

# Meeting of the Board of Regents

May 13, 2021  
Waco, Texas





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

**Thursday, May 13, 2021**

When	What	Where	Who
9:45 a.m. - 10:00 a.m.	The Board of Regents Work Session	Board Room, Teleconference	Regents, Leadership Team & Invited Guests
10:00 a.m. - 10:15 a.m.	Audit Committee Meeting	Board Room, Teleconference	Regents, Leadership Team & Invited Guests
10:15 a.m. - 10:30 a.m.	The Board of Regents Closed Session	Board Room, Teleconference	Regents, Chancellor Reeser, Secretary to the Board and General Counsel Rushing
10:30 a.m. - 12:00 p.m.	The Board of Regents Meeting	Board Room, Teleconference	Regents, Leadership Team & Invited Guests

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.

May 1, 2021

Mr. Curtis Cleveland, Chair  
Members of the Board of Regents  
Texas State Technical College  
Waco, Texas 76705

RE: Action Items for the Meeting of the Board of Regents on May 13, 2021

Regents:

The attached materials have been prepared for consideration by the Board of Regents of Texas State Technical College for the May 13, 2021 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,

[ORIGINAL SIGNED BY]

Michael L. Reeser  
Chancellor & CEO

Enclosures

May 1, 2021

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

SUBJECT: Quarterly Control & Compliance Attestation

Chairman and Regents:

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

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

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

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

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

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

2. There are no contingent claims that have not been reported to our Chief Financial Officer or General Counsel; and
3. I have maintained adequate internal control over financial reporting, effective and efficient operations, and regulatory compliance within my areas of operating responsibility as of March 31, 2021, based on criteria established by prudent risk management practices.
4. There have been no changes in internal control that might negatively affect the effectiveness of such controls, including any corrective actions taken with regard to related deficiencies and weaknesses previously identified. I have resolved, or am currently in the process of resolving, all such issues identified and communicated to me during previous audits (internal or external).
5. All material transactions have been communicated to the Chief Financial Officer for recording and disclosure in the financial statements and/or Board reports.
6. The following, to the extent applicable, have been appropriately identified and communicated for proper recording and disclosure:
  - a. Related-party transactions associated with vendor relationships; and
  - b. Significant contractual obligations, or other contingent liabilities.
7. Violations or possible violations of laws or regulations whose effects should be considered for disclosure due to their level of impact have been communicated to you, our General Counsel, the Internal Audit Director, or the Audit Committee.
8. The College has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
9. Other than those previously disclosed, no events have occurred subsequent to March 31, 2021, that should be disclosed due to their impact on the financial statements, effectiveness of existing systems of control, or regulatory compliance.

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

Sincerely,

[ORIGINAL SIGNED BY]

Michael L. Reeser  
Chancellor & CEO

**TEXAS STATE TECHNICAL COLLEGE**

**Meeting of the  
Board of Regents**

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

**Thursday, May 13, 2021  
10:05 a.m.**

**AGENDA**

**CLOSED MEETING**

1. The Closed Meeting is called to Order and a Quorum is determined.
2. Consultation with Attorney (Texas Government Code, Section 551.071)
  1. Ted Donovan v. TSTC
  2. John Clark Owen v. TSTC
  3. Kevin Dorton v. TSTC
3. Deliberation Regarding Real Property (Texas Government Code, Section 551.072)
4. Personnel Matters (Texas Government Code, Section 551.074)
  1. Executive Compensation
5. Adjourn

**MEETING CALLED TO ORDER**

**INVOCATION**

**DETERMINATION OF QUORUM**

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.

**ADOPTION OF AGENDA**

**APPROVAL OF MINUTES OF FEBRUARY 11, 2021 MEETINGS**

**APPROVAL OF MINUTES OF MARCH 30, 2021 EXECUTIVE COMMITTEE MEETING**

**RECOGNITION OF GUESTS**

**PUBLIC COMMENTS**

**CHANCELLOR COMMENTS**

**I. COMMITTEE REPORTS & MINUTE ORDERS**

a. **Committee for Student Learning and Student Development**

Kathy Stewart, Chair; Tony Abad, Member

**Committee Chair Comments**

**Minute Orders:**

Proposed MO#

None.

**Reports:**

None.

b. **Committee for Fiscal Affairs**

Tiffany Tremont, Chair; Alex Meade, Member

**Committee Chair Comments**

**Minute Orders:**

Proposed MO#

10-21(c) Approve the Service Agreement for Call Center and Verification  
Services with EdFinancial Holdings LLC..... 17

*Jonathan Hoekstra*

11-21(c)	Approve Legacy Contracts Requiring Board Approval Per SB20 Requirements.....	19
	<i>Jonathan Hoekstra</i>	
12-21(c)	Approve the Lease of 13,200 Square Feet of the 8-1 Hangar at the TSTC Waco Airport to Air Methods Corporation.....	22
	<i>Jonathan Hoekstra</i>	
15-21	Approve Delegation of Authority for Leases of Land and Permanent Improvements Which Are Both (1) for a Term of __ Years or Less and (2) Valued at \$_____ or Less .....	25
	<i>Jonathan Hoekstra</i>	
16-21(c)	Approve the Lease of 147,693 Square Feet of Ramp Space at the TSTC Waco Airport.....	28
	<i>Jonathan Hoekstra</i>	

#### **Reports:**

1.	Budget Performance Report .....	31
	<i>Jonathan Hoekstra</i>	
2.	Pledged Collateral Report .....	33
	<i>Jonathan Hoekstra</i>	
3.	Quarterly Investment Report .....	34
	<i>Jonathan Hoekstra</i>	
4.	Debt Management Report .....	36
	<i>Jonathan Hoekstra</i>	
5.	Oral Report on the CARES Act Higher Education Emergency Relief Fund .....	
	<i>Jonathan Hoekstra</i>	

#### **MINUTE ORDER FOR INDIVIDUAL CONSIDERATION**

15-21	Approve Delegation of Authority for Leases of Land and Permanent Improvements Which Are Both (1) for a Term of __ Years or Less and (2) Valued at \$_____ or Less
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- c. **Committee for Facilities**  
Keith Honey, Chair; John Hatchel, Member

**Committee Chair Comments**

**Minute Orders:**

Proposed MO#

- 13-21(c) Approve the Project and Budget to Renovate the Electronics Center  
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*Ray Fried*
- 14-21(c) Approve Renewal of the Easement and Right Away Agreement  
between ONCOR Electric Delivery Company LLC and Texas State  
Technical College in Waco ..... 42  
*Ray Fried*

**Reports:**

1. Major Facility Projects Status Update ..... 44  
*Ray Fried*

- d. **Committee for General Administration**  
Pat McDonald, Chair; Ron Widup, Member

**Committee Chair Comments**

**Minute Orders:**

Proposed MO#

None.

**Reports:**

1. Oral Report on Legislative Affairs .....  
*Joe Arnold*
2. Oral Report on The TSTC Foundation.....  
*Beth Wooten*

## **II.CONSENT AGENDA ITEMS**

- 10-21(c) Approve the Service Agreement for Call Center and Verification Services with EdFinancial Holdings LLC
- 11-21(c) Approve Legacy Contracts Requiring Board Approval Per SB20 Requirements
- 12-21(c) Approve the Lease of 13,200 Square Feet of the 8-1 Hangar at the TSTC Waco Airport to Air Methods Corporation
- 13-21(c) Approve the Project and Budget to Renovate the Electronics Center and Technical Studies Center Buildings at Texas State Technical College in Waco
- 14-21(c) Approve Renewal of the Easement and Right Away Agreement between ONCOR Electric Delivery Company LLC and Texas State Technical College in Waco
- 16-21(c) Approve the Lease of 147,693 Square Feet of Ramp Space at the TSTC Waco Airport

## **UNFINISHED BUSINESS**

## **NEW BUSINESS**

## **ACTION ON CLOSED MEETING**

## **CHANCELLOR COMMENTS**

## **BOARD COMMENTS**

## **ADJOURN**

**TEXAS STATE TECHNICAL COLLEGE**

**Audit Committee Meeting  
of the Board of Regents**

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

**Thursday, February 11, 2021**

**11:00 a.m.**

**AGENDA**

**I. MEETING CALLED TO ORDER BY AUDIT COMMITTEE CHAIR TONY ABAD**

The meeting of the Texas State Technical College Board of Regents Audit Committee was called to order at **11:01 a.m.**, February 12, 2021, by Chair Abad.

Members Present in Person: Curtis Cleveland

Members Present via Video Conference: John Hatchel, Pat McDonald, Tiffany Tremont, Keith Honey, Alex Meade, Ron Widup, Tony Abad, Kathy Powell

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

**II. COMMITTEE CHAIR COMMENTS**

Regent Abad advised the committee was updated by Jason Mallory prior to today's meeting. Regent Abad asked Jason Mallory to present the proposed Minute Order and Reports.

**III. MINUTE ORDERS**

01-21(c) Internal Audit Charter

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.

#### **IV. REPORTS:**

The following reports were presented to the Board of Regents by Jason Mallory:

1. Status of Fiscal Year 2021 Audit Schedule & Other Projects
2. Summary of Audit Reports
3. Follow-up Schedule & Status
4. Social Media Audit (21-004A)
5. Audit of Disbursements from Student Club Accounts (21-007A)
6. Internal Network Penetration Test- Marshall Campus (21-010A)
7. TAC 202 - Quarterly Update (20-010A)
8. Attestation Disclosures

#### **V. CHANCELLOR COMMENTS**

None.

#### **VI. BOARD COMMENTS**

Thank you to Jason and his team for their diligence.

#### **VII. ADJOURN**

The meeting adjourned at 11:16 a.m.

  
\_\_\_\_\_  
Ray Rushing  
Secretary to the Board of Regents

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.

**TEXAS STATE TECHNICAL COLLEGE**

**Meeting of the  
Board of Regents**

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

**Thursday, February 11, 2021  
11:05 a.m.**

**AGENDA**

**I. CLOSED MEETING**

1. The Closed Meeting is called to Order and a Quorum is determined at 11:30 a.m.
2. Consultation with Attorney (Texas Government Code, Section 551.071)
  1. Ted Donovan v. TSTC  
Discussion of the Ted Donovan v. TSTC case took place.
  2. John Clark Owen v. TSTC  
Discussion of the John Clark Owen v. TSTC case took place.
  3. Kevin Dorton v. TSTC  
Discussion of the Kevin Dorton v. TSTC case took place.
  4. Possible Imminent Litigation  
Discussion of possible imminent litigation took place.
3. Deliberation Regarding Real Property (Texas Government Code, Section 551.072)
  1. Potential Real Estate transaction discussion took place.

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.

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

Discussion of the State of Texas Retirement Plan contribution matching maximum.

5. Adjourn

The February 11, 2021 Closed Session of the Texas State Technical College Board of Regents adjourned at 12:03 p.m.

**II. MEETING CALLED TO ORDER**

The meeting of the Texas State Technical College Board of Regents was called to order at 12:07 p.m., February 11, 2021, by Chairman Cleveland.

**III. INVOCATION**

Jonathan Hoekstra provided the invocation.

**IV. DETERMINATION OF QUORUM**

Members Present in Person: Curtis Cleveland

Members Present via Video Conference: John Hatchel, Pat McDonald, Tiffany Tremont, Keith Honey, Ron Widup, Kathy Powell, Tony Abad and Alex Meade

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

**V. ADOPTION OF AGENDA**

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

**VI. APPROVAL OF MINUTES OF NOVEMBER 12, 2020 MEETINGS**

Upon a motion by Regent Powell and second by Regent McDonald, the Minutes of the November 12, 2020 Meetings of the Audit Committee and the Board of Regents were approved unanimously.

**VII. APPROVAL OF MINUTES OF NOVEMBER 20, 2020 EXECUTIVE COMMITTEE MEETING**

Upon a motion by Regent Powell and second by Regent McDonald, the Minutes of the November 20, 2020 Meeting of the Executive Committee were approved unanimously.

## VIII. RECOGNITION OF GUESTS

None.

## IX. PUBLIC COMMENTS

None.

## X. CHANCELLOR COMMENTS

The Chancellor provided a brief summary of operations since last meeting. Chancellor notified the Regents of invitations to the College to speak with and/or partner with outside agencies.

## XI. COMMITTEE REPORTS & MINUTE ORDERS

### a. Committee for Student Learning and Student Development

Kathy Powell, Chair; Tony Abad, Member

#### **Committee Chair Comments**

Update on Student Learning from Regent Powell. She called on Vice Chancellor Jeff Kilgore to present the Minute Order.

#### **Minute Orders:**

Proposed MO#

02-21(c) Approve Associate Degrees and Certificate Programs

*Jeff Kilgore*

#### **Reports:**

None.

### b. Committee for Fiscal Affairs

Tiffany Tremont, Chair; Alex Meade, Member

#### **Committee Chair Comments**

Regent Tremont provided an overview of the Fiscal Affairs Committee discussion and called on Jonathan Hoekstra to present the materials.

**Minute Orders:**

Proposed MO#

03-21(c) Approve Employee Holiday Schedule for Fiscal Year 2022

*Jonathan Hoekstra*04-21(c) Rescind Minute Order 33-10 Policy for Regulatory Reporting and  
Student Educational Services*Jonathan Hoekstra***Reports:**

1. Budget Performance Report

*Jonathan Hoekstra*

2. Pledged Collateral Report

*Jonathan Hoekstra*

3. Quarterly Investment Report

*Jonathan Hoekstra*

4. Annual Financial Report

*Jonathan Hoekstra*

5. Senate Bill 20 Update

*Jonathan Hoekstra*c. **Committee for Facilities**

Keith Honey, Chair; John Hatchel, Member

**Committee Chair Comments**

Regent Honey provided an overview of the Facilities Committee agenda and called on Ray Fried to present the materials.

**Minute Orders:**

Proposed MO#

05-21(c) Authorize the Chancellor to Accept the Commercial HVAC Lab  
Renovation Project at Texas State Technical College in Harlingen*Ray Fried*



06-21(c) Delegate Approval of all Elements of Construction Projects with a Value Less than \$1,000,000

*Ray Fried*

**Reports:**

1. Major Facility Projects Status Update

*Ray Fried*

**d. Committee for General Administration**

Pat McDonald, Chair; Tony Abad, Member

**Committee Chair Comments**

Regent McDonald gave a brief update on the committee and called on Roger Miller to provide an oral report.

**Minute Orders:**

Proposed MO#

None.

**Reports:**

1. Legislative Report

*Roger Miller*

**XII. CONSENT AGENDA ITEMS**

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

01-21(c) Internal Audit Charter

02-21(c) Approve Associate Degrees and Certificate Programs

03-21(c) Approve Employee Holiday Schedule for Fiscal Year 2022

04-21(c) Rescind Minute Order 33-10 Policy for Regulatory Reporting and Student Educational Services

05-21(c) Authorize the Chancellor to Accept the Commercial HVAC Lab Renovation Project at Texas State Technical College in Harlingen

06-21(c) Delegate Approval of all Elements of Construction Projects with a Value Less than \$1,000,000

**XIII. UNFINISHED BUSINESS**

None.

**XIV. NEW BUSINESS**

None.

**XV. ACTION ON CLOSED MEETING**

Upon motion by Regent Hatchel and second by Regent Meade, Minute Order 07-21 as presented in Closed Session was approved unanimously.

Minute Order:

07-21 Approve the Sale of 1.07 Acres Property Near the Campus at Texas State Technical College in Waco, Texas

**XVI. CHANCELLOR COMMENTS**

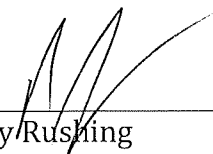
The Chancellor thanked the Board and TSTC employees for their hard work.

**XVII. BOARD COMMENTS**

Chairman Cleveland congratulate Edgar Padilla being named Provost of Waco.

**XVIII. ADJOURN**

The meeting adjourned at 12:50 p.m.

  
\_\_\_\_\_  
Ray/Rushing  
Secretary to the Board of  
Regents

**TEXAS STATE TECHNICAL COLLEGE**  
**Executive Committee Meeting**  
**of the Board of Regents**

**Tuesday, March 30, 2021**  
**3:00pm**

**Texas State Technical College**  
**Teleconference**

**I. MEETING CALLED TO ORDER**

The meeting of the Texas State Technical College Board of Regents Executive Committee was called to order at 3:03 p.m., March 30, 2021, by Chair Cleveland.

**II. DETERMINATION OF QUORUM**

Members Present: Chairman Cleveland, Regent Tremont, Regent McDonald, Regent Abad, Regent Hatchel

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

**III. CHANCELLOR COMMENTS**

Provided context for the nature of the meeting and a brief update on College operations.

**IV. EXECUTIVE ACTION ITEMS**

EA 08-21 Approve the Project and Budget to Construct a Multipurpose Training Facility at Texas State Technical College in Ft. Bend County and Authorize the Chancellor to Enter into Contracts and all Necessary Contract Amendments for the Project

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

**V. ADJOURN**

The meeting adjourned at 3:26 p.m.

*Ray Rushing*

Ray Rushing (Mar 30, 2021 16:13 CDT)

Ray Rushing

Secretary to the Board of Regents

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### **Committee for Student Learning and Student Development** Kathy Stewart, Chair; Tony Abad, Member

#### **Committee Chair Comments**

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

None.

#### **Reports:**

None.

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### Committee for Fiscal Affairs

Tiffany Tremont, Chair; Alex Meade, Member

#### Minute Orders: Proposed MO#

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	<i>Jonathan Hoekstra</i>	
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	<i>Jonathan Hoekstra</i>	



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**Board Meeting Date:** May 13, 2021 **Proposed Minute Order #: 10-21(c)**

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

**Subject:** **Approve the Service Agreement for Call Center and Verification Services with EdFinancial Holdings LLC**

**Background:** In 2018, Texas State Technical College (TSTC) awarded a contract to EdFinancial Holdings LLC. EdFinancial processes verification for student financial aid files and provides call center support services for Enrollment Management.

The total contract value is on pace to exceed \$1 million next fiscal year. If all optional renewal periods are exercised by TSTC, the estimated total value of the contract will be \$1.7 million. Board approval is required pursuant to Texas Education Code § 51.9337(f).

**Justification:** Approval ensures compliance with Texas Education Code § 51.9337(f).

**Additional Information:** None.

**Fiscal Implications:** Funds are available as currently budgeted for the contract.

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

**Attachment(s):** Letter from General Counsel

**Recommended Minute Order:** "The Texas State Technical College Board of Regents approves the service agreement for call center and verification services with EdFinancial Holdings LLC, and delegates its authority to the Chancellor, or his designee, to enter into and execute any agreement, amendment, extension or renewal of said agreement in excess of one million dollars."

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

April 15, 2021

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

Re: **Approve the Service Agreement for Call Center and Verification Services with EdFinancial Holdings LLC.**

As requested, I have reviewed and considered the legal ramifications of the TSTC Board of Regents approving the service agreement for call center and verification services with EdFinancial Holdings LLC, and delegating its authority to the Chancellor, or his designee, to enter into and execute any agreement, amendment, extension or renewal of said service agreement in excess of one million dollars.

Generally, under Texas law the Texas State Technical College (“TSTC”) Board of Regents has the express [authority to exercise the traditional and time-honored role for such boards as their role has evolved in the United States](#) and [the implied or incidental power to do whatever is reasonably necessary to accomplish the mission for which TSTC was established](#). This authority reasonably includes the ability to approve agreements and any amendments, extensions or renewals of said agreements, and to delegate signatory authority for said agreement.

During the 84th Legislative Session comprehensive changes were made to the Government Code and the Education Code. Generally, under Texas law the TSTC Board of Regents alone has authority [to approve and sign an agreement on behalf of TSTC with a value exceeding One Million Dollars](#). Here, as allowed by the [Government Code](#) and the [Education Code](#), the TSTC Board of Regents would delegate the signatory authority, to the Chancellor or his designee, to enter into and execute any agreement, amendment, extension or renewal of said agreement in excess of one million dollars. Approval of this minute order also ensures that this agreement inarguably will be brought into compliance with state law.

Having reviewed the Texas Education Code and the Government Code, it is my opinion that the Board’s approval of the service agreement for call center and verification services with EdFinancial Holdings LLC, and delegation of its authority to the Chancellor, or his designee, to enter into and execute any agreement, amendment, extension or renewal of said agreement in excess of one million dollars, comports with state law and TSTC policy.

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

Respectfully Submitted,

**[ORIGINAL SIGNED BY]**

Edward C. Vallejo  
Associate General Counsel

cc: Jonathan Hoekstra, Vice Chancellor and Chief Financial Officer  
Ray Rushing, J.D., Vice Chancellor & Chief Legal Officer / General Counsel



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<b>Board Meeting Date:</b>	May 13, 2021	<b>Proposed Minute Order #:</b> 11-21(c)
<b>Proposed By:</b>	Jonathan Hoekstra, Vice Chancellor & Chief Financial Officer	
<b>Subject:</b>	<b>Approve Legacy Contracts Requiring Board Approval Per SB20 Requirements</b>	
<b>Background:</b>	<p>Texas State Technical College (TSTC) has progressively aligned its contract processes with Senate Bill 20 (SB20) requirements by centralizing and streamlining contract approval, signature, and reporting processes. TSTC has identified contracts requiring board approval as legacy contracts that have reached their renewal or end date.</p> <p>Pursuant to Texas Education Code § 51.9337(f), Board approval is required when a contract for the purchase or sale of goods and services exceeds a total contract value of \$1 million. If the value of an amendment, extension or renewal will exceed 25 percent of the value of the original contract approved by the Board, Board approval of the said amendment, extension or renewal is required.</p>	
<b>Justification:</b>	Approval ensures compliance with Texas Education Code § 51.9337(f).	
<b>Additional Information:</b>	<p>The following contracts have exceeded \$1 million:</p> <p>City of Waco for the purchase potable water for TSTC in Waco.</p> <p>Ellucian Company, L.P. for enterprise resource planning software, Colleague.</p> <p>Hyland LLC for document management software, Perceptive Content.</p>	
<b>Fiscal Implications:</b>	Funds are available as currently budgeted for the contracts referenced in this Minute Order.	
<b>Attestation:</b>	This Minute Order is in compliance with all applicable laws and regulations to the best of my knowledge.	
<b>Attachment(s):</b>	Letter from General Counsel	
<b>Recommended Minute Order:</b>	<p>"The Texas State Technical College Board of Regents approves the agreements for purchasing potable water with the City of Waco, for enterprise resource planning software with Ellucian Company, L.P., and for document management software with Hyland LLC, and delegates authority to the Chancellor, or his designee, to enter into and execute (1) any agreement, amendment, extension or renewal of said agreements in excess of one million dollars and (2) any amendment, extension or renewal of said agreements which will exceed 25 percent of the value of the original agreements."</p>	



**Recommended By:**

[ORIGINAL SIGNED BY]

Jonathan Hoekstra, Vice Chancellor & Chief Financial Officer

April 15, 2021

254-867-3972

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

Re: **Approve Legacy Contracts Requiring Board Approval Per SB20 Requirements.**

As requested, I have reviewed and considered the legal ramifications of approving (1) the agreements for purchasing potable water with the City of Waco, for enterprise resource planning software with Ellucian Company, L.P., and for document management software with Hyland LLC, and (2) the delegation of authority from the Texas State Technical College Board of Regents to the Chancellor, or his designee, to enter into and execute (i) any agreement, amendment, extension or renewal of said agreements in excess of one million dollars and (ii) any amendment, extension or renewal of said agreements which will exceed 25 percent of the value of the original agreements.

Generally, under Texas law the Texas State Technical College ("TSTC") Board of Regents has the express [authority to exercise the traditional and time-honored role for such boards as their role has evolved in the United States](#) and [the implied or incidental power to do whatever is reasonably necessary to accomplish the mission for which TSTC was established](#). This authority reasonably includes the ability to approve agreements and any amendments, extensions or renewals of said agreements, and to delegate signatory authority for said agreements.

During the 84th Legislative Session comprehensive changes were made to the Government Code and the Education Code. Generally, under Texas law the TSTC Board of Regents alone has authority (1) [to approve and sign an agreement on behalf of TSTC with a value exceeding One Million Dollars](#), and (2) [to approve any amendment, extension, or renewal of an agreement with a value that exceeds 25 percent of the value of the original agreement approved by the board](#). Here, as allowed by the Government Code and the Education Code, the TSTC Board of Regents would delegate the signatory authority, to the Chancellor or his designee, to enter into and execute (1) any agreements, amendment, extension or renewal of said agreements in excess of one million dollars and (2) any amendment, extension or renewal of said agreements which will exceed 25 percent of the value of the original agreements. Approval of this minute order also ensures that these agreements inarguably will be brought into compliance with state law.

Having reviewed the Texas Education Code and the Government Code, it is my opinion that the approval of the agreements for purchasing potable water with the City of Waco, for enterprise resource planning software with Ellucian Company, L.P., and for document management software with Hyland LLC, and delegating authority to the Chancellor, or his designee, to enter into and execute (1) any agreement, amendment, extension or renewal of said agreements in excess of one million dollars and (2) any amendment, extension or renewal of said agreements which will exceed 25 percent of the value of the original contracts, comports with state law and TSTC policy.

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

Respectfully Submitted,

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

cc: Jonathan Hoekstra, Vice Chancellor and Chief Financial Officer  
Ray Rushing, J.D., Vice Chancellor & Chief Legal Officer / General Counsel



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<b>Board Meeting Date:</b>	May 13, 2021	<b>Proposed Minute Order #:</b> 12-21(c)
<b>Proposed By:</b>	Rick Herrera, Vice Chancellor & Chief Student Services Officer	
<b>Subject:</b>	<b>Approve the Lease of 13,200 Square Feet of the 8-1 Hangar at the TSTC Waco Airport to Air Methods Corporation</b>	
<b>Background:</b>	Air Methods Corporation, a Medical Helicopter Service Provider currently working with Baylor Scott and White in Waco, wishes to lease space at the TSTC Waco Airport. The proposed lease is for the rental of approximately 13,200 square feet (half of 8-1 Hangar). The proposed lease is 4 months (May-August), with extensions anticipated. At this time, the lease contains no provisions for tenant improvements. Some minor improvements including lighting and electrical are anticipated for Texas State Technical College.	
<b>Justification:</b>	The proposed tenant's use of space is consistent with the development plans for the TSTC Waco Airport.	
<b>Additional Information:</b>	The space to be leased at the airport is surplus and not needed, nor anticipated to be needed in the foreseeable future, by TSTC for instruction or training.	
<b>Fiscal Implications:</b>	Rental payments to TSTC in the amount of \$4,400 per month (\$4/sqft for 4 months (May-August), with extensions anticipated.	
<b>Attestation:</b>	The Minute Order is in compliance with all applicable laws and regulations to the best of my knowledge.	
<b>Attachment(s):</b>	Exhibit A Letter from General Counsel	
<b>Recommended Minute Order:</b>	"The Texas State Technical College Board of Regents approves the lease agreement with Air Methods Corporation to lease 13,200 Square Feet of the 8-1 hangar at the TSTC Waco Airport and delegates authority to the Chancellor, or his designee, to enter into and execute all necessary documents to execute said lease agreement."	
<b>Recommended By:</b>	<u>[ORIGINAL SIGNED BY]</u> Jonathan Hoekstra, Vice Chancellor & Chief Financial Officer	

**Exhibit A1**



April 15, 2021

Michael L. Reeser  
Chancellor & Chief Executive Officer  
3801 Campus Drive  
Waco, Texas 76705

Re: **Approve the Lease of Half of the 8-1 Hangar at the Texas State Technical College Waco Airport.**

As requested, I have reviewed and considered the legal ramifications of the Texas State Technical College Board of Regents approval of a lease agreement with Air Methods Corporation for the use of hangar space, and delegation of authority to the Chancellor, or his designee, to enter into and execute all necessary documents to execute said lease agreement.

The lease will be for half of the 8-1 Hangar at the Texas State Technical College ("TSTC") Waco airport, consisting of approximately 13,200 square feet of space which is to be leased at \$4 per square foot, for a total of \$4,400.00 per month. The lease agreement will be four (4) months in length, from May 2021 until August 2021, with future extensions to be negotiated.

Under section [135.561](#) of the Texas Education Code, the Board may lease real property owned by TSTC as the Board determines is in the best interest of fulfilling the mission of TSTC.

The space to be leased at the airport is surplus and not needed, nor anticipated to be needed in the foreseeable future, by TSTC for instruction or training. Further, the General Counsel's Office has drafted the lease agreement which includes the appropriate insurance requirements.

Having reviewed the Texas Education Code and minute order in question, it is my opinion that the Texas State Technical College Board of Regents approval of a lease agreement with Air Methods Corporation for the use of hangar space, and delegation of authority to the Chancellor, or his designee, to enter into and execute all necessary documents to execute said lease agreement, comport with state law and TSTC policy.

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

Respectfully Submitted,

**[ORIGINAL SIGNED BY]**

Edward C. Vallejo  
Associate General Counsel

cc: Jonathan Hoekstra, Vice Chancellor & Chief Financial Officer  
Ray Rushing, J.D., Vice Chancellor & Chief Legal Officer  
Kevin Semien, Executive Vice President of Facilities and Maintenance



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**Board Meeting Date:** May 13, 2021 **Proposed Minute Order #: 15-21**

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

**Subject:** **Approve Delegation of Authority for Leases of Land and Permanent Improvements Which Are Both (1) for a Term of \_\_ Years or Less and (2) Valued at \$\_\_\_\_\_ or Less.**

**Background:** Among other things, Section 135.561 of the Texas Education Code provides that the "(B)oard (of Regents) may lease...land and permanent improvements owned by the system as the (B)oard (of Regents) determines is in the best interest of fulfilling the mission of the system."

The system includes various campuses and hundreds of acres of land throughout Texas. In the past, TSTC has leased land and permanent improvements owned by the system to individuals and organizations such as community groups, businesses, and other state agencies.

Examples of such leases include leases for the use of auditoriums for single events, storage rooms, office cubicles, temporary housing, and land for grazing cattle. At this time, there is no general delegation of authority from the Board of Regents ("Board") to any TSTC designee regarding leases of land and permanent improvements owned by the system, and all such leases must be individually approved by the Board, regardless of the term or dollar value of the lease.

**Justification:** Authorizing a designee to manage the leases in question would make the leasing process more timely, efficient and cost effective. Submitting each lease of land and permanent improvements owned by the system to the Board, no matter how small, is unduly burdensome and inefficient. The term of some leases is a single day or less, and the request for these leases is sometimes made so near in time to the date of the event that there is little time, if any, to obtain Board approval. This minute order would allow the Chancellor, or the Chancellor's designee, to control this leasing process, making it more responsive to the needs of TSTC.

**Additional Information:** All leases made under this delegation will continue to include applicable indemnities and insurance requirements, and assurances will be made that the leased land or permanent improvements are not needed, nor anticipated to be needed during the term of the lease, by TSTC for instruction or training. It is of note that Texas A&M University submits leases of real property to third parties for board approval when the period of the lease exceeds 5 years, but for all other leases of real property to third parties the chancellor is delegated authority to approve such leases.

**Fiscal Implications:** There are no direct fiscal implications.

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

**Attachment(s):** Letter from General Counsel

**Recommended Minute Order:** “The Texas State Technical College Board of Regents authorizes the Chancellor, or the Chancellor’s designee, to execute all necessary documents in order to lease any land or permanent improvements owned by Texas State Technical College to third parties and approved delegation of this authority, when both of the following conditions are met: (1) when the period of the lease, including optional extensions, does not exceed \_\_ years; and (2) when the dollar value of the lease, including any amendment, modification, renewal, or extension of the lease, is less than \$\_\_\_\_\_. This delegation of authority is such that the Chancellor, or the Chancellor’s designee, does not need additional Board approval for a specific lease when both conditions are met.”

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



April 27, 2021

254-867-3972

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

**Re: Delegation of Authority for Leases of Land and Permanent Improvements Which Are Both (1) for a Term of \_\_ Years or Less and (2) Valued at \$ \_\_,000.00 or Less**

As requested, I have reviewed and considered the legal ramifications of the delegation of authority for leases of land and permanent improvements which are both (1) for a term of \_\_ years or less and (2) valued at \$ \_\_,000.00 or less.

In relevant part, [Section 135.561](#) of the Texas Education Code reads as follows: The board may lease...land and permanent improvements owned by the system as the board determines is in the best interest of fulfilling the mission of the system. In the past, the Board of Regents ("Board") has delegated its authority under [Section 135.561](#) and under [Section 135.02](#) for the purchase of land and facilities. Here, the Board would be delegating blanket authority to the Chancellor, or his designee, to lease land and permanent improvements owned by TSTC, when said leases are both for a term of \_\_ years or less and valued at less than \$ \_\_,000.00.

The leases in question will continue to include applicable indemnities and insurance requirements, and assurances will be made that the land or permanent improvements to be leased are not needed, nor anticipated to be needed during the term of the lease, by TSTC for instruction or training.

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 execute all necessary documents in order to lease any land or permanent improvements owned by Texas State Technical College to third parties, when both of the following conditions are met: (1) the term of the lease, including optional extensions, does not exceed \_\_ years; and (2) the dollar value of the lease, including any amendment, modification, renewal, or extension of the lease, is less than \$ \_\_,000.00, comports with state law and TSTC policy.

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

Respectfully Submitted,

**[ORIGINAL SIGNED BY]**

Edward C. Vallejo  
Associate General Counsel

cc: Jonathan Hoekstra  
Vice Chancellor & Chief Financial Officer

Ray Rushing, J.D.  
Vice Chancellor & Chief Legal Officer / General Counsel

tstc.edu







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**Board Meeting Date:** May 13, 2021 Proposed Minute Order #: 16-21(c)

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

**Subject:** **Approve the Lease of 147,693 Square Feet of Ramp Space at the TSTC Waco Airport**

**Background:** L3 Harris is a current Lessee of the TSTC Waco Airport, as they are a subcontractor of the Department of Defense (DOD) that makes modifications to aircraft. L3 Harris plans to utilize the identified ramp space to erect two temporary hangar structures for aircraft maintenance. The proposed lease is for the rental of approximately 147,693 square feet of unused ramp space. The proposed lease is for 30 months (May 2021 – November 2023). After the conclusion of use, L3 Harris will be responsible for returning the lease space to its prior condition.

**Justification:** L3 Harris was awarded a contract to work on C-130 aircraft increasing their need for additional storage and workspace.

**Additional Information:** Exhibit A1 depicts the proposed temporary hangar space and its location on the ramp. The airport space to be leased is surplus and not needed, nor anticipated to be needed in the foreseeable future, by TSTC for instruction or training.

**Fiscal Implications:** Rental payments to TSTC in the amount of  
\$14,769.30, 1st year (\$0.10/sq ft) for 12 months  
\$25,107.81, 2nd year (\$0.17/sq ft) for 12 months  
\$19,200.08, 3rd year (\$0.26/sq ft) for 6 months  
(May 2021 – November 2023)

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

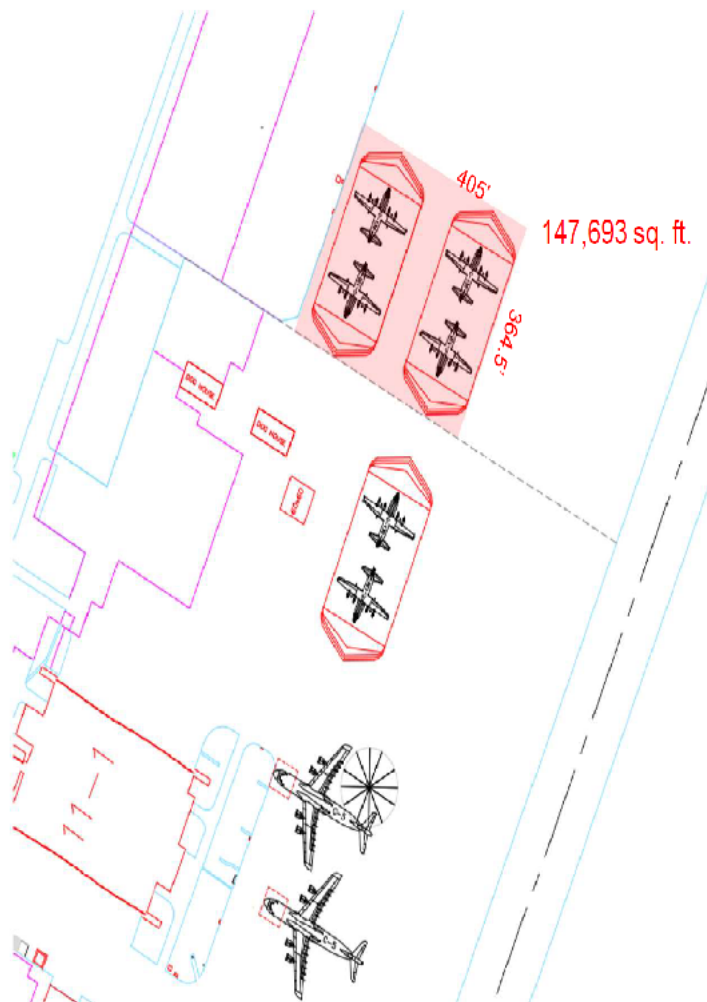
**Attachment(s):** Exhibit A  
Letter from General Counsel

**Recommended Minute Order:** “The Texas State Technical College Board of Regents approves the lease agreement with L3 Harris for 147,693 square feet of ramp space and delegates authority to the Chancellor, or his designee, to enter into and execute said lease agreement.”

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

## Exhibit A

# Temporary Hangar Square Footage



May 3, 2021

Michael L. Reeser  
Chancellor & Chief Executive Officer  
3801 Campus Drive  
Waco, Texas 76705

Re: **Approve the Lease of 147,693 Square Feet of Ramp Space at the Texas State Technical College Waco Airport.**

Chancellor Reeser:

As requested, I have reviewed and considered the legal ramifications of the lease of approximately 147,693 square feet of ramp space to L3 Harris (L3) at the Texas State Technical College (TSTC) airport in Waco, Texas. The proposed length of the lease agreement is thirty (30) months from May 2021 until November 2023, and over the course of the lease, the rent paid by L3 will increase from \$0.10/sqft to \$0.26/sqft.

L3 currently leases space at the TSTC airport in Waco, and uses said leased space to fulfill contracts with the Department of Defense (DOD) performing modifications to aircraft.

Recently, L3 was awarded a DOD contract to work on C-130 aircraft, resulting in L3 needing additional storage and work space to be used in the execution of these contracts. In order to fulfill this need, L3 has requested identified ramp space from TSTC. L3 plans to utilize the ramp space to erect two temporary hangar structures for aircraft maintenance.

The space to be leased at the airport is surplus and not needed, nor anticipated to be needed in the foreseeable future, by TSTC for instruction or training. Further, the General Counsel's Office will be drafting the lease which will ensure that the lease agreement contains the appropriate insurance requirements, and other clauses to protect TSTC's interests.

Having reviewed the Texas Education Code, it is my opinion that the lease of the requested ramp space to L3, and the delegation of authority from the Board of Regents to the Chancellor, or his designee, to enter into and execute all necessary documents for said lease agreement comport with state law and TSTC policy.

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

Respectfully Submitted,

**[ORIGINAL SIGNED BY]**

Edward C. Vallejo  
Associate General Counsel

cc: Rick Herrera, Vice Chancellor & Chief Student Services Officer  
Ray Rushing, J.D., Vice Chancellor & Chief Legal Officer  
Kevin Semien, Executive Vice President of Facilities and Maintenance

**Texas State Technical College  
Operating Budget Performance  
as of February 28, 2021**

	<b>FY 2021 Budget</b>	<b>FY 2021 YTD Actual</b>	<b>% of Budget Utilized</b>	<b>NOTE</b>	<b>FY 2021 Forecast</b>
<b>Operating Revenues</b>					
Returned Value Formula Appropriations	66,124,351	66,124,351	100.0%		66,124,351
Special Items & Other Appropriations	23,169,199	23,169,199	100.0%		23,169,199
Debt Service Appropriations	3,757,232	3,757,232	100.0%		3,757,232
HEAF Appropriations	8,662,500	8,662,500	100.0%		8,662,500
Benefits Appropriations	24,885,151	12,979,672	52.2%		24,599,168
Tuition	44,192,647	33,619,560	76.1%	1	42,361,918
Student Financial Aid	33,369,711	13,370,779	40.1%		32,379,767
Auxiliary Enterprises	10,118,700	4,966,026	49.1%	2	9,100,000
Fees & Educational Sales	3,738,936	2,132,095	57.0%	2	3,350,000
Industry Relations	3,314,000	757,128	22.8%	2	1,900,000
Grants	9,006,112	6,973,952	77.4%	3	16,106,112
Contracts & Other	3,717,700	1,458,641	39.2%		3,500,000
<b>Total Operating Revenues</b>	<b>234,056,239</b>	<b>177,971,135</b>	<b>76.0%</b>		<b>235,010,247</b>
<b>Operating Carryforward / Reserves</b>	1,914,868	-			-
<b>Operating Expenditures</b>					
Instruction	75,676,647	32,875,898	43.4%	4	71,739,987
Student Financial Aid	38,529,711	17,086,921	44.3%		37,328,466
Statewide Benefits	31,492,672	14,856,641	47.2%		31,130,755
Finance	10,756,887	4,503,856	41.9%	4	9,299,755
Auxiliary Enterprises	10,966,612	4,014,159	36.6%	4	9,025,832
Enrollment Management	11,064,571	4,358,700	39.4%	4	9,089,927
Facilities	9,961,314	4,200,628	42.2%	4	8,993,981
Facilities - Transfer to Capital	1,832,924	1,832,924	100.0%		1,832,924
Information Technology	9,649,790	5,549,856	57.5%	4, 5	8,887,387
Advancement & Communications	6,322,093	2,728,421	43.2%		6,361,662
Statewide Administration	5,847,803	2,597,533	44.4%		5,259,757
Debt Service & Leases	11,964,640	6,725,916	56.2%		12,295,228
Utilities & Other	7,784,277	2,754,030	35.4%		6,884,898
Grants	4,121,166	6,164,742	149.6%	3	11,221,166
Strategic Pool (to be allocated)	-	-			
<b>Total Operating Expenditures</b>	<b>235,971,107</b>	<b>110,250,225</b>	<b>46.7%</b>		<b>229,351,725</b>
<b>Operating Budget Margin (Deficit)</b>	<b>-</b>	<b>67,720,910</b>			<b>5,658,522</b>

**Texas State Technical College  
Operating Budget Performance  
as of February 28, 2021**

**Notes:**

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

- 1)** Tuition revenue has rebounded somewhat from trends seen earlier in the fiscal year, but is still forecasted to finish below the originally budgeted amount. Sluggish demand remains as the ongoing effects of the pandemic on students continue to linger.
- 2)** Similar to tuition revenue, other/supplemental revenue sources are also forecasted to end the fiscal year below budget due to pandemic related demand issues, especially in Industry Relations.
- 3)** Grant revenue, as well as grant expense, have both been forecasted higher than the original budget, as several new COVID-related and other grants have been awarded to TSTC, including new CARES act awards received since the original budget was approved in August 2020. Forecasted amounts do not reflect the total amount of the awards, but rather the estimated amounts TSTC has identified (to date) to spend in FY 21. The majority of this grant activity has a net zero effect on the operating margin.
- 4)** As a result of belt-tightening measures implemented near the beginning of the fiscal year, many of the instructional and operational divisions of the College are forecasted to spend below originally budgeted amounts. These expense reductions provide a necessary counterbalance to offset the reductions in revenue noted in items 1 and 2 above.
- 5)** Year-to-date actual expenses in Information Technology are notably higher (on a percentage basis) than other operating divisions as a result of contract payments made for the implementation of TSTC's new enterprise resource planning software system, Workday. This project was included in the original budget, and is currently progressing as anticipated.

# TEXAS STATE TECHNICAL COLLEGE

## Pledged Collateral Report

February 28, 2021

### Depository - Location

First Ntl Bank of Central Texas - Waco

Frost Bank - Harlingen/Fort Bend

Texas National Bank - Sweetwater

Texas Bank & Trust - Marshall

Citizens National Bank - Red Oak

Prosperity Bank - Abilene

Texas Bank - Brownwood

33 InterBank - Breckenridge

Bank of America - Waco

First Community Bank - San Benito

First Ntl Bank - Albany/Breckenridge

Veritex Comm. Bank - N. Richland Hills

BancorpSouth Bank - Waco

Cash in State Treasury

TexasTerm (Government Pool)

TexPool (Government Pool)

### TOTAL

DEPOSITS			SECURITY ON DEPOSITS				Sufficient (Insufficient)
Demand Deposits	Money Market & Time Deposits	Total Deposits	FDIC* Coverage (up to)	Required Collateral	Collateral at Market Value		
19,483,975	4,273,841	23,757,816	500,000	23,257,816	34,500,000	11,242,184	
91,615	-	91,615	250,000	-	713,273	871,658	
26,366	-	26,366	250,000	-	-	223,634	
34,390	-	34,390	250,000	-	-	215,610	
17,385	-	17,385	250,000	-	-	232,615	
13,446	-	13,446	250,000	-	-	236,554	
10,010	-	10,010	250,000	-	-	239,990	
11,951	-	11,951	250,000	-	-	238,049	
-	10,000	10,000	250,000	-	-	240,000	
-	172,368	172,368	250,000	-	-	77,632	
-	199,215	199,215	250,000	-	-	50,785	
-	10,000	10,000	250,000	-	-	240,000	
-	195,572	195,572	250,000	-	-	54,428	
10,500,082	-	10,500,082	No Collateral Required				
20,407,505	-	20,407,505	No Collateral Required				
21,636,529	-	21,636,529	No Collateral Required				
72,233,254	4,860,996	77,094,250					

\* 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 February 28, 2021**

Description	Beginning Value as of 11/30/20	Ending Value as of 2/28/21	Interest Rate
<b><u>Operating Funds</u></b>			
Cash in State Treasury	10,448,940	10,500,082	0.45%
Statewide Operating	11,443,060	12,951,203	0.30%
Harlingen - Local Operating	114,025	57,194	0.01%
Waco - Local Operating	15,498	7,062	0.30%
Sweetwater - Local Operating	35,439	26,366	0.20%
Marshall - Local Operating	45,068	34,390	0.10%
Fort Bend - Local Operating	55,624	34,421	0.00%
Brownwood - Local Operating	21,547	10,010	0.03%
System - Local Operating	15,816	3,828	0.30%
Abilene - Local Operating	19,434	13,446	0.20%
North Texas - Local Operating	35,537	17,385	0.10%
Breckenridge - Local Operating	16,947	11,951	0.10%
Payroll	6,237,819	6,394,059	0.30%
Federal Funds	85,675	10	0.00%
FNB Central Texas - MMKT	2,041,719	2,043,304	0.40%
FNB Central Texas - CD	1,946,473	1,946,473	0.96%
FNB Albany/Breckenridge - CD	100,000	100,000	1.00%
First Community Bank - CD	172,368	172,368	0.60%
TexasTerm - Pool	20,403,909	20,407,505	0.05%
<b>Total Operating Funds</b>	<b>53,254,898</b>	<b>54,731,057</b>	
<b><u>Endowment Funds</u></b>			
Bank of America - CD	10,000	10,000	0.01%
FNB Albany/Breckenridge - CD	99,215	99,215	0.75%
FNB Central Texas - MMKT	283,844	284,064	0.40%
BancorpSouth Bank - CD	195,572	-	1.85%
Extraco Banks, N.A.	-	195,572	0.25%
Liberty/Veritex Community Bank - CD	10,000	10,000	2.62%
<b>Total Endowment Funds</b>	<b>598,631</b>	<b>598,851</b>	
<b><u>Bond Proceeds</u></b>			
FNB Central Texas	616,062	127,813	0.30%
TexPool	22,597,700	21,636,529	0.05%
<b>Total Bond Proceeds</b>	<b>23,213,762</b>	<b>21,764,342</b>	
<b>Total All Investments</b>	<b>77,067,291</b>	<b>77,094,250</b>	

**TEXAS STATE TECHNICAL COLLEGE**  
**Quarterly Investment Report**  
**As of February 28, 2021**

**Schedule of Time Deposits:**

Description	Amount	Maturity Date	Days Maturity	Rate	Type
FNB - Albany/Breckenridge	65,000	4/5/2021	365	0.75%	Endowment
FNB - Albany/Breckenridge	100,000	4/13/2021	365	1.00%	Operating
FNB - Albany/Breckenridge	34,215	4/13/2021	365	0.75%	Endowment
FNB Central Texas	934,152	4/14/2021	365	1.25%	Operating
FNB Central Texas	250,825	5/24/2021	365	1.25%	Operating
First Community Bank	40,121	6/18/2021	215	0.60%	Operating
First Community Bank	132,247	6/20/2021	276	0.60%	Operating
FNB Central Texas	261,496	7/6/2021	365	1.00%	Operating
FNB Central Texas	250,000	7/27/2021	365	0.65%	Operating
FNB Central Texas	250,000	8/7/2021	365	0.65%	Operating
Bank of America	10,000	8/10/2021	365	0.01%	Endowment
Extraco Banks, N.A.	195,572	12/10/2021	365	0.25%	Endowment
Veritex Community Bank	10,000	9/7/2022	731	2.62%	Endowment
<b>Total Time Deposits</b>	<b>2,533,628</b>				

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

**Weighted Average Rate of Interest (All Investments): 0.14%**

*Current One Year Treasury Bill Rate: 0.08%*

*Lipper Money Market Funds Average Return (1 YR): 0.07%*

**FY 2021 Interest Received and Accrued (All Investments): 108,767**

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

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

**[ORIGINAL SIGNED BY]**

\_\_\_\_\_  
Anju Motwani, Vice President & Controller

\_\_\_\_\_  
May 1, 2021

\_\_\_\_\_  
Date

**[ORIGINAL SIGNED BY]**

\_\_\_\_\_  
Jonathan Hoekstra, Chief Financial Officer

\_\_\_\_\_  
May 1, 2021

\_\_\_\_\_  
Date



3801 Campus Drive  
Waco, Texas 76705

254-867-3934  
254-867-4888

March 29, 2021

Mr. Curtis Cleveland  
Members of the Board of Regents  
Texas State Technical College  
Waco, Texas 76705

SUBJECT: Semi-annual Report Certifying Debt Management Policy Compliance

Regents:

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

Accordingly, I hereby certify that the College currently complies with *SOS FA 2.4, Policy for Debt Management*, and with all bond covenants. Further, I have verified that current and projected revenues are sufficient to fund debt service, as of February 28, 2021. 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,

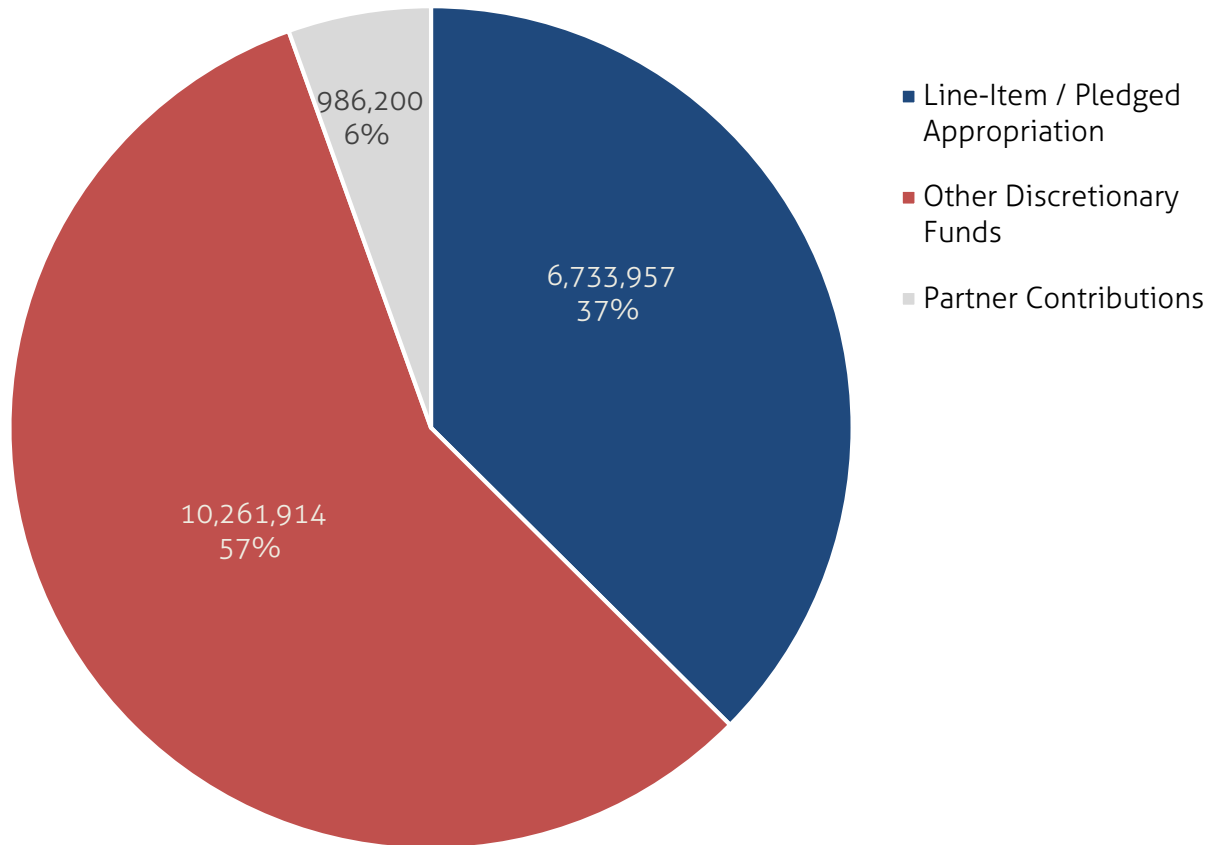
[ORIGINAL SIGNED BY]

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

[ORIGINAL SIGNED BY]

Chad Wooten, CPA  
Associate Vice Chancellor, Finance

**Texas State Technical College  
Sources of Debt Service Funding for FY 2021**



Bonds	FY 2021 Debt Service	Source of Funding
RFS Series 2008A Bonds, Taxable (Clean Energy)	72,500	other discretionary funds
		line-item appropriation (35%)
RFS Series 2011 Bonds (Tuition / Local Revenue)	2,199,582	partner contributions (45%)
		other discretionary funds (20%)
RFS Series 2011A Bonds (Local Revenue)	365,788	other discretionary funds
Constitutional Appropriation Series 2016 Bonds (HEAF)	2,976,725	pledged appropriation
RFS Series 2016 Bonds (Tuition / Local Revenue)	5,236,381	line-item appropriation (57%)
		other discretionary funds (43%)
RFS Series 2020 Bond (Local Revenue)	628,283	other discretionary funds
Texas Public Finance Authority Lease Purchases	3,689,968	other discretionary funds
Other Lease Purchases	1,839,539	other discretionary funds
State Energy Conservation Office (SECO) Loans	819,585	other discretionary funds
Governor's Office Loan (Hangar - Waco)	153,720	other discretionary funds
<b>TOTAL:</b>	<b>\$ 17,982,071</b>	

**Texas State Technical College**  
**Summary of Outstanding Debt as of 2/28/2021**

	Outstanding Principal	Interest Rate	Maturity Date
<b>Bonds</b>			
RFS Series 2008A Bonds, Taxable (Clean Energy)	71,429	1.00%	December 2021
RFS Series 2011 Bonds (Tuition / Local Revenue)	17,045,000	3.75% - 5.00%	August 2036
RFS Series 2011A Bonds (Local Revenue)	3,320,000	3.00% - 4.00%	August 2031
Constitutional Appropriation Series 2016 Bonds (HEAF)	13,275,000	4.00% - 5.00%	October 2025
RFS Series 2016 Bonds (Tuition / Local Revenue)	47,810,000	2.00% - 5.00%	October 2035
RFS Series 2020 Bond (Local Revenue)	<u>30,000,000</u>	2.53%	August 2036
<b>Total Bonds</b>	<b><u>111,521,429</u></b>		
<b>Lease Purchases</b>			
TSTC Foundation, 2003 (Housing - Marshall)	625,627	3.75%	October 2023
TSTC Foundation, 2018 (ITC - Fort Bend)	4,178,983	3.00%	September 2025
TSTC Foundation, 2020 (Housing - Waco)	6,472,649	3.75%	August 2046
TSTC Foundation, 2019 (GMC Yukon)	25,661	4.95%	May 2023
TSTC Foundation, 2018 (Ford Expedition)	20,205	4.50%	March 2022
Dell Financial Services, 2018 (Computer Equipment)	338,843	7.06%	September 2022
Texas Public Finance Authority (402 leases)	<u>5,566,989</u>	various	various through 2026
<b>Total Lease Purchases</b>	<b><u>17,228,957</u></b>		
<b>State Energy Conservation Office (SECO) Loans</b>			
2010 - Waco	1,747,995	2.00%	August 2024
2011 - Harlingen	<u>377,969</u>	3.00%	February 2023
<b>Total SECO Loans</b>	<b><u>2,125,964</u></b>		
<b>Governor's Office Loan (Hangar - Waco)</b>	1,070,000	3.11%	January 2030
<b>Total Outstanding Debt:</b>	<b><u>\$ 131,946,350</u></b>		

## Total Outstanding Debt as of August 31:

2016	129,785,251
2017	125,791,712
2018	126,189,894
2019	116,149,484
2020	134,935,334

## TSTC Bond Ratings as of 2/28/2021

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	A+	A+	A1		Upper Medium Grade
2011A, 2016	A	A	A2		
RFS bonds	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			

### 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 from both Fitch and Moody's is **STABLE**.

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

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### Committee for Facilities

Keith Honey, Chair; John Hatchel, Member

#### Committee Chair Comments

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#### Proposed MO#

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**Board Meeting Date:** May 13, 2021 **Proposed Minute Order #:** 13-21(c)

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

**Subject:** **Approve the Project and Budget to Renovate the Electronics Center and Technical Studies Center Buildings at Texas State Technical College in Waco**

**Background:** The Electronics Center (EEC) and Technical Studies Center (TSC) buildings were constructed in 1979 and 1983 respectively and are two of the oldest non-air force base buildings on the Waco Campus.

TSTC Applied for a U.S. Department of Commerce Economic Development Administration (EDA) Grant to improve the technical studies and electronics center labs located in EEC and TSC. The EDA awarded TSTC \$3,500,000 for the renovation project with TSTC matching funds of approximately \$2,585,000.

**Justification:** The buildings will be reconfigured for high value programs including Instrumentation Technology, Electric Power & Controls and Biomed Equipment Technology.

The project will increase training stations, add capacity and improve the efficiency of space utilization. The Performance Based Education model with flexible schedules, online content delivery and the ability to social distance will mitigate the risks associated with the COVID 19 pandemic.

**Additional Information:** The total project budget is \$6,085,000

**Action Schedule:** Approve Pursuit of EDA Cares Act Funding EA 26-20  
Approve Project and Budget MO 13-21(c)

**Fiscal Implications:** Funds are available as currently budgeted

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

**Attachment(s):** None.

**Recommended Minute Order:** "The Texas State Technical College Board of Regents approves the project and budget to renovate the Electronics Center and Technical Studies Center buildings at Texas State Technical College in Waco and authorizes the Chancellor, or his designee, to enter into contracts for the design and construction of this project."



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**Board Meeting Date:** May 13, 2021 **Proposed Minute Order #: 14-21(c)**

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

**Subject:** **Approve Renewal of the Easement and Right Away Agreement between ONCOR Electric Delivery Company LLC and Texas State Technical College in Waco**

**Background:** This easement agreement between ONCOR Electric Delivery Company LLC and Texas State Technical College (TSTC) grants to grantee (ONCOR) the right to install all necessary poles, down guys, and other electrical distribution facilities required to provide and maintain such electrical service as required by the needs of Texas State Technical College in Waco and their tenants.

This easement also includes all existing poles, guys and other electrical facilities presently in place at the time of purchase within the confines of the Texas State Technical College property formerly known as James Connally Air Force Base.

**Justification:** The Agreement is required to provide electric distribution and service on the Waco Campus.

**Additional Information:** In the past this easement was considered a blanket easement and did not require a separate easement document. Going forward each installation will be mutually agreed upon with a separate easement document prepared by Oncor and agreeable to TSTC.

**Fiscal Implications:** None.

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

**Attachment(s):** Letter from General Counsel

**Recommended Minute Order:** "The Texas State Technical College Board of Regents Approves the Easement and Right of Way Agreement with Oncor Electric Delivery Company LLC and Texas State Technical College in Waco, and authorizes the Chancellor or his designee to execute the separate easement documents."

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

April 14, 2021

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

**Re: Approve renewal of the Easement and Right Away Agreement between Oncor Electric Delivery Company LLC and Texas State Technical College in Waco.**

As requested, I have reviewed and considered the legal ramifications of the requested renewal of the Easement and Right Away Agreement between Oncor Electric Delivery Company LLC (“Oncor”) and Texas State Technical College (“TSTC”) for the Waco campus, and the authorization of the Chancellor or his designee to execute the separate easement documents.

Under Section 135.561 of the Texas Education Code, the TSTC Board of Regents may transfer real property, which includes the granting of easements, owned by TSTC as the Board determines is in the best interest of fulfilling the mission of TSTC.

This easement grants to Oncor the right to install all necessary poles, down guys, and other electrical distribution facilities required to provide electrical service to TSTC and its tenants on the Waco campus. The easement anticipates the need to reduce or expand the “existing distribution system”, but such reductions or expansions will require the written approval of TSTC in separate easement documents. Lastly, the easement will expire 10 years after the date of execution.

Having reviewed the minute order and the easement in question, it is my opinion that the Board of Regents approval of the Easement and Right of Way Agreement with Oncor Electric Delivery Company LLC, and the authorization of the Chancellor or his designee to execute the separate easement documents at Texas State Technical College in Waco, comports with state law and TSTC policy.

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

Respectfully Submitted,

**[ORIGINAL SIGNED BY]**

Edward C. Vallejo  
Associate General Counsel

cc: Rick Herrera  
Vice Chancellor & Chief Student Services Officer



**Major Projects Report  
May 2021**

#	Project Name	Campus	Managing Campus	Delivery Method	Fund Source	Cost Allocation	Required Approvals	% Complete
1	Rework and Replace Paving on Sweetwater Campus	Sweetwater	Sweetwater	RFQ / RFP	HEAF Bond HEAF Bond Total Funds Appropriations	Engineering / Design Construction Cost Total Budget Contracted and Obligated to date <b>CMR Civil and Ancillary Projects</b> Owners Reserve (Balance) Total Budget	Approve Concept Approve Project and Budget Pause Project Project Complete Approve Concept Approve A/E Contract < \$1M Approve Project and Budget Approve Abatement and Demo Contract Complete Project	MO 07-17(c) MO 18-19(c) 7/22/2020 PAUSE MO 14-19(c) EA 29-19 MO 38-19(c) MO 08-20(c) August 2025
2	Abate and Demo Airbase Buildings on Waco Campus	Waco	Waco	RFQ / RFP	\$ 40,000 \$ 460,000 \$ 500,000 \$ 29,644,640	\$ 40,000 \$ 460,000 \$ 500,000 \$ 18,140,000 \$ 11,500,000 \$ 4,640 \$ 29,644,640	Approve Project Concept Approve Project, Budget and Contract > \$1M Approve Amend Project Scope and Budget Complete Project	28%
3	Renovate Precision Machining Lab for PBE in ITC Building	Waco	Waco	CMR	Bonds and Appropriations Total Funds	A/E Original Scope Contractors Pre Con Services A/E Services Amended Scope Construction Contract Amended Owners Cost Total Budget	Approve Project Concept Approve Project, Budget and Contract > \$1M Approve Amend Project Scope and Budget Complete Project	40%
4	Campus Wide Drainage Project	Waco	Waco	Competitive Sealed Proposal	TBD Total Funds Appropriations Total	Engineering Design Construction Costs Owner Costs Total Budget A/E Design Construction Budget Owners Cost Total Budget	Approve Project Project and Budget <b>Complete 2A-3B moved to Proj. #2</b> Approve Project and Budget Complete Project	0%
5	Renovate Residential HVAC Lab for PBE in Harlingen	Harlingen	Harlingen	CMR	\$ 2,074,290 \$ 600,000 \$ 600,000	\$ 305,000 \$ 1,726,290 \$ 43,000 \$ 2,074,290 W/Commercial \$ 420,000 \$ 180,000 \$ 600,000	Approve Project Project and Budget <b>Complete 2A-3B moved to Proj. #2</b> Approve Project and Budget Complete Project	40%
6	Griffith Hall	Waco	Waco	Design Build	TSTC Foundation Total	Design Build GMP Owners Cost Total Budget	Approve Concept to Lease Land Approve Ground Lease Approve Master Lease Complete Project	50%
7	Fort Bend ITC Welding Expansion And Electrical Lineworker facility <b>Faraday Center</b>	Fort Bend	Waco	IDIQ CMR	Appropriations Phase I Appropriations Faraday Total	A/ E Services CMAR Owners Cost A/E Faraday CMAR Faraday Owners Cost Faraday Total Budget	Approve Project Concept Approve Project, Budget and Contract > \$1M Accept Lineworker Project Accept Welding Expansion Approve Project and Budget Faraday Complete Faraday Center	65%
8	Renovate EEC and TSC buildings at TSTC in Waco	Waco	Waco	A/E - CMaR	EDA Grant TSTC Funds Total	A/E Construction Costs Owners Cost Total Budget	Approve Pursuit of EDA Grant Approve Project and budget Complete Project	0%

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#### **Committee Chair Comments**

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

None.

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*Joe Arnold*
2. Oral Report on The TSTC Foundation .....  
*Beth Wooten*