

Board of Regents Meeting

November 8, 2018
Waco, Texas



OFFICE OF THE CHANCELLOR

3801 Campus Drive
Waco, Texas 76705

254-867-4891
254-867-3960

October 25, 2018

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

RE: *Action Items for the Board of Regents' Meeting on November 8, 2018*

Regents:

The attached materials have been prepared for consideration by the Board of Regents of Texas State Technical College for the November 8, 2018 meetings. 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

/mjj

Attachments

tstc.edu



October 25, 2018

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

SUBJECT: *Quarterly Control & Compliance Attestation*

Regents:

This letter is a component of the reports produced by the College concurrent with every quarterly Board meeting. I understand that you and the Board of Regents rely on these various 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, 2017 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, 2018 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,



Michael L. Reeser
Chancellor & CEO

ATTESTATION ATTACHMENT

Texas State Technical College

For the Calendar Quarter Ending September 30, 2018

This attachment contains one matter for report under the attestation process.

Contract Administration at TSTC in Waco and Harlingen

Education Code, Chapter 51 , Subchapter Z, Section 51.9337(f) states that TSTC "may not enter into a contract with a value of more than \$1 million, including any amendment, extension, or renewal of the contract that increases the value of the original contract to more than \$1 million, unless the institution's board of regents approves the contract, expressly delegates authority to exceed that amount, or expressly adopts an exception for that contract." During the past quarter, management became aware of two vendor agreements that exceeded \$1 million in total contract value when additional services were added during the contract period including extensions, and prior approval was not requested from the Board of Regents (BOR). BOR approval will be requested for these contracts at the next scheduled meeting on November 8, 2018.

The two service contracts are with Asher Media Inc. (Asher) and Enterprise FM Trust (Enterprise). Asher provides advertising and media buying services under a contract that allows annual extensions for three years beyond the initial contract period. The company charges hourly fees for their advertising services and the total fees over the past three years were less than \$250,000. As the company places advertising to various media outlets, the media purchases are billed by Asher under the contract. When the service fees and media purchases are aggregated over time, the total contract value exceeds \$1 million each year, which requires BOR approval or delegation of authority. Enterprise leases fleet vehicles to TSTC under a master lease agreement which was executed in 2015, and the total value of all the vehicles over their entire lease terms did not exceed \$1 million until the most recent vehicles were added to the fleet in early 2018.

Government Code, Title 10, Subtitle F, Chapter 2252, Subchapter Z, Section 908(d) states that TSTC may not enter into a contract with a value of at least \$1 million with a business entity unless the business entity submits a disclosure of interested parties to TSTC. Texas Ethics Commission rules require the disclosure to be obtained if a change made to an existing contract results in a total value of at least \$1 million. While publicly-traded entities are exempt from the requirement, both Asher and Enterprise are privately-held, and therefore, management will obtain the companies' disclosures since the aggregate contract values reached the \$1 million threshold after the contracts were executed. Management will ensure that all contracts with an expected total value of \$1 million or more over the contract period including extensions, amendments or renewals are monitored for compliance with these statutes.

Board of Regents November Meeting Connally Meeting & Conference Center (CM&CC)

Wednesday, November 7, 2018

When	What	Where	Dress	Who
3:00p.m. – 5:30p.m.	Hotel Check -In	The Hilton Waco	Business Casual	Regents & Spouses
5:45p.m.	Travel to Campus	Transportation will depart the Hilton Waco promptly at 5:45p.m.	Business Casual	Regents & Spouses
6:00p.m.	Reception	Houston Room	Business Casual	Regents & Spouses, Leadership Team & Spouses & invited guest(s)
6:30p.m.	Dinner	Houston Room <i>Transportation for Regents will be provided to Hilton Waco</i>	Business Casual	Regents & Spouses, Leadership Team & Spouses & invited guest(s)

Thursday, November 8, 2018

When	What	Where	Dress	Who
7:45a.m.	Travel to Campus	Transportation will depart the Hilton Waco promptly at 7:45a.m.	Business Suit & Tie	Regents
8:00a.m. – 9:00a.m.	Breakfast	Houston Room	Business Suit & Tie	Regents, Leadership Team, & invited guest(s)
8:00a.m. – 9:00a.m.	Portraits	San Jacinto Room <i>Portraits should only take a few moments each.</i>	Business Suit & Tie	Regents & invited guest(s)
9:00a.m. – 10:00a.m.	Student Learning Working Group Meeting	Mike Reeser's Conference Room	Business Suit & Tie	Regent Abad (Chair), Jeff Kilgore, & invited guest(s)
	Strategic Relations Working Group Meeting	Goliad Room	Business Suit & Tie	Regent Cleveland (Chair), Ray Rushing, Gail Lawrence, Roger Miller, & invited guest(s)
	Audit Working Group Meeting	Gonzales Room	Business Suit & Tie	Regent Andarza (Chair), Alex Meade, Jason Mallory, & invited guest(s)
	Facilities Working Group Meeting	Gail Lawrence's Conference Room	Business Suit & Tie	Regent Skinner (Chair), Rick Herrera, Ray Fried, & invited guest(s)
10:00a.m. – 10:30a.m.	Fiscal Affairs Working Group Meeting	Jonathan Hoekstra's Conference Room	Business Suit & Tie	Regent Honey (Chair), Jonathan Hoekstra, & invited guest(s)
	Ad Hoc Committee Meeting	Crockett Room	Business Suit & Tie	Chairman Hatchel, Regents Honey, Skinner, Andarza; Mike Reeser, Michael Bettersworth, & Jonathan Hoekstra
	Audit Committee Meeting	Austin Room	Business Suit & Tie	Regents, Leadership Team, Guest(s), & public citizens
11:30a.m. – 12:30a.m.	Lunch	Houston Room	Business Suit & Tie	Regents, Leadership Team & Guest(s)
12:30p.m.	The Board of Regents Meeting	Austin Room (Live Broadcast & Closed Caption) <i>Transportation for Regents will be provided to Hilton Waco</i>	Business Suit & Tie	Regents, Leadership Team, Guest(s), & public citizens

Please note: Transportation is provided for TSTC Regents and their spouses. 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.



JOHN B. CONNALLY TECHNOLOGY CENTER

* Yellow box indicates reserved parking area for Regents.

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.

Gail**Lawrence**
Conference Room

Jonathan**Hoekstra**
Conference Room

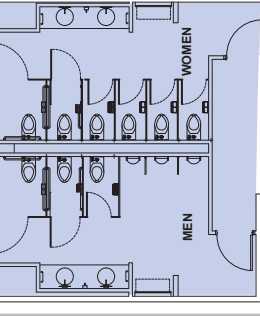
Ray**Rushing**
Conference Room

Elton**Stuckly**
Conference Room

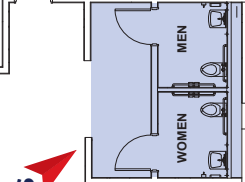
Jeff**Kilgore**
Conference Room

Mike**Reeser**
Conference Room

Restrooms



The **Gonzales** Room

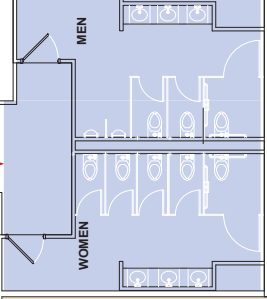


Restrooms

The **Goliad** Room

RECEPTION

Restrooms



Event Staff

The **Bowie** Room

KITCHEN

The **Austin** Room

The **Crockett** Room

The **Houston** Room

The **San Jacinto** Room

The **Travis** Room

The **Ranger** Room

John B. Connally
Technology Center
3rd Floor

- CONFERENCE ROOMS
- EXECUTIVE CONFERENCE ROOMS
- EVENT STAFF OFFICES
- RESTROOMS

For more information about
reserving your space today,
contact **Cory Childs** at
cory.childs@tstc.edu or
call **254-867-3897**.

TEXAS STATE TECHNICAL COLLEGE

Board of Regents Meeting

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

Thursday, November 8, 2018

12:30 p.m.

AGENDA

- I. MEETING CALLED TO ORDER**
- II. INVOCATION**
- III. DETERMINATION OF QUORUM**
- IV. ADOPTION OF AGENDA**
- V. APPROVAL OF MINUTES OF AUGUST 8 & 9, 2018 MEETINGS**
- VI. RECOGNITION OF GUESTS**
- VII. CHANCELLOR COMMENTS**
- VIII. 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.

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. Lunch will be at approximately noon.

Reports:

1. Report on TSTC Board of Regents Honor Graduates Summer 2018 30
Jeff Kilgore
2. Report on Annual Student Loan Default Rates..... 32
Rick Herrera
3. Report on Enrollment Management Results and Plans 33
Rick Herrera

b. Committee for Strategic Relations

Curtis Cleveland, Chair

Committee Chair Comments

Minute Orders:

Proposed MO#

- 25-18(c) Approval of the TSTC Foundation Operating Plan for the Period
September 1, 2018 to August 31, 2019 35
- 26-18(c) Approval of the revised Memorandum of Understanding
between Texas State Technical College and The TSTC
Foundation 41
- 27-18 (c) Approval of the TSTC Board of Regents Bylaws..... 47
- 28-18(c) Approval of the revision to the Policy Statement of the Statewide
Operating Standard (SOS) ES 2.18, Collaborative Educational
Partnership Agreements..... 57

Reports:

1. Report on the TSTC Foundation Updates
Beth Wooten (Oral Report)
2. Report on Legislative Outlook and Plan
Roger Miller (Oral Report)

c. Committee for Facilities

Ellis Skinner, Chair; Curtis Cleveland, Member

Committee Chair Comments

Minute Orders:

Proposed MO#

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Reports:

1. Major Facility Projects Status Update	59
	<i>Rick Herrera</i>
2. Deferred Maintenance Summary FY18 – FY19	60
	<i>Rick Herrera</i>

d. Committee for Fiscal Affairs

Keith Honey, Chair; Pat McDonald, Member; Alex Meade, Member

Committee Chair Comments

Minute Orders:

Proposed MO#

29-18(c)	Approval of the Texas State Technical College Contract Administration Policy	62
30-18(c)	Approval of the Texas State Technical College Bid Thresholds ..	63
31-18(c)	Authorization to Enter into Media Buying Service Contracts Greater than \$1,000,000.....	65
32-18(c)	Approval of the Lease of Hangar Space at the TSTC Waco Airport to Battlespace, Inc.....	67
33-18(c)	Approval of the Policy for Investments.....	71
34-18(c)	Approval of the purchase of the Development Corporation of Harlingen, Inc. (DC) interest in the University Articulation and Career Center (UACC or University Center) at Texas State Technical College (TSTC) in Harlingen.....	79
35-18(c)	Authorization of the Chancellor or his designee to enter into multiple lease agreements for TSTC vehicles which in aggregate are greater than \$1,000,000 at Texas State Technical College Campuses.....	82

Reports:

1. Profit Center Reports	85
	<i>Jonathan Hoekstra</i>
2. Budget Performance Reports.....	91
	<i>Jonathan Hoekstra</i>

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. Lunch will be at approximately noon.

3. Summary of FTE Reports	94
	<i>Jonathan Hoekstra</i>
4. Pledged Collateral Report	97
	<i>Jonathan Hoekstra</i>
5. Quarterly Investment Report	98
	<i>Jonathan Hoekstra</i>
6. Debt Management Report	100
	<i>Jonathan Hoekstra</i>

IX. CONSENT AGENDA ITEMS

25-18(c)	Approval of the TSTC Foundation Operating Plan for the Period September 1, 2018 to August 31, 2019	35
26-18(c)	Approval of the revised Memorandum of Understanding between Texas State Technical College and The TSTC Foundation	41
27-18 (c)	Approval of the TSTC Board of Regents Bylaws.....	47
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31-18(c)	Authorization to enter into Media Buying Service Contracts Greater than \$1,000,000.....	65
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35-18(c)	Authorization of the Chancellor or his designee to enter into multiple lease agreements for TSTC vehicles which in aggregate are greater than \$1,000,000 at Texas State Technical College Campuses.....	82
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X. UNFINISHED BUSINESS

XI. NEW BUSINESS

XII. PUBLIC COMMENTS

XIII. RECESS OPEN MEETING

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

XIV. CLOSED MEETING

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

- c. 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."

- d. Personnel Matters (Texas Government Code, Section 551.074)

Texas Government Code, Section 551.074

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. Lunch will be at approximately noon.

- “(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 Performance Evaluation
2. Chancellor & CEO Performance Evaluation

e. Adjourn

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

XV. OPEN MEETING RECONVENES

XVI. ACTION

Possible Action from Closed Meeting

XVII. ELECTION OF OFFICERS

XVIII. PROPOSED MEETING DATES

- a. 2019 Board of Regents Proposed Meeting Dates 104

XIX. CHANCELLOR COMMENTS

XX. BOARD COMMENTS

XXI. ADJOURN

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. Lunch will be at approximately noon.

TEXAS STATE TECHNICAL COLLEGE

MINUTES

**Board of Regents
Budget Meeting**

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

Wednesday, August 8, 2018

1:00p.m.

MEETING CALLED TO ORDER

The meeting of the Texas State Technical College Special Meeting of the Board of Regents was called to order at 1:05 p.m., August 8, 2018, by Chair Hatchel.

DETERMINATION OF QUORUM

Members Present: John Hatchel, Keith Honey, Ellis Skinner, Ivan Andarza, and Tony Abad

Members Absent: Curtis Cleveland, Alex Meade, Pat McDonald, Tiffany Tremont

A quorum was present.

ADOPTION OF AGENDA

Upon motion by Regent Honey and second by Regent Abad, the Agenda was adopted unanimously.

BUDGET OVERVIEW DISCUSSION

MINUTE ORDERS

- 20-18(c) Operating Budget for Fiscal Year 2019
- 21-18(c) Appropriation Transfers for Fiscal Year 2019
- 22-18(c) Allocation of Higher Education Assistance Funds for Fiscal Year 2019
- 23-18(c) Reallocation of Higher Education Assistance Funds for Fiscal Year 2018

Upon a motion by Regent Skinner and second by Regent Abad, the following Minute Orders were tabled to be voted on in the Consent Agenda of the August 9, 2018 Board of Regents Meeting.

The Open Meeting is recessed at 3:02 p.m. and reconvened at 3:17p.m.

SENATE BILL 20 COMPLIANCE

BOARD COMMENTS

None.

The meeting adjourned at 3:22 p.m.



Ray Rushing
Secretary to the Board of Regents



TEXAS STATE TECHNICAL COLLEGE

MINUTES

**Board of Regents
Special Meeting**

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

Wednesday, August 8, 2018

7:30p.m.

MEETING CALLED TO ORDER

The meeting of the Texas State Technical College Special Meeting of the Board of Regents was called to order at 7:20 p.m., August 8, 2018, by Chair Hatchel.

DETERMINATION OF QUORUM

Members Present: John Hatchel, Keith Honey, Ellis Skinner, Ivan Andarza, Tony Abad, and Curtis Cleveland

Members Absent: Alex Meade, Pat McDonald, Tiffany Tremont

RESOLUTION(S) FOR RETIRING REGENT(S)

Chairman John Hatchel called on Chancellor Mike Reeser to honor Regent Joe K. Hearne with a Resolution of Appreciation. Moved and passed by acclamation.

The meeting adjourned at 7:58 p.m.



Ray Rushing
Secretary to the Board of Regents





TEXAS STATE TECHNICAL COLLEGE

MINUTES

**Board of Regents
Audit Committee Meeting**

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

Thursday, August 9, 2018

10:30a.m.

MEETING CALLED TO ORDER

The meeting of the Texas State Technical College Board of Regents Audit Committee was called to order at 10:09 a.m., August 9, 2018, by Committee Chair Andarza.

Members Present: John Hatchel, Keith Honey, Ellis Skinner, Ivan Andarza, Tony Abad, Curtis Cleveland

Members Absent: Alex Meade, Pat McDonald, Tiffany Tremont

A quorum was present.

MINUTE ORDERS

Proposed MO#

12-18(c) Revision of Proposed Audit Plan for Fiscal Year 2018

13-18(c) Proposed Audit Plan for Fiscal Year 2019

The proposed Minute Orders listed above are tabled to be voted on in the Consent Agenda of the Board Meeting following this meeting.



REPORTS

The following reports were presented to the Committee:

1. Status of Fiscal Year 2018 Audit Schedule & Other Projects
2. Summary of Audit Reports
3. Follow-up Schedule & Status
4. PCI Compliance Audit
5. Marshall: Internal Network Penetration Test
6. Safety & Security Audit
7. TAC 202 Follow-up Audit
8. Fixed Asset Control Follow-up Audit
9. Final Report – A Compliance Desk Review of the Texas Educational Opportunity Grant
10. Audit Delegation Request 719-FY18-001
11. Attestation Disclosures.

The meeting adjourned at 10:27 a.m.



Ray Rushing
Secretary to the Board of Regents



TEXAS STATE TECHNICAL COLLEGE

MINUTES

Board of Regents Meeting

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

Thursday, August 9, 2018

12:30p.m.

MEETING CALLED TO ORDER

The meeting of the Texas State Technical College Special Meeting of the Board of Regents was called to order at 10:30a.m., August 9, 2018, by Chair Hatchel.

INVOCATION

DETERMINATION OF QUORUM

Members Present: John Hatchel, Keith Honey, Ellis Skinner, Ivan Andarza, Curtis Cleveland, and Tony Abad

Members Absent: Alex Meade, Pat McDonald, Tiffany Tremont

A quorum was present.

ADOPTION OF AGENDA

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



APPROVAL OF MINTUTES OF MAY 9 & 10, 2018 Meetings

Upon a motion by Regent Andarza and second by Regent Honey, the minutes of the May 9, & 10 2018, Board of Regents meetings were approved unanimously.

APPROVAL OF MINUTES OF JUNE 4, 2018 Executive Committee Meeting

Upon a motion by Regent Skinner and second by Regent Honey, the minutes of the June 4, 2018, Board of Regents Executive Committee meeting were approved unanimously.

RECOGNITION OF GUESTS

None

CHANCELLOR'S COMMENTS

COMMITTEE REPORTS & MINUTE ORDERS

Committee for Student Learning and Student Development

Tony Abad, Chair; Tiffany Tremont, Member

Committee Chair Comments

Minute Orders:

Proposed MO#

None

Reports:

1. TSTC Board of Regents Honor Graduates Spring 2018

Jeff Kilgore

Committee for Strategic Relations

Curtis Cleveland, Chair

Committee Chair Comments

Minute Orders:

Proposed MO#

None

Reports:

1. Board Self-Assessment Process

Ray Rushing - Oral Report

The Board received and reviewed the TSTC Board Self Evaluation report from Ray Rushing. No Action was taken.

Committee for Facilities

Ellis Skinner, Chair; Curtis Cleveland, Member

Committee Chair Comments

Minute Orders:

Proposed MO#

10-18(c) TSTC Waco Water Project Acceptance

11-18(c) TSTC Harlingen Engineering Center Phase II Acceptance

Reports:

1. Major Facility Projects Status Update

Ray Fried

Committee for Fiscal Affairs

Keith Honey, Chair; Pat McDonald, Member; Alex Meade, Member

Committee Chair Comments

Minute Orders:

Proposed MO#

14-18(c) Amendments to the 2015 Operating Lease for the Industrial Technology Center, Related Parking, and Other Ancillary Facilities in Fort Bend County from the TSTC Foundation by Texas State Technical College for a Remaining Term of Eight Years

15-18(c) Lease Renewal of Office Space to the Texas Parks and Wildlife Department on the Campus at Texas State Technical College in Brownwood

16-18(c) Lease Renewal of Storage Space to the Texas Parks and Wildlife Department on the Campus at Texas State Technical College in Brownwood

17-18(c) Schedule of Tuition and Fees Effective Fall 2019 Semester

18-18(c) Schedule of Student and Family Housing Rental Rates, Room and Board Rates, Service Charges, and Deposits, Effective Fall 2018 Semester

19-18(c) Data Center Equipment Upgrade

24-18(c) Ratification of Executive Action 09-18

Reports:

1. Comparison of Budget to Expenditures and Encumbrances, September 1, 2017 through June 30, 2018

Jonathan Hoekstra

2. TSTC Full Time Equivalent (FTE)

Jonathan Hoekstra

3. Pledged Collateral – Collateral Pledge for Deposits in Excess of \$250,000, May 31, 2018

Jonathan Hoekstra

4. Quarterly Investment Report, May 31, 2018

Jonathan Hoekstra

Upon a motion by Regent Andarza and second by Regent Skinner, and unanimous vote of the Board, the proposed Minute Orders below were removed from being tabled in the Budget Meeting of August 8, 2018, and the tabled Minute Orders of the preceding Audit Committee Meeting on August 9, 2018, and were placed on the Consent Agenda.

Minute Orders:

Proposed MO#

12-18(c)	Revision of Proposed Audit Plan for Fiscal Year 2018
13-18(c)	Proposed Audit Plan for Fiscal Year 2019
20-18(c)	Operating Budget for Fiscal Year 2019
21-18(c)	Appropriation Transfers for Fiscal Year 2019
22-18(c)	Allocation of Higher Education Assistance Funds for Fiscal Year 2019
23-18(c)	Reallocation of Higher Education Assistance Funds for Fiscal Year 2018

CONSENT AGENDA ITEMS

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

10-18(c) TSTC Waco Water Project Acceptance

"The Board of Regents authorizes the Chancellor or his designee to accept the Replacement of Water and Sewage System infrastructure at Texas State Technical College in Waco upon receipt of the Certificate of Substantial Completion. The Board of Regents Authorizes the Chancellor or designee to pay the contractor ninety-five percent of the construction cost pending final acceptance. Upon receipt of Certificate of Final Completion, the Board of Regents authorizes the Chancellor or his designee to make final payment due to the contractor in the full amount."

11-18(c) TSTC Harlingen Engineering Center Phase II Acceptance

"The Board of Regents authorizes the Chancellor or Designee to accept the Engineering Center Phase II project upon Substantial Completion and to pay the contractor ninety-five percent of the construction cost pending final acceptance. Upon receipt of notification of final acceptance, the Board of Regents authorizes the Chancellor or his designee to make final payment due to the contractor in the full amount."

12-18(c) Revision of Proposed Audit Plan for Fiscal Year 2018

"The Board of Regents approves the revised audit plan for Fiscal Year 2018."

13-18(c) Proposed Audit Plan for Fiscal Year 2019

"The Board of Regents approves the audit plan for fiscal year 2019."

14-18(c) Amendments to the 2015 Operating Lease for the Industrial Technology Center, Related Parking, and Other Ancillary Facilities in Fort Bend County from the TSTC Foundation by Texas State Technical College for a Remaining Term of Eight Years

"The Board of Regents approves the amendments to the 2015 Operating Lease for the Industrial Technology Center, Related Parking, and Other Ancillary Facilities at Texas State Technical College in Fort Bend County from The TSTC Foundation for a remaining term of eight years in accordance with the terms and conditions in the lease, as amended, and authorizes the Chancellor, or his designee, to execute the Lease Amendments with The TSTC Foundation."

15-18(c) Lease Renewal of Office Space to the Texas Parks and Wildlife Department on the Campus at Texas State Technical College in Brownwood

"The Board of Regents approves the lease agreement for 2,265 square feet of office space to the Texas Parks and Wildlife Department on the campus at Texas State Technical College in Brownwood and authorizes the Chancellor or his designee to execute the lease agreement with the Texas Parks and Wildlife Department."

16-18(c) Lease Renewal of Storage Space to the Texas Parks and Wildlife Department on the Campus at Texas State Technical College in Brownwood

"The Board of Regents approves the lease agreement for 1,800 square feet of storage space to the Texas Parks and Wildlife Department on the campus at Texas State Technical College in Brownwood and authorizes the Chancellor or his designee to execute the lease agreement with the Texas Parks and Wildlife Department."

17-18(c) Schedule of Tuition and Fees Effective Fall 2019 Semester

"The Board of Regents approves the Schedule of Tuition and Fees Effective Fall 2019 Semester."

18-18(c) Schedule of Student and Family Housing Rental Rates, Room and Board Rates, Service Charges, and Deposits, Effective Fall 2018 Semester

"The Board of Regents approves the Schedule of Student and Family Housing Rental Rates, Room and Board Rates, Service Charges, and Deposits Effective Fall 2018 Semester."

19-18(c) Data Center Equipment Upgrade

"The Board of Regents approves the financing of equipment in an amount not to exceed \$1,400,000 to replace the data center equipment for Texas State Technical College in Waco and Harlingen, and authorizes the Chancellor or his designee to submit an application for approval to the Texas Bond Review Board and to obtain lease purchase financing from Dell Financial Services."

20-18(c) Operating Budget for Fiscal Year 2019

"The Board of Regents approves the Texas State Technical College Operating Budget for Fiscal Year 2019, covering the period from September 1, 2018, through August 31, 2019."

21-18(c) Appropriation Transfers for Fiscal Year 2019

"The Board of Regents approves the following appropriation transfers for Fiscal Year 2019:

- 1) Reallocation of the E Williamson County Strategy from TSTC System to TSTC Waco:
To TSTC Waco (E Williamson Cty) \$666,513
From TSTC System Administration \$666,513

2) Reallocation of the System Administration Technical Training
Partnership Strategy to TSTC Waco for E Williamson County Center:
To TSTC Waco (E Williamson Cty.) \$296,133
From TSTC System Administration \$296,133

3) Reallocation of Instruction & Administration, and General Revenue
Appropriations to support operations:
To TSTC System Administration \$1,227,681
To TSTC Harlingen \$511,066
From TSTC Marshall \$ 1,229,911
From TSTC Fort Bend \$3,140
From TSTC Waco \$379,978
From TSTC West Texas \$20,714
From TSTC North Texas \$105,004

4) Reallocation of State Tuition to support operations:
To TSTC Waco \$731,166
From TSTC Harlingen \$668,262
From TSTC North Texas \$62,904

5) Reallocation of Designated Tuition to support operations:
To TSTC System Administration \$3,026,008
To TSTC Marshall \$317,480
To TSTC North Texas 215,851
To TSTC Waco (E Williamson Cty) \$287,570
To TSTC Fort Bend \$864,174
From TSTC Harlingen \$3,537,115
From TSTC West Texas \$1,173,968"

22-18(c) Allocation of Higher Education Assistance Funds for Fiscal Year 2019

"The Board of Regents approves the allocation of Higher Education Assistance
Funds for Fiscal Year 2019 in the following manner:

TSTC Central Admin \$ 0
TSTC Fort Bend \$ 1,382,205
TSTC Harlingen \$ 2,450,280
TSTC Marshall \$ 617,586
TSTC North Texas \$ 289,170
TSTC Waco \$ 2,164,022
TSTC West Texas \$ 1,759,237

23-18(c) Reallocation of Higher Education Assistance Funds for Fiscal Year 2018

"The Board of Regents approves the reallocation of Higher Education
Assistance Funds for Fiscal Year 2018 in the following manner:

TSTC Central Admin \$ 0
TSTC Fort Bend \$ 900,000
TSTC Harlingen \$ 2,050,000
TSTC Marshall \$ 505,000
TSTC North Texas \$ 252,500
TSTC Waco \$ 3,905,000
TSTC Sweetwater \$ 1,050,000."

24-18(c) Ratification of Executive Action 09-18

"The Board of Regents ratifies the Executive Action 09-18"

UNFINISHED BUSINESS

Ray Rushing reports on the progress of the review of the bylaws and committee structure and revision.

NEW BUSINESS

None.

PUBLIC COMMENTS

None.

CLOSED MEETING

Chair announced: The meeting of the TSTC Board of Regents held at Texas State Technical College Statewide Conference Center, Waco, Texas on Thursday, August 9, 2018, 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 11:50 a.m.

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

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

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."*

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."

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."*

The Chair adjourns the Closed Meeting at 12:32 p.m.

The Board returns to the Austin Room.

OPEN MEETING

The Board of Regents reconvened into Open Meeting at 12:48 p.m., and reported that no action was taken in the Closed Meeting.

ACTION ON CLOSED MEETING

None.

CHANCELLOR'S COMMENTS

October 4, 2018 will be the Abilene Ribbon Cutting.
November 29-30, 2018 is the Annual THECB Leadership Conference.

BOARD COMMENTS

None.

ADJOURN

The next meeting of the Board of Regents is scheduled for November 8, 2018.

The meeting adjourned at 12:52 p.m.



Ray Rushing
Secretary to the Board of Regents

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Committee for Student Learning and Student Development

[Tony Abad (Chair), Tiffany Tremont, Jeff Kilgore, Rick Herrera]

Committee Chair Comments

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None.

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Jeff Kilgore
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Rick Herrera
3. Report on Enrollment Management Results and Plans 33
Rick Herrera



**TSTC Board of Regents Honor Graduates
— Summer 2018 —**

TSTC Waco

		Ms. Brooke E. Smith	AAS
Mr. Stephen H. McCoy	AAS	Cyber Security & Digital Forensics Specialization	
Computer Networking & Systems Administration		Mr. Cameron Obr	AAS
		Electrical Power and Controls	
Mr. Kendall D. Torp-Pedersen	AAS	Ms. Grace Frausto	CER1
Aircraft Powerplant Technology		Dental Assistant	
Mr. James C. Floyd	AAS	Ms. Dawn Tyler	AAS
Aircraft Airframe Technology & Aircraft Powerplant Technology		Biomedical Equipment Technology	
Mr. Collin M. Bedford	AAS	Ms. Angie G. Reasoner	CER2
Aircraft Dispatch Technology		Pharmacy Technician	
Mr. Giovanni Gomez	CER1	Ms. Emmie M. Dominguez	CER1
Plumbing & Pipefitting Technology		Dental Assistant	
Mr. Thomas J. Bennett	AAS, CER1	Ms. Maricela Aldaba	CER1
Diesel Equipment Technology – Heavy Truck & Off Highway Specialization, Heavy Truck & Off Highway Equipment		Dental Assistant	
Mr. Seth I. Girard	AAS	Ms. Maria J. Contreras	CER1
Aircraft Pilot Training Technology - Airplane Specialization		Dental Assistant	
Mr. Joshua H. Nguyen	AAS		
Biomedical Equipment Technology & Medical Imaging Systems Technology			

TSTC Harlingen

Ms. Sylvia G. Cleary	AAS
L.V.N. – R.N. Transition	
Ms. Nancy C. Hager	AAS
Business Management Technology – Office Management Specialization	

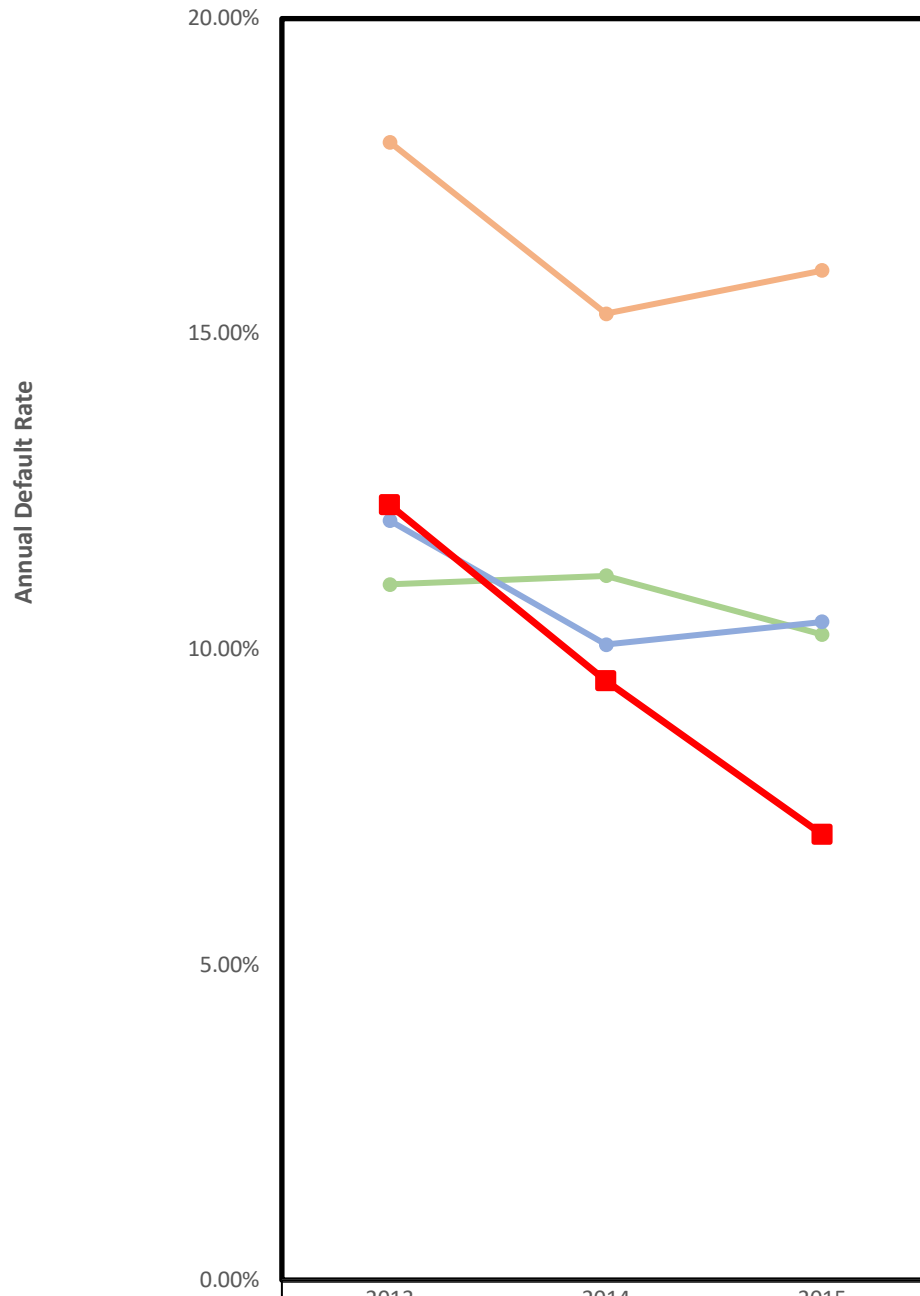
Mr. Hernan Guerrero Education & Training	AAS	Mr. Larry P. Perez Structural Welding	CER1
Ms. Hemangini Rama Biology	AS		
Mr. Mharlo A. Ortiz Automotive Technology	AAS	TSTC Abilene	
Ms. Damaris A. Lopez L.V.N. – R.N. Transition	AAS	Mr. Gregg S. Glass Chemical Dependency Counseling	AAS
Mr. Daniel Avila, II L.V.N. – R.N. Transition	AAS	Mr. Zacory B. Gardner Emergency Medical Services - EMT	CER1
TSTC Fort Bend		TSTC Brownwood	
Mr. Jaime Calandrelli HVAC Technician	CER1	Ms. Norma J. Vandanberg Chemical Dependency Counseling	AAS
Mr. Brandon M. Felts HVAC Technician	CER1	Mr. Christopher D. Michael Emergency Medical Services – Advanced EMT	CER1
Mr. Raymond Padilla HVAC Technician	CER1	Ms. Michelle D. Bates Emergency Medical Services – EMT	CER1
Mr. Corey M. Krenek Electrical Lineworker	CER1	TSTC Marshall	
TSTC Sweetwater		Mr. Garrett S. Bradshaw Process Operations	AAS
Ms. Dana K. Price L.V.N. – R.N. Transition	AAS	TSTC North Texas	
Ms. Heather J. Goode L.V.N. – R.N. Transition	AAS	Mr. Jeremy R. Crowder Industrial Maintenance – Electrical Specialization	AAS
Ms. Heather A. Rowlett L.V.N. – R.N. Transition	AAS	Mr. Ryan D. Elsass Structural Welding	CER1
Ms. Jennifer E. Taylor L.V.N. – R.N. Transition	AAS		
Mr. Eric K. Mejia Structural Welding	CER1		
Mr. Paulo Rivas Structural Welding	CER1		

AAS = Associate of Applied Sciences
AS = Associate of Science

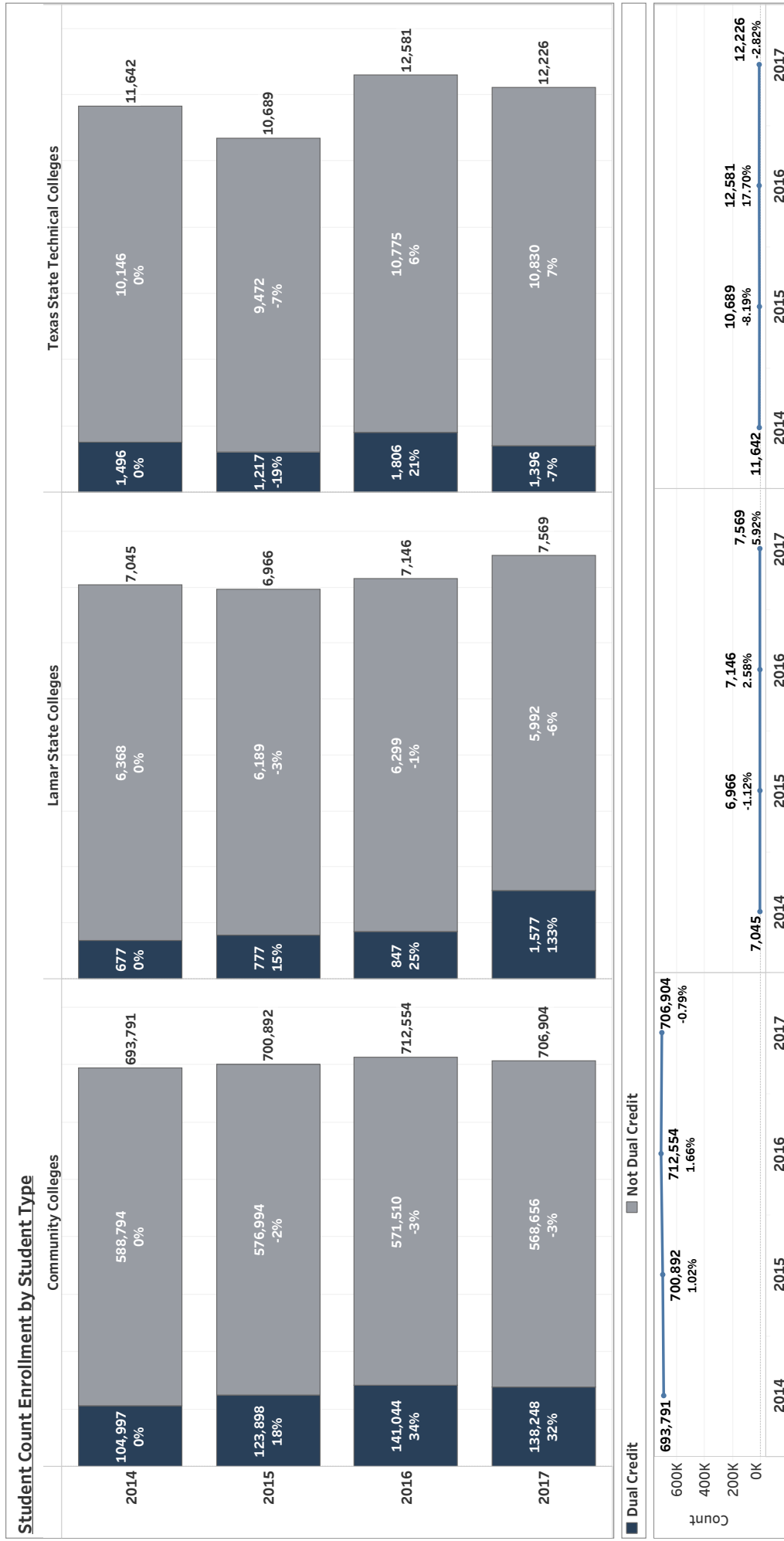
CER = Certificate
(Levels 1, 2, or 3)

ATC = Advanced Technical Certificate
TSMC/MSA = Technical Skills Mastery Certificate

Student Loan Default Rates



	2013	2014	2015
All Institutions in US	11.03%	11.17%	10.24%
All Institutions in Texas	12.04%	10.08%	10.44%
All Instutions in Texas (Other than 4 Year)	18.04%	15.32%	16.01%
TSTC	12.29%	9.51%	7.07%



The chart above shows total enrollment in two-year colleges in Texas, broken down into Dual Credit students (dark blue) and “regular” college students (grey).

Most “regular” students are made up of full-time and part-time students who are seeking a credential by attending classes in-person or online. At TSTC it is these regular students who are attending college to seek employment.

Dual Credit students are typically seeking college credit courses toward future college attendance after high school.

TSTC has grown its number of regular students during the past few years while the rest of the sector has been shrinking. Conversely, Dual Credit is the primary growth area for community colleges while TSTC has turned its attention away from Dual Credit and toward growing its core business of producing job-ready graduates.

Data Source: Texas Higher Education Coordinating Board Online Database

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Committee for Strategic Relations

[Curtis Cleveland (Chair), Gail Lawrence, Roger Miller, Michael Bettersworth, Elton Stuckly, Beth Wooten, Ray Rushing]

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28-18(c)	Approval of the revision to the Policy Statement of the Statewide Operating Standard (SOS) ES 2.18, Collaborative Educational Partnership Agreements.....	57

Reports:

1.	Report on the TSTC Foundation Updates	<i>Beth Wooten (Oral Report)</i>
2.	Report on Legislative Outlook and Plan	<i>Roger Miller (Oral Report)</i>



Board Meeting Date: November 8, 2018 **Proposed Minute Order #:** 25-18(c)
Proposed By: Gail Lawrence, Senior Vice Chancellor & Chief of Staff

Subject: **Approval of The TSTC Foundation Operating Plan for the Period September 1, 2018 to August 31, 2019**

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 2019. 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, 2018 – August 31, 2019

Recommended Minute Order: "The Board of Regents of Texas State Technical College approves The TSTC Foundation Operating Plan for the period September 1, 2018 to August 31, 2019."

Recommended By:

A handwritten signature in black ink that reads "Gail R. Lawrence".

Gail Lawrence, Senior Vice Chancellor & Chief of Staff

TEXAS STATE TECHNICAL COLLEGE

THE TSTC FOUNDATION

And

ADVANCEMENT

Annual Operating Plan 2018-2019

TEXAS STATE TECHNICAL COLLEGE THE TSTC FOUNDATION *and* ADVANCEMENT **Annual Operating Plan 2018-2019**

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©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 2018-2019

Increase cash gifts by 2%.

Increase total number of donors by 38%.

Increase alumni engagement by 8.5%.

Increase number of grant proposals submitted by 10%.

Strategies for 2018-2019

Advancement Operations:

1. Event Management
 - a. Grow internal use of the Connally Meeting & Event Center through increased branding and marketing efforts.

- b. Launch external use of the Connally Meeting & Event Center to create new revenue source for The Foundation.
 - c. Work closely with Field Development to coordinate at a minimum, one donor relations event in each region per month.
 - d. 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. Donor Relations and Stewardship
 - a. Create a standardized reporting process for all named scholarships.
 - b. Create and launch a statewide stewardship program to include but not limited to appropriate donor recognition protocols for every level of donation, donor engagement opportunities with students, donor recognition events, thank you correspondence, donor benefit programs and production of Foundation annual report.
- 3. Alumni Network
 - a. Increase alumni network presence statewide through strategic attendance and participation at appropriate student events.
 - b. Conduct annual alumni rekindle campaign for primary objective of data acquisition.
 - c. Continue to build and expand the alumni merchant discount program for the purposes of engaging alumni.
 - d. Continue sending monthly alumni e-newsletter for the purposes of engaging and educating alumni.
- 4. Database Management and Research
 - a. Create and launch a donor prospecting and research program that directly supports Field Development operations through reporting, tracking, screening and identifying prospective donors.
 - b. Produce timely and strategic reports to identify trends and opportunities for current and lapsed donors.
 - 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. 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.
- 2. Work closely with Event Management team to host at a minimum, one donor relations event in each region per month.
- 3. Work closely with donor prospecting and research team to continue building and maintaining an active portfolio of 75+ donors and prospects.
- 4. Work closely with donor prospecting and research team to increase average gift amounts.
- 5. Work to reengage lapsed donors as a primary prospective donor segment.
- 6. Build strategic relationships with instructional units to support and align fundraising activities in an effort to positively influence program vitality metrics.
- 7. Partner with Workforce Training with a strategic focus aimed at increasing industry partnerships.

Office of Sponsored Programs:

1. Restructure proposal development team by aligning specific departments with grant writers in an effort to cultivate a more intentional and strategic relationship.
2. Build strategic relationships with participating instructional units to identify grant opportunities in an effort to positively influence program vitality metrics.

Conclusion

This presents The TSTC Foundation's operational plan for fiscal year 2019 in accordance with the operational agreement between TSTC and The TSTC Foundation. This operational plan is written to directly support and correlates to the TSTC Board of Regents WIG 2: Increase TSTC's total annual revenues from \$55.5 million in fiscal year 2017 to \$88.3 million in fiscal year 2021.



Board Meeting Date: November 8, 2018 **Proposed Minute Order #:** 26-18(c)
Proposed By: Gail Lawrence, Senior Vice Chancellor & Chief of Staff

Subject: **Approval of the revised Memorandum of Understanding between Texas State Technical College and The TSTC Foundation.**

Background: The TSTC Foundation has been operating under an outdated Memorandum of Understanding, dated January 3, 2002, between the College and The TSTC Regents Circle.

Justification: In accordance with the 2018 Principles of Accreditation – Section 5, any entity organized separately from the institution and formed primarily for the purpose of supporting the institution or its programs: (a) The legal authority and operating control of the institution is clearly defined with respect to that entity; (b) The relationship of that entity to the institution and the extent of any liability arising from that relationship are clearly defined in a formal, written manner; (c) The institution demonstrates that (1) the chief executive officer controls any fundraising activities of that entity or (2) the fundraising activities of that entity are defined in a formal, written manner which assures that those activities further the mission of the institution.

Additional Information: The TSTC System Administration has reviewed the MOU 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): Memorandum of Understanding between Texas State Technical College and The TSTC Foundation, revised April 2018.

Recommended Minute Order: "The Board of Regents of Texas State Technical College approves the revised Memorandum of Understanding between Texas State Technical College and The TSTC Foundation."

Recommended By:

A handwritten signature in black ink that reads "Gail R. Lawrence". The signature is written in a cursive style with a large, flowing "G" and "L".

Gail Lawrence, Senior Vice Chancellor & Chief of Staff

Office of the
**VICE CHANCELLOR & CHIEF LEGAL OFFICER/
GENERAL COUNSEL**
3801 Campus Drive
Waco, Texas 76705

254-867-3662
F: 254-867-3979

October 19, 2018

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

Re: Memorandum of Understanding Between Texas State Technical College and
The TSTC Foundation

Dear Chancellor:

As requested, I have reviewed and considered the legal implications of the Memorandum of Understanding (the MOU) between Texas State Technical College and The TSTC Foundation.

The MOU complies with all applicable laws, rules, and regulations. Further, it accurately states the relationship and expectations of the respective parties.

Thank you and should you have any questions or need additional information, please do not hesitate to contact me.

Respectfully,



Ray Rushing

Memorandum of Understanding Between Texas State Technical College and The TSTC Foundation

I. Introduction

THIS AGREEMENT, entered into as of this _____ day of _____, 2018, by and between **Texas State Technical College** (the College) and **The TSTC Foundation** (the Foundation).

The Foundation was organized and incorporated in its current form in 2011, for the purpose of promoting the interests and welfare of Texas State Technical College, and to develop community and legislative support for TSTC's role and mission.

The TSTC Foundation exists to raise and manage private resources supporting the mission and priorities of Texas State Technical College and to provide a margin of institutional excellence unavailable with state funds.

As stated in its articles of incorporation, the foundation is a separately incorporated 501(c)(3) organization and is responsible for encouraging the development of community support for technical education across Texas, contacting legislators and other governmental agencies in support of TSTC's role and mission, and influencing public opinion in support of technical education in general and TSTC in particular. The Foundation shall receive and disburse funds and property exclusively for the benefit of TSTC.

In consideration of the mutual commitments herein contained, and other good and valuable consideration, receipt of which is hereby acknowledged, the parties agree as follows:

II. Foundation Name and Logotype

Consistent with its mission to help to advance the plans and objectives of the college, the foundation is granted the use of the name, ***The TSTC Foundation***, and the related logotype.

III. The Relationship Between the Foundation and the Institution

- The Foundation is a separately incorporated 501(c)(3) nonprofit organization created to raise, manage, distribute, and steward private resources to support the various missions of the College.
- The Foundation board of directors is responsible for the control and management of all assets of the Foundation, including the prudent management of all gifts consistent with donor intent.
- The Foundation is responsible for the performance and oversight of all aspects of its operations based on a comprehensive set of bylaws that clearly address the board's fiduciary responsibilities.
- The Foundation is responsible for establishing an operating plan and submitting it to the Board of Regents of the College for approval on an annual basis, in accordance with the General Appropriations Act.
- In consideration of the Foundation's services and contributions provided to the College, the

College will provide the Foundation with in-kind support that includes personnel, office space, IT equipment and support, and any other administrative or other support necessary for the Foundation to carry out its responsibilities under this Memorandum of Understanding.

- The Foundation agrees that the above enumerated support, including personnel, office space, and other support, are provided at the College's discretion, and not under any contractual terms or agreements to be binding upon the College or the Foundation.
- The College's discretion shall be limited only by the reasonableness standard, under which standard, the College shall have full latitude to provide the above enumerated support in such quantity, frequency or capacity as the Chancellor of the College deems reasonable for the effective administration of the Foundation.
- If it is found by the College that the Foundation has ceased to act in the public interest or has significantly deviated from its stated purpose, the College may withdraw, in whole or in part, the above enumerated support.
- The College agrees that at this time it is in the interest of excellence in higher education to advance The Foundation. The College agrees that the Foundation has substantial potential to return a greater benefit to the College than conferred upon it by the College. The College agrees that an effective way to advance the Foundation is by providing the Foundation with facilities close to or on campus where the Foundation may more effectively interact with students and faculty, promote its agenda, and coordinate its administration with the College. The College also recognizes the cost effectiveness of providing the Foundation with the enumerated support, including equipment, personnel, and other administrative support, whereupon any ultimate savings on the overhead will return to the College.

IV. Foundation Responsibilities

1. Fund-Raising

- The Foundation shall create an environment conducive to increasing levels of private support for the mission and priorities of the College.
- The Foundation is responsible for planning and executing comprehensive fund-raising and donor-acquisition programs in support of the College's mission. These programs include annual giving, major gifts, special projects, and other campaigns as appropriate.
- The Foundation shall solicit gifts in the name of the Foundation on behalf of the College. The Foundation will promptly acknowledge and issue receipts for all gifts on behalf of the Foundation and College and provide appropriate recognition and stewardship of such gifts. The Foundation shall establish and enforce policies to protect donor confidentiality and rights.
- The College recognizes that the Foundation bears major responsibility for fund-raising. College representatives will coordinate fund-raising initiatives including major gifts solicitations with the Foundation.

2. Asset Management

- The Foundation will receive, hold, manage, invest, and disperse contributions of cash and other property for the benefit of the College in accordance with donor intent.
- The Foundation will establish asset-allocation, disbursement, and spending policies related to endowments that adhere to applicable federal and state laws including the Uniform Prudent Management of Institutional Funds Act (UPMIFA).
- The Foundation will engage an independent accounting firm annually to conduct an

audit of the Foundation's financial and operational records and will provide the College with a copy of the annual audited financial statements, including management letters.

3. Institutional Flexibility

- The Foundation will explore current opportunities, including acquisition and management of real estate on behalf of the College for future allocation, transfer, or use.
- The Foundation may serve as an instrument for entrepreneurial activities for the College and engage in such activities as purchasing, developing, or managing real estate for college expansion, student housing, or other facilities. It also may hold licensing agreements and other forms of intellectual property, borrow or guarantee debt issued by their parties, or engage in other activities to increase Foundation revenue with no direct connection to a college purpose.
- The Foundation will explore the lease or rental of various facilities owned by the college. The Foundation will manage these rental/lease transactions, market the facilities and provide services necessitated by such transactions.

4. Transfer of Funds

- The Foundation is the primary depository of private gifts and will transfer funds to the designated entity within the institution in compliance with applicable laws and gift agreements.
- When distributing gift funds to the College, the Foundation will disclose any terms, conditions, or limitations imposed by donor or legal determination on the gift. The College will abide by such restrictions and provide appropriate documentation.
- The Foundation's disbursements on behalf of the College must be reasonable business expenses that support the institution, are consistent with donor intent, and do not conflict with the law.

V. Terms of the Memorandum of Understanding (MOU)

This Memorandum of Understanding, made this ____ day of ____, 2018 between Texas State Technical College and The TSTC Foundation (an Internal Revenue Code §501 (c) (3) nonprofit corporation), is intended to set forth policies and procedures that will contribute to the coordination of their mutual activities.

To ensure effective achievement of the items of the agreement, the College and Foundation officers and board representatives shall hold periodic meetings to foster and maintain productive relationships and to ensure open and continuing communications and alignment of priorities.

Either party may, upon 90 days prior written notice to the other, terminate this agreement. Notwithstanding the forgoing, either party may terminate this MOU in the event the other party defaults in the performance of its obligations and fails to cure the default within a reasonable time after receiving written show cause notice.

Should the College choose to terminate this agreement the Foundation may require the College to pay, within 180 days of written notice, all debt incurred by the Foundation on the College's behalf including, but not limited to, lease payments, advanced funds, and funds borrowed for specific initiatives. Should the Foundation choose to terminate this agreement the College may require the

Foundation to pay debt it holds on behalf of the Foundation in like manner.

Consistent with provisions appearing in the Foundation's bylaws and its articles of incorporation, should the Foundation cease to exist or cease to be an Internal Revenue Code §501(c)(3) organization, the Foundation will transfer its assets and property to the College.

IN WITNESS WHEREOF, the parties have caused this Memorandum of Understanding to be executed by their duly authorized officers as of the day and date first above written.

Chairman
TSTC Board of Regents

Date:_____

Chairman
The TSTC Foundation

Date: _____

Chief Executive Officer
Texas State Technical College

Date:_____

Chief Executive Officer
The TSTC Foundation

Date: _____



Board Meeting Date: November 8, 2018 **Proposed Minute Order #:** 27-18(c)
Proposed By: Ray Rushing, Vice Chancellor & Chief Legal Officer and Secretary to the Board of Regents

Subject: **Approval of Texas State Technical College Board of Regents Bylaws**

Background: The Texas State Technical College (TSTC) Board of Regents is the managing board of TSTC, a state agency, and is statutorily required to maintain bylaws. These bylaws must contain certain duties and requirements.

Justification: TSTC began operating under single accreditation on January 1, 2015. Since that time, the TSTC Board of Regents bylaws have not been updated or revised. These bylaws contain all changes necessary to correctly reflect the present accreditation status of TSTC, as well as other revisions recommended by an ad hoc committee of the Board of Regents.

Additional Information: None.

Fiscal Implications: None.

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

Attachment(s): Board of Regents Bylaws

Recommended Minute Order: "The Board of Regents approves the Texas State Technical College Board of Regents Bylaws."

Recommended By:

A handwritten signature in blue ink, appearing to be "RR", is written over a horizontal line.

Ray Rushing, Vice Chancellor & Chief Legal Officer, and Secretary to the Board of Regents

**BYLAWS OF THE
BOARD OF REGENTS OF
THE TEXAS STATE TECHNICAL COLLEGE**

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ARTICLE I. RESPONSIBILITY, POWERS, AND DUTIES

The Texas Legislature vested the organization and control of the Texas State Technical College ("College") in the Board of Regents ("Board") by the statutory provision contained in Chapter 135 of the Texas Education Code. In case there is an apparent conflict between any section of these Bylaws and the laws of the State of Texas, the latter shall prevail.

SECTION 1. RESPONSIBILITY

In accordance with Texas Education Code Section 51.352, it is the policy of the State of Texas that the Board shall exercise the traditional and time-honored role for boards of institutions of higher education and shall constitute the keystone of the governance structure. In this regard, the Board is expected to preserve institutional independence and to defend the Board's right to manage the Board's own affairs through the Board's chosen administrators and employees; shall enhance the public image of each institution under the Board's governance; shall interpret the community to the campus and interpret the campus to the community; shall nurture each institution under the Board's governance to the end that each institution achieves its full potential within its role and mission; and shall insist on clarity of focus and mission of each institution under the Board's governance. The Board shall provide the policy direction for the College. The College consists of all locations, as the entire network operates under a single accreditation. The Board shall establish, for the College, goals consistent with the role and mission of the College; appoint the Chancellor and evaluate the Chancellor and assist the Chancellor in the achievement of performance goals; and ensure that the Board's formal position on matters of importance to the College under the Board's governance is made clear to the coordinating board (Texas Higher Education Coordinating Board is an agency of the U.S. state of Texas's government that oversees all public post-secondary education in the state) when such matters are under consideration by the coordinating board. Each member of the Board has the legal responsibilities of a fiduciary in the management of funds under the control of the College.

SECTION 2. POWERS AND DUTIES

Chapter 135 of the Texas Education Code expressly authorizes the Board to enact bylaws, rules, and regulations as it deems necessary for the successful management and operation of the College and expressly grants the Board the following duties and powers:

1. prescribe and award certificates, diplomas, and associate degrees;
2. collect tuition;
3. enter agreements which exempt non-resident fees;
4. contract to provide educational programs or programs for economic development;
5. sue and be sued in McLennan or Travis County;
6. issue bonds and notes and pledge revenue;
7. lease, sell, transfer or exchange land and permanent improvements;
8. procure property and liability insurance;
9. provide workers' compensation insurance;

10. contract with institutions of higher education;
11. exercise the power of eminent domain; and
12. administer a program for forecasting technical education program needs.

The Board shall also perform all other actions expressly contained in laws, rules, and regulations. In addition to the express powers and duties contained in laws, rules, and regulations, the Board has the implied or incidental power to do whatever is reasonably necessary to accomplish the mission for which the College was established.

ARTICLE II. OFFICERS OF THE BOARD

SECTION 1. OFFICERS OF THE BOARD

Officers of the Board shall be a Chair, Vice Chair, Executive Place One, and Executive Place Two, who shall hold office for a term of one year or until a successor is duly elected.

Not later than thirty days prior to the first regular meeting after the start of the fiscal year, nominations for the Chair, Vice Chair, Executive Place One, and Executive Place Two, shall be sent to the General Counsel in writing by mail, facsimile or electronic mail. The General Counsel shall confirm that the nominees are willing to serve as Officers of the Board. The General Counsel will provide the slate of Officers of the Board to be voted on as the last order of business at the first regular meeting after the start of the fiscal year. The newly elected Officers of the Board shall assume office at the time of the election. In the event of a vacancy of the Officers of the Board, the election for the vacancy shall be done in the same process as stated above. The person or persons elected to fill the vacancy shall serve for the remaining portion of the unexpired term.

A three-fourths majority of the full Board is required to remove a duly elected officer from office.

SECTION 2. CHAIR OF THE BOARD

The Chair of the Board is responsible for the procedural operations of the Board. The Chair of the Board shall preside at all meetings of the Board, serve as the official spokesperson for the Board, and perform those duties designated to that office.

SECTION 3. VICE CHAIR OF THE BOARD

The Vice Chair shall perform all duties set forth in Article II, Section 2, in the Chair's absence, incapacity or retirement from the Board until the Chair of the Board resumes office or a successor has been duly elected as provided in Article II, Section 1 above.

SECTION 4. EXECUTIVE COMMITTEE PLACE ONE AND PLACE TWO

The Executive Committee Place One and Place Two shall perform the duties of the Executive Committee as provided in Article IV, Section 2 below.

ARTICLE III. PERSONNEL

SECTION 1. CHANCELLOR OF THE COLLEGE

The Board shall appoint a Chancellor who shall be the chief executive officer of the College. The Chancellor shall report to the Board and serve at the pleasure of the Board. The Board shall determine the Chancellor's term of office, salary, and duties.

The Chancellor is responsible to the Board for the general management and success of the College and the Board shall cooperate with the Chancellor to carry out that responsibility. The Chancellor shall recommend a plan for the organization of the College.

The Board shall have the right and duty to be fully informed on all matters that influence their obligations as Regents and at all times be free to seek and receive information to ensure that its policies are effectuated. However, the Board shall not interfere in the administration of the College, and thus, the regular channel of communication between the Board and the administration, faculty, and staff of the College is through the Office of the Chancellor.

SECTION 2. SECRETARY TO THE BOARD

The Board shall appoint a Secretary to the Board. The Secretary shall report to the Board and serve at the pleasure of the Board. The Secretary shall be responsible for all administrative and recordkeeping functions in support of the Board and in support of the Regents in the performance of their official duties.

SECTION 3. DIRECTOR OF AUDITS

The Board shall appoint a Director of Audits. The Director of Audits shall report to the Board through the Audit Committee and serve at the pleasure of the Board. The duties of the Director of Audits shall be those prescribed by the Board in the Audit Committee Charter.

SECTION 4. GENERAL COUNSEL

The General Counsel shall be appointed by the Board, upon the recommendation of the Chancellor. The General Counsel shall report to the Chancellor, and subject to the prior approval of the Board, may be dismissed or reassigned by the Chancellor without cause. The General Counsel shall represent the College in all legal matters; shall be responsible for providing or overseeing all legal services, including the conduct and resolution of litigation, the prosecution and settlement of all claims, the legal review of all significant transactions; and shall serve as the liaison to the Office of the Attorney General of the State of Texas, in accordance with applicable state law and with published policies of the College.

ARTICLE IV. COMMITTEES

SECTION 1. PROCEDURES

Committees shall report and make recommendations to the Board. All matters not deemed appropriate for standing or special committee consideration, but upon which action is required,

shall be placed on the agenda for full Board consideration. Unless specifically authorized by official action of the Board, a committee shall not act for the Board. Committee meetings shall be called by the Committee Chair and held in accordance with applicable sections of Article V.

SECTION 2. EXECUTIVE COMMITTEE

The Chair of the Board, the Vice Chair of the Board, and two Regents that are elected by the Board to serve as Executive Place One and Executive Place Two, as provided in Article II, Section 4 above, and the past chairman as a voting *ex officio* member, shall constitute an Executive Committee. The Executive Committee is authorized to act on behalf of the full Board on matters requiring Board action between regularly scheduled meetings which, in the judgment of the Chair, do not warrant calling a special meeting of the full Board. The Chair of the Board shall give a report on actions taken by the Executive Committee, if any, at the first Board meeting held following such Executive Committee Actions.

SECTION 3. STANDING COMMITTEES

Not later than thirty days after the first regular meeting after the start of the fiscal year, the Chair of the Board shall make appointments to standing committees and appoint a committee chair for each standing committee. Standing Committees shall have no more than four committee members. The committee chair and committee members shall serve for a period of one year or at the pleasure of the Chair. The Chair of the Board may appoint members to fill unexpired terms in the event of a vacancy. Standing committees shall meet at least four times during the fiscal year at such dates, times and locations as the committee chair shall designate at the first regular meeting of the fiscal year and may be changed to meet the needs of the committee. Any Regent may attend and participate in the discussion at any such committee meeting. The Chancellor will designate a staff member as liaison for each standing committee. The staff member designated shall provide information and assistance as needed to the committee chair to conduct the business of the standing committee. The standing committees are Audit Committee, Committee for Facilities, Committee for Fiscal Affairs, Committee for General Administration, Committee for Student Learning and Student Development.

A. AUDIT COMMITTEE

The Audit Committee shall report and make recommendations to the Board on matters as designated in the Audit Committee Charter. No member of the Audit Committee shall also be a member of the Committee for Fiscal Affairs.

B. COMMITTEE FOR FACILITIES

The Committee for Facilities shall report and make recommendations to the Board on matters relating to long range planning and master planning for building and other physical facilities of the College; facility project concepts; appointment of architects, engineers, etc.; facility project plans and specifications; advertisement and acceptance of construction contract

bids; the award of contracts for construction, rehabilitation and repair contracts above the dollar level of projects delegated to the administration; and the acceptance of completed facility projects.

C. COMMITTEE FOR FISCAL AFFAIRS

The Committee for Fiscal Affairs shall report and make recommendations to the Board on matters relating to fiscal policies, operating and capital budgets, developmental gifts and grants and other policies related to the fiscal operations of the College.

D. COMMITTEE FOR GENERAL ADMINISTRATION

The Committee for General Administration shall report and make recommendations to the Board on matters relating to Human Resources, Legislative Affairs, Marketing, The TSTC Foundation, and the Office of General Counsel on an as needed basis for Board action or information.

E. COMMITTEE FOR STUDENT LEARNING AND STUDENT DEVELOPMENT

The Committee for Student Learning and Student Development shall report and make recommendations to the Board on matters relating to the role, mission, and policies regarding the granting of degrees, diplomas and certificates; technical and academic programs offered by the campuses of the College; and other policies regarding teaching, learning, student life and student development.

SECTION 4. SPECIAL COMMITTEES

Special committees may be appointed by the Chair of the Board with such purpose as the Chair of the Board may determine or, upon receipt of a request to establish a special committee for a specified purpose by a majority of the Board, the Chair of the Board shall promptly appoint a special committee for the specified purpose. Special Committees shall have no more than four committee members. The purpose of a special committee shall not conflict with a standing committee. The special committee shall report to the Board on those matters for which the special committee was created and shall function until discharged.

ARTICLE V. MEETINGS

Meetings shall be conducted by the rules contained in the current edition of Robert's Rules of Order Newly Revised in all cases to which they are applicable and in which they are not inconsistent with these bylaws and any state or federal law.

SECTION 1. REGULAR MEETINGS

There shall be four regular meetings of the Board each Fiscal year. Regular meetings of the Board shall be held at such dates, times, and locations as the Chair of the Board shall designate at the first regular meeting of the fiscal year and may be changed to meet the needs of the Board.

The Secretary to the Board shall give written notice, including a copy of the agenda, to each Regent by mail, facsimile or electronic mail in time to reach each Regent not less than ten days prior to the scheduled time of the meeting.

SECTION 2. SPECIAL MEETINGS

Special meetings may be held upon call of the Chair or upon request of a majority of the Board. The Secretary to the Board shall give written notice, including a copy of the agenda, to each Regent by mail, facsimile or electronic mail in time to reach each Regent not less than seventy-two hours prior to the scheduled time of the meeting.

SECTION 3. NOTICE OF EMERGENCY MEETING OR EMERGENCY ADDITION TO AGENDA

In the event of an emergency or an urgent public necessity, meetings will be held in accordance with the Texas Open Meetings Act.

SECTION 4. MEETINGS USING TELEPHONE OR VIDEOCONFERENCE

A regular or special meeting may be held by video conference call only if a majority of the quorum of the Board is physically present at one location of the meeting.

Regular meetings may not be held by telephone conference call. Special meetings may be held by telephone conference call only if: (1) the meeting is a special called meeting and immediate action is required; and (2) the convening at one location of a quorum of the Board is difficult or impossible.

SECTION 5. QUORUM

A majority of the Board shall constitute a quorum for the transaction of business. A Regent is considered present if the Regent is in person at a meeting; if the meeting is held by video conference call, then a Regent is present if the Regent is on the video conference call; and if the meeting is held by telephone conference call, then a Regent is present if the Regent is on the telephone conference call.

SECTION 6. VOTING

Except as may be specifically provided in other sections of these bylaws, a majority vote of a quorum of the Board or any committee is required to either approve or reject any item of business properly presented to the Board or any committee. Regents may either vote or abstain from voting on items presented for Board action. Upon request from a Regent, the minutes shall show the record of a Regent's vote on any item.

A Regent must be present to vote. A Regent is considered present if the Regent is in person at a meeting; if the meeting is held by video conference call, then a Regent is present if the Regent is on the video conference call; and if the meeting is held by telephone conference call, then a Regent is present if the Regent is on the telephone conference call. Regents may not vote by proxy.

SECTION 7. AGENDA

The Secretary to the Board, at the direction of the Chancellor, shall prepare and distribute the agenda and materials supporting each agenda item for each committee or Board meeting. At the request of the Chair of the Board for a Board meeting or a Committee Chair for a committee meeting, more than ten days prior to a regular meeting or seventy-two hours prior to a special meeting, the Secretary to the Board shall add to the agenda any item or matter requested by the Chair of the Board or the Committee Chair. The Chancellor may retract items from the Agenda unless the item was requested by the Chair of the Board or the Committee Chair. The Secretary to the Board shall maintain a schedule for submission of materials supporting each agenda item and, in consultation with the Chancellor, assign each submission to the appropriate committee for consideration and disposition or the Board.

SECTION 8. CONSENT DOCKET

For regular meetings, all proposed action items, after consideration by a committee, shall be placed on a consent docket. The consent docket shall list each item separately with enough detail to describe the substance of the item to the casual reader. Items on the consent docket will go directly to the Board for action, without additional discussion or consideration by the Board, and will be included in an omnibus resolution approving all consent docket items together. If any Regent requests, prior to approval of the consent docket, that any item be removed from a consent docket, it shall be removed and considered separately by the Board at that meeting, and may be approved, rejected, or tabled and sent to the appropriate committee for further consideration if applicable.

SECTION 9. PUBLIC COMMENT

At each regular meeting of the Board, the Board may provide "Public Comment" time. Any person may register in advance to speak during "Public Comment" time. A registration sheet will be maintained in the location of the Board meeting and will be available for registration. Only those persons who have registered prior to the time that the meeting is convened shall be permitted to speak at that meeting unless the Chair decides to relax this requirement. Each person registering to speak during "Public Comment" time must provide his/her name and the topic on which he/she wishes to speak. Registrants will be provided the opportunity to speak on a "first to register" basis. If a registrant is called to speak and does not respond then that registration shall be deleted. Each person called to speak shall be limited to three minutes of comment time. "Public Comment" time at each Board meeting shall be limited to a total of thirty minutes; provided, however, that the Chair shall have the discretion to extend the total time for "Public Comment."

ARTICLE VI. AMENDMENT OF BYLAWS

SECTION 1. AMENDMENTS

The bylaws shall be amended by a two-thirds majority vote of the full Board at a regular meeting, or a special meeting duly called for that purpose. Any proposed amendment shall be

submitted in writing to the Secretary to the Board at least thirty days before such meeting and it shall be the duty of the Secretary to the Board to provide a copy to each Regent.

Where state and federal laws are incorporated in whole or in part in these bylaws, these laws shall automatically be adopted as amendments to these bylaws without further action by the Board. The Secretary to the Board shall communicate all such changes to each Regent.

SECTION 2. ADOPTION

After proper notice, these amended bylaws were adopted at a regular meeting of the Board of Regents of Texas State Technical College on the 8th day of November, 2018 at Waco, Texas.

John Hatchel, Chair

ATTEST:

Ray Rushing, Secretary

Recommended By:

Elton E. Stuckly, Jr.

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Committee for Facilities

[Ellis Skinner (Chair), Curtis Cleveland, Rick Herrera, Ray Fried]

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None.

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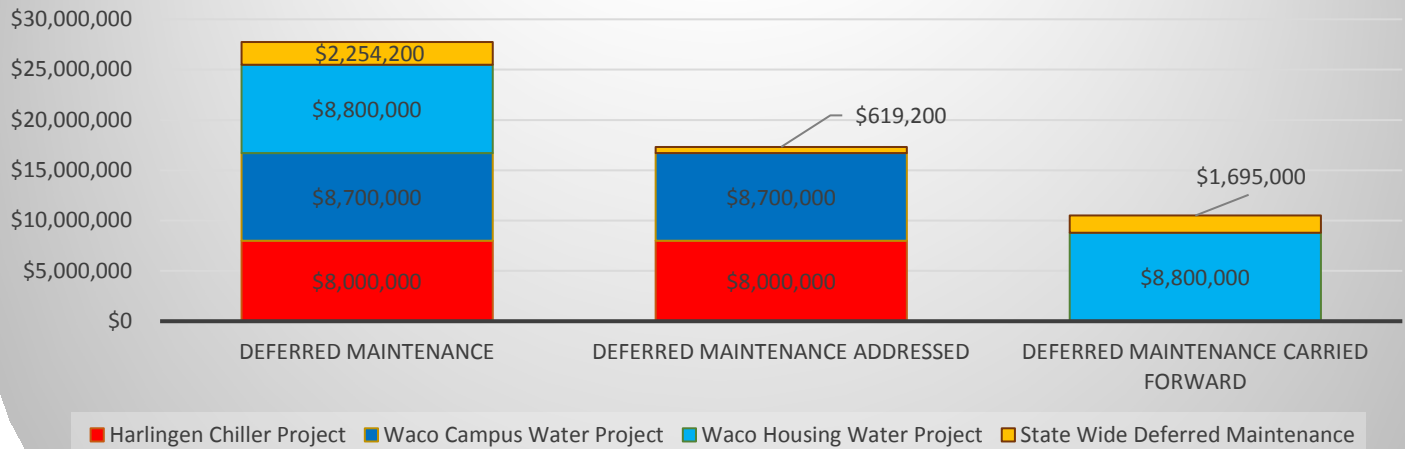
**Texas State Technical College
Major Facility Projects-Status Update November 2018**

	Project Name	Campus	Managing Campus	Delivery Method	Fund Source	Cost Allocation	Required Approvals	% Complete		
1	Renovation of Building 20PM Engineering Center (Phase 2)	Harlingen	Harlingen	Construction Manager At Risk	Tuition Revenue Bond	\$ 3,750,000	Architect/Engineer Construction	\$ 250,000	Approve Concept	MO 34-13
							Owners Cost	\$ 3,400,000	Approve Budget	MO 55-15
								\$ 100,000	Approved MO amount	\$ 3,750,000
					Subtotal Funds	\$ 3,750,000	Subtotal Construction	\$ 3,750,000	Acceptance	MO 11-18
					Additional Information					
			TPFA	\$ 459,000	IT, FFE, Equip.	\$ 459,000				
			Total Funds	\$ 4,209,000	Total Cost	\$ 4,209,000				
2	Replace Water and Sewer Infrastructure on Main Campus	Waco	Waco	Competitive Sealed Proposal	HEAF Bonds	\$ 8,700,000	Architect/Engineer Construction	\$ 1,169,871	Approve Concept	MO 47-14
							Owners Cost	\$ 7,400,010	Approve project & Budget	MO 07-16
								\$ 130,119	Approved MO amount	\$ 8,700,000
					Total Funds	\$ 8,700,000	Total Cost	\$ 8,700,000	Accept project	MO 10-18
3	Accept real property and Construct TSTC Abilene Industrial Technology Center	Abilene	Sweetwater	Construction Manager At Risk	Tuition Revenue Bond	\$ 12,000,000	Architect/Engineer Construction	\$ 917,475	Approve Concept	MO 49-14
					HEAF Bonds	\$ 46,321	Const. Auxiliary Services	\$ 11,033,407	Issue Bonds	Spring 2016
							Owners Cost	\$ -	Approved MO Amount	\$12,000,000
								\$ 95,439	Approve Project and Budget	MO 08-16
					Subtotal Funds	\$ 12,046,321	Subtotal Construction	\$ 12,046,321	Approve Land Purchase from Donation	MO 68-16
			Additional Information			Accept Project	MO 05-18	100%		
4	TSTC Monument and Wayfinding Project	Statewide	Statewide	Construction Manager at Risk	Gifts and donations	\$ 465,000	Land purchase	\$ 465,000	Approve Project and Budget	MO 03-17
					TPFA	\$ 3,860,000	Equipment, FFE, IT	\$ 3,860,000		
					Total Funds	\$ 16,371,321	Total Cost	\$ 16,371,321		
					HEAF Bond	\$ 780,000	Owners reserve	\$ 610,004		
							Abilene - Complete	\$ 46,321		
		Waco - Complete	\$ 73,790	Approved MO	\$780,000	22%				
					Marshall -Complete	\$ 49,885				
			Total Funds	\$ 780,000	Total Cost	\$ 780,000				
5	Rework and Replace Paving	Sweetwater	Sweetwater	RFQ	\$ 40,000	Engineering / Design	\$ 40,000	Approve Concept and design project	MO 07-17	10%
6	Sweetwater Housing Study and Renovation Project	Sweetwater	Sweetwater	Request For Qualifications	\$ 70,000	Study, Design, and opinion of cost	\$ 70,000	Approve Concept	MO 06-18	0%

DEFERRED MAINTENANCE SUMMARY FY18

CAMPUS	TOTAL DEFERRED MAINTENANCE	DEFERRED MAINTENANCE ADDRESSED	DEFERRED MAINTENANCE CARRIED FORWARD
HARLINGEN	\$8,403,000	\$8,000,000	\$403,000
WEST TEXAS	\$403,000	\$119,000	\$284,000
MARSHALL	\$80,000	\$0.00	\$80,000
WACO	\$18,868,200	\$9,200,200	\$9,668,000
Totals	\$27,754,200	\$17,319,200	\$10,495,000

DEFERRED MAINTENANCE SUMMARY FY18



DEFERRED MAINTENANCE SUMMARY FY19

CAMPUS	TOTAL DEFERRED MAINTENANCE	DEFERRED MAINTENANCE ADDRESSED	DEFERRED MAINTENANCE CARRIED FORWARD
HARLINGEN	\$1,193,000	\$770,000	\$423,000
WEST TEXAS	\$1,602,500	\$800,000	\$802,500
MARSHALL	\$293,385	\$14,385	\$279,000
WACO	\$10,348,000	\$405,000	\$9,943,000
Totals	\$13,436,885	\$1,989,385	\$11,447,500

DEFERRED MAINTENANCE FY19

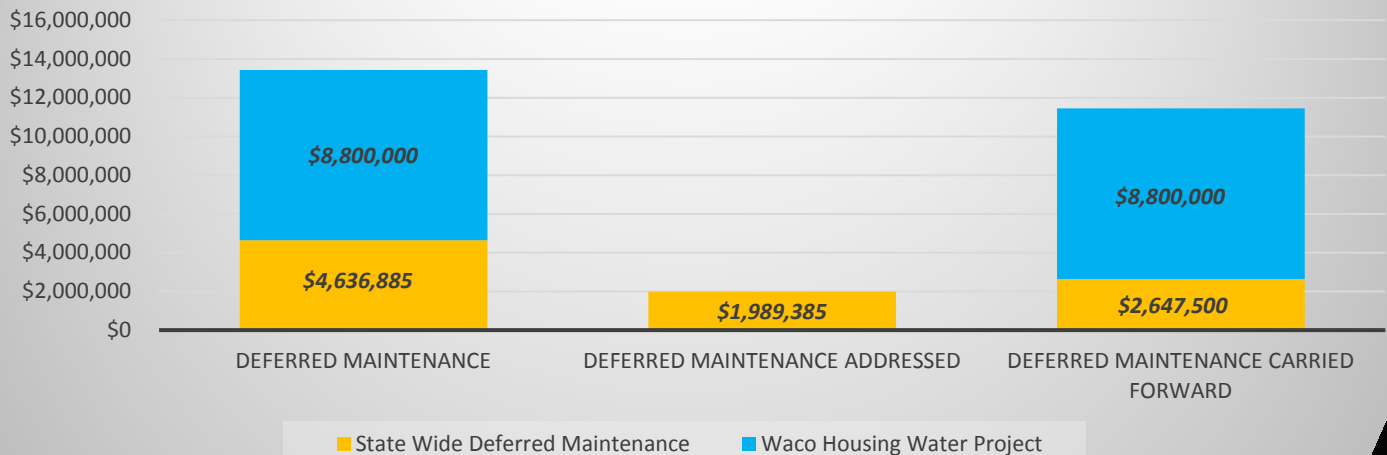


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Committee for Fiscal Affairs

[Keith Honey (Chair), Alex Meade, Pat McDonald, Jonathan Hoekstra]

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Board Meeting Date: November 8, 2018 **Proposed Minute Order #:** 29-18(c)
Proposed By: Jonathan Hoekstra, Vice Chancellor & Chief Financial Officer

Subject: **Approval of Texas State Technical College Contract Administration Policy**

Background: Senate Bill 20 of the 84th Texas Legislature was enacted to reform state agency contracting by clarifying accountability, increasing transparency, and ensuring a fair and competitive contracting process. The law, which became effective September 1, 2016, added Section 51.9337, Purchasing Authority Conditional; Required Standards (TEC §51.9337) to the Education Code and other requirements related to Texas State Technical College (TSTC) contracting authority.

Justification: TEC §51.9337 requires by rule, that the TSTC Board of Regents shall establish and approve policies governing the following contract related standards:

- a contract management handbook that provides consistent contracting policies and practices,
- contracting delegation guidelines, and
- training for officers and employees authorized to execute contracts.

Additional Information: Statewide Operating Standard (SOS) FA 4.4 Contract Administration provides a single contracting policy to ensure compliance with the contract administration standards of TEC §51.9337, including the TSTC Contract Management Handbook, Delegation of Authority Chart, and training requirements.

Fiscal Implications: None.

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 to establish and approve standards for entering into and managing contracts, including the development and maintenance of a contract management handbook providing consistent contracting policies and practices, guidelines for contracting delegation, and training for officers and employees authorized to execute contracts."

Recommended By:

A handwritten signature in black ink, appearing to read "Jonathan Hoekstra", is written over a horizontal line.

Jonathan Hoekstra, Vice Chancellor & Chief Financial Officer



Board Meeting Date: November 8, 2018 **Proposed Minute Order #:** 30-18(c)
Proposed By: Jonathan Hoekstra, Vice Chancellor & Chief Financial Officer

Subject: Texas State Technical College Bid Thresholds

Background: Texas State Technical College (TSTC) is authorized by Section 51.9335, Acquisition of Goods and Services (TEC §51.9335) of the Education Code to acquire goods and services by the method that provides the best value to the College, including competitive bidding, sealed proposals, group purchasing programs or open market contracts. The TSTC Board of Regents is permitted by TEC §51.9335(g) to adopt rules and procedures for the acquisition of goods and services, including the value thresholds for informal bids or quotes and competitive bidding. TSTC administration recommends raising the bid thresholds to the levels detailed in the attached chart.

Justification: The proposed bid thresholds will help streamline the purchasing process by allowing best value or spot purchases for purchases of less than \$15,000, requiring informal bids or quotes to be obtained for purchases between \$15,000 and \$50,000, and requiring competitive bidding for purchases of \$50,000 and above. Procurement staff will be able to focus more of their time on higher value, higher risk purchases in accordance with contract review procedures for purchases over \$15,000.

Additional Information: None.

Fiscal Implications: TSTC will be able to focus more resources on contract development and monitoring for higher value, higher risk purchases by streamlining the bidding process and purchasing through available state contracts and cooperatives.

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

Attachment(s): Texas State Technical College Bid Thresholds

Recommended Minute Order: "The Board of Regents approves the Texas State Technical College Bid Thresholds."

Recommended By:

A handwritten signature in black ink, appearing to read "Jonathan Hoekstra", is written over a horizontal line.

Jonathan Hoekstra, Vice Chancellor & Chief Financial Officer

Texas State Technical College Bid Thresholds

Procurement Method	Current Value Range	Proposed Value Range
Best value or spot purchase	\$0 to \$4,999	\$0 to \$14,999
Informal bids or quotes (minimum of three bids)	\$5,000 to \$24,999	\$15,000 to \$49,999
Competitive solicitation (minimum of three bids)	\$25,000 and above	\$50,000 and above



Board Meeting Date: November 8, 2018 **Proposed Minute Order #:** 31-18(c)
Proposed By: Gail Lawrence, Senior Vice Chancellor & Chief of Staff to the Chancellor

Subject: **Authorization to Enter into Media Buying Service Contracts Greater than \$1,000,000**

Background: During the 84th Legislative Session, the passage of Senate Bill 20 amended the Government Code to make comprehensive changes to state agency contracting, purchasing and accounting procedures. The Bill establishes requirements applicable to contracts with a total value in excess of one million dollars. One of these requirements is that the Texas State Technical College (TSTC) Board of Regents must approve contracts with a total value over one million dollars or delegate the authority to exceed that amount to the Chancellor or his designee.

Justification: TSTC enters into media purchase contracts that exceed one million dollars. It is prudent to delegate the authority to the Chancellor or his designee to approve and sign these contracts timely, in order to take advantage of the quickly-moving advertising market trends and the most advantageous pricing and placement of advertising in various markets and media outlets.

Additional Information: None.

Fiscal Implications: Funds are available as currently budgeted.

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

Attachment(s): Letter from Legal Counsel

Recommended Minute Order: "The Board of Regents authorizes the Chancellor or his designee to execute contracts in excess of One Million Dollars to purchase advertising and media buying services."

Recommended By:

A handwritten signature in black ink, appearing to read "Jonathan Hoekstra", is written over a horizontal line.

Jonathan Hoekstra, Vice Chancellor & Chief Financial Officer

OFFICE OF GENERAL COUNSEL

3801 Campus Drive
Waco, Texas 76705

254-867-3972

October 18, 2018

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

Re: Authorization for the Chancellor or his Designee to enter multiple media purchasing service contracts which in the aggregate exceed One Million Dollars (\$1,000,000.00).

As requested, I have reviewed and considered the legal ramifications of the delegation of authority from the Board of Regents to the Chancellor or his designee to enter into and sign contracts in excess of One Million Dollars (\$1,000,000.00) for the purchase of goods or services.

During the 84th Legislative Session comprehensive changes were made to the 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 authority to the Chancellor or his designee.

TSTC, by necessity, enters into media purchasing service contracts which in the aggregate will exceed One Million Dollars (\$1,000,000.00). Without a delegation, the Board would have to approve each subsequent media purchasing service contract after the aggregate amount of One Million Dollars (\$1,000,000.00) is exceeded. This would be both wasteful of the Board's time and not allow needed administrative flexibility to respond to market trends and secure the best prices.

Having reviewed the changes to the Government Code, after the passage of Senate Bill 20 during the 84th Legislative Session, it is my opinion that the delegation of authority from the Board of Regents to the Chancellor or his designee to enter into and sign contracts in excess of One Million Dollars (\$1,000,000.00) for the purchase of goods or services comports with state law and TSTC policy, and that this delegation is in the best interest of TSTC students as well as the State of Texas.

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

Respectfully Submitted,

Edward C. Vallejo
Associate General Counsel

cc: Ray Rushing, J.D.
General Counsel of TSTC and Secretary, TSTC Board of Regents

Gail Lawrence
Senior Vice Chancellor & Chief of Staff to the Chancellor



Board Meeting Date: November 8, 2018 **Proposed Minute Order #:** 32-18(c)
Proposed By: Kevin Dorton, Associate Vice Chancellor Student Services

Subject: Lease of Hangar Space at the TSTC Waco Airport to Battlespace, Inc.

Background: The 24,242 square foot hangar, formerly known as the 8-1 Hanger, is located at 801 Airline Boulevard. Half of the facility is leased to the airport FBO (Servion) to facilitate short-term hangar needs for transient aircraft.
Battlespace, Inc., a military contractor headquartered out of Arlington, Virginia that has been in business since 1993, proposes to lease the facility to house drones used in related training operations. Battlespace operations are exclusively for the U.S. military.

Justification: Leasing the noted hangar space will offer revenue on a currently nonearning asset. Increased flight activity at the airport also positively impacts another source of income since a portion of lease income derived from the existing FBO provider is tied to fuel sales. Lastly, expanding relationships with this particular military division promotes additional marketing opportunities for the airport.

Additional Information: Lease rates/terms were derived with the assistance of recent market data provided by TxDOT, as well as comparing with current leases associated with our airport. Lessee will cover the cost to insure all their contents as well as general liability for their operations. Related operations will not conflict with any other operations at the airport.

Audited financials of Battlespace, Inc. offer little support with an illiquid and leveraged position. The strength of this relationship is the multi-year contract they have with the U.S. Military, who has specifically approved the proposed space lease and are evaluating the possibility of building a larger, permanent facility on our ramp.

Fiscal Implications: The College will receive \$2,250 per month, with the lease being on a triple net basis, with the College being responsible for structural integrity of the roof and doors; these costs can be covered with the assistance of ramp grant funding provided by TxDOT.

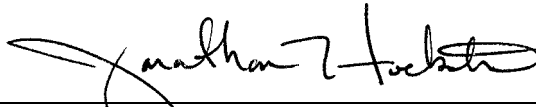
Attestation: This Minute Order is in compliance with all applicable laws and regulations to the best of my knowledge.

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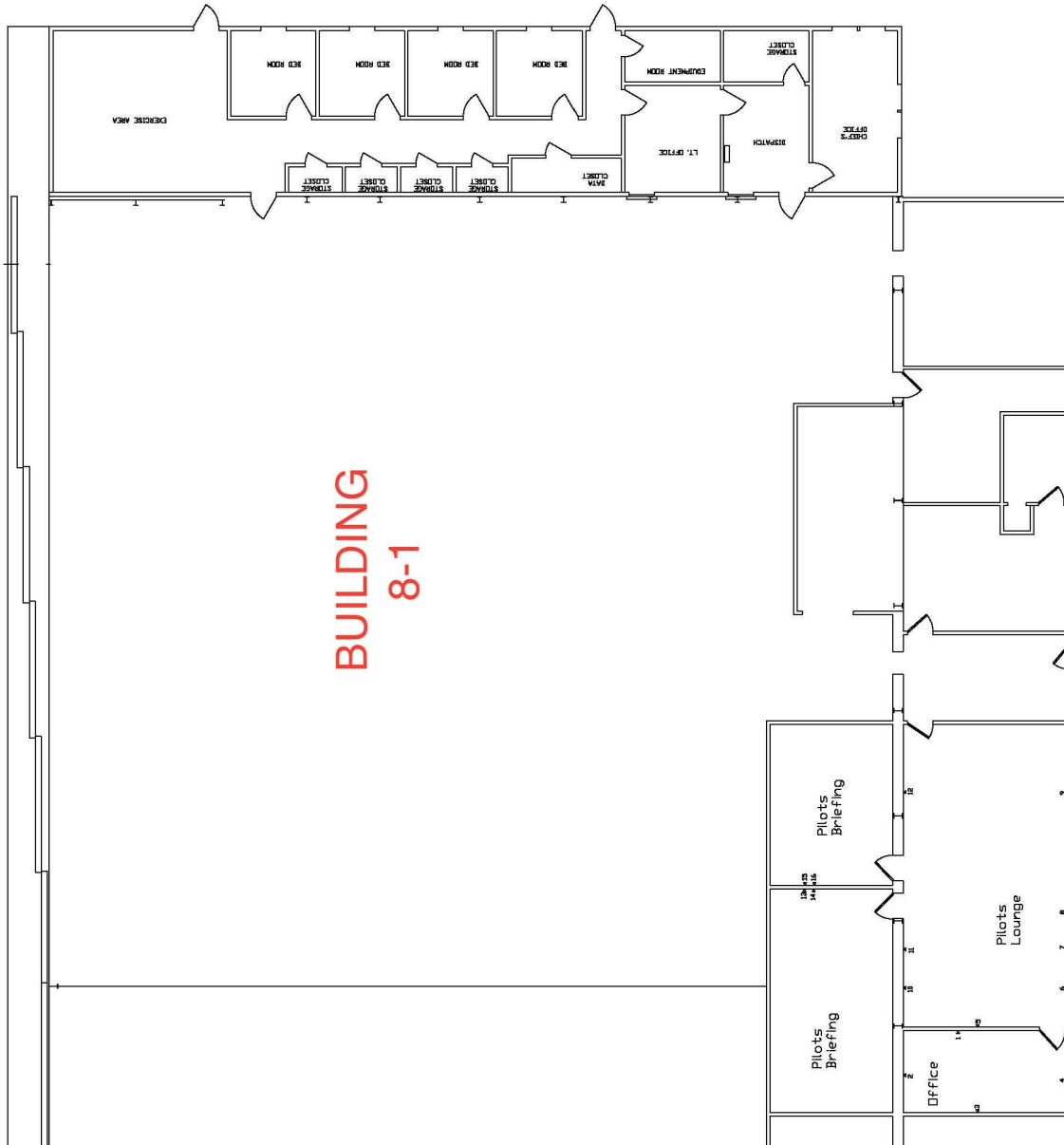
Attachment(s): 8-1 Hangar Floor Plan
Letter from General Counsel

Recommended Minute Order: "The Board of Regents approves the lease with Battlespace, Inc. and authorizes the Chancellor, or his designee, to execute the Lease Agreement with Battlespace for the lease of space in the 8-1 Hangar at the TSTC Waco Airport."

Recommended By:

A handwritten signature in black ink, appearing to read "Jonathan Hoekstra", written over a horizontal line.

Jonathan Hoekstra, Vice Chancellor & Chief Financial Officer



OFFICE OF GENERAL COUNSEL

3801 Campus Drive
Waco, Texas 76705

254-867-3972

October 18, 2018

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 Battlespace, Inc.

As requested, I have reviewed and considered the legal ramifications of the leasing of hangar space at the TSTC Airport to Battlespace, Inc.

This lease relationship will allow TSTC to collect revenue on a nonearning asset (the hangar space), increase sales of fuel, promote additional marketing opportunities for the airport, and hopefully result in Battlespace building a larger permanent facility at the airport. Lease rates and terms were drawn from the use of recent market data and current TSTC Waco Airport leases. Lastly, the lease of hangar space to Battlespace will not conflict with current operations at the TSTC Waco Airport.

The noted space to be leased at the TSTC Waco Airport is surplus and 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, and that allowing Battlespace, Inc., to lease the contemplated space is in the best interest of TSTC students as well as the State of Texas. The applicable indemnities and insurance requirements are in place.

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

Respectfully Submitted,


Edward C. Vallejo
Associate General Counsel

cc: Ray Rushing, J.D.
General Counsel of TSTC and Secretary, TSTC Board of Regents

Kevin Dorton
Associate Vice Chancellor, Student Services



Board Meeting Date: November 8, 2018 **Proposed Minute Order #:** 33-18(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:

Community Bank & Trust
First Financial Bank
Extraco Banks
Frost Bank
Coastal Securities, Inc.
Hilltop Securities
Investors Brokerage of Texas
Robert W. Baird & Co.
Vining Sparks
Wells Fargo Advisors

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 10 percent or more of the voting stock or shares of the business entity or owns either 10 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 10 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 (09-11), 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 form TSTC-0-FA-043 (09-11) before the fall meeting of the Board of Regents. This form seeks 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 Comptroller 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.

INVESTMENTS

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.

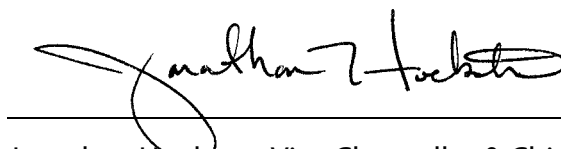
Pledged securities may be held in safekeeping at a commercial bank in the State of Texas, the Texas Independent Bankers-Bank (TIB), the Federal Home Loan Bank (FHLB), or at the Federal Reserve Bank.

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 5 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."

Recommended By:

A handwritten signature in black ink, appearing to read "Jonathan Hoekstra", is written over a horizontal line.

Jonathan Hoekstra, Vice Chancellor & Chief Financial Officer



Board Meeting Date: November 8, 2018 **Proposed Minute Order #:** 34-18(c)
Proposed By: Rick Herrera, Vice Chancellor & Chief Student Services Officer

Subject: **Approve the purchase of the Development Corporation of Harlingen, Inc. (DC) interest in the University Articulation and Career Center (UACC or University Center) at Texas State Technical College (TSTC) in Harlingen.**

Background: In August of 2011, DC and TSTC completed the construction of the University Center, a building located on the TSTC Harlingen Campus at 2424 Boxwood, Harlingen, TX 78550. While the University Center is a single building, it is currently owned in two separate parts by both the DC and TSTC. The portions of each interest is shown in the attached Exhibit 1, with "A" representing that part owned by the DC and "B" representing that part owned by TSTC. DC's portion of the University Center is 25,600 square feet, which represents approximately a 58% interest in the facility.

Justification: Approval of the purchase of the UACC guarantees TSTC full control of the University Center.

Additional Information: The portion of the University Center to be acquired will be used to further enhance and meet TSTC's mission of placing more Texans in great paying jobs.

Fiscal Implications: The purchase of the UACC will cost approximately \$4,400,000 with funding to be derived from various institutional resources.

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

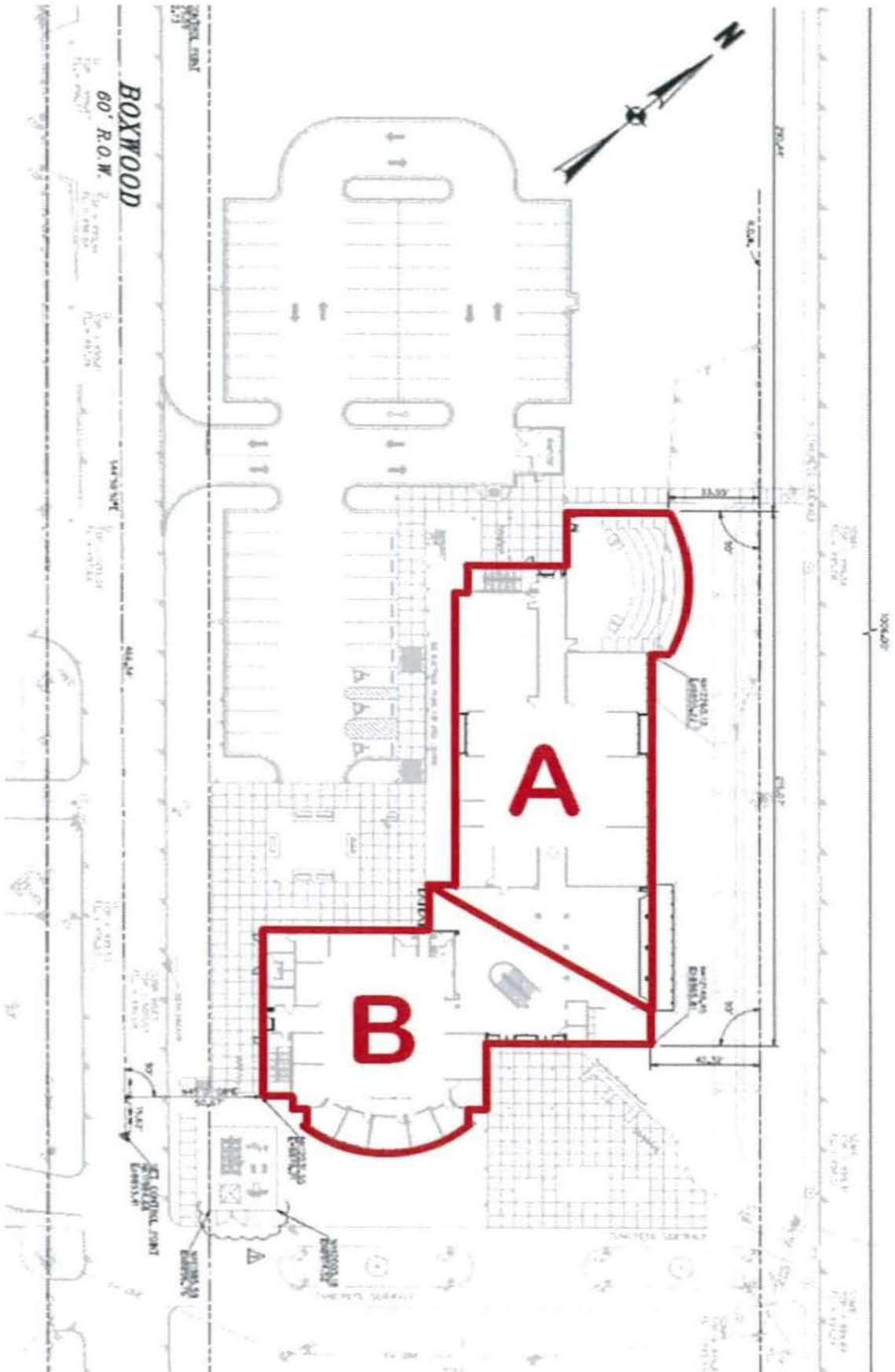
Attachment(s): Exhibit 1, Diagram of the University Center
Letter from General Counsel

Recommended Minute Order: "The Board of Regents approves the purchase of the Development Corporation of Harlingen, Inc interest in the University Articulation and Career Center at Texas State Technical College in Harlingen, and authorizes the Chancellor, or his designee, to execute the purchase agreement in an amount not to exceed \$4,400,000 and to sign all necessary documents to complete said purchase."

Recommended By:

Jonathan Hoekstra, Vice Chancellor & Chief Financial Officer

LOOP 499
160' R.O.W.



OFFICE OF GENERAL COUNSEL

3801 Campus Drive
Waco, Texas 76705

254-867-3972

October 21, 2018

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

Re: Approval and authorization for the Chancellor, or his designee, to negotiate the purchase of the University Articulation and Career Center and to sign all necessary documents to complete said purchase.

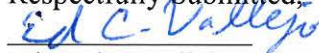
As requested, I have reviewed and considered the legal ramifications of the delegation of authority from the Board of Regents to the Chancellor, or his designee, to negotiate the purchase of the University Articulation and Career Center and to sign all necessary documents to complete said purchase.

In approximately 2011, the Development Corporation of Harlingen, Inc. (DC) and Texas State Technical College (TSTC) completed the construction of the University Center, a building located on the TSTC Harlingen Campus at 2424 Boxwood, Harlingen, TX 78550. While the University Center is a single building, it is currently owned in two separate parts by both the DC and TSTC, with the portions of each part shown in the Exhibit 1 attached to the relevant Minute Order, with "A" representing that part owned by the DC and "B" representing that part owned by TSTC.

Having reviewed the Texas Education Code, it is my opinion that the delegation of authority from the Board of Regents to the Chancellor, or his designee, to negotiate the purchase of the University Articulation and Career Center and to sign all necessary documents to complete said purchase comports with state law and TSTC policy, and that this delegation is in the best interest of TSTC students as well as the State of Texas.

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

Respectfully Submitted,



Edward C. Vallejo
Associate General Counsel

cc: Ray Rushing, J.D.
General Counsel of TSTC and Secretary, TSTC Board of Regents

Jonathan Hoekstra
Vice Chancellor & Chief Financial Officer

tstc.edu





Board Meeting Date: November 8, 2018 **Proposed Minute Order #:** 35-18(c)
Proposed By: Rick Herrera, Vice Chancellor and Chief Student Services Officer

Subject: **Authorize the Chancellor or his Designee to enter into multiple lease agreements for TSTC vehicles which in aggregate are greater than \$1,000,000 at Texas State Technical College Campuses.**

Background: During the 84th Legislative Session the passage of Senate Bill 20 amends the Government Code to make comprehensive changes to state agency contracting, purchasing, and accounting procedures. The Bill establishes requirements applicable to contracts with a value in excess of \$1 million. One of the effects of this requirement is that the TSTC Board of Regents, or their designee, must approve contracts with a value of one million dollars or greater.

Justification: Texas State Technical entered into a master lease agreement with Enterprise FM Trust on 8/19/2015. As TSTC moves from owning vehicles to leasing vehicles and the size of the fleet continues to increase to support Statewide leadership the aggregate amount of the agreement is exceeding the \$1,000,000 threshold. Due to the fact that the contract is increased incrementally it is not prudent or efficient for the BOR to approve each incremental lease agreement. House Bill 20 has a provision for the Governing Board to delegate to the Chancellor or his Designee the authority to enter into the agreements.

Additional Information: None

Action Schedule: Approve Delegation of Authority MO 35-18(c)

Fiscal Implications: Fund available as currently budgeted.

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

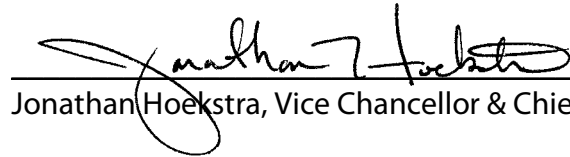
Attachment(s): Letter from Legal Counsel

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**Recommended Minute
Order:**

"The Board of Regents authorizes the Chancellor or his designee to enter into and sign lease agreements which in aggregate exceed One Million Dollars for the lease of vehicles at the Texas State Technical College Campuses".

Recommended By:


Jonathan Hoekstra, Vice Chancellor & Chief Financial Officer

OFFICE OF GENERAL COUNSEL

3801 Campus Drive
Waco, Texas 76705

254-867-3972

October 18, 2018

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

Re: Authorization for the Chancellor or his Designee to enter multiple vehicle lease agreements which in the aggregate exceed One Million Dollars (\$1,000,000.00).

As requested, I have reviewed and considered the legal ramifications of the delegation of authority from the Board of Regents to the Chancellor or his designee to enter into and sign contracts in excess of One Million Dollars (\$1,000,000.00) for the purchase of goods or services.

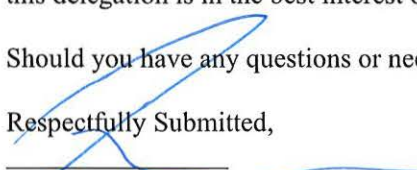
During the 84th Legislative Session comprehensive changes were made to the Government Code. Generally, the TSTC Board of Regents alone has authority to approve and sign contracts on behalf of TSTC with a value exceeding One Million Dollars (\$1,000,000.00). However, among the changes made to the Government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

On August 19, 2015, TSTC entered into a master lease agreement with Enterprise FM Trust for the leasing of vehicles. For financially prudent reasons, TSTC is currently moving from owning vehicles to leasing vehicles, causing a steady increase in the fleet of vehicles being leased. This incremental increase in leased vehicles will cause the aggregate amount of the master agreement to exceed One Million Dollars (\$1,000,000.00) eventually. Without a delegation, the Board would have to approve each subsequent lease after the aggregate amount of One Million Dollars (\$1,000,000.00) is exceeded. This would be both wasteful of the Boards time and not allow needed administrative flexibility.

Having reviewed the changes to the Government Code, after the passage of Senate Bill 20 during the 84th Legislative Session, it is my opinion that the delegation of authority from the Board of Regents to the Chancellor or his designee to enter into and sign contracts in excess of One Million Dollars (\$1,000,000.00) for the purchase of goods or services comports with state law and TSTC policy, and that this delegation is in the best interest of TSTC students as well as the State of Texas.

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

Respectfully Submitted,


Edward C. Vallejo
Associate General Counsel

cc: Ray Rushing, J.D.
General Counsel of TSTC and Secretary, TSTC Board of Regents

Rick Herrera
Vice Chancellor & Chief Student Services Officer



Texas State Technical College Profit Center Report
Food Service
For the Year Ended August 31, 2018





Texas State Technical College Profit Center Report
Bookstore
For the Year Ended August 31, 2018





Texas State Technical College Profit Center Report
Housing
For the Year Ended August 31, 2018



		Income Statement		
		2016	2017	2018
Revenue	Revenue	4,960,801	5,108,795	5,033,587
Expenses	Salaries & Benefits	-1,968,590	-1,990,235	-1,847,495
	Utilities	-1,002,064	-1,176,539	-864,115
	Maintenance	-410,117	-691,571	-645,326
	Debt Service	-416,066	-462,888	-483,448
	Hi-Ed Taxes Property	-138,019	-169,142	-222,197
	Consultant Svcs	-1,000	-1,000	-191,664
	Other	-159,471	-247,066	-157,985
	Insurance Premiums & Ded	-68,697	-114,288	-79,352
Net Operating Revenues before Capital		797,776	256,066	542,003
Capital	Capital	-616,507	-349,603	-352,397
	Capitalized Bond Pmts	-523,693	-544,119	-565,417
Net Capital Investments		-1,140,199	-893,722	-917,814
Net Revenues after Capital Investments		-342,423	-637,656	-375,810



Texas State Technical College Profit Center Report
Airport
For the Year Ended August 31, 2018



Texas State Technical College Profit Center Report
Skills Engine
For the Year Ended August 31, 2018



		Income Statement	
		2016	2017
Revenue	Revenue	83,331	160,522
Expenses	Salaries & Benefits	-602,470	-965,628
	Contracted & Professional Services	-168,971	-281,494
	Rental of Space	-35,706	-95,526
	Other	-12,423	-24,484
	Travel	-4,200	-7,746
Net Operating Revenues before Capital		-740,438	-1,214,356
Capital		-33,641	-14,947
Net Revenues after Capital Investments		-774,080	-1,229,303
			-1,026,638

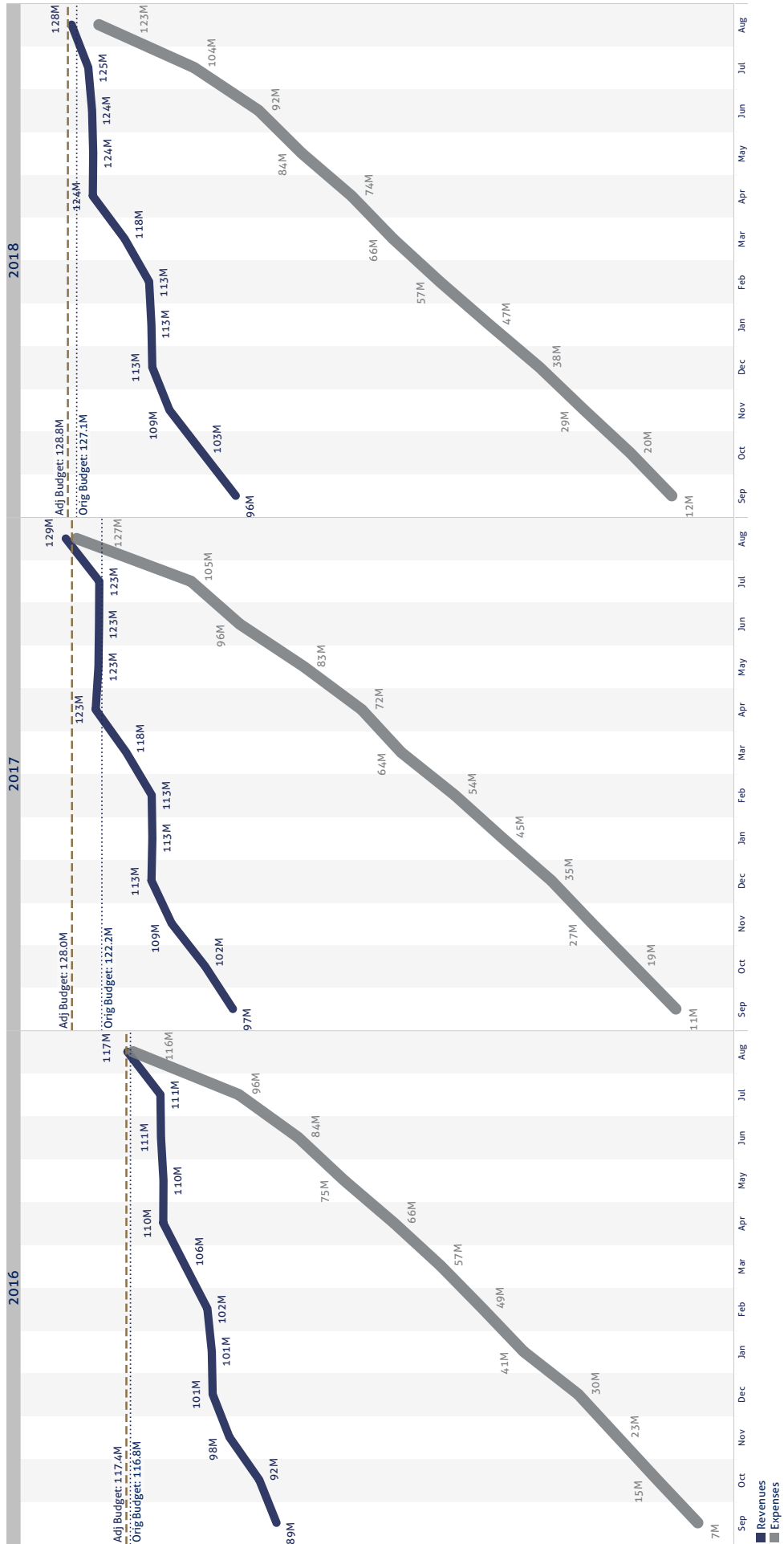


Texas State Technical College Profit Center Report
Industry Relations
For the Year Ended August 31, 2018

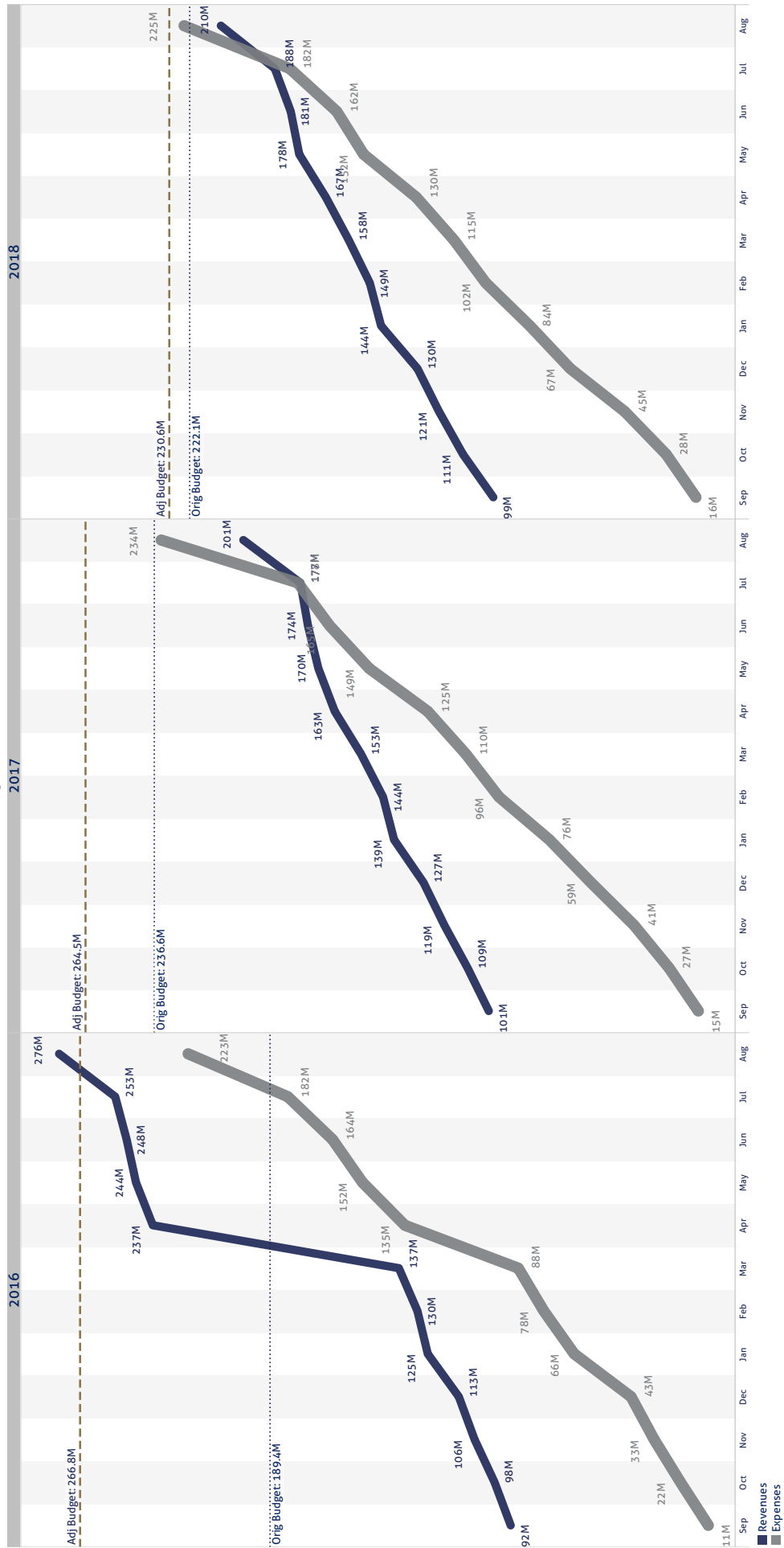


Texas State Technical College Budget Performance Core Operations

As of August 31, 2018

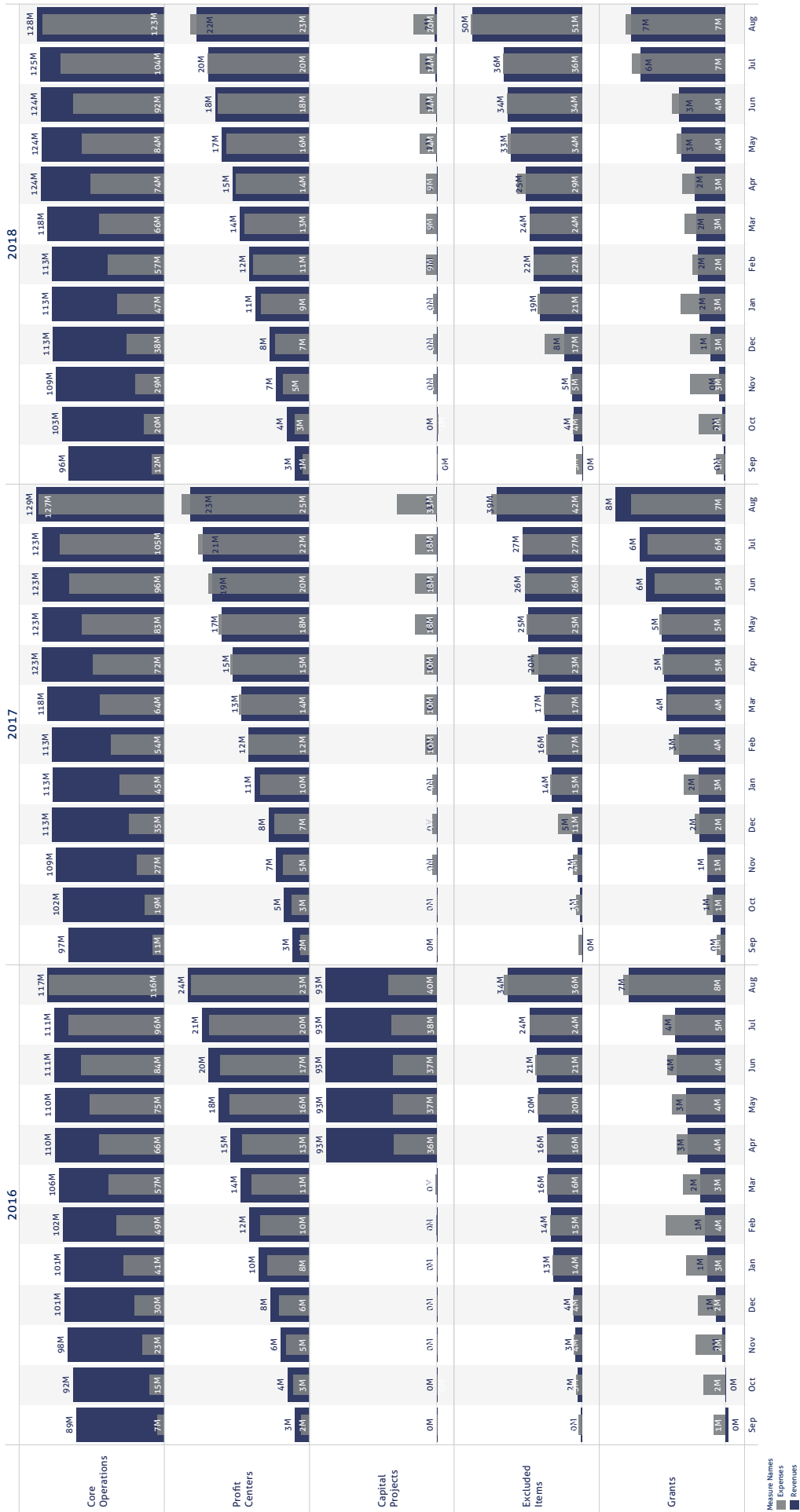


Texas State Technical College Budget Performance - All Funds As of August 31, 2018



Budget Performance - All Funds Comparison of Funding Groups

As of August 31, 2018

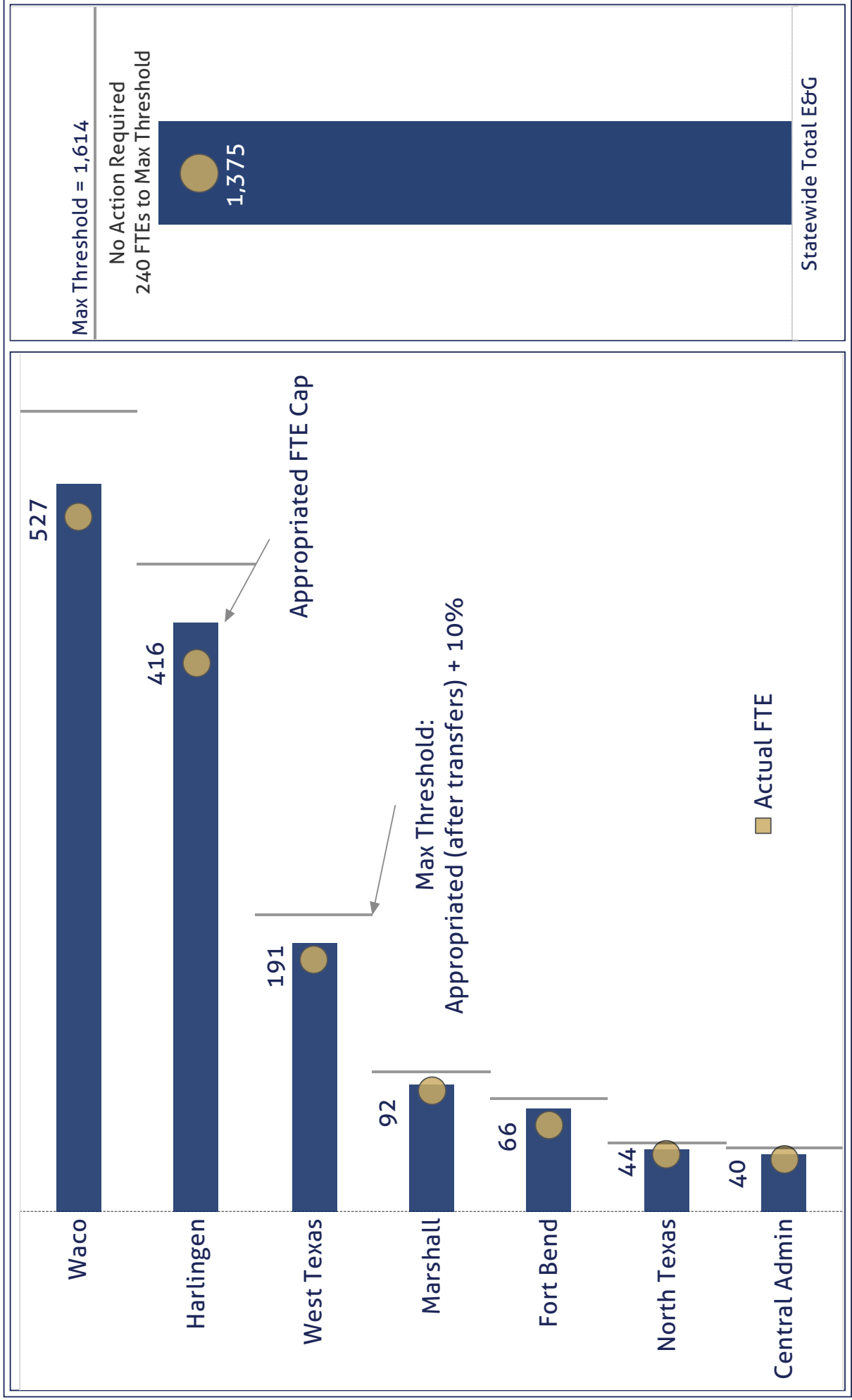


Texas State Technical College

State Appropriated Employees - Full Time Equivalent Report

FY 2018 - For the Quarter Ending August 31, 2018

The number of Full Time Equivalent employees is within the max threshold of 1,614 by 240 FTEs, therefore no action is required.



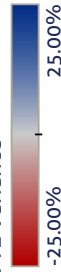
Texas State Technical College

Variance of Annual FTEs by Funding Source

As of August 31, 2018



FTE Variance This illustration demonstrates the total FTEs in each funding source by fiscal year. The line graph (and labels) represent the FTE variance from FY 2014.



Texas State Technical College
Variance of Annual FTEs by Location by Fund Source
As of August 31, 2018

Location	Fund Source	2014	2015	2016	2017	2018
Waco	Appropriated	552 - 0	515 - (37)	519 - (33)	517 - (35)	503 - (49)
	Other	138 - 0	141 - 3	131 - (7)	131 - (7)	129 - (9)
Harlingen	Appropriated	427 - 0	448 - 21	462 - 36	443 - 16	426 - (1)
	Other	161 - 0	139 - (22)	98 - (64)	81 - (81)	81 - (80)
Sweetwater	Appropriated	98 - 0	93 - (5)	99 - 1	98 - 0	99 - 1
	Other	18 - 0	14 - (4)	10 - (8)	14 - (4)	9 - (10)
Marshall	Appropriated	105 - 0	92 - (13)	93 - (12)	87 - (17)	90 - (15)
	Other	12 - 0	11 - (1)	10 - (2)	7 - (5)	6 - (6)
Fort Bend	Appropriated	5 - 0	8 - 3	23 - 18	46 - 41	65 - 60
	Other	0 - 0	1 - 1	1 - 1	3 - 3	8 - 8
Abilene	Appropriated	57 - 0	62 - 5	60 - 3	59 - 2	59 - 2
	Other	4 - 0	4 - 0	6 - 2	1 - (3)	5 - 1
North Texas	Appropriated	2 - 0	24 - 22	29 - 27	36 - 34	42 - 40
	Other	0 - 0	1 - 1	0 - 0	1 - 1	0 - 0
Central Admin	Appropriated	38 - 0	37 - (1)	32 - (6)	39 - 1	41 - 4
	Other	8 - 0	10 - 2	13 - 5	11 - 3	12 - 3
EWC	Appropriated	3 - 0	18 - 15	25 - 22	20 - 17	30 - 27
	Other	0 - 0	0 - 0	0 - 0	0 - 0	1 - 1
Brownwood	Appropriated	26 - 0	23 - (2)	17 - (8)	17 - (9)	17 - (8)
	Other	5 - 0	4 - (2)	2 - (3)	0 - (5)	1 - (4)
Breckenridge	Appropriated	18 - 0	12 - (6)	16 - (2)	16 - (2)	16 - (2)
	Other	2 - 0	2 - 0	2 - 0	0 - (2)	1 - (1)
Statewide Totals	Appropriated	1,329 0	1,331 2	1,376 46	1,377 48	1,388 59
	Other	348 0	326 (22)	272 (76)	249 (99)	253 (95)
	Grand Total	1,678 0	1,657 (20)	1,648 (30)	1,626 (51)	1,641 (37)

TEXAS STATE TECHNICAL COLLEGE

Pledged Collateral Report

August 31, 2018

	DEPOSITS			SECURITY ON DEPOSITS			
	Demand Deposits	Money Market & Time Deposits	Total Deposits	FDIC* Coverage (up to)	Required Collateral	Collateral at Market Value	Sufficient (Insufficient)
<u>Depository - Location</u>							
First Ntl Bank of Central Texas - Waco	32,934,967	2,447,635	35,382,602	500,000	34,882,602	40,603,279	5,720,677
Frost Bank - Harlingen/Fort Bend	719,819	-	719,819	250,000	469,819	1,135,427	665,608
Texas National Bank - Sweetwater	239,681	-	239,681	250,000	-	-	10,319
Texas Bank & Trust - Marshall	98,865	-	98,865	250,000	-	-	151,135
Citizens National Bank - Red Oak	86,477	-	86,477	250,000	-	-	163,523
Prosperity Bank - Abilene	62,381	-	62,381	250,000	-	1,406,522	1,594,141
Texas Bank - Brownwood	59,509	-	59,509	250,000	-	-	190,491
InterBank - Breckenridge	54,446	-	54,446	250,000	-	-	195,554
Bank of America - Waco	-	10,000	10,000	250,000	-	-	240,000
Compass Bank - Waco	-	1,644,576	1,644,576	250,000	1,394,576	1,675,000	280,424
First Community Bank - San Benito	-	172,346	172,346	250,000	-	49,896	127,550
First Ntl Bank - Albany/Breckenridge	-	199,215	199,215	250,000	-	-	50,785
Veritex Comm. Bank - N. Richland Hills	-	10,000	10,000	250,000	-	-	240,000
Texas First State Bank - Waco	-	250,005	250,005	250,000	5	1,469,835	1,469,830
Cash in State Treasury	12,204,889	-	12,204,889	No Collateral Required			
TexasTerm (Government Pool)	-	8,376,563	8,376,563	No Collateral Required			
TexPool (Government Pool)	-	1,469,118	1,469,118	No Collateral Required			
TOTAL	46,461,034	14,579,458	61,040,492				

* 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.

TEXAS STATE TECHNICAL COLLEGE
Quarterly Investment Report
As of August 31, 2018

Description	Ending Value as of 8/31/2017	Beginning Value as of 5/31/2018	Ending Value as of 8/31/2018	Interest Rate
<u>Operating Funds</u>				
Cash in State Treasury	24,315,761	19,584,432	12,204,889	2.10%
Statewide Operating	5,270,193	18,994,991	18,875,629	1.75%
Harlingen - Local Operating	4,354,986	293,411	620,550	1.01%
Waco - Local Operating	5,474,124	247,689	235,074	1.75%
Sweetwater - Local Operating	1,568,864	209,558	239,681	1.82%
Marshall - Local Operating	1,136,855	66,563	98,865	0.10%
Fort Bend - Local Operating	587,235	62,390	99,269	0.00%
Brownwood - Local Operating	67,780	54,722	59,509	0.61%
System - Local Operating	193,551	53,126	50,374	1.75%
Abilene - Local Operating	1,394,138	52,939	62,381	0.20%
North Texas - Local Operating	370,378	52,290	86,477	0.24%
Breckenridge - Local Operating	8,532	52,185	54,446	0.25%
Payroll	1,568,470	11,081,854	11,090,697	1.75%
Federal Funds	5,365	34,378	47,934	0.00%
FNB Central Texas - MMKT	1,161,552	1,966,674	1,975,213	1.75%
Compass Bank - CD	839,916	1,640,102	1,644,576	2.21%
FNB Albany/Breckenridge - CD	100,000	100,000	100,000	1.00%
First Community Bank - CD	172,149	172,345	172,346	1.11%
Texas First State Bank - CD	1,136,755	250,000	250,005	2.00%
TexasTerm - Pool	-	6,002,896	6,032,201	1.99%
Total Operating Funds	49,726,604	60,972,545	54,000,116	
<u>Endowment Funds</u>				
Bank of America	10,000	10,000	10,000	0.05%
FNB Albany/Breckenridge	99,215	99,215	99,215	1.00%
FNB Central Texas	467,145	468,964	470,151	1.44%
Liberty/Veritex Community Bank	10,000	10,000	10,000	0.75%
Total Endowment Funds	586,360	588,179	589,366	
<u>Bond Proceeds</u>				
	8,035,784			
FNB Central Texas	4,756,517	2,781,347	2,637,530	1.75%
TexasTerm	10,414,594	4,857,296	2,344,362	1.99%
TexPool	5,990,994	2,514,487	1,469,118	1.92%
Total Bond Proceeds	29,197,889	10,153,130	6,451,010	
Total All Investments	79,510,853	71,713,854	61,040,492	

TEXAS STATE TECHNICAL COLLEGE
Quarterly Investment Report
As of August 31, 2018

Schedule of Time Deposits:

Description	Amount	Maturity Date	Days Maturity	Rate	Type
Veritex Community Bank	10,000	9/7/18	731	0.75%	Endowment
First Community Bank	132,225	9/12/18	335	1.11%	Operating
First National Bank Central Texas	195,553	12/1/18	365	1.00%	Endowment
First Community Bank	40,121	12/18/18	334	1.11%	Operating
FNB - Albany/Breckenridge	65,000	4/6/19	365	1.00%	Endowment
Compass Bank	899,576	4/11/19	365	2.00%	Operating
FNB - Albany/Breckenridge	100,000	4/14/19	365	1.00%	Operating
FNB - Albany/Breckenridge	34,215	4/14/19	365	1.00%	Endowment
Compass Bank	245,000	5/24/19	365	2.35%	Operating
Texas First State Bank	250,005	6/27/19	365	2.00%	Operating
Compass Bank	250,000	7/19/19	365	2.41%	Operating
Compass Bank	250,000	8/7/19	365	2.47%	Operating
Bank of America	10,000	8/10/19	365	0.05%	Endowment
Total Time Deposits	2,481,695				

Weighted Average Maturity (Time Deposits): 364 days

Weighted Average Rate of Interest (All Investments): 1.84%

Current One Year Treasury Bill Rate: 2.46%

Lipper Money Market Funds Average Return (1 YR): 1.24%

FY 2018 Interest Received and Accrued (All Investments): \$989,027

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.

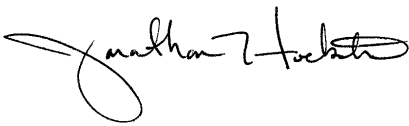
I certify that this investment portfolio is in compliance with Texas State Technical College's policy on investments and the Public Funds Investment Act (Texas Government Code, Section 2256).



 Albert Srubar, Comptroller

10/19/18

 Date



 Jonathan Hoekstra, Chief Financial Officer

10/19/18

 Date

3801 Campus Drive
Waco, Texas 76705

254-867-3916
254-867-4888

October 16, 2018

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

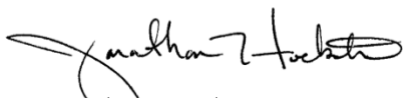
Regents:

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 objects. 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, 2018. 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,

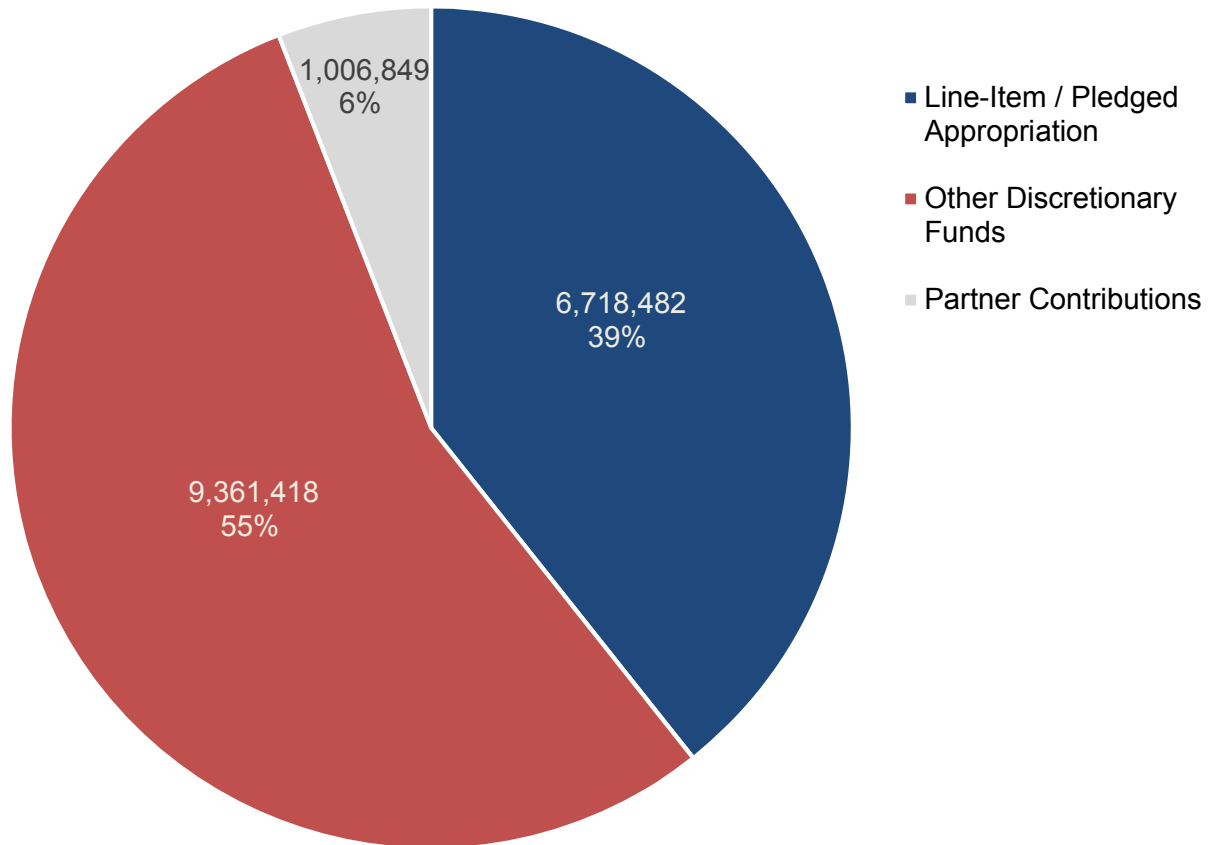


Jonathan Hoekstra, MBA, CPA
Vice Chancellor &
Chief Financial Officer



Chad Wooten, CPA
Executive Vice President
Accounting & Reporting

**Texas State Technical College
Sources of Debt Service Funding for FY 2019**



	FY 2019 Debt Service	Source of Funding
Bonds		
RFS Series 2008A Bonds, Taxable (Clean Energy)	73,929	other discretionary funds
RFS Series 2009 Bonds (Local Revenue)	1,561,300	other discretionary funds
RFS Series 2011 Bonds (Tuition / Local Revenue)	2,203,082	line-item appropriation (35%) partner contributions (46%) other discretionary funds (19%)
RFS Series 2011A Bonds (Local Revenue)	359,587	other discretionary funds
Constitutional Appropriation Series 2016 Bonds (HEAF)	2,974,475	pledged appropriation
RFS Series 2016 Bonds (Tuition / Local Revenue)	3,841,356	line-item appropriation (77%) other discretionary funds (23%)
Texas Public Finance Authority Lease Purchases	3,659,899	other discretionary funds
Other Lease Purchases	1,408,684	other discretionary funds
State Energy Conservation Office (SECO) Loans	819,585	other discretionary funds
Governor's Office Loan (Hangar - Waco)	184,851	other discretionary funds
TOTAL:	\$ 17,086,748	

Texas State Technical College
Summary of Outstanding Debt as of 8/31/2018

	Outstanding Principal	Interest Rate	Maturity Date
Bonds			
RFS Series 2008A Bonds, Taxable (Clean Energy)	285,714	1.00%	December 2021
RFS Series 2009 Bonds (Local Revenue)	2,925,000	3.00% - 5.00%	August 2020
RFS Series 2011 Bonds (Tuition / Local Revenue)	19,615,000	3.75% - 5.00%	August 2036
RFS Series 2011A Bonds(Local Revenue)	3,780,000	3.00% - 4.00%	August 2031
Constitutional Appropriation Series 2016 Bonds (HEAF)	19,805,000	4.00% - 5.00%	October 2025
RFS Series 2016 Bonds (Tuition / Local Revenue)	<u>53,875,000</u>	2.00% - 5.00%	October 2035
Total Bonds	<u>100,285,714</u>		
Lease Purchases			
TSTC Foundation, 2003 (Housing - Marshall)	1,175,417	3.75%	October 2023
TSTC Foundation, 2010 (Warehouse - Harlingen)	382,558	4.08%	July 2020
TSTC Foundation, 2018 (ITC - Fort Bend)	6,405,469	3.00%	September 2025
TSTC Foundation, 2015 (Chevrolet Suburban)	11,692	4.25%	April 2019
TSTC Foundation, 2017 (Ford F-150)	20,747	4.50%	January 2020
TSTC Foundation, 2018 (Ford Expedition)	63,251	4.50%	March 2022
Texas Public Finance Authority (402 leases)	<u>12,270,133</u>	various	various through 2026
Total Lease Purchases	<u>20,329,267</u>		
State Energy Conservation Office (SECO) Loans			
2010 - Waco	3,217,497	2.00%	August 2024
2011 - Harlingen	<u>997,416</u>	3.00%	February 2023
Total SECO Loans	<u>4,214,913</u>		
Governor's Office Loan (Hangar - Waco)	1,360,000	4.97%	January 2030
Total Outstanding Debt:	<u><u>\$ 126,189,894</u></u>		

Texas State Technical College
Bond Ratings as of 8/31/2018

TSTC Bond Series	Fitch	S&P	Moody's	Rating Description	
2016 HEAF	AAA	AAA	Aaa	Investment Grade	Prime
	AA+	AA+	Aa1		High Grade
	AA	AA	Aa2		
	AA-	AA-	Aa3		
2009, 2011, 2011A, 2016	A+	A+	A1		Upper Medium Grade
	A	A	A2		
	A-	A-	A3		
	BBB+	BBB+	Baa1		Lower Medium Grade
	BBB	BBB	Baa2		
	BBB-	BBB-	Baa3		
	BB+	BB+	Ba1	Below Investment Grade (Speculative)	Below Investment Grade / Speculative
	BB	BB	Ba2		
	BB-	BB-	Ba3		
	B+	B+	B1		Highly Speculative
	B	B	B2		
	B-	B-	B3		
	CCC+	CCC+	Caa1		Substantial Risks / Extremely Speculative
	CCC	CCC	Caa2		
	CCC-	CCC-	Caa3		
	CC	CC	Ca		Default Imminent
	C	C			
	DDD	SD	C		In Default
	DD	D			
	D				

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***.

2009, 2011, 2011A, 2016 Revenue Financing System (RFS) Bonds: All 4 issuances of TSTC RFS bonds are uniformly rated by each rating agency. Moody's and S&P rate all 4 issuances, Fitch rates Series 2016 only. Outlook from each agency is:

Moody's ***STABLE***
S&P ***STABLE***
Fitch ***POSITIVE***

Texas State Technical College Board of Regents

*Scheduled Meeting Dates
for Calendar Year 2019*

Quarterly Board Meetings

Event	Date	Venue
Winter	Thursday, January 31	TSTC in Waco
Spring	Thursday, May 16	TSTC in Waco
Summer	Wednesday, August 14	TSTC in Waco
	Thursday, August 15	
Fall	Thursday, November 14	TSTC in Waco

Board & Management Planning Retreat

Event	Date	Venue
Biennial Retreat	Tuesday, January 29	TSTC in Waco
	Wednesday, January 30	