study, Excavation, and Reclamation Study) $ 814,000</td>
<td>Approve Concept MO 14-19(c)</td>
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<td>5</td>
<td>Renovate Building 208 HVAC Lab in Harlingen</td>
<td>Harlingen</td>
<td>Harlingen</td>
<td>IDIQ / RFP</td>
<td>Local Funds</td>
<td>$ 580,000</td>
<td>A/E Design $ 49,051</td>
<td>Approve Project and Budget MO 17-19(c)</td>
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<td>6</td>
<td>Install New Roofs on Waco Campus</td>
<td>Waco</td>
<td>Waco</td>
<td>TIPS Purchasing Agreement</td>
<td>Insurance Proceeds Deductible (none)</td>
<td>$ 95,3,321</td>
<td>Roof Replacement Contract $ 65,000</td>
<td>Approve Project and Budget MO 21-20(c)</td>
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<td>7</td>
<td>Infrastructure Additions and Shade Structure Battleship</td>
<td>Waco</td>
<td>Waco</td>
<td>CompetitiveSealed Proposal</td>
<td>Auxiliary Funds</td>
<td>$ 767,382</td>
<td>Construction Costs $ 767,382</td>
<td>Approve Lease Agreement MO 40-19(c)</td>
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<td>8</td>
<td>Fort Bend ITC Welding / Diesel and Electrical Line Worker Technology</td>
<td>Fort Bend</td>
<td>Fort Bend</td>
<td>CMR</td>
<td>Appropriations / Gifts / Supplier Agreement</td>
<td>$ 6,000,000</td>
<td>A/E Design $ 370,000</td>
<td>Approve Project Concept MO 45-19(c)</td>
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<td>9</td>
<td>Replace Roof and HVAC Equipment on Building 203C</td>
<td>Harlingen</td>
<td>Harlingen</td>
<td>Purchasing Agreement</td>
<td>Appropriations</td>
<td>$ 824,000</td>
<td>Construction Costs $ 824,000</td>
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<td>10</td>
<td>Expand Welding at ITC</td>
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<td>IDIQ A/E and RFP for CMR</td>
<td>Appropriations</td>
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<td>11</td>
<td>Expand Welding at Building 2001</td>
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<td>Harlingen</td>
<td>IDIQ A/E and RFP for CMR</td>
<td>Appropriations</td>
<td>$ 2,000,000</td>
<td>A/E Design $ 1,073,000</td>
<td>Approve Concept MO 07-20(c)</td>
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<td>12</td>
<td>Renovate the West End of the ITC Building for offices in Waco</td>
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<td>Waco</td>
<td>Bonds and Appropriations</td>
<td>Total Funds $ 16,100,000</td>
<td>A/E Design $ 1,073,000</td>
<td>Approve Project and Budget MO 06-20(c)</td>
<td>1%</td>
</tr>
</tbody>
</table>
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Committee for General Administration
Pat McDonald, Chair; Tony Abad, Member

Committee Chair Comments

Minute Orders:
Proposed MO#

None.

Reports:

None.