

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
and
Teleconference
Dial In: 415-655-0003
Access code: 262 205 27540**

**Thursday, November 11, 2021
9:05 a.m.**

AGENDA

- I. MEETING CALLED TO ORDER**
- II. INVOCATION**
- III. DETERMINATION OF QUORUM**
- IV. ADOPTION OF AGENDA**
- V. 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

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.



2. John Clark Owen v. TSTC
3. Deliberation Regarding Real Property (Texas Government Code, Section 551.072)
 1. Sale of Property
 2. Real Estate Purchase
4. Personnel Matters (Texas Government Code, Section 551.074)
 1. Internal Audit Director Performance Evaluation
 2. Chancellor & CEO Performance Evaluation/Compensation
5. Adjourn

VI. APPROVAL OF MINUTES OF AUGUST 19, 2021 MEETINGS

VII. RECOGNITION OF GUESTS

VIII. PUBLIC COMMENTS

IX. CHANCELLOR COMMENTS

X. COMMITTEE REPORTS & MINUTE ORDERS

- a. **Committee for Student Learning and Student Development**
Kathy Stewart, Chair; Tony Abad, Member

Committee Chair Comments

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Proposed MO#

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40-21(c)	Sale of Piper Turbo Arrow IV Aircraft and Use of Proceeds to Update the Piper Seminole PA44 180 Aircraft.....	37
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6. Quarterly Real Estate Lease Report for MO 15-21	58	<i>Jonathan Hoekstra</i>
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- d. **Committee for General Administration**
Pat McDonald, Chair; Ron Widup, Member

Committee Chair Comments

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- 37-21 (c) Approve the Establishment of a Deferred Compensation Plan Under Section 457(f) of the Internal Revenue Code
- 38-21(c) Approve Contracts Associated with Coronavirus Relief Funds That Exceed \$1 Million
- 39-21(c) Approve the Spectrum Enterprise Service Agreement for Internet Services with Charter Communications Operating, LLC.

- 40-21(c) Sale of Piper Turbo Arrow IV Aircraft and Use of Proceeds to Update the Piper Seminole PA44 180 Aircraft
- 41-21(c) Policy for Investments
- 42-21(c) Accept the Project to Construct the Multipurpose Training Facility at Texas State Technical College in Ft. Bend
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- 44-21(c) Approve the Amended Budget and Accept the Project to Renovate a Portion of the Industrial Technology Center at Texas State Technical College in Waco
- 45-21(c) Approve the Amended Budget to Renovate the Kultgen Automotive Center at Texas State Technical College in Waco
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- 47-21(c) Rescind MO 18-19(c) which Approved the Project and Budget to Rework and Replace Paving at Texas State Technical College in Sweetwater

XII. UNFINISHED BUSINESS

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XV. ELECTION OF OFFICERS

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XVII. CHANCELLOR COMMENTS

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XIX. 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
and
Teleconference
Dial In: 415-655-0003 US Toll
Access code: 120 961 5688**

Thursday, August 19, 2021

9:00 a.m.

AGENDA

**I. MEETING CALLED TO ORDER BY AUDIT COMMITTEE MEMBER RON
WIDUP**

The meeting of the Texas State Technical College Board of Regents Audit Committee was called to order at 10:30 a.m., August 19, 2021, by Chairman Cleveland.

Members Present in Person:
John Hatchel, Curtis Cleveland

Members Present via Video Conference:
Pat McDonald, Tiffany Tremont, Keith Honey, Tony Abad,, Ron Widup, Kathy Stewart

Members Absent: Alex Meade

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

II. COMMITTEE CHAIR COMMENTS

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.

III. MINUTE ORDERS

The following Minute Order was presented to the Board of Regents by Jason Mallory:

24-21(c) Approve Fiscal Year 2022 Audit Plan

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. Quality Assurance Review on the Internal Audit Department of the Texas State Technical College
5. Faculty Credentials Audit (21-018A)
6. Audit of HEERF Grant as part of CARES ACT (21-006A)
7. TAC 202 - Quarterly Update (21-009A)
8. Financial Processes Audit Report
9. Licensing Audit of the TSTC Waco Police Department
10. AY 2020 A-133 Evaluation Management Letter
11. AY 2019 Perkins Desk Review Management Letter CFDA 84.048
12. 2020-2021 Perkins Basic Grant Programmatic Desk Review
13. Attestation Disclosure

V. CHANCELLOR COMMENTS

None.

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VI. BOARD COMMENTS

None.

VII. ADJOURN

The meeting adjourned at 11:17 a.m.

RR
Ray Rushing (Aug 27, 2021 13:30 CDT)
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

Special Meeting of the Board of Regents

**Texas State Technical College
Connally Meeting & Conference Center
1651 E. Crest Drive
Waco, TX 76705
and
Teleconference
Dial In: 415-655-0003 US Toll
Access code: 120 961 5688**

**Thursday, August 19, 2021
9:15 a.m.**

AGENDA

I. MEETING CALLED TO ORDER

The Texas State Technical College Board of Regents Special Meeting was called to order at 9:01 a.m., August 19, 2021, by Chairman Cleveland.

II. DETERMINATION OF QUORUM

Members Present in Person: Curtis Cleveland, John Hatchel

Members Present via Video Conference: Pat McDonald, Tiffany Tremont, Keith Honey, Ron Widup, Kathy Stewart

Members Absent: Alex Meade

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

III. ADOPTION OF AGENDA

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

IV. CHANCELLOR COMMENTS

Please note: Meetings are scheduled to follow each other consecutively and may start earlier or later than the posted time depending on the length of the discussions and the reports of preceding meetings. The estimated times are approximate and may be adjusted as required with no prior notice.



The Chancellor provided a brief summary on the strategic goals of the college, how COVID-19 has made its effect on the budget and what the future of TSTC holds.

V. BUDGET OVERVIEW AND DISCUSSION

Jonathan Hoekstra provided an overview of the Fiscal Year 2022 budget and progress on the strategic plan.

VI. MINUTE ORDERS

Proposed MO#

25-21(c) Approve Operating Budget for Fiscal Year 2022

26-21(c) Approve Appropriation Transfers for Fiscal Year 2022

Motion by Regent Hatchel and second by Regent Abad to table the Minute Orders

VII. CHANCELLOR COMMENTS

None.

VIII. BOARD COMMENTS

None.

IX. ADJOURN

The meeting adjourned at 10:23 a.m.

RR
Ray Rushing (Aug 27, 2021 13:30 CDT)
Ray Rushing
Secretary to the Board of
Regents

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
and
Teleconference
Dial In: +1-415-655-0003 US Toll
Access code: 120 032 5580**

**Thursday, August 19, 2021
10:05 a.m.**

AGENDA

MEETING CALLED TO ORDER

The meeting of the Texas State Technical College Board of Regents was called to order at 11:26 a.m., August 19, 2021, by Chairman Cleveland.

INVOCATION

Jonathan Hoekstra provided the invocation.

DETERMINATION OF QUORUM

Members Present in Person:
Curtis Cleveland, John Hatchel

Members Present via Video Conference:
Pat McDonald, Tiffany Tremont, Keith Honey, Kathy Stewart, Ron Widup, Tony Abad

Members Absent:
Alex Meade

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

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

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

APPROVAL OF MINUTES OF MAY 13, 2021 MEETINGS AND APPROVAL OF MINUTES OF JULY 12, 2021 EXECUTIVE COMMITTEE MEETING

Upon a motion by Regent Stewart and second by Regent McDonald, the Minutes of the May 13, 2021 Meetings of the Audit Committee and the Board of Regents as well as the July 12, 2021 Executive Committee Meeting were approved unanimously.

CLOSED MEETING

Chairman Cleveland announced: The meeting of the TSTC Board of Regents held at the Connally Meeting & Conference Center in Waco, Texas on Thursday, August 19, 2021, 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 11:30 a.m.

The Closed Meeting is called to Order and a Quorum is determined at 11:33 a.m.

1. 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.
2. Deliberation Regarding Real Property (Texas Government Code, Section 551.072)
 1. Potential Real Estate Transactions
 2. Potential Lease Transactions
4. Personnel Matters (Texas Government Code, Section 551.074)
 1. 457f Retirement Plan
5. Adjourn

No action was taken in the Closed Meeting.

The August 19, 2021 Closed Session of the Texas State Technical College Board of Regents adjourned at 12:20 p.m.

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

OPEN MEETING RECONVENES

The August 19, 2021 Open Meeting of the Texas State Technical College Board of Regents reconvened at 12:26 p.m.

Secretary to the Board Ray Rushing stated for the Record that a real estate matter was discussed during Closed Session. The Chairman advised that he had a conflict with the real estate matter and would abstain from any action should the Board decide to take such action.

PUBLIC COMMENTS

None.

CHANCELLOR COMMENTS

Chancellor provided an update on the higher education landscape and how TSTC continues to differentiate with a sustainable competitive advantage

I. COMMITTEE REPORTS & MINUTE ORDERS

- a. **Committee for Student Learning and Student Development**
Kathy Stewart, Chair; Tony Abad, Member

Committee Chair Comments

Regent Stewart provided an update on Student Learning and Student Development. Regent Stewart recognized the entire faculty for their work during the pandemic all while pioneering the way for our future.

Minute Orders:
Proposed MO#

None.

Reports:

None.

- b. **Committee for Fiscal Affairs**
Tiffany Tremont, Chair; Alex Meade, Member

Committee Chair Comments

Regent Tremont provided an update on Fiscal Affairs and called on Jonathan Hoekstra to present the materials.

Minute Orders:

Proposed MO#

- 27-21(c) Approve Schedule of Student and Family Housing Rental Rates, Room and Board Rates, Service Charges and Deposits, Effective Fall 2022 Semester
- 28-21(c) Approve Appropriation Transfers for Fiscal Year 2021

Reports:

- 1. Written Report: Budget Performance
- 2. Written Report: Pledged Collateral
- 3. Written Report: Quarterly Investment
- 4. Written Report: Quarterly Lease
- 5. Oral Report: SB20 Compliance
- 6. Oral Report: Survey of Employee Engagement

Closing Comments

Regent Tremont expressed her thanks to TSTC. She is proud of the College, the Finance team and all teammates working on the Workday project.

c. Committee for Facilities

Keith Honey, Chair; John Hatchel, Member

Committee Chair Comments

Regent Honey provided an update on Facilities and called on Ray Fried to present the materials.

Minute Orders:

Proposed MO#

- 29-21(c) Accept the Project to Renovate the Precision Machining Technology Lab in the Industrial Technology Center at Texas State Technical College in Waco.
- 30-21(c) Accept the Project to Renovate the Residential HVAC Lab in Building 20HI at the Texas State Technical College in Harlingen
- 31-21(c) Approve the Concept for the North Interceptor Project at Texas State Technical College in Waco

Reports:

1. Written Report: Major Facility Projects Status Update
2. Written Report: Capital Expenditure Plan MP1 Summary Report Fiscal Year 2021
3. Oral Report: Projects In Progress

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

Committee Chair Comments

Regent McDonald provided an update on General Administration. He called on Gail Lawrence to provide an oral update on Legislative Affairs.

Minute Orders:

Proposed MO#

None.

Reports:

1. Oral Report on Legislative Affairs

CONSENT AGENDA ITEMS

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

- 24-21(c) Approve Fiscal Year 2022 Audit Plan
- 25-21(c) Approve Operating Budget for Fiscal Year 2022
- 26-21(c) Approve Appropriation Transfers for Fiscal Year 2022
- 27-21(c) Approve Schedule of Student and Family Housing Rental Rates, Room and Board Rates, Service Charges and Deposits, Effective Fall 2022 Semester
- 28-21(c) Approve Appropriation Transfers for Fiscal Year 2021
- 29-21(c) Accept the Project to Renovate the Precision Machining Technology Lab in the Industrial Technology Center at Texas State Technical College in Waco
- 30-21(c) Accept the Project to Renovate the Residential HVAC Lab in Building 20HI at the Texas State Technical College in Harlingen
- 31-21(c) Approve the Concept for the North Interceptor Project at Texas State Technical College in Waco

UNFINISHED BUSINESS

None.

NEW BUSINESS

None.

ACTION ON CLOSED MEETING

During the Closed meeting, the Regents discussed several real estate matters.

Upon motion by Regent Hatchel and second by Regent Widup, Minute Order 32-21 as presented in Closed Session was approved unanimously by all Regents present except Chairman Cleveland who recused himself from the action.

- 32-21 Approve the Concept of Selling the 42-Acre Property Near the Campus at Texas State Technical College in Waco, Texas

Upon motion by Regent Tremont and second by Regent Stewart, Minute Order 33-21 as presented in Closed Session was approved unanimously.

- 33-21 Approve the Concept to Sell the Texas State Technical College Interest in Twelve Educational Broadband Service Licenses and Leases Previously Issued by the Federal Communications Commission

CHANCELLOR COMMENTS

The Chancellor introduced the new Manager of Board Support, Chelsea Anfenson. The Chancellor thanked the OIT team, The Foundation and TSTC employees for their hard work in preparation for today's meetings. He also expressed appreciation to the Board for continuing to hold virtual meetings during the COVID-19 pandemic.

BOARD COMMENTS

The Chairman thanked all employees for their reports and minute orders. The next meeting is scheduled for November 11, 2021 with the location to be determined at a later date.

ADJOURN

The meeting adjourned at 1:17 p.m.

RR

Ray Rushing (Aug 27, 2021 13:30 CDT)

Ray Rushing
Secretary to the Board of
Regents

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Committee for Student Learning and Student Development
Kathy Stewart, Chair

Committee Chair Comments

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None.

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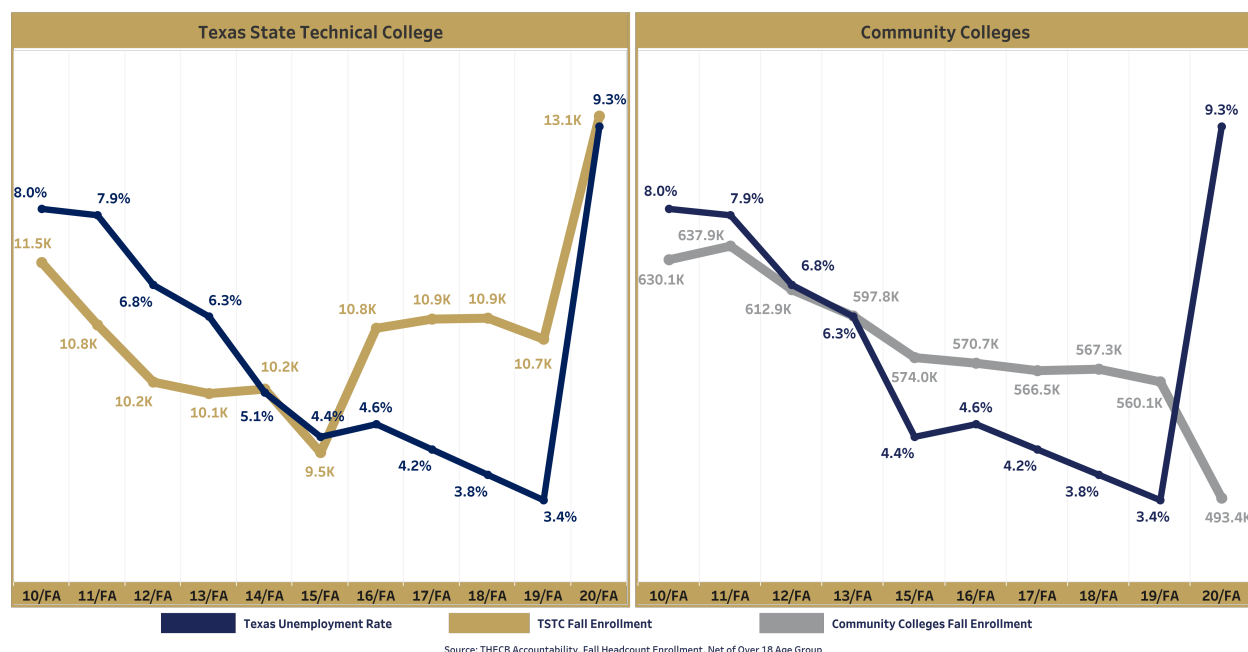
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	<i>Rick Herrera</i>



Due to the current electronic method used to conduct TSTC Board Meetings, the following is a high-level **written** summary of the core business performance metrics at the college. Leadership will be prepared to respond to any questions or comments the Board may have during the Board Meeting.

Key Performance Metric: Competitive Landscape

Historically, college enrollment has an inverse relationship to the Texas unemployment rate. Student headcount generally goes up when the unemployment rate goes up.



Key Takeaways:

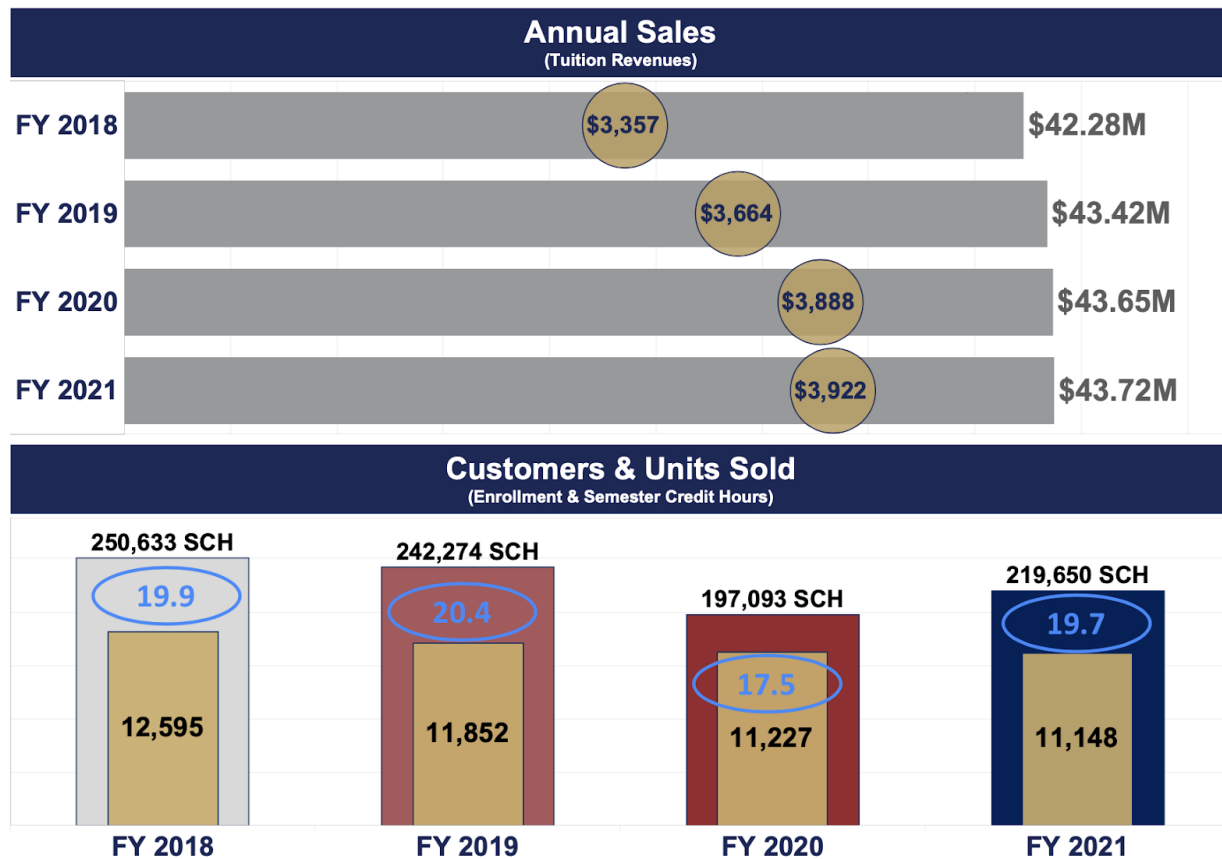
- The data shown on this graph is certified data as based on the reporting criteria established by the Texas Higher Education Coordinating Board (THECB). The counts shown on this graph include flex entry courses. Flex entry is a count of students whose summer semester term dates are outside of the reporting period as prescribed by the Texas Higher Education Coordinating Board (THECB). The Fall of 2020 enrollment number of 13,900 students includes a flex entry count of 4,390 students compared to 225 flex students in the Fall of 2019.
- During the pandemic community colleges from across the United States saw an 11% decline in customers during the Fall 2020 while TSTC saw a 6% decline.

Key Performance Metric: Revenue

Although TSTC saw a slight decrease in enrollment during FY 2021, due to changes in tuition rates and program mix there was an increase in revenues during 2021.

TSTC Revenue and Census Enrollment Trends

Traditional Students - Annual Totals

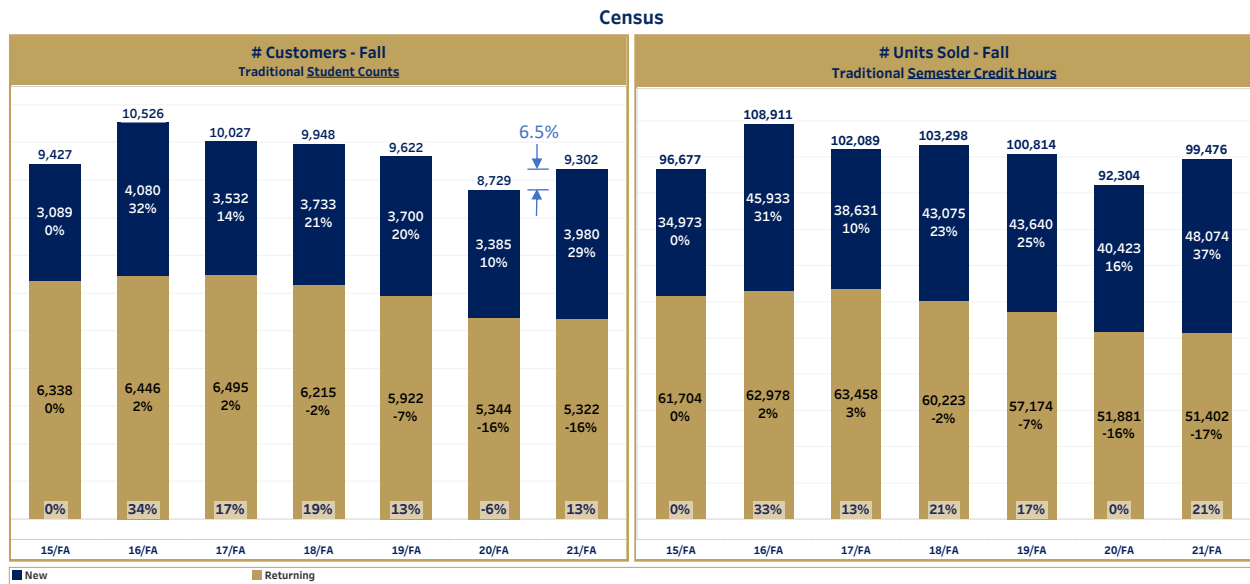


Key Takeaways:

- TSTC served a smaller number of customers in Fall 2021, but the average customer purchased a higher number of course units.
- The average sales per student of \$3,922 improved over prior year as well as total revenue.
- Units sold improved to 19.7 semester credit hours per students for fiscal year 2021. The more units-per-students the better our graduation “churn” rate.

Key Performance Metric: Headcount - Overall

TSTC saw the highest number of new students attending since 2016 and our returning student count held virtually flat. The returning student population will begin to recover in the upcoming sales cycles.

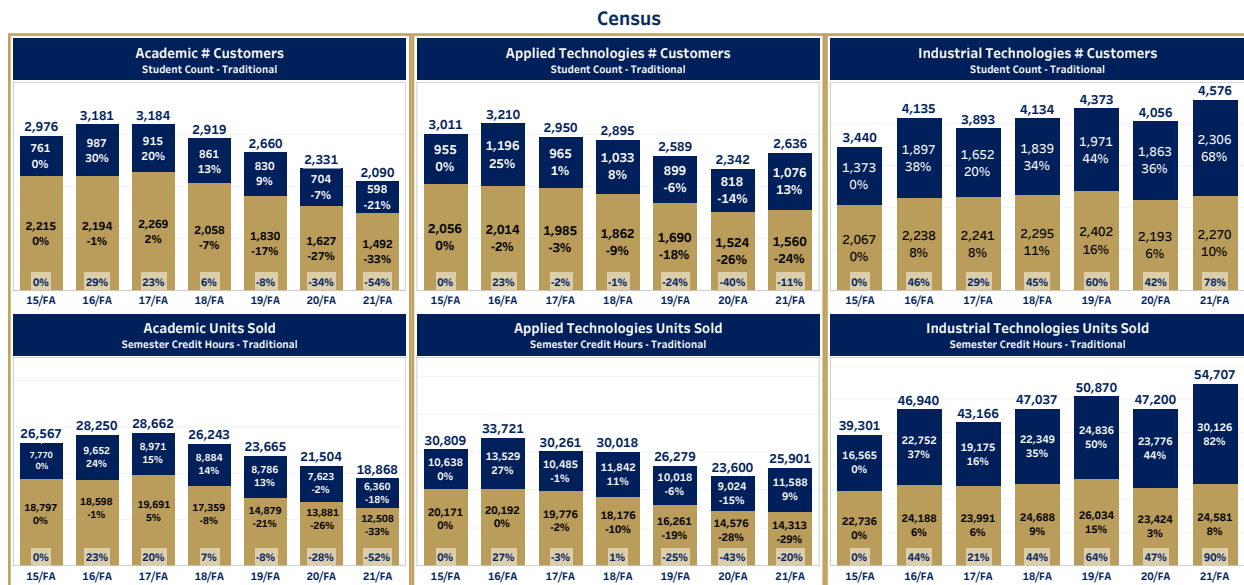


Key Takeaways:

- Total enrollment was 6.5% above prior year. Recently published National Student Clearinghouse report states the national community college enrollment average dropped by 5.6% compared to a 9% drop the prior fall.
- Current growth in new students will have a positive impact on the number of returning students over the next two years
- Declines in Returning students were due to the 14 programs that were closed in the Fall of 2019.

Key Performance Metric: Headcount by Cluster

TSTC has been laser-focused on high-wage high-demand programs and has been adjusting its program mix towards these goals. In 2019, TSTC closed 14 programs to focus resources on applied and industrial technologies. The graph below shows the resulting decline in the academic customers and the gains in the applied and industrial technologies that resulted from the intentional strategic retooling.

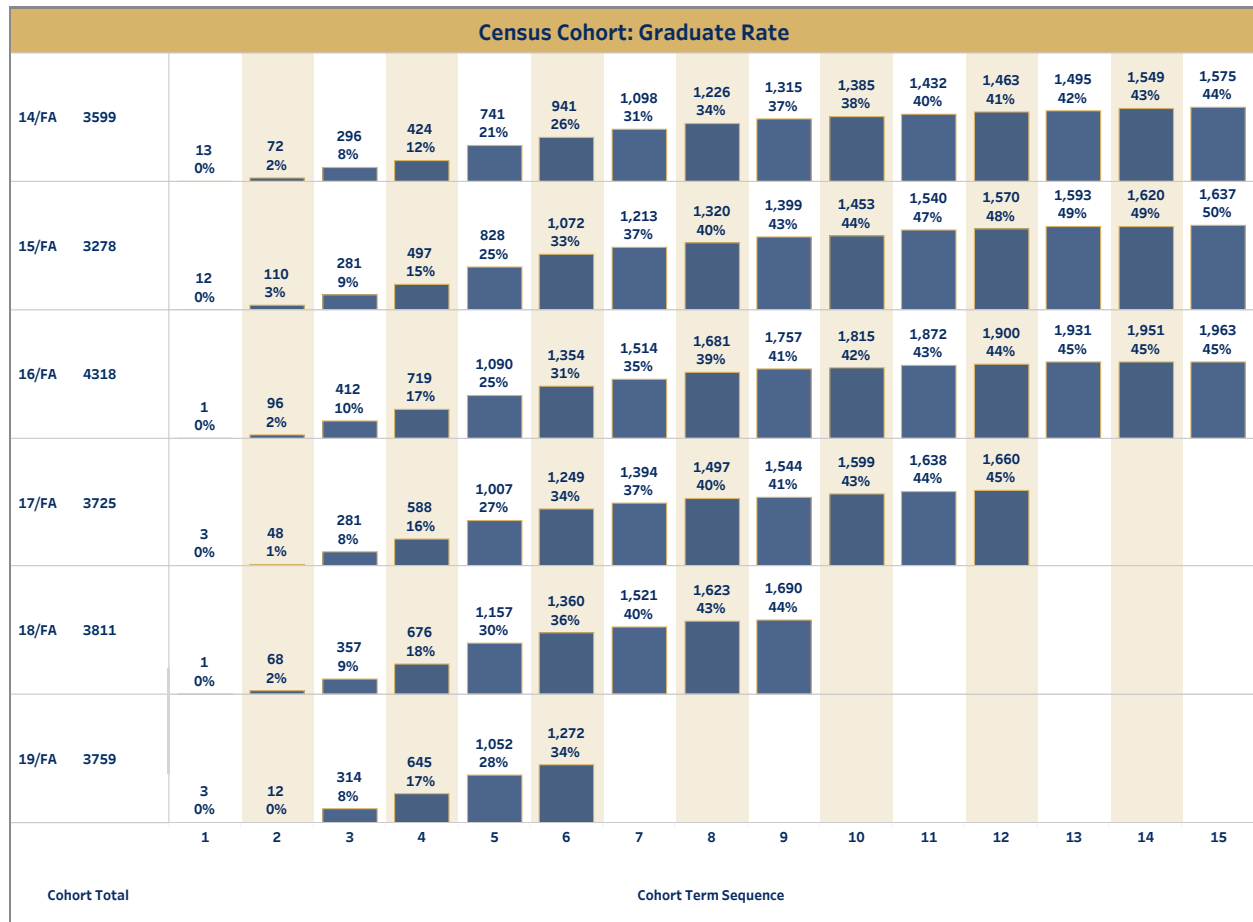


Key Takeaways:

- The decline in academic customer count has been intentional and designed to focus resources on high-wage programs.
- Industrial technology programs are growing and showing with record-breaking enrollment.
- This intentional retooling will result in better employment outcomes for students and better formula funding for TSTC during the years ahead.

Key Performance Metric: Graduation Rate

While the funding formula keys on any student who left TSTC with 9 credit hours or more, strategies for graduation are still extremely relevant. Data shows that graduates with an associate's degree earn 36% more in salary versus their leaver counterpart in the 1st through 5th year. Graduates with a certificate earn 7% more than their leaver counterpart in the 1st year wage and 20% over their counterpart in their 5th year wage. Thus, tracking graduation rates over time is essential to focusing on the highest-value student pathway.



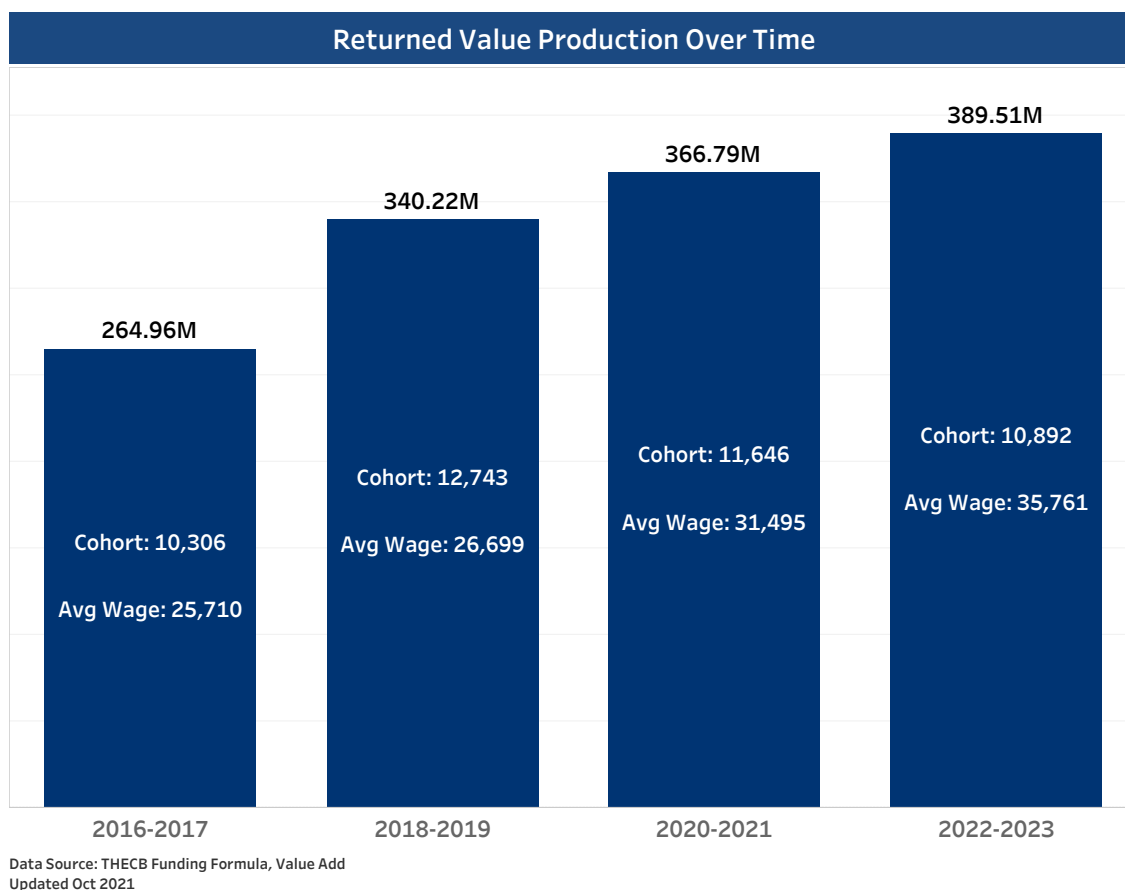
Based on Running Sum of Distinct Count of Graduates by Term

Key Takeaways:

- Graduation rates have remained steady over the last several cohorts.
- Fall of 2019 graduation rates were impacted by the COVID-19 outbreak for subsequent periods.
- Student Learning's pathway initiative and PBE rollout will improve collegewide cycle times to graduation.
- Cares Act funding recipients have shown an improved retention and graduation rate over non-recipients.

Key Performance Metric: Placement

The college has focused on applied and industrial technologies because the wages of those graduates are higher in those programs. The graph below shows that although cohorts of students taking nine hours or more have decreased since 2018-2019, their average wages have increased over \$9,000. This wage increase has resulted in growth in the economic impact to the state of Texas by 124 million over a four-year period.

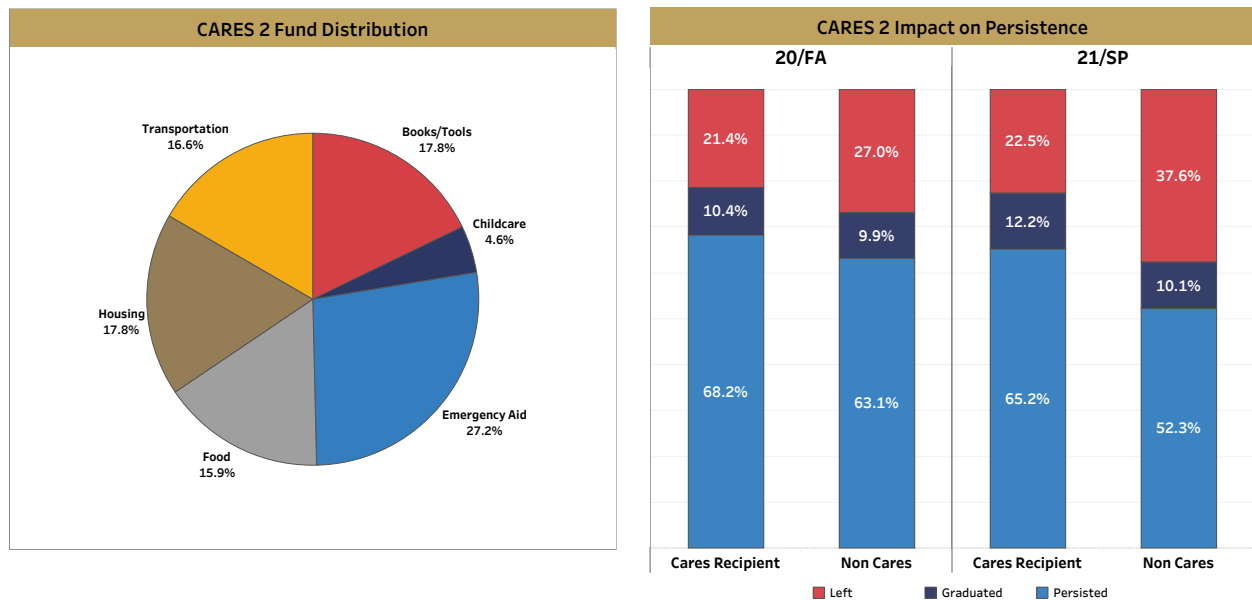


Key Takeaways:

- Cohort size was anticipated to drop due to sunseting of programs.
- Focus on industrial programs has pushed the average wage up by almost \$5,000 over the last 4 years.
- Continued focus on industry demands will continue to allow increases in the average wage.
- The biggest winner on this trend is our student.

CARES Act Funds

At this time TSTC has spent the first two rounds of CARES Acts funds allocated to students amounting to \$9,965,156. The graphs below represent the issuance of the 2nd CARES Acts funds for a total of \$4,982,578.

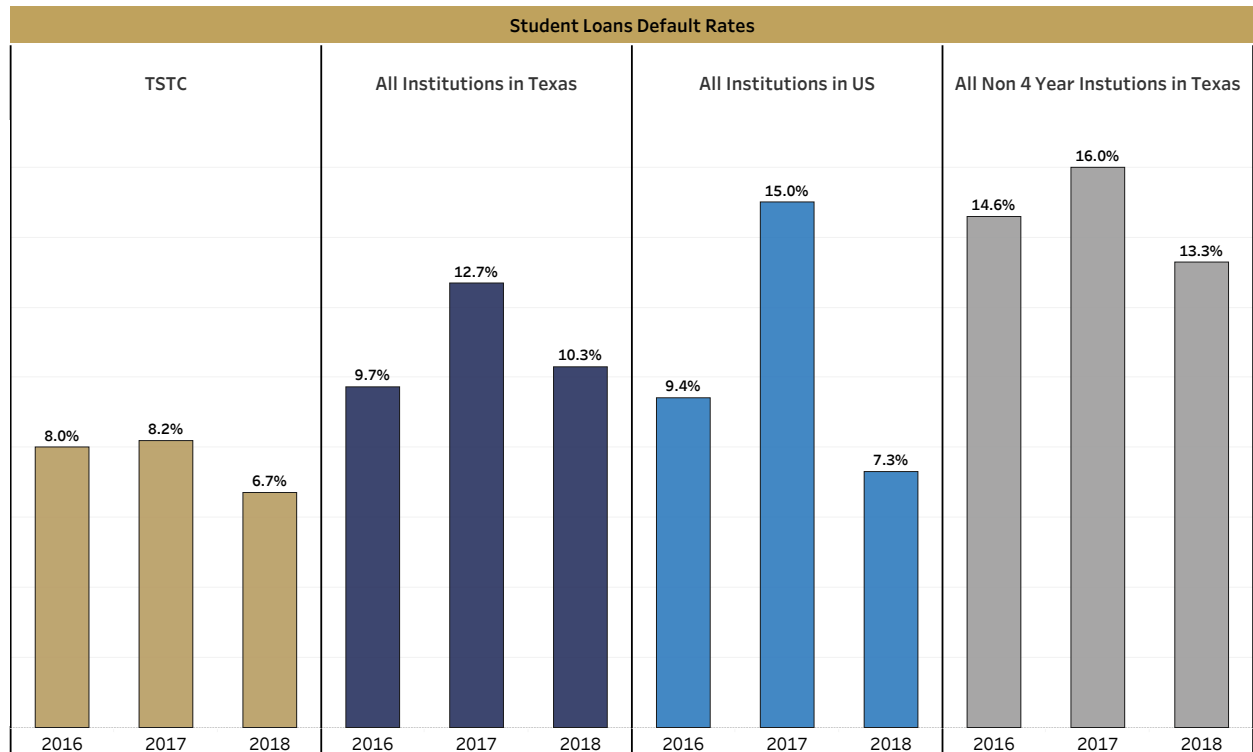


Key Takeaways:

- Most of the funding has gone to emergency aid which is assisting students with bills.
- During the Fall semester students were able to request CARES Act 3 funding to assist with tuition, of which \$3,060,856 was applied towards tuition.
- CARES Act funding recipients have demonstrated a good persistence and graduation rates.

Student Loan Default Rate

TSTC continues to focus its energy on ensuring students are properly informed about the risks and responsibilities associated with receiving a student loan. There is a natural lag in these data since they measure students after they leave TSTC. So, the 2018 cohort is the latest group tracked by the federal student loan system.



Key Takeaways:

- TSTC students show better averages than all other institutions in Texas and nationally.
- Ten years ago, TSTC was among the worst in Texas on this metric. Today, TSTC is among the best.
- With the various benefits extended as a result of COVID, the collections for the 2018 borrower cohort were paused in 2019 and therefore may have led to the drop in percentage rates.

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Committee for Fiscal Affairs

Tiffany Tremont, Chair;

Committee Chair Comments

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Board Meeting Date: November 11, 2021 **Proposed Minute Order #: 37-21(c)**

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

Subject: **Approve the Establishment of a Deferred Compensation Plan Under Section 457(f) of the Internal Revenue Code**

Background: TSTC is seeking an avenue to provide supplementary retirement benefits for certain employees over and above the maximum compensation provided by the Teacher Retirement System or the Optional Retirement Program retirement benefits.

Justification: While a section 457(f) plan resolves the issue of supplementing retirement, the plan also provides financial incentives in recruiting highly qualified candidates for employment and encouraging existing qualified employees to continue to devote their best efforts to the service of Texas State Technical College.

Additional Information: Section 457(f) plans provide employers design flexibility to customize compensation plans that balance the organization's goals with the employee's preferences. These types of plans are currently in place at other institutions of higher education in Texas.

Fiscal Implications: Funds are available as currently budgeted.

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

Attachment(s): Legal Opinion Letter from the TSTC General Counsel.

Recommended Minute Order: "The Texas State Technical College Board of Regents approves the establishment of a deferred compensation plan under section 457(f) of the Internal Revenue Code, and delegates to the Chancellor, or his designee, the authority to execute any and all necessary documents for the establishment, administration and operation of said deferred compensation plan."

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

October 15, 2021

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

Re: **Approve the Establishment of a Deferred Compensation Plan Under Section 457(f) of the Internal Revenue Code**

As requested, I have reviewed and considered the legal ramifications of approving the establishment of a deferred compensation plan under section 457(f) of the Internal Revenue Code, and delegating the authority to execute any and all necessary documents for the establishment, administration and operation of said deferred compensation plan to the Chancellor, or his designee.

As authorized by Texas Revised Civil Statutes Annotated [Article 6228a-5](#), section 3(a), the Board of Regents may establish a deferred compensation plan pursuant to [section 457\(f\)](#) of the Internal Revenue Code, for the benefit of a select group of employees defined by the Board of Regents.

Having reviewed relevant portions of Texas Revised Civil Statutes Annotated and the Internal Revenue Code, it is my opinion that the approval of (1) the establishment of a deferred compensation plan under section 457(f) of the Internal Revenue Code and (2) the delegation of authority from the Texas State Technical College Board of Regents to the Chancellor, or his designee, to execute any and all necessary documents for the establishment, administration and operation of said deferred compensation plan, 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



Board Meeting Date:	November 11, 2021	Proposed Minute Order #: 38-21(c)
Proposed By:	Jonathan Hoekstra, Vice Chancellor & Chief Financial Officer	
Subject:	Approve Contracts Associated with Coronavirus Relief Funds That Exceed \$1 Million	
Background:	It is expected that a few contracts will exceed \$1 million during the process of purchasing goods and services using Coronavirus relief funds. Board approval is required for these contracts pursuant to Texas Education Code § 51.9337(f).	
Justification:	There are a number of challenges associated with purchasing goods and services using Coronavirus relief funds. These include grant compliance requirements, contract authority limitations, and expenditure deadlines. Seeking board approval for individual contracts would be unduly burdensome and inefficient given the frequency of board meetings and the risk of losing the funds if deadlines are not met. This minute order would allow the Chancellor, or the Chancellor's designee, to efficiently procure necessary goods and services to successfully meet the needs of TSTC and meet operational deadlines. Approval also ensures compliance with Texas Education Code § 51.9337(f).	
Additional Information:	None.	
Fiscal Implications:	Funds are available as currently budgeted for the contracts.	
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 agreements associated with Coronavirus relief fund expenditures that have a total contract value exceeding \$1 million, and delegates its authority to the Chancellor, or his designee, to enter into and execute any necessary amendments, extensions, or renewals to the said agreements."	
Recommended By:	[ORIGINAL SIGNED BY] Jonathan Hoekstra, Vice Chancellor and Chief Financial Officer	

October 7, 2021

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

Re: **Approve Contracts Associated with Coronavirus Relief Funds That Exceed \$1 Million**

As requested, I have reviewed and considered the legal ramifications of approving (1) contracts associated with the Coronavirus Relief Funds that exceed One Million Dollars (\$1,000,000.00), 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 all said contracts and any necessary contract amendments, extensions or renewals.

During the 84th Legislative Session comprehensive changes were made to the Texas Education and Government Codes. 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 (see [TEC §51.9337\(f\)](#) and [TGC 2261.254\(c\)\(d\)](#)). However, among the changes made to the Texas Education Code and the Texas Government Code are provisions that allow the TSTC Board of Regents to delegate this approval and signatory authority to the Chancellor or his designee.

Having reviewed the Texas Education Code and the Texas Government Code, it is my opinion that the approval of (1) contracts associated with the Coronavirus Relief Funds that exceed One Million Dollars (\$1,000,000.00), 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 all said contracts and any necessary contract amendments, extensions or renewals, 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



Board Meeting Date: November 11, 2021 **Proposed Minute Order #:** 39-21(c)

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

Subject: **Approve the Spectrum Enterprise Service Agreement for Internet Services with Charter Communications Operating, LLC.**

Background: TSTC executed a Spectrum Enterprise Service Agreement for internet services on July 22, 2021. The total contract value for this master service agreement is expected to exceed \$1 million during this fiscal year. 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 internet services with Charter Communication Holdings, LLC for a total contract value exceeding \$1 million, and delegates its authority to the Chancellor, or his designee, to enter into and execute any necessary amendments, extensions, or renewals to the said service agreement. Further, in the event that this service agreement is amended, extended or renewed, the Board of Regents expressly authorizes the Chancellor, or his designee, to exceed 25 percent of the value of the original contract."

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

October 7, 2021

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

Re: **Approve the Spectrum Enterprise Service Agreement for Internet Services with Charter Communications Operating, LLC**

As requested, I have reviewed and considered the legal ramifications of approving (1) the Spectrum Enterprise Service Agreement for internet services with Charter Communications Operating, LLC, which is expected to exceed One Million Dollars (\$1,000,000.00), 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 said Service Agreement and any necessary amendments, extensions or renewals of said Service Agreement.

During the 84th Legislative Session comprehensive changes were made to the Texas Education and Government Codes. Generally, the TSTC Board of Regents alone has authority to approve and sign contracts on behalf of TSTC (1) with a value exceeding One Million Dollars, including any amendment, extension, or renewal of the contract that increases the value of the original contract to more than One Million Dollars or (2) that would exceed 25 percent of the value of the original contract approved by the Board of Regents (see [TEC §51.9337\(f\)](#) and [TGC 2261.254\(c\)\(d\)](#)). However, among the changes made to the Texas Education Code and the Texas Government Code are provisions that allow the TSTC Board of Regents to delegate this approval and signatory authority to the Chancellor or his designee.

Having reviewed the Texas Education Code and the Texas Government Code, it is my opinion that the approval of (1) the Spectrum Enterprise Service Agreement for internet services with Charter Communications Operating, LLC, which is expected to exceed One Million Dollars (\$1,000,000.00), (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 said Service Agreement and any necessary amendments, extensions or renewals of said Service Agreement, and (3) the authorization for the Chancellor, or his designee, to exceed 25 percent of the value of the original contract in the event that said Service Agreement is amended, extended or renewed, 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



Board Meeting Date:	November 11, 2021	Proposed Minute Order #: 40-21(c)
Proposed By:	Jonathan Hoekstra, Vice Chancellor & Chief Financial Officer	
Subject:	Sale of Piper Turbo Arrow IV Aircraft and Use of Proceeds to Update the Piper Seminole PA44 180 Aircraft	
Background:	<p>Texas State Technical College (TSTC) acquired a 1980 Piper Turbo Arrow IV aircraft in 2018 for use by the Aircraft Pilot Training program. The turbo engine system on the aircraft is complex for trainees, which increases the probability of costly engine problems and downtime. For instance, over \$50,000 has been invested in the aircraft since the original purchase.</p> <p>The funds from the sale of the Piper Turbo IV aircraft will be used to update the Piper Seminole PA44 180 that is currently in TSTC's fleet. The updates will enable the Aircraft Pilot Training program to use the Piper Seminole for training. The cost to update the Piper Seminole is estimated at \$130,000.</p> <p>Pursuant to SOS FA 1.13, the sale of any single item with an estimated sale value of more than \$25,000 must be approved in advance by the Board of Regents. At this time, the sale value of the aircraft is estimated at \$100,000.</p>	
Justification:	<p>Selling the Piper Turbo Arrow IV aircraft is in the best interests of TSTC due to the significant engine problems and downtime associated with using the aircraft for pilot training. The funds can be reinvested in a less complex aircraft for pilot training, such as the Piper Seminole. In addition, the Federal Aviation Administration (FAA) has changed the minimum complex time requirements for trainees, and TSTC has instituted a multi-engine degree option since the purchase of the Piper Turbo Arrow IV. Approval ensures compliance with SOS FA 1.13 as well.</p>	
Additional Information:	None.	
Fiscal Implications:	<p>The sale value of the Piper Turbo Arrow IV is estimated at \$100,000. The cost to update the Piper Seminole PA44 180 is estimated at \$130,000.</p>	
Attestation:	<p>This Minute Order is in compliance with all applicable laws and regulations to the best of my knowledge.</p>	
Attachment(s):	Letter from Legal Counsel	

**Recommended
Minute Order:**

“The Board of Regents approves the sale of the Piper Turbo Arrow IV and the use of the proceeds to update the Piper Seminole PA44 180 aircraft at TSTC in Waco, and authorizes the Chancellor, or his designee, to sell the Piper Turbo Arrow IV and update the Piper Seminole PA44 180 with the proceeds from the sale.”

Recommended By:

[ORIGINAL SIGNED BY]

Jonathan Hoekstra, Vice Chancellor and Chief Financial Officer

October 7, 2021

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

Re: **Sale of Piper Turbo Arrow IV Aircraft and Use of Proceeds to Update the Piper Seminole PA44 180 Aircraft**

As requested, I have reviewed and considered the legal ramifications of approving (1) the sale of the Piper Turbo Arrow IV Aircraft, with a value exceeding Twenty Five Thousand (\$25,000.00), 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 all documents necessary to complete said sale.

Generally, the Texas Government Code, Chapter 2175, directs state agencies on the proper disposition of surplus property. However, [§2175.304](#) makes Chapter 2175 inapplicable to TSTC, allowing the Board to establish written procedures for the disposition of surplus property owned by TSTC. Statewide Operating Standard No. [FA 1.13](#) directs that the "(s) ale of any single item with an estimated sale value of more than \$25,000 must be approved in advance by the Board of Regents." Chapters [51](#) and [135](#) of the Texas Education Code vest the organization and control of TSTC with the Board of Regents. This would include the delegation of authority to enter into contracts and expend funds.

Having reviewed the Texas Education Code and the Texas Government Code, it is my opinion that the approval of (1) the sale of the Piper Turbo Arrow IV Aircraft, with a value exceeding Twenty Five Thousand (\$25,000.00), 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 all documents necessary to complete said sale, 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



Board Meeting Date:	November 11, 2021	Proposed Minute Order #: 41-21(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:	<p>"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.</p> <p>THE COMPETITIVE SELECTION OF INVESTMENT INSTRUMENTS AND OPERATING ACCOUNTS</p> <p>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.</p>	

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 one percent or more of the voting stock or shares of the business entity or owns either one percent or more or \$15,000 or more of the fair market value of the business entity; (2) funds received by the member from the business entity exceed one percent of the member's gross income for the previous year; (3) the member is an officer of the business entity or a member of the governing board of the business entity; or (4) an individual related to the member in the first degree by consanguinity or affinity, as determined under Chapter 573, Government Code, has an interest in the business entity as described above. If a board member has a substantial interest in a business entity as described in this paragraph, the institution of higher education can still contract with that business entity provided that the board member discloses such interest to the board and refrains from voting on the contract or transaction requiring board approval.
2. Section 404.0211 of the Government Code, does not disqualify a bank from serving as a depository for funds of a state agency if one or more officers or employees of the state agency, who have the duty of selecting a depository, is also an officer or director of the bank if a majority of the members of the board vote to select the bank as a depository; and the interested officer or employee does not vote or take part in the proceedings. This section also does not disqualify a bank from serving as a depository for funds of a state agency if one or more officers or employees of the state agency, who have the duty of selecting a depository, own or have a beneficial interest, individually or collectively in 10 percent or less of the outstanding capital stock of the bank, if a majority of the members of the board vote to select the bank as a depository; and the interested officer or employee does not vote or take part in the proceedings.

3. Employees of TSTC who are involved in the selection of depository financial institutions shall not attempt to gain any personal benefit from the financial institutions in turn for depositing the funds in said financial institution. At the beginning of each fiscal year these employees must disclose personal conflicts they may have with individual firms where the College holds investments. These disclosures are due to the Chief Financial Officer by October 1 of each year. Investment Officers of TSTC, as defined by this policy, shall annually disclose any conflicts to the Board Secretary.
4. Board members are required to declare potential personal conflicts with business entities that they may have interests.

INVESTMENT OFFICER

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

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

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

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

LIQUIDITY

The TSTC Investment Officer shall insure that:

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

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

YIELD

The TSTC Investment Officer shall insure that:

1. The yield on investments is negotiated at the time of purchase and that it reflects market conditions and yields available; and,
2. The investment portfolio consists of an appropriate mix of short- term interest-earning instruments that benefit from anticipated market conditions and that achieve the best allowable yield.

SHORT-TERM VERSUS LONG-TERM PORTFOLIO

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

SHORT-TERM PORTFOLIO DIVERSIFICATION

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

Maturity Scheduling:

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

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

LONG-TERM PORTFOLIO DIVERSIFICATION

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

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

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

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

COLLATERAL

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

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

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

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

INVESTMENT TRAINING

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

Recommended By:

[ORIGINAL SIGNED BY]

Jonathan Hoekstra, Vice Chancellor & Chief Financial Officer

**Texas State Technical College
Operating Budget Performance
as of August 31, 2021**

	FY 2021 Budget	FY 2021 Actual	% of Budget Utilized	NOTE	FY 2022 Budget
Operating Revenues					
Returned Value Formula Appropriations	66,124,351	66,124,351	100.0%		69,944,409
Special Items & Other Appropriations	23,169,199	23,289,560	100.5%		24,328,988
Debt Service Appropriations	3,757,232	3,757,232	100.0%		3,752,809
HEAF Appropriations	8,662,500	8,662,500	100.0%		8,662,500
Benefits Appropriations	24,885,151	25,220,318	101.3%		24,719,449
Tuition	44,192,647	42,188,728	95.5%	1	43,966,000
Student Financial Aid	33,369,711	31,283,520	93.7%		31,595,000
Auxiliary Enterprises	10,118,700	7,065,577	69.8%	2	9,003,284
Fees & Educational Sales	3,738,936	3,331,724	89.1%		3,127,500
Industry Relations	3,314,000	1,729,608	52.2%	2	2,575,400
Grants	9,006,112	29,591,833	328.6%	3, 4	15,431,075
Contracts & Other	3,717,700	3,677,198	98.9%		2,408,366
Total Operating Revenues	234,056,239	245,922,149	105.1%		239,514,780
Operating Carryforward / Reserves	1,914,868	(5,869,902)		4	976,157
Operating Expenditures				5	
Instruction	66,809,201	61,721,362	92.4%		61,223,499
Student Financial Aid	38,529,711	37,052,710	96.2%		36,860,968
Statewide Benefits	31,492,672	30,988,988	98.4%		30,937,761
Finance	10,756,887	9,257,204	86.1%		10,027,838
External Relations	16,429,279	14,597,994	88.9%		14,038,386
Auxiliary Enterprises	10,966,612	9,376,119	85.5%	6	9,333,756
Enrollment Management	11,064,571	9,589,488	86.7%		10,319,289
Facilities	9,961,314	8,788,986	88.2%		9,179,100
Facilities - Transfer to Capital Budget	1,808,924	1,808,924	100.0%		1,114,958
Information Technology	9,649,790	9,114,807	94.5%		9,070,488
Statewide Administration	4,608,063	4,248,385	92.2%		4,534,902
Debt Service & Leases	11,964,640	12,115,374	101.3%		16,078,645
Utilities & Other	7,808,277	9,514,839	121.9%	7	6,842,785
Grants	4,121,166	19,375,460	470.1%	3	12,928,562
Strategic Pool (to be allocated)	-	-			8,000,000
Total Operating Expenditures	235,971,107	237,550,640	100.7%		240,490,937
Operating Budget Margin (Deficit)	-	2,501,607			0

**Texas State Technical College
Operating Budget Performance
as of August 31, 2021**

Notes:

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

- 1)** Tuition revenue in fiscal year 2021 finished approximately 4% below the original budget. Sluggish demand remained a factor throughout the entire fiscal year, as the effects of the pandemic continued to linger.
- 2)** Auxiliary Enterprises and Industry Relations revenue suffered the most from pandemic related demand issues. Bookstore and Food Service operations were very limited throughout the entire fiscal year, and many non-essential continuing education programs were suspended due to the pandemic.
- 3)** Grant revenue, as well as grant expense, both have extreme variances from the original budget, as several COVID-related grants continued to be awarded to TSTC, including new CARES Act awards. Additional amounts received and expended in fiscal year 2021 include approximately \$10 million in direct aid to students and \$4 million for instructional salaries and equipment. The majority of this grant activity has a net zero effect on the operating margin, and will continue to produce large variances in the coming years.
- 4)** In addition to the amounts included in note #3 above, \$5.87 million of CARES Act funding was received for lost revenue in fiscal year 2021, which is a component of the grant designed to replace revenue declines in tuition and other sources as a result of the disruptions caused by the pandemic. TSTC will carry these funds forward into fiscal year 2022 as project plans are being finalized and executed.
- 5)** As a result of belt-tightening measures implemented near the beginning of the fiscal year, most of the instructional and operational divisions of the College reduced spending by 10% or more compared to originally budgeted amounts. These expense reductions provided a necessary counterbalance to offset the reductions in revenue noted in items 1 and 2 above.
- 6)** Correlating with the decline in Auxiliary Enterprises revenue, Auxiliary Enterprises operating expenses in fiscal year 2021 were \$2.59 million below budget. This reduction was offset by a \$1.03 million increase in reported expenditures as a result of paying off a long-term loan for a hangar at the Waco airport.
- 7)** Utilities & Other expenditures were approximately 22% over budget for the year, but this variance is the result of a \$2.08 million long-term debt payoff to the State Energy Conservation Office (SECO).

TEXAS STATE TECHNICAL COLLEGE
Pledged Collateral Report
August 31, 2021

Depository - Location	DEPOSITS			SECURITY ON DEPOSITS			Sufficient (Insufficient)
	Demand Deposits	Money Market & Time Deposits	Total Deposits	FDIC* Coverage (up to)	Required Collateral	Collateral at Market Value	
First Ntl Bank of Central Texas - Waco	29,206,240	284,527	29,490,767	500,000	28,990,767	42,500,000	13,509,233
Frost Bank - Harlingen/Fort Bend	75,264	-	75,264	250,000	-	611,621	786,357
Texas National Bank - Sweetwater	26,918	-	26,918	250,000	-	-	223,082
Texas Bank & Trust - Marshall	27,086	-	27,086	250,000	-	-	222,914
Citizens National Bank - Red Oak	11,002	-	11,002	250,000	-	-	238,998
Prosperity Bank - Abilene	11,002	-	11,002	250,000	-	-	238,998
Texas Bank - Brownwood	10,990	-	10,990	250,000	-	-	239,010
InterBank - Breckenridge	10,001	-	10,001	250,000	-	-	239,999
Bank of America - Waco	-	10,000	10,000	250,000	-	-	240,000
First Ntl Bank - Albany/Breckenridge	-	99,215	99,215	250,000	-	-	150,785
Veritex Comm. Bank - N. Richland Hills	-	10,000	10,000	250,000	-	-	240,000
Extracto Banks, N.A. - Waco	-	195,572	195,572	250,000	-	-	54,428
Cash in State Treasury	9,999,676	-	9,999,676	No Collateral Required			
TexasTerm (Government Pool)	20,411,162	-	20,411,162	No Collateral Required			
TexPool (Government Pool)	19,744,821	-	19,744,821	No Collateral Required			
TOTAL	79,534,162	599,314	80,133,476				

* 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, 2021

Description	Ending Value as of 8/31/20	Beginning Value as of 5/31/21	Ending Value as of 8/31/21	Interest Rate
<u>Operating Funds</u>				
Cash in State Treasury	8,784,346	9,811,407	9,999,676	0.22%
Statewide Operating	17,146,300	14,902,847	22,996,253	0.20%
Harlingen - Local Operating	55,468	44,923	49,241	0.01%
Waco - Local Operating	15,683	3,001	3,001	0.20%
Sweetwater - Local Operating	31,899	31,740	26,918	0.20%
Marshall - Local Operating	29,586	26,632	27,086	0.10%
Fort Bend - Local Operating	34,101	26,087	26,023	0.00%
Brownwood - Local Operating	17,843	10,990	10,990	0.01%
System - Local Operating	15,800	3,830	3,001	0.20%
Abilene - Local Operating	17,204	11,002	11,002	0.20%
North Texas - Local Operating	22,537	11,379	11,002	0.10%
Breckenridge - Local Operating	16,943	11,954	10,001	0.10%
Payroll	5,984,186	6,051,902	6,177,035	0.20%
Federal Funds	10	10	10	0.00%
FNB Central Texas - MMKT	2,039,686	496,178	-	
FNB Albany/Breckenridge - CD	100,000	-	-	
FNB Central Texas - CD	1,946,473	761,496	-	
First Community Bank - CD	172,368	172,368	-	
TexasTerm - Pool	17,397,319	20,409,946	20,411,162	0.04%
Total Operating Funds	53,827,752	52,787,692	59,762,401	
<u>Endowment Funds</u>				
Bank of America - CD	10,000	10,000	10,000	0.01%
FNB Albany/Breckenridge - CD	99,215	99,215	99,215	0.60%
FNB Central Texas - MMKT	283,561	284,384	284,527	0.20%
Extraco Banks, N.A.	195,572	195,572	195,572	0.25%
Liberty/Veritex Community Bank - CD	10,000	10,000	10,000	2.62%
Total Endowment Funds	598,348	599,171	599,314	
<u>Bond Proceeds</u>				
FNB Central Texas	1,361,919	85,564	26,940	0.20%
TexPool	25,111,853	20,765,235	19,744,821	0.01%
Total Bond Proceeds	26,473,772	20,850,799	19,771,761	
Total All Investments	80,899,872	74,237,662	80,133,476	

TEXAS STATE TECHNICAL COLLEGE
Quarterly Investment Report
As of August 31, 2021

Schedule of Time Deposits:

Description	Amount	Maturity Date	Days Maturity	Rate	Type
Veritex Community Bank	10,000	9/7/2022	731	2.62%	Endowment
Extraco Banks, N.A.	195,572	12/10/2021	365	0.25%	Endowment
FNB - Albany/Breckenridge	65,000	4/5/2022	365	0.60%	Endowment
FNB - Albany/Breckenridge	34,215	4/13/2022	365	0.60%	Endowment
Bank of America	10,000	8/10/2022	365	0.01%	Endowment
Total Time Deposits	314,787				

Weighted Average Maturity (Time Deposits): 354 days

Weighted Average Rate of Interest (All Investments): 0.06%

Current One Year Treasury Bill Rate: 0.07%

Lipper Money Market Funds Average Return (1 YR): 0.01%

FY 2021 Interest Received and Accrued (All Investments): 160,973

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

10/5/21

Date

[ORIGINAL SIGNED BY]

Jonathan Hoekstra, Chief Financial Officer

10/5/21

Date

October 4, 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 August 31, 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,

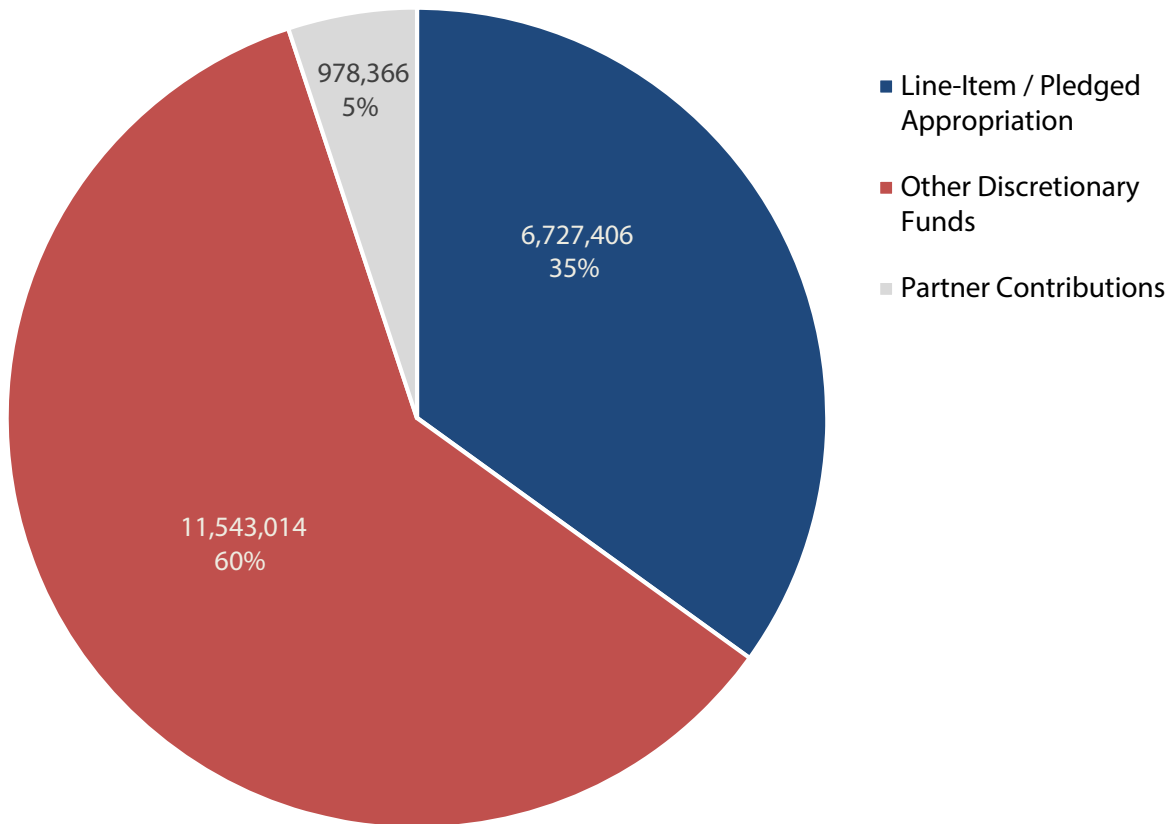
[ORIGINAL SIGNED BY]

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 2022



	FY 2022 Debt Service	Source of Funding
Bonds		
RFS Series 2008A Bonds, Taxable (Clean Energy)	71,786	other discretionary funds
		line-item appropriation (35%)
RFS Series 2011 Bonds (Tuition / Local Revenue)	2,200,581	partner contributions (45%)
		other discretionary funds (20%)
RFS Series 2011A Bonds (Local Revenue)	368,438	other discretionary funds
Constitutional Appro. Series 2016 Bonds (HEAF)	2,974,600	pledged appropriation
RFS Series 2016 Bonds (Tuition / Local Revenue)	5,241,631	line-item appropriation (57%)
		other discretionary funds (43%)
RFS Series 2020 Bond (Local Revenue)	3,395,224	other discretionary funds
Tx. Public Finance Auth. Lease Purchases	2,434,584	other discretionary funds
Other Lease Purchases	2,561,943	other discretionary funds
TOTAL:	\$ 19,248,786	

**Texas State Technical College
Summary of Outstanding Debt as of 8/31/21**

	Outstanding Principal	Interest Rate	Maturity Date
Bonds			
RFS Series 2008A Bonds, Taxable (Clean Energy)	71,429	1.00%	December 2021
RFS Series 2011 Bonds (Tuition / Local Revenue)	15,665,000	3.75% - 5.00%	August 2036
RFS Series 2011A Bonds (Local Revenue)	3,075,000	3.00% - 4.00%	August 2031
Constitutional Appro. 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)	30,000,000	2.53%	August 2036
Total Bonds	109,896,429		
Lease Purchases			
TSTC Foundation, 2003 (Housing - Marshall)	509,223	3.75%	October 2023
TSTC Foundation, 2018 (ITC - Fort Bend)	4,178,983	3.00%	September 2025
TSTC Foundation, 2020 (Housing - Waco)	22,000,000	3.75%	August 2046
TSTC Foundation, 2019 (GMC Yukon)	20,199	4.95%	May 2023
TSTC Foundation, 2018 (Ford Expedition)	10,990	4.50%	March 2022
Texas Public Finance Authority (402 leases)	3,739,191	various	various through 2026
Total Lease Purchases	30,458,586		
Total Outstanding Debt:	\$ 140,355,014		

Total Outstanding Debt as of August 31:

2017	125,791,712
2018	126,189,894
2019	116,149,484
2020	134,935,334
2021	140,355,014

TSTC Bond Ratings as of August 31, 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		
	DD	D			In Default

Rating Outlook Summary:

2016 HEAF Bonds: Rated on the credit of the State of Texas, as debt service funds are appropriated by the state's constitution. Outlook 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**.

October 7, 2021

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

Subject: Biennium Report Certifying Investment Officer Training

Regents:

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

Accordingly, we hereby certify that Texas State Technical College currently complies with this requirement. This letter shall serve as the required certification report.

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

Quarterly Real Estate Lease Report for Minute Order 15-21

As of August 31, 2021

Name of Lease	Total Value	Start Date	Term Date
Bombardier US Aerostructures, LLC Space Lease Agreement TSTC in North Texas	\$8,400	7/12/2021	3/31/2022
Amendment One to Development Corporation of Harlingen, Inc. Office Lease TSTC in Harlingen	\$48,168	9/1/21	2/28/2023
Texas Workforce Commission Interagency Cooperation Agreement for Office Space Lease TSTC	\$0	9/1/21	8/31/23

The leases above (TSTC is the lessor) are reported to the Board of Regents, per MO 15-21, when (1) the period of the lease, including optional extensions, does not exceed two years; and (2) the dollar value of the lease, including any amendment, modification, renewal, or extension of the lease, is less than \$500,000. Any leases exceeding those thresholds are presented to the Board of Regents through a separate minute order.

TEXAS STATE TECHNICAL COLLEGE
Annual Real Estate and FCC License Lease Report
As of September 30, 2021

Name of Real Estate Lease	Total Value	Start Date	End Date
Abilene ISD Ground Lease Agreement TSTC in Abilene	\$750	6/13/2019	6/30/2094
Abilene ISD Space Lease Agreement TSTC in Abilene	\$17	8/1/2020	12/31/2021
Air Methods Corporation Building 8-1 Lease Agreement TSTC in Waco	\$70,400	5/1/2021	8/31/2022
Antheon Research, Inc. Lease Agreement TSTC in Waco	\$11,981	8/1/2021	10/30/2021
Battlespace Inc. Space Lease Agreement TSTC in Waco	\$3,044,233	11/1/2019	10/31/2029
Bombardier US Aerostructures, LLC Space Lease Agreement TSTC in North Texas	\$8,400	7/12/2021	3/31/2022
City of Waco Fire Department Lease Agreement TSTC in Waco	\$800	8/1/2008	7/31/2048
Development Corporation of Harlingen, Inc. Office Lease TSTC in Harlingen	\$112,392	8/1/2019	2/28/2023
Educators Credit Union Building Lease TSTC in Waco	\$82,134	6/1/2020	5/31/2022
Harlingen CISD Land and Building L Lease TSTC in Harlingen	\$250	8/27/2008	8/27/2033
Jasie Inc. Building 6-8 and Fuel Farm Lease Agreement TSTC in Waco	\$191,425	4/1/2007	3/31/2027
L-3 Master Building Lease Agreement TSTC in Waco	\$2,435,482	9/1/2012	8/31/2022
L-3 Master Ground Lease Agreement TSTC in Waco	\$7,118,020	9/1/2012	8/31/2032
L-3 Ramp Lease Agreement TSTC in Waco	\$97,478	9/1/2021	2/29/2024
Sav Aviation Lease Agreement TSTC in Waco	\$158,400	6/1/2020	5/31/2022
Stag IV Waco, L.P. Ground Lease Agreement and Ramp/Fence/Parking Lot Agreement TSTC in Waco	\$5,504,245	4/3/2008	4/2/2048
Temple College Lease Agreement	\$14,442,481	9/1/2011	8/31/2036
Temple College Lease Purchase Agreement	\$2,329,700	7/11/2011	8/31/2036
Texas Department of Public Safety Interagency Ground Lease Agreement TSTC in Waco	\$80	2/1/1997	10/31/2037
Texas Parks & Wildlife Boat Space Lease TSTC in Brownwood	\$8,640	12/3/2020	9/30/2023
Texas Parks & Wildlife Facility Lease TSTC in Brownwood	\$607,664	5/6/1992	8/31/2023
Texas Workforce Commission Interagency Cooperation Agreement for Office Space Lease TSTC in Waco	\$0	9/1/2021	8/31/2023
Texas Workforce Commission Letter of Agreement for Workspace TSTC in Harlingen	\$0	7/31/2018	8/31/2023
TSTC Foundation Ground Lease TSTC in Waco	\$80	8/7/2020	8/7/2070
TSTI Housing Partnership I, Ltd Village Oaks Ground Lease Agreement TSTC in Waco	\$281,965	9/17/1991	8/31/2050

Name of FCC License Lease	Total Value	Start Date	End Date
NSAC, LLC WLX317	\$1,573,171	9/13/2019	9/13/2049
NSAC, LLC WLX359	\$2,304,000	3/19/2021	3/19/2051
NSAC, LLC WLX434	\$616,950	9/13/2019	9/13/2049
NSAC, LLC WLX743	\$1,175,810	9/13/2019	9/13/2049
NSAC, LLC WLX804	\$1,224,053	9/13/2019	9/13/2049
NSAC, LLC WLX860	\$894,917	9/13/2019	9/13/2049
NSAC, LLC WLX928	\$587,405	9/13/2019	9/13/2049
NSAC, LLC WLX240	\$4,239,000	12/17/2007	12/16/2037
NSAC, LLC WLX244	\$2,538,000	12/17/2007	12/16/2037
NSAC, LLC WLX348	\$1,138,000	12/17/2007	12/16/2037
SpeedConnect LLC WNC723	\$165,120	2/5/2018	2/4/2028
Rhino Communications, Inc. WLX368	\$384,000	3/5/2021	3/31/2030

TSTC is the "Lessor" for the above leases.

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Committee for Facilities

Keith Honey, Chair; John Hatchel, Member

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Board Meeting Date: November 11, 2021

Proposed Minute Order #: 42-21(c)

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

Subject: **Accept the Project to Construct the Multipurpose Training Facility at Texas State Technical College in Ft. Bend**

Background: By EA 08-21 the Texas State Technical College Board of Regents approved the project and budget to construct a Multipurpose Training Facility on the Ft. Bend Campus.

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

Additional Information: The project will be complete and ready for training by January 3, 2022.

Action Schedule: Approve Project and Budget EA 08-21
Accept Project MO 42-21(c)

Fiscal Implications: Funds are available as currently budgeted.

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

Attachment(s): Photo

Recommended Minute Order: "The Texas State Technical College Board of Regents authorizes the Chancellor, or his designee, to accept the project for the Multipurpose Training Facility at Texas State Technical College in Ft. Bend upon final completion."

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





Board Meeting Date: November 11, 2021

Proposed Minute Order #: 43-21(c)

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

Subject: **Approve the Project and Budget to Renovate the John B. Connally Technology Center at Texas State Technical College in Waco**

Background: The John B. Connally Center was built in 1998. The first and second floors have not been renovated and over the time the purpose and function for this space has changed.

Justification: The renovation project will include a high-tech Multifunction Event Center and a state-of-the-art Welcome Center to serve prospective students on the first floor. The second floor renovation will provide administrative office space for select departments and staff.

Additional Information: The project will consist of a 34,005 SF renovation on the first floor and 23,185 SF renovation on the second floor. The project budget is \$5,200,000.

Action Schedule: Approve Project Concept EA 20-21
Approve Project and Budget MO 43-21(c)

Fiscal Implications: Funds are available as currently budgeted.

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 project and budget to renovate the John B. Connally Technology Center at Texas State Technical College in Waco and authorizes the Chancellor, or his designee, to enter into contracts and all necessary contract amendments greater than One Million Dollars for the construction of the project."

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

October 7, 2021

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

Re: **Approve the Project and Budget to Renovate the John B. Connally Technology Center at Texas State Technical College in Waco**

As requested, I have reviewed and considered the legal ramifications of (1) approving the project and budget to renovate the John B. Connally Technology Center at Texas State Technical College in Waco, and (2) authorizing the Chancellor, or his designee, to enter into contracts, with a value greater than One Million Dollars (\$1,000,000.00), and any necessary contract amendments for the construction of said project.

Generally, Chapters [51](#) and [135](#) of the Texas Education Code vest the organization and control of TSTC with the Board of Regents, and this would include the ability to approve projects and the budget for said projects.

During the 84th Legislative Session comprehensive changes were made to the Texas Education and Government Codes, wherein the TSTC Board of Regents were given exclusive authority to approve and sign certain contracts on behalf of TSTC with a value exceeding One Million Dollars (see [TEC §51.9337\(f\)](#) and [TGC 2261.254\(c\)\(d\)](#)). However, included in the changes to the aforementioned Codes are provisions that permit the TSTC Board of Regents to delegate said approval and signatory authority to the Chancellor or his designee.

Having reviewed the Texas Education Code and the Texas Government Code, it is my opinion that approval of (1) the project and budget to renovate the John B. Connally Technology Center at Texas State Technical College in Waco, and (2) the delegation of authority from the Board of Regents to the Chancellor, or his designee, to enter into contracts, with a value greater than One Million Dollars (\$1,000,000.00), and all necessary contract amendments for the construction of said project, comports with state law and TSTC policy.

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

Respectfully Submitted,

[ORIGINAL SIGNED BY]

Edward C. Vallejo
Associate General Counsel

cc: Rick Herrera
Vice Chancellor & Chief Student Services Officer

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



Board Meeting Date: November 11, 2021

Proposed Minute Order #: 44-21(c)

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

Subject: **Approve the Amended Budget and Accept the Project to Renovate a Portion of the Industrial Technology Center at Texas State Technical College in Waco**

Background: By EA 18-21 the Texas State Technical College Board of Regents approved the project and budget to renovate a portion of the Industrial Technology Center for the plumbers testing center on the Waco Campus.

Justification: It has become increasingly difficult to establish accurate budgets during the planning phase of a project due to the direct and indirect effect of the pandemic. Construction prices have continually increased over the past two years as a result of a shortage of skilled craftsmen and materials. Shortages in the workforce increase the necessity for overtime pay which adds a premium to complete projects on schedule. The project design has been adjusted to include more costly materials that are available when other material pricing and delivery dates could not be guaranteed. As a result of supply shortages, it has become necessary to pay an upcharge to guarantee material delivery. Due to increases in pricing, the TSTC administration requests to increase the budget by \$220,000 for a total amended project budget of \$1,500,000.

Additional Information: The project will be completed by the contractor in accordance with the contract documents. The project will be completed in January 2022.

Action Schedule: Approve Project and Budget EA 18-21
Approve Amended Budget and Accept Project MO 44-21(c)

Fiscal Implications: Funds are available as currently budgeted.

Attestation: The 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 amended budget and authorizes the Chancellor, or his designee, to accept the project for the renovation of a portion of the Industrial Technology Center at Texas State Technical College in Waco upon final completion."

Recommended By:

[ORIGINAL SIGNED BY]

Raymond D. Fried, Associate Vice Chancellor of Facilities Planning and Construction



Board Meeting Date: November 11, 2021

Proposed Minute Order #: 45-21(c)

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

Subject: **Approve the Amended Budget to Renovate the Kultgen Automotive Center at Texas State Technical College in Waco**

Background: By EA 19-21 the Texas State Technical College Board of Regents approved the project and budget to renovate the Kultgen Automotive Center on the Waco Campus.

Justification: It has become increasingly difficult to establish accurate budgets during the planning phase of a project due to the direct and indirect effect of the pandemic. Construction prices have continually increased over the past two years as a result of a shortage of skilled craftsmen and materials. Shortages in the workforce increase the necessity for overtime pay which adds a premium to complete projects on schedule. The project design has been adjusted to include more costly materials that are available when other material pricing and delivery dates could not be guaranteed. As a result of supply shortages, it has become necessary to pay an upcharge to guarantee material delivery. The pricing for HVAC equipment and fire wall construction had an impact on the project budget. Due to increases in pricing, the TSTC administration wishes to increase the budget by \$400,000 for a total amended project budget of \$2,300,000.

Additional Information: The project is scheduled to be completed in August 2022.

Action Schedule: Approve Project and Budget
Approve Amended Budget

EA 19-21
MO 45-21(c)

Fiscal Implications: Funds are available as currently budgeted.

Attestation: The 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 amended budget for the renovation of the Kultgen Automotive Center at Texas State Technical College in Waco."

Recommended By:

[ORIGINAL SIGNED BY]

Raymond D. Fried, Associate Vice Chancellor of Facilities Planning and Construction



Board Meeting Date:	November 11, 2021	Proposed Minute Order #: 46-21(c)
Proposed By:	Rick Herrera, Vice Chancellor & Chief Student Services Officer	
Subject:	Approve the Concept to Construct Multiple Capital Construction Assistance Projects on Multiple TSTC Campuses	
Background:	By Senate Bill 52, passed during the third special session of the 87 th Texas Legislature, the Board of Regents of the Texas State Technical College System is authorized to acquire, purchase, construct, improve, renovate, enlarge or equip property and facilities, including roads and related infrastructure, for projects to be financed through the issuance of bonds. The Capital Construction Assistance Projects are in response to the Tuition Revenue Bond requests during this appropriations cycle.	
Justification:	The TSTC Capital Project Plan (MP1) identified the need for facility expansions to support growth in response to increased instructional demand and improved branding on the TSTC campuses. This financing opportunity will provide the funds needed to design and construct multiple projects on multiple campuses.	
Action Schedule	Approve the Concept	MO-46-21(c)
Fiscal Implications:	Revenue bonds or TSTC funds as currently budgeted.	
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 concept to construct the legislatively authorized Capital Construction Assistance Projects and authorizes the Chancellor, or his designee, to enter into contracts and all necessary contract amendments greater than One Million Dollars for pre-design and design phase services."	
Recommended By:	[ORIGINAL SIGNED BY] Raymond D. Fried, Associate Vice Chancellor of Facilities Planning and Construction	

October 24, 2021

254-867-3972

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

Re: **Approve the Concept to Construct Multiple Capital Construction Assistance Projects on Multiple TSTC Campuses**

As requested, I have reviewed and considered the legal ramifications of (1) the approval of the concept to construct legislatively authorized Capital Construction Assistance Projects, and (2) the delegation of authority from the Board of Regents to the Chancellor, or his designee, to enter into contracts and all necessary contract amendments greater than One Million Dollars for pre-design and design phase services for these Projects.

Generally, Chapters [51](#) and [135](#) of the Texas Education Code vest the organization and control of TSTC with the Board of Regents, and this would include (1) the ability to approve concepts to construct projects and (2) the authority to approve and sign certain contracts on behalf of TSTC with a value exceeding One Million Dollars and delegating said approval and signatory authority to the Chancellor or his designee (see also [TGC 2261.254\(c\)\(d\)](#)). Also, during the last legislative special session, the Legislature made changes to Chapter 55 of Texas Education Code which authorized the Board to acquire, purchase, construct, improve, renovate, enlarge or equip property and facilities, including roads and related infrastructure, for certain projects to be financed through the issuance of bonds.

Having reviewed the Texas Education and Government Codes, it is my opinion that the (1) approval of the concept to construct legislatively authorized Capital Construction Assistance Projects, and (2) delegation of authority from the Board of Regents to the Chancellor, or his designee, to enter into contracts and all necessary contract amendments greater than One Million Dollars for pre-design and design phase services for these Projects comports with state law and TSTC policy.

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

Respectfully Submitted,

[ORIGINAL SIGNED BY]

Edward C. Vallejo
Associate General Counsel

cc: Rick Herrera
Vice Chancellor & Chief Student Services Officer

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



Board Meeting Date: November 11, 2021

Proposed Minute Order #: 47-21(c)

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

Subject: **Rescind MO 18-19(c) which Approved the Project and Budget to Rework and Replace Paving at Texas State Technical College in Sweetwater**

Background: During the history of the institution there have been Minute Orders approved which were appropriate and necessary at the time. MO 18-19(c) was approved to replace paving on the Sweetwater Campus.

Justification: The project was designed and bid and the project came in over budget. After reviewing the status and viability of the proposed project it was determined that the project could be deferred. The plans will be put on the shelf until funds become available to complete the project. The project will be removed from the Major Projects List.

Additional Information: None.

Action Schedule:	Approve Concept	MO 07-17(c)
	Approve Project and Budget	MO 18-19(c)
	Rescind MO 18-19(c)	MO 47-21(c)

Fiscal Implications: The project budget was \$500,000 of which \$40,000 has been spent on engineering services.

Attestation: The 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 rescinds Minute Order 18-19(c) to Rework and Replace Paving on the Texas State Technical College in Sweetwater."

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

Major Projects Report November 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	Engineering / Design Construction Cost Total Budget	Approve Concept Approve Project and Budget Pause Project MO 07-17(c) MO 18-19(c) 7/22/2020 MO 47-21(c)	10%
2	Abate and Demo Airbase Buildings on Waco Campus	Waco	Waco	RFQ/RFP	Appropriations HEAF Additional Funds Total Funds	Contracted and Obligated to date CMR Civil and Ancillary Projects Additional Expenditures Owner's Reserve (Balance) Total Budget	Approve Concept Approve A/E Contract ≥ \$1M Approve Project and Budget Approve Abatement and Demo Contract ≥ \$1M Complete Project MO 14-19(c) EA 29-19 MO 38-19(c) MO 08-20(c) August 2025	65%
3	Campus Wide Drainage Project	Waco	Waco	Competitive Sealed Proposal	Unfunded Total Funds	Engineering Design Construction Costs Owner Costs Total Budget	Approve Project and Budget MO 47-20(c)	0%
4	Griffith Hall	Waco	Waco	Design Build	TSTC Foundation Total Funds	Design Build GMP Owners Cost Total Budget	Approve Concept to Lease Land Approve Ground Lease Approve Master Lease Complete Project MO 42-19(c) MO 10-20(c) MO 11-20(c) August 2021	100%
5	Fort Bend ITC Welding Expansion And Electrical Lineworker facility Faraday Center	Ft. Bend	Waco	IDIQ CMR	Appropriations Phase I & II Appropriations Multipurpose Training Center Total	A/E Services CMAR Owners Cost A/E Faraday CMAR Faraday Owners Cost Faraday Savings Total Budget	Approve Project Concept Approve Project, Budget and Contract ≥ \$1M Accept Lineworker Project Accept Welding Expansion Approve Project and Budget Training Center EA 08-21 MO 42-21 January 2022	85%
6	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 ≥ \$1M Complete Project EA 26-20 MO 13-21(c) August 2022	2%
7	Renovate a Portion of the ITC Building in Waco for the Texas State Licensing Board examiners Testing center	Waco	Waco	IDIQ / RFP	Heaf Bonds Amended Budget Add Total	Architectural Services Construction Contract Owners Costs Owner's Reserve (Balance) Total Budget	Approve Project and Budget ≥ \$1M Approve Amended Budget & Accept Project Complete Project EA 18-21(c) MO 44-21 January 2022	70%
8	Kultgen Automotive Center Renovation	Waco	Waco	RFQ/RFP	Heaf Bonds Amended Budget Add Total	Architectural Services Construction Contract Owners Costs Owner's Reserve (Balance) Total Budget	Approve Project and Budget ≥ \$1M Approve Amended Budget Complete Project EA 19-21(c) MO 45-21 August 2022	6%
9	Renovate the JBC Building for a Multifunction Center, Welcome Center, and Administrative Offices	Waco	Waco	RFQ/RFP	Heaf Bonds Total	Architectural Services Construction Contract Owners Costs Total Budget	Approve Concept Approve Project and Budget ≥ \$1M Complete Project EA 20-21(c) MO 43-21 January 2023	5%
10	TSTC Portion North Interceptor Joint Effort	Waco	Waco	TBD	Heaf Funds Total	Engineering Services Construction Contract Total Budget	Approve Concept Approve Project and Budget ≥ \$1M Complete Project MO 31-21(c) January 2023 December 2023	0%
11	Capital Construction Assistance Projects on Multiple TSTC Campuses			RFQ		Architectural Services for Pre-design and Design Phase	Approve Concept MO 46-21	0%

TSTC Statewide Maintenance and Deferred Maintenance for FY 22

CAMPUS	TOTAL MAINTENANCE	MAINTENANCE BUDGETED	DEFERRED MAINTENANCE
HARLINGEN	\$11,979,000	\$297,846	\$11,681,154
WEST TEXAS	\$8,381,000	\$257,822	\$8,123,178
MARSHALL	\$570,000	\$107,822	\$462,178
FORT BEND	\$70,000	\$57,822	\$12,178
NORTH TEXAS	\$152,500	\$35,822	\$116,678
EWECHEC	\$480,000	\$0	\$480,000
WACO	\$29,576,597	\$357,824	\$29,218,773
TSTC Waco Airport	\$9,171,952	\$100,000	\$9,071,952
Totals	\$60,381,049	\$1,214,958	\$59,166,091

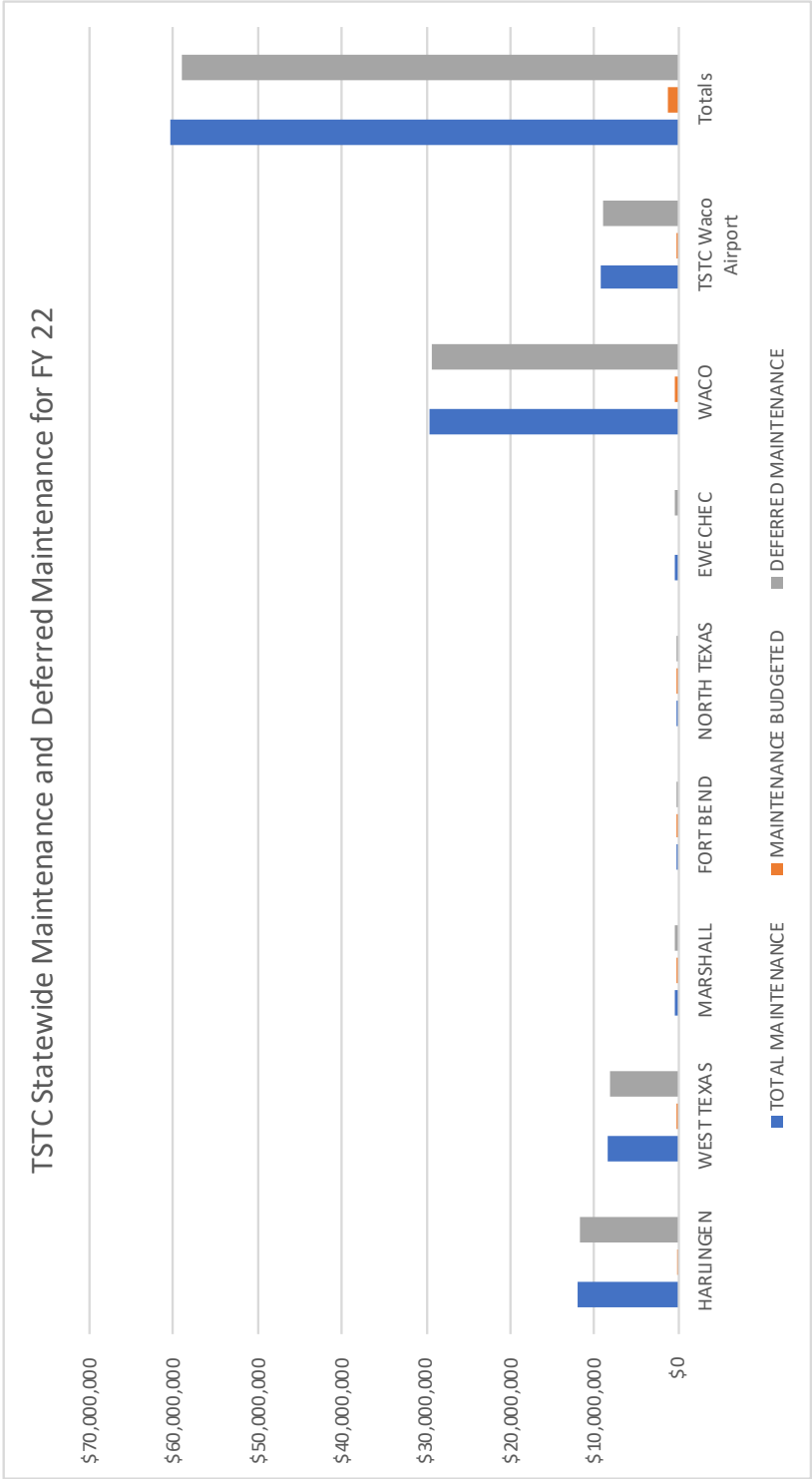


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48-21(c) Approve The TSTC Foundation Operating Plan for the Period September 1,
2021 to August 31, 2022 75

Gail Lawrence

Reports:

Legislative Oral Report

Gail Lawrence



Board Meeting Date: November 11, 2021

Proposed Minute Order #: 48-21(c)

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

Subject: Approve The TSTC Foundation Operating Plan for the Period September 1, 2021 to August 31, 2022

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 2022. 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: TSTC 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, 2021 – August 31, 2022.

Recommended Minute Order: "The Texas State Technical College Board of Regents approves The TSTC Foundation Operating Plan for the period September 1, 2021 to August 31, 2022."

Recommended By: [ORIGINAL SIGNED BY]
Gail Lawrence, Executive Vice Chancellor & Chief of Staff



Annual Operating Plan

2021-2022

"Moving the Needle Forward."

Introduction

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

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

The relationship between TSTC and The TSTC Foundation is specified in writing in the form of a mutually approved memorandum of understanding. 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. The agreement specified in-kind support from TSTC in the form of building, equipment, and employees.

The TSTC Foundation encourages a culture of philanthropy through our strategic partners across the state. Our role in Placing More Texans in Great Paying Jobs supports student success and bolsters the Texas workforce.

Year after year, The TSTC Foundation works to increase collaboration between business, industry, government, and community partners. The External Relations Division (ERD), created in February 2021, brings together seven departments: The TSTC Foundation, Government Affairs, Student Recruiting, Career Services, Workforce Training, Communication and Creative Services and Event Management. The effort of this collective group advances the strategic goals and legislative objectives by aligning internal and external stakeholders. The result strengthens TSTC’s position for employing our graduates with the best of the best industry leaders.

The TSTC Foundation plays a key role for ERD as the fundraising arm of the division. Our priority to scale operations for growth will facilitate our contribution to TSTC’s mission.

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 The TSTC Foundation are:

1. **Advancement Operations**

Advancement Operations consists of donor relations and stewardship, gift processing, gift accounting, the alumni network, scholarship management and administration, and database management and research.

2. **Field Development**

The Field Development department consists of Field Development Officers (FDOs) responsible for the process of gathering voluntary contributions of capital, cash, or in-kind gifts from individuals, businesses, industry partners, or charitable foundations. The FDOs also identify leads for our work within the External Relations Division (ERD) partners.

Goals for 2021-2022

1. Increase cash gifts by 10%.
2. Recover 20% of all lapsed donors.
3. Increase donor retention by 2%.
4. Create a new donor growth plan.

Strategies for 2021-2022

Increase Cash Gifts by 10%

1. Pursue a tiered Annual Corporate Giving Campaign marketed towards our target market of existing industry and business partners.
2. Launch a Council of Advocates for each TSTC region.
3. Continue tracking and accountability procedures with our donor database.
4. Establish Planned Giving Program.
5. Work closely with ERD to maintain visibility and presence in our local communities through attendance at strategic and appropriate events that increase the TSTC brand.
6. Formalize processes and procedures for past successes such as Private Foundation engagement, Economic Development partnerships, special projects, and more.

Recover 20% of All Lapsed Donors

1. Generate warm lead outreach system in which all lapsed donors will be contacted via those within The TSTC Foundation of whom they have an established relationship.
2. Create deliberate donor personas on all lapsed donors identifying critical data points to understand what they care about, why they donated, how they engaged, amount of gift, frequency of gift, etc.
3. Identifying and analyzing trends of when lapsed donors last engaged to improve holes in communication or engagement preferences.
4. Convert tracking and accountability procedures into the Raiser's Edge database.
5. Conduct quarterly updates in the Raiser's Edge database with address moves, deceased, and duplicate record clean up.

Increase Donor Retention by 2%

1. Send out donor surveys using results to inform communication and recognition strategy.
2. Integrate digital communication strategy for more frequent touchpoints with donors.
3. Hone broad-based impact reporting for large groups of donors in addition to the annual report.
4. Work cross-functionally with FDOs and Career Services to implement top tier custom engagement plans utilizing the Council of Advocates, advisory boards, and VIP events at the local and statewide level.
5. Develop and launch individual named and endowed scholarship reports that aim to demonstrate the impact of gifts.
6. Continue driving the impact of gifts on student success by showcasing student stories in our touchpoints with donors.

Create New Donor Growth Plan

1. Audit historical sources of revenues and trends to reveal potential opportunities for new donor cultivation creating a prospect donor persona.
2. Understand which communication channels are available to us and how best to utilize them for outreach about donor opportunities.
3. Implement an Annual Fund that works as a mass solicitation program to capture new donors and low level giving on a recurring basis throughout the year.

4. Work closely with campus provosts to maintain visibility and presence in the local community through attendance at strategic and appropriate events that will increase TSTC brand.
5. Launch a Quarterly Vendor Outreach Campaign to new TSTC vendor partners.
6. Launch Alumni Legacy Scholarship campaign for the purposes of converting alumni to donors and continue engagement with alumni via the Alumni e-Newsletter.
7. Establish a biannual campaign to TSTC employees about payroll deduction options for gifts to The TSTC Foundation.

Conclusion

This presents The TSTC Foundation's operational plan for fiscal year 2022 in accordance with the operational agreement between TSTC and The TSTC Foundation. This operational plan is written to directly support the purpose of promoting the interests and welfare of Texas State Technical College, and to develop community and legislative support by raising and managing private resources supporting the mission and priorities of the College and to provide a margin of institutional excellence unavailable with state funds.

Texas State Technical College Board of Regents

PROPOSED Meeting Dates for Calendar Year 2022

Event	Date	Venue
Annual Board Retreat	Wednesday, February 9, 2021	TSTC in Waco
Winter Meeting	Thursday, February 10, 2022	TSTC in Waco
Spring Meeting	Thursday, May 12, 2022	TSTC in Fort Bend
Summer Meetings	Wednesday, August 17, 2022 Thursday, August 18, 2022	TSTC in Waco
Fall Meeting	Thursday, November 10, 2022	TSTC in Waco