

Meeting of the Board of Regents

May 12, 2022
Richmond, Texas



Office Of The Chancellor

3801 Campus Dr.
Waco, TX. 76705

254-867-4891
254-867-3960

May 12, 2022

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

RE: Action Items for the Meetings of the Board of Regents on May12, 2022

Regents:

The attached materials have been prepared for consideration by the Board of Regents of Texas State Technical College for the March 12, 2022 meetings. These materials have been reviewed and approved by the appropriate staff members as indicated.

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

Sincerely,



Michael L. Reeser
Chancellor & CEO

Office Of The Chancellor

3801 Campus Dr.
Waco, TX. 76705
254-867-4891
254-867-3960

May 1, 2022

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

SUBJECT: Quarterly Control & Compliance Attestation

Chairman and Regents:

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

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

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

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

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

1. I have no knowledge of any regulatory violations, occurrences of misstatement, fraud or suspected fraud affecting the College during the period being reviewed that has not been reported to you, the General Counsel, the Internal Audit Director, or the Audit Committee;
2. There are no contingent claims that have not been reported to the Chief Financial Officer or General Counsel; and
3. I have maintained adequate internal control over financial reporting, effective and efficient operations, and regulatory compliance within my areas of operating responsibility as of March 31, 2022, based on criteria established by prudent risk management practices.
4. There have been no changes in internal control that might negatively affect the effectiveness of such controls, including any corrective actions taken with regard to related deficiencies and weaknesses previously identified. I have resolved, or am currently in the process of resolving, all such issues identified and communicated to me during previous audits (internal or external).

Office Of The Chancellor

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5. All material transactions have been communicated to the Chief Financial Officer for recording and disclosure in the financial statements and/or Board reports.
6. The following, to the extent applicable, have been appropriately identified and communicated for proper recording and disclosure:
 - a. Related-party transactions associated with vendor relationships; and
 - b. Significant contractual obligations, or other contingent liabilities.
7. Violations or possible violations of laws or regulations whose effects should be considered for disclosure due to their level of impact have been communicated to you, the General Counsel, the Internal Audit Director, or the Audit Committee.
8. The College has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
9. Other than those previously disclosed, no events have occurred subsequent to March 31, 2022, that should be disclosed due to their impact on the financial statements, effectiveness of existing systems of control, or regulatory compliance.

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

Sincerely,



Michael L. Reeser
Chancellor & CEO

TEXAS STATE TECHNICAL COLLEGE

**Meeting of the
Board of Regents**
2335 Richmond Pkwy
Richmond, TX 77469

**Thursday, May 12, 2022
9:30 am**

AGENDA

- I. MEETING CALLED TO ORDER**

- II. INVOCATION**

- III. DETERMINATION OF QUORUM**

- IV. ADOPTION OF AGENDA**

- V. APPROVAL OF MINUTES OF MARCH 10, 2022 MEETINGS**

- VI. RECOGNITION OF GUESTS**

- VII. PUBLIC COMMENTS**

- VIII. 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.



IX. COMMITTEE REPORTS & MINUTE ORDERS

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

Ron Widup, Chair; Lizzy de la Garza Putegnat, Member

Committee Chair Comments

Minute Orders:

Proposed MO#

SL 01-22 (c) Approve Budget Increase and Related Purchase of New Aircraft for
Aircraft Pilot Training Technology 13

Jeff Kilgore

SL 02-22 (c) Approve the Sale of Eight Cessna 172 and Two Piper Arrow Aircraft
15

Jeff Kilgore

Reports:

None.

b. **Committee for Fiscal Affairs**

Tiffany Tremont, Chair; Ron Widup, Member

Committee Chair Comments

Minute Orders:

Proposed MO#

None.

Reports:

1. Budget Performance Report 18

Jonathan Hoekstra

2. Pledged Collateral Report 20

Jonathan Hoekstra

- | | | |
|----|--|--------------------------|
| 3. | Quarterly Investment Report | 21 |
| | | <i>Jonathan Hoekstra</i> |
| 4. | Debt Management Report | 23 |
| | | <i>Jonathan Hoekstra</i> |
| 5. | Quarterly Lease Report | 27 |
| | | <i>Jonathan Hoekstra</i> |
| 6. | Quarterly Report for Contracts > \$1 Million | 28 |
| | | <i>Jonathan Hoekstra</i> |

c. **Committee for Facilities**

Keith Honey, Chair; John Hatchel, Member

Committee Chair Comments

Minute Orders:

Proposed MO#

- | | | |
|---------------|---|---------------------|
| FAC 01-22 (c) | Approve the Amended Budget to Renovate the Kultgen Automotive Center at Texas State Technical College in Waco | 30 |
| | | <i>Rick Herrera</i> |
| FAC 02-22 (c) | Approve the Amended Budget for the Waco Abate and Demo Project at Texas State Technical College in Waco | 31 |
| | | <i>Rick Herrera</i> |
| FAC 03-22 (c) | Authorize the Chancellor to Enter into Contracts Greater than One Million Dollars for Construction Management Services for the Capital Construction Assistance Projects | 32 |
| | | <i>Rick Herrera</i> |
| FAC 04-22 (c) | Approve the Concept to Renovate the 20ME Building at Texas State Technical College in Harlingen | 34 |
| | | <i>Rick Herrera</i> |
| FAC 05-22 (c) | Approve the Project and Budget to Renovate an Existing | |

Reports:

1. Major Facility Projects Status Update 37

Rick Herrera

d. **Committee for General Administration**

Pat McDonald, Chair; Tony Abad, Member

Committee Chair Comments

Minute Orders:

Proposed MO#

GA 01-22 (c) Rescind Minute Order 10-15 Policy on Chancellor - Chief Executive Officer Search

Reports:

None.

X. RECESS OPEN MEETING

XI. CLOSED MEETING

1. The Closed Meeting is called to Order and a Quorum is determined.
2. Consultation with Attorney (Texas Government Code, Section 551.071)
 1. Ted Donovan v. TSTC
 2. John Clark Owen v. TSTC
 3. Pending or contemplated litigation, if applicable
3. Deliberation Regarding Real Property (Texas Government Code, Section 551.072)
 1. Potential Purchase of Real Estate

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

XII. OPEN MEETING RECONVENES

XIII. ACTION ON CLOSED MEETING

XIV. CONSENT AGENDA ITEMS

- SL 01-22 (c) Approve Budget Increase and Related Purchase of New Aircraft for Aircraft Pilot Training Technology
- SL 02-22 (c) Approve the Sale of Eight Cessna 172 and Two Piper Arrow Aircraft
- FAC 01-22 (c) Approve the Amended Budget to Renovate the Kultgen Automotive Center at Texas State Technical College in Waco
- FAC 02-22 (c) Approve the Amended Budget for the Waco Abate and Demo Project at Texas State Technical College in Waco
- FAC 03-22 (c) Authorize the Chancellor to Enter into Contracts Greater than One Million Dollars for Construction Management Services for the Capital Construction Assistance Projects
- FAC 04-22 (c) Approve the Concept to Renovate the 20ME Building at Texas State Technical College in Harlingen
- FAC 05-22 (c) Approve the Project and Budget to Renovate an Existing Building at Texas State Technical College in Harlingen
- GA 01-22 (c) Rescind Minute Order 10-15 Policy on Chancellor - Chief Executive Officer Search

XV. UNFINISHED BUSINESS

XVI. NEW BUSINESS

XVII. CHANCELLOR COMMENTS

XVIII. BOARD COMMENTS

XIX. ADJOURN

TEXAS STATE TECHNICAL COLLEGE

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

Texas State Technical College
316 Canyon Oaks
Crawford, TX 76638

Thursday, March 10, 2022

9:00 am

MINUTES

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

The meeting of the Texas State Technical College Board of Regents Audit Committee was called to order at **9:31 a.m.**, March 10, 2022, by Chair Cleveland.

Members Present in Person: Curtis Cleveland, John Hatchel, Lizzy de la Garza Putegnat, Pat McDonald, Tiffany Tremont, Keith Honey, Ron Widup, Tony Abad, Kathy Stewart

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

II. COMMITTEE CHAIR COMMENTS

Jason Mallory discussed Salaries audit and how the funds/benefits are funded. Question from Regent Widup. Jason Mallory provided an explanation of Academic Records Management audit on verification of

grades. Chairman Cleveland asked a question and Jason Mallory provided the answer.

III. MINUTE ORDERS

None.

IV. REPORTS:

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

1. Status of Fiscal Year 2022 Audit Schedule & Other Projects
2. Summary of Audit Reports
3. Follow-up Schedule & Status
4. Audit of the Virtual Private Network (22-004A)
5. Benefits Proportionality Audit (22-008A)
6. Audit of Police Evidence Room (22-018A)
7. Academic Records Management Audit (22-005A)
8. Audit of HEERF II Grant as part of CRRSA Act (22-006A)
9. Internal Network Penetration Test (22-012A)
10. TAC 202 - Quarterly Update (22-009A)
11. Benefit Pay Replacement Desk Audit
12. Attestation Disclosures

V. CHANCELLOR COMMENTS

None.

VI. BOARD COMMENTS

Chairman of the Audit Committee, Regent Abad offered gratitude and appreciation for the hard work and credibility of the Internal Audit team. The progression and growth of the Audit team is commendable.

VII. ADJOURN

The meeting adjourned at 9:51 a.m.



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

**Meeting of the
Board of Regents**
316 Canyon Oaks Rd,
Crawford, TX 76638

**Thursday, March 10, 2022
10:00 am**

MINUTES

I. MEETING CALLED TO ORDER

The meeting of the Texas State Technical College Board of Regents was called at 10:01 am.

II. INVOCATION

Jonathan Hoekstra provided the invocation.

III. DETERMINATION OF QUORUM

Members Present in Person: Curtis Cleveland, John Hatchel, Lizzy de la Garza Putegnat, Tiffany Tremont, Kathy Stewart, Ron Widup, Tony Abad, Pat McDonald, Keith Honey

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

IV. ADOPTION OF AGENDA

Upon a motion by Lizzy de la Garza Putegnat and seconded by Pat McDonald, the Agenda was unanimously approved.

V. APPROVAL OF MINUTES OF NOVEMBER 11, 2021 MEETINGS & SPECIAL MEETING FEBRUARY 10, 2022

Upon a motion by Keith Honey and a second motion by Kathy Stewart, the minutes for both November 11, 2021 and February 10, 2022 were unanimously approved.

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.



VI. RECOGNITION OF GUESTS

None

VII. PUBLIC COMMENTS

None

VIII. CHANCELLOR COMMENTS

The Chancellor provided a summary of the Mission and Values (Excellence, Accountability, Service & Integrity) of TSTC.

The Chancellor offered gratitude towards the Board of Regents for their dedication to our values.

IX. COMMITTEE REPORTS & MINUTE ORDERS

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

Ron Widup, Chair; Lizzy de la Garza Putegnat, Member

Committee Chair Comments

Gratitude for the staff and resources that offer multiple career options. 57 new micro credentials.

Chairman Cleveland asked a question about enrollment. Vice Chancellor Jeff Kilgore responded with the process.

Minute Orders:

Proposed MO#

02-22 (c)	Approve Associate Degree and Certificate Programs	19
		<i>Jeff Kilgore</i>

Reports:

None.

b. **Committee for Fiscal Affairs**

Tiffany Tremont, Chair; Ron Widup, Member

Committee Chair Comments

Minute Orders:

Proposed MO#

03-22 (c) Approve Fiscal Year 2023 Employee Holiday Schedule 22
Jonathan Hoekstra

04-22 (c) Revise the Minute Order 04-13 Policy for Civil Rights Protections
and Compliance 30
Jonathan Hoekstra

05-22 (c) Rescind Minute Order 60-07 Policy for Employee and
Dependents Education Program 31
Jonathan Hoekstra

06-22 (c) Rescind the Executive Action 05-15 Policy on Institutional
Integrity 32
Jonathan Hoekstra

07-22 (c) Approve the Master Subscription Agreement with
Salesforce.com, Inc. and any amendment, extension or renewal
of the agreement 33
Jonathan Hoekstra

08-22 (c) Schedule of Charges for the Incidental Cost in Aircraft Pilot
Training Technology (APTT) Effective Fall 2022 34
Jonathan Hoekstra

Chairman Cleveland asked about fuel. VC Jonathan Hoekstra responded
and Chancellor Reeser offered additional explanation.

09-22 (c) Authorize the Resolution Expressing Official Intent to Reimburse
with Tax-Exempt Obligation Proceeds Costs Associated with
Various Capital Improvements 36
Jonathan Hoekstra

Regent Honey asked about authorization of expenditure regarding
CCAPS. VC Jonathan Hoekstra responded with an explanation.

10-22 (c) Approve Budget Increase for Fiscal Year 2022 43
Jonathan Hoekstra

15-22 (c) Approve the Concept of Jointly Developing an Industrial Training Facility to be Located in the Western Industrial Park of Waco, Texas with the City of Waco, McLennan County, the Waco Industrial Foundation, and The TSTC Foundation and Authorize the Chancellor to Commit up to \$1 Million in Capital Contributions Contingent on the Formal Commitment of the City of Waco, McLennan County, and the Waco Industrial Foundation
Jonathan Hoekstra

Vice Chancellor Jeff Kilgore explained the focus on five specific programs and the process. Chancellor Reeser added further explanation, as well as Vice Chancellor Gail Lawrence regarding the Foundation's involvement. Regent de la Garza Putegnat commended the project from an economic development perspective.

Reports:

1. Budget Performance Report 45
Jonathan Hoekstra

2. Pledged Collateral Report 47
Jonathan Hoekstra

3. Quarterly Investment Report 48
Jonathan Hoekstra

4. AFR Summary Report 50
Jonathan Hoekstra

5. Quarterly Lease Report 52
Jonathan Hoekstra

6. Quarterly Report for Contracts > \$1 Million 53
Jonathan Hoekstra

Regent Tremont recognized TSTC Contact Tracers and the Fiscal Affairs Committee members. Chairman Cleveland also recognized the Fiscal Affairs committee work.

c. **Committee for Facilities**

Keith Honey, Chair; John Hatchel, Member

Committee Chair Comments

Update on Minute Orders and status update on the JBC renovation. Vice Chancellor Rick Herrera added additional information on the minute orders and offered time for questions. He also added additional information on the JBC renovation and the beneficial aspect for TSTC.

Regent Abad asked about the Harlingen Plumbing Testing Center. Vice Chancellor Jeff Kilgore explained the process of adding testing centers at other campuses. Chancellor Reeser added brief additional commentary. Regent Hatchel offered insight on the creation of the testing center and process of credentials for plumbers. Vice Chancellor Gail Lawrence spoke about the video that was created to show the story of the Waco Testing Center. Chairman Cleveland also added additional information regarding the opinions of the Plumbing Board members towards TSTC's center in Waco. Vice Chancellor Rick Herrera explained the creation of the Testing Tiny Houses by the facilities team. Regent Abad asked VC Jeff Kilgore about the certification process. Regent Honey expressed gratitude towards the team.

Minute Orders:

Proposed MO#

- 11-22 (c) Authorize the Chancellor to Enter into Contracts Greater than One Million Dollars to Renovate the Electronics Center and Technical Studies Center Buildings at Texas State Technical College in Waco
55
Rick Herrera
- 12-22 (c) Approve the Concept to Renovate a Portion of an Existing Building at Texas State Technical College in Harlingen
57
Rick Herrera
- 14-22 (c) Approve the Amended Budget to Renovate the John B. Connally Technology Center at Texas State Technical College in Waco
Rick Herrera

Reports:

- 1. Major Facility Projects Status Update

61

Rick Herrera

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

Committee Chair Comments

Vice Chancellor Gail Lawrence provided updates for the Government Relations team. Regent Abad added commentary, as well. The Vice Chancellor expressed gratitude for the Regent’s assistance. A marketing update was also provided along with the Employer Satisfaction survey with confidence that it will continue to improve.

Minute Orders:

Proposed MO#

None.

Reports:

None.

X. CONSENT AGENDA ITEMS

Upon a motion by Pat McDonald and a second by John Hatchel, the Consent Agenda items were unanimously approved.

02-22 (c) Approve Associate Degree and Certificate Programs

03-22 (c) Approve Fiscal Year 2023 Employee Holiday Schedule

04-22 (c) Revise the Minute Order 04-13 Policy for Civil Rights Protections and Compliance

05-22 (c) Rescind Minute Order 60-07 Policy for Employee and Dependents Education Program

- 06-22 (c) Rescind the Executive Action 05-15 Policy on Institutional Integrity
- 07-22 (c) Approve the Master Subscription Agreement with Salesforce.com, Inc. and any amendment, extension or renewal of the agreement
- 08-22 (c) Schedule of Charges for the Incidental Cost in Aircraft Pilot Training Technology (APTT) Effective Fall 2022
- 09-22 (c) Authorize the Resolution Expressing Official Intent to Reimburse with Tax-Exempt Obligation Proceeds Costs Associated with Various Capital Improvements
- 10-22 (c) Approve Budget Increase for Fiscal Year 2022
- 11-22 (c) Authorize the Chancellor to Enter into Contracts Greater than One Million Dollars to Renovate the Electronics Center and Technical Studies Center Buildings at Texas State Technical College in Waco
- 12-22 (c) Approve the Concept to Renovate a Portion of an Existing Building at Texas State Technical College in Harlingen
- 14-22 (c) Approve the Amended Budget to Renovate the John B. Connally Technology Center at Texas State Technical College in Waco
- 15-22 (c) Approve the Concept of Jointly Developing an Industrial Training Facility to be Located in the Western Industrial Park of Waco, Texas with the City of Waco, McLennan County, the Waco Industrial Foundation, and The TSTC Foundation and Authorize the Chancellor to Commit up to \$1 Million in Capital Contributions Contingent on the Formal Commitment of the City of Waco, McLennan County, and the Waco Industrial Foundation

XI. UNFINISHED BUSINESS

None.

XII. NEW BUSINESS

None.

XIII. RECESS OPEN MEETING

The meeting recessed at 11:21 am.

XIV. CLOSED MEETING

1. The Closed Meeting is called to Order and a Quorum is determined.
2. Consultation with Attorney (Texas Government Code, Section 551.071)
 1. Ted Donovan v. TSTC
 2. John Clark Owen v. TSTC
3. Deliberation Regarding Real Property (Texas Government Code, Section 551.072)
 1. Potential Purchase of Real Estate
4. Personnel Matters (Texas Government Code, Section 551.074)
 1. None
5. Adjourn

XV. OPEN MEETING RECONVENES

Meeting reconvened at 12:53 pm. Regent De La Garza Putegnatt needed to leave for travel.

XVI. ACTION ON CLOSED MEETING

Regent Tremont discussed real estate transaction and proposes 13-22 MO to authorize purchase. Regent Abad motioned for approval, with Regent McDonald as the second motion. All ayes. Motion carries.

XVII. CHANCELLOR COMMENTS

Chancellor Reeser offered thanks to the staffers who made this week possible.

XVIII. BOARD COMMENTS

Next BOR meeting is scheduled for May 12 in Fort Bend County, hosted by Regent McDonald. Amplify marketing in social media by liking and sharing.

XIX. ADJOURN

Meeting of the Texas State Technical College Board of Regents adjourned at 12:56 pm.

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Committee for Student Learning and Student Development

Ron Widup, Chair; Lizzy de la Garza Putegnat, Member

Committee Chair Comments

Minute Orders:

Proposed MO#

SL 01-22 (c) Approve Budget Increase and Related Purchase of New Aircraft for Aircraft Pilot Training Technology 13

Jeff Kilgore

SL 02-22 (c) Approve the Sale of Eight Cessna 172 and Two Piper Arrow Aircraft 15

Jeff Kilgore

Reports:

None.





Board Meeting Date: May 12, 2022 **Proposed Minute Order #:** SL 01-22(c)

Proposed By: Jeff Kilgore, Vice Chancellor & Chief Academic Officer

Subject: **Approve Budget Increase and Related Purchase of New Aircraft for Aircraft Pilot Training Technology**

Background: Texas State Technical College (TSTC) offers an Associate of Applied Science (AAS) degree in Aircraft Pilot Training Technology (APTT) to prepare men and women for careers in the aviation industry. The average student will complete approximately 275 hours of flight time as they progress through Private Pilot, Instrument, and Commercial to Flight Instructor.

Justification: For several years, TSTC maintained a fleet of 18 aircraft in support of the APTT program. Through a disciplined maintenance routine, the College has supported the program with an increasingly aging fleet. The age and operational hours for the fleet no longer meet the standard TSTC seeks for a modern, best-in-class program. The aged condition of the fleet increases TSTC’s maintenance cost and unavailability of fleet for maintenance.

Additional Information: A \$5.28 million fleet replacement over the next 3 years would enable a refresh of a majority of the fleet. This plan replaces 5 aircraft per year at an estimated purchase price of \$352,000 per aircraft, totaling \$1.76 million per year.

Fiscal Implications: The first phase of the replacement program would require a fiscal year 2022 budget increase of \$1.76 million. Funds are available through anticipated budget surplus for fiscal year 2022. Funds for purchases in future years will be budgeted in the annual budgets, offset by proceeds from the sale of the existing fleet of aircraft as well as through operating margin produced through the flight program.

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 a fiscal year 2022 budget increase of \$1.76 million for the purchase of 5 aircraft, approves the purchase of 15 additional aircraft during fiscal years 2022 through 2024, and delegates authority from the Board of Regents to the Chancellor, or his designee, to enter into contracts with a value greater than \$1 million and all necessary contract amendments, for the purchase of said aircraft.”

Recommended By: **[ORIGINAL SIGNED BY]**
Jonathan Hoekstra, Vice Chancellor of Finance & CFO

April 6, 2022

254-867-3972

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

Re: Approve Purchase of New Aircraft for Aircraft Pilot Training Technology (APTT)

As requested, I have reviewed and considered the legal ramifications of (1) approving the purchase of new aircraft for the Aircraft Pilot Training Technology (APTT) program, 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 purchase of said aircraft.

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 purchases, and the budget for said purchases.

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 (1) approval of the purchase of new aircraft for the Aircraft Pilot Training Technology (APTT) program, 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 purchase of said aircraft, 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: Jeff Kilgore
Vice Chancellor & Chief Academic Officer

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



Board Meeting Date: May 12, 2022 **Proposed Minute Order #:** SL 02-22(c)

Proposed By: Jeff Kilgore, Vice Chancellor & Chief Academic Officer

Subject: **Approve the Sale of Eight Cessna 172 and Two Piper Arrow Aircraft**

Background: Texas State Technical College (TSTC) leadership is seeking to modernize its fleet of training aircraft as proposed in Minute Order SL 01-22(C). This three-phase proposal sets forth a sequence of aircraft acquisition and disposal to increase the quality of the training aircraft and reduce maintenance and downtime for the program.

TSTC will increase the size of its fleet by purchasing 15 aircraft over three years, while selling 10. Eight of the current aircraft will be retained; though, two will be repurposed.

Pursuant to Statewide Operating Standard Fiscal Affairs 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 \$1.3 million.

Justification: The sale of aged aircraft will offset the purchase of new aircraft. The newly acquired aircraft are sufficiently equipped to meet all FAA requirements.

Additional Information: None.

Fiscal Implications: The sale value of the ten aircraft is estimated at \$1.3 million. The cost of replacing the fleet is estimated at \$5.28 million.

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 sale of eight Cessna 172 and Two Piper Arrow aircraft and further delegates the authority to the Chancellor, or his designee, to enter into and execute all documents necessary to complete said sale. "

Recommended By: **[ORIGINAL SIGNED BY]**
Jonathan Hoekstra, Vice Chancellor of Finance & CFO

April 7, 2022

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

Re: Approve the Sale of 8 Cessna 172s (C172), and 2 Piper Arrows (PA28R-201) to Build Liquidity and Maintain New Fleet.

As requested, I have reviewed and considered the legal ramifications of approving (1) the sale of 8 Cessna 172s (C172), and 2 Piper Arrows (PA28R-201), with a value exceeding Twenty-Five Thousand Dollars (\$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 for sale.

Having reviewed the Texas Education Code and the Texas Government Code, it is my opinion that the Texas State Technical College Board of Regents approval of (1) the sale of 8 Cessna 172s (C172), and 2 Piper Arrows (PA28R-201), with a value exceeding Twenty-Five Thousand Dollars (\$25,000.00), and (2) the delegation of authority 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,



Edward C. Vallejo
Associate General Counsel

cc: Jeff Kilgore
Vice Chancellor & Chief Academic Officer

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

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Committee for Fiscal Affairs

Tiffany Tremont, Chair; Ron Widup, Member

Committee Chair Comments

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Proposed MO#

None.

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	<i>Jonathan Hoekstra</i>	
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	<i>Jonathan Hoekstra</i>	
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**Texas State Technical College
Operating Budget Performance
as of February 28, 2022**

	FY 2022 Annual Budget	FY 2022 YTD Actual	% of Budget Utilized	NOTE	FY 2022 Forecast
Operating Revenues					
Returned Value Formula Appropriations	69,916,159	69,916,159	100.0%		69,916,159
Special Items & Other Appropriations	24,357,238	24,697,281	101.4%		24,697,281
Debt Service Appropriations	3,752,809	3,752,809	100.0%		3,752,809
HEAF Appropriations	8,662,500	8,662,500	100.0%		8,662,500
Benefits Appropriations	24,719,449	12,635,419	51.1%		25,218,183
Tuition	43,966,000	41,078,538	93.4%	1	51,500,000
Student Financial Aid	31,595,000	11,210,763	35.5%		31,706,174
Auxiliary Enterprises	9,003,284	6,160,671	68.4%	2	8,058,940
Fees & Educational Sales	3,127,500	1,906,090	60.9%	2	3,110,149
Industry Relations	2,575,400	1,008,264	39.1%	2	2,150,107
Grants	15,431,075	21,731,230	140.8%	3	39,349,110
Contracts & Other	2,408,366	1,471,239	61.1%		2,467,686
Total Operating Revenues	239,514,780	204,230,963	85.3%		270,589,098
Operating Carryforward / Reserves	976,157	-		6	-
Operating Expenditures					
Instruction	61,223,499	30,227,601	49.4%	4	62,041,785
Student Financial Aid	36,860,968	18,866,782	51.2%		38,862,261
Statewide Benefits	30,937,761	14,548,185	47.0%		31,362,370
Finance	10,027,838	5,687,475	56.7%	4	10,482,508
External Relations	14,038,386	6,586,041	46.9%	4	14,568,999
Auxiliary Enterprises	9,333,756	4,282,210	45.9%	4	9,496,830
Enrollment Management	10,319,289	5,152,239	49.9%	4	10,261,494
Facilities	9,179,100	4,599,880	50.1%	4	9,050,206
Facilities - Transfer to Capital	1,114,958	1,114,958	100.0%		1,114,958
Information Technology	9,070,488	7,230,103	79.7%	4	9,741,909
Statewide Administration	4,534,902	2,313,355	51.0%	4	4,553,246
Debt Service & Leases	16,078,645	9,653,099	60.0%	7	20,542,556
Utilities & Other	6,842,785	2,237,093	32.7%		6,101,498
Grants	12,928,562	18,799,562	145.4%	3	36,952,575
Strategic Pool (to be allocated)	8,000,000			5	
Total Operating Expenditures	240,490,937	131,298,583	54.6%		265,133,195
Operating Budget Margin (Deficit)	-	72,932,380			5,455,903

**Texas State Technical College
Operating Budget Performance
as of February 28, 2022**

Notes:

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

1) Tuition revenue is currently forecasted to exceed budget by approximately \$7.5 million in FY 22. The original budget of \$44 million was conservative, as uncertainties around the pandemic still have the potential for disruption. Enrollment has mostly rebounded to pre-pandemic levels, and pricing changes in certain programs have contributed to the increased revenue.

2) Other/supplemental revenue sources such as Auxiliary Enterprises, Fees, and Industry Relations have seen relative growth in the first quarter of FY 22 (compared to pandemic lows) as operations have stabilized somewhat. Forecasts for these revenues remain conservative given the continuing unpredictable nature of pandemic effects. Lost revenue from the Griffith Hall closure is estimated to be approximately \$1.3 million for the year.

3) Grant revenue, as well as grant expense, are both significantly over budget as execution of CARES grant projects is now in full swing. This variance was expected, and the majority of this grant activity has a net zero effect on the operating margin. National supply chain issues continue to make the timing of expenditures unpredictable, but increased activity in these accounts reflects progress.

4) Expenditures in the primary operating divisions of the College are tracking appropriately through mid year, with most in the fifty percent range of budget utilized after six months. Expenses in Information Technology are more front loaded in the fiscal year, as several large one-year software subscriptions are paid at the beginning of the fiscal year. Also expenses in Information Technology have been elevated in the last six months (as expected) as a result of the Workday implementation.

Forecasted annual expenditures for most of these divisions are over the original budget, as planned. Utilization of the "Strategic Pool" budget throughout the fiscal year increases budgets in operating divisions while reducing the pool amount, which has no effect on the budget as a whole. See note #5 below for additional information.

5) As of March 31, 2022, \$4.8 million of the Strategic Pool budget has been deployed to operating divisions, leaving a balance of \$3.2 million for the remainder of the fiscal year. New positions added in the Instructional division at the beginning of the Fall semester, along with pay for performance compensation adjustments for faculty and staff, account for the vast majority of the pool deployment to date.

6) As noted in the final FY 2021 Operating Budget Performance report, TSTC recognized \$5.9 million of CARES grant "lost revenue" in that period to be used at a later date. As those funds are expended in the months and years ahead, a carryforward amount will be added to this line item to offset those costs and appropriately match revenues and expenses in the same period.

7) At the March 2022 Board of Regents meeting, a budget increase of \$5.5 million was approved to pay off various outstanding long term debts. This increase is reflected in the forecast for Debt Service & Leases expenditures. These debts will be paid off in the third fiscal quarter.

TEXAS STATE TECHNICAL COLLEGE

Pledged Collateral Report
February 28, 2022

	DEPOSITS			SECURITY ON DEPOSITS				Sufficient (Insufficient)
	Demand Deposits	Money Market & Time Deposits	Total Deposits	FDIC* Coverage (up to)	Required Collateral	Collateral at Market Value		
Depository - Location								
First Ntl Bank of Central Texas - Waco	23,659,675	288,809	23,948,484	500,000	23,448,484	34,500,000	11,051,516	
Frost Bank - Harlingen/Fort Bend	77,635	-	77,635	250,000	-	526,009	698,374	
Texas National Bank - Sweetwater	26,144	-	26,144	250,000	-	-	223,856	
Texas Bank & Trust - Marshall	26,610	-	26,610	250,000	-	-	223,390	
Citizens National Bank - Red Oak	11,001	-	11,001	250,000	-	-	238,999	
Prosperity Bank - Abilene	12,113	-	12,113	250,000	-	-	237,887	
Texas Bank - Brownwood	11,021	-	11,021	250,000	-	-	238,979	
InterBank - Breckenridge	10,006	-	10,006	250,000	-	-	239,994	
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	-	191,574	191,574	250,000	-	-	58,426	
Cash in State Treasury	13,949,361	-	13,949,361		No Collateral Required			
TexasTerm (Government Pool)	30,413,726	-	30,413,726		No Collateral Required			
TexPool (Government Pool)	15,092,106	-	15,092,106		No Collateral Required			
TOTAL	83,289,398	599,598	83,888,996					

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

TEXAS STATE TECHNICAL COLLEGE
Quarterly Investment Report
As of February 28, 2022

Description	Beginning Value as of 11/30/21	Ending Value as of 2/28/22	Interest Rate
<u>Operating Funds</u>			
Cash in State Treasury	12,079,718	13,949,361	0.32%
Statewide Operating	8,717,073	17,535,596	0.20%
Harlingen - Local Operating	45,802	51,316	0.01%
Waco - Local Operating	3,001	3,902	0.20%
Sweetwater - Local Operating	26,162	26,144	0.20%
Marshall - Local Operating	26,335	26,610	0.10%
Fort Bend - Local Operating	26,907	26,319	0.00%
Brownwood - Local Operating	10,990	11,021	0.01%
System - Local Operating	3,002	3,004	0.20%
Abilene - Local Operating	11,008	12,113	0.20%
North Texas - Local Operating	11,001	11,001	0.10%
Breckenridge - Local Operating	10,003	10,006	0.10%
Payroll	6,013,292	6,102,264	0.20%
Federal Funds	10	10	0.00%
TexasTerm - Pool	30,412,490	30,413,726	0.02%
Total Operating Funds	57,396,794	68,182,393	
<u>Endowment Funds</u>			
Bank of America - CD	10,000	10,000	0.01%
FNB Albany/Breckenridge - CD	99,215	99,215	0.60%
FNB Central Texas - MMKT	284,669	288,809	0.20%
Extraco Banks, N.A. - CD	195,572	191,574	0.25%
Liberty/Veritex Community Bank - CD	10,000	10,000	2.62%
Total Endowment Funds	599,456	599,598	
<u>Bond Proceeds</u>			
FNB Central Texas	15,012	14,899	0.20%
TexPool	17,672,108	15,092,106	0.04%
Total Bond Proceeds	17,687,120	15,107,005	
Total All Investments	75,683,370	83,888,996	

3801 Campus Drive
Waco, Texas 76705

254-867-3934
254-867-4888

March 30, 2022

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

SUBJECT: Semi-annual Report Certifying Debt Management Policy Compliance

Regents:

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

Accordingly, I hereby certify that the College currently complies with *SOS FA 2.4, Policy for Debt Management*, and with all bond covenants. Further, I have verified that current and projected revenues are sufficient to fund debt service, as of February 28, 2022. 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,

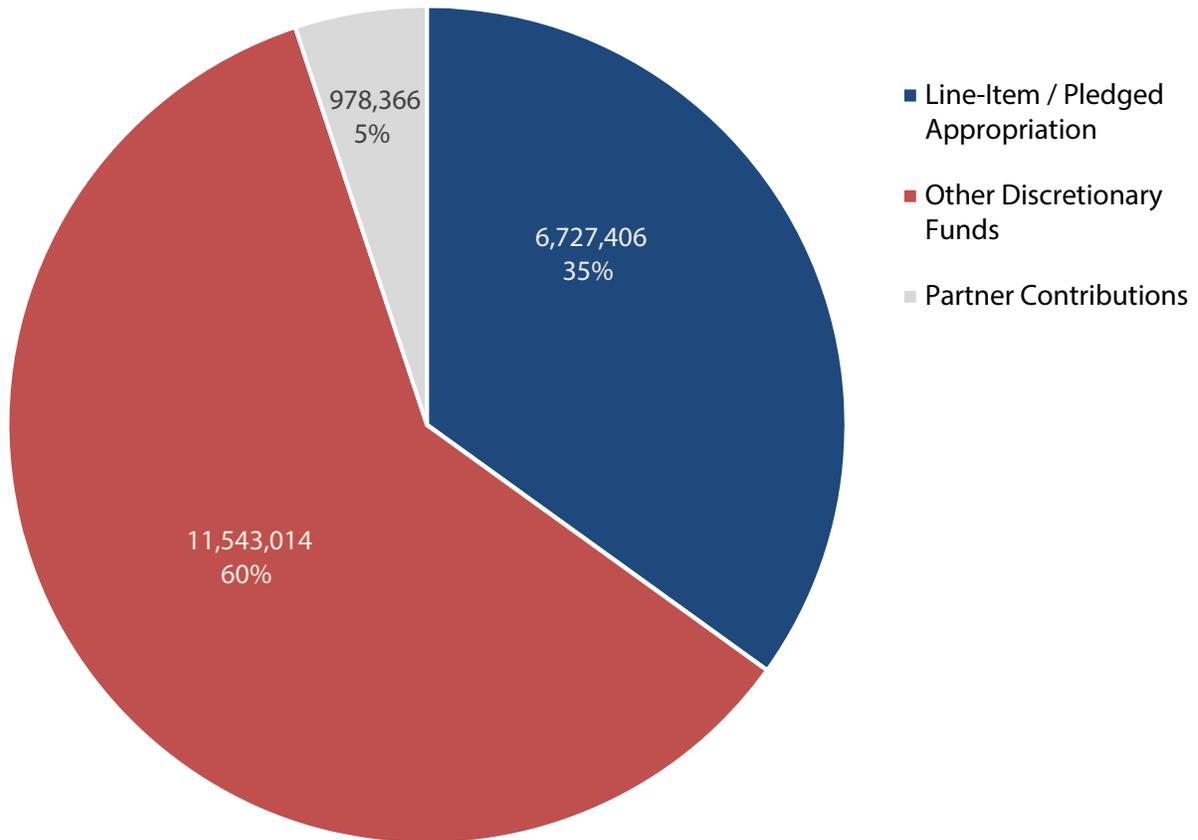
[ORIGINAL SIGNED BY]

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**



Bonds	FY 2022 Debt Service	Source of Funding
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 Appropriation 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
Texas Public Finance Authority 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 February 28, 2022

	Outstanding Principal	Interest Rate	Maturity Date
Bonds			
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)	10,875,000	4.00% - 5.00%	October 2025
RFS Series 2016 Bonds (Tuition / Local Revenue)	44,640,000	2.00% - 5.00%	October 2035
RFS Series 2020 Bond (Local Revenue)	<u>27,330,000</u>	2.53%	August 2036
Total Bonds	<u>101,585,000</u>		
Lease Purchases			
TSTC Foundation, 2003 (Housing - Marshall)	391,516	3.75%	October 2023
TSTC Foundation, 2018 (ITC - Fort Bend)	3,391,852	3.00%	September 2025
TSTC Foundation, 2020 (Housing - Waco)	21,735,812	3.75%	August 2046
Texas Public Finance Authority (402 leases)	<u>2,138,267</u>	various	various through 2026
Total Lease Purchases	<u>27,657,448</u>		
Total Outstanding Debt:	<u><u>\$ 129,242,448</u></u>		

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 February 28, 2022

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		
2011, 2011A, 2016 RFS bonds	A+	A+	A1		Upper Medium Grade
	A	A	A2		
	A-	A-	A3		
	BBB+	BBB+	Baa1		Lower Medium Grade
	BBB	BBB	Baa2		
	BBB-	BBB-	Baa3		
	BB+	BB+	Ba1	Below Investment Grade (Speculative)	Below Investment Grade / Speculative
	BB	BB	Ba2		
	BB-	BB-	Ba3		
	B+	B+	B1		Highly Speculative
	B	B	B2		
	B-	B-	B3		
	CCC+	CCC+	Caa1		Substantial Risks / Extremely Speculative
	CCC	CCC	Caa2		
	CCC-	CCC-	Caa3		
CC	CC	Ca	Default Imminent		
C	C				
DDD	SD	C		In Default	
DD	D				

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 three issuances of RFS bonds; Fitch rates Series 2016 only. Outlook from all three agencies is **STABLE**.

TEXAS STATE TECHNICAL COLLEGE
Quarterly Real Estate Lease Report for Minute Order 15-21
As of February 28, 2022

Name of Lease	Amount of Lease	Start Date
New Horizons 4ABC Lease Agreement TSTC in Abilene	\$91,851	1/1/22
SkillsUSA Texas Secondary District Conferences Event Contract TSTC in Waco	\$5,500	2/3/22
Atmos Energy Temporary Construction Easement Agreement TSTC in East Williamson County	\$10	2/28/22

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 10 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 these thresholds are presented to the Board of Regents through a separate minute order.

TEXAS STATE TECHNICAL COLLEGE
Quarterly Report for Contracts > \$1 Million
As of February 28, 2022

Name of Contract	Total Contract Value	Start Date	Term Date
Bartlett Cocke General Contractors CMAR for Various Civil and Ancillary Projects at TSTC in Waco	\$11,241,258	3/29/21	5/11/2023
Bartlett Cocke General Contractors CMAR The Faraday Center TSTC in Fort Bend	\$8,103,091	12/13/2019	5/31/2022
Trane US Inc. PACT Agreement TSTC in Waco	\$7,971,315	7/30/10	6/30/2027
Cavallo Energy Texas LLC Utility Services	\$6,309,951	1/1/2019	12/31/2023
Asher Media Advertising Services Agreement	\$6,222,000	9/1/2019	8/31/2022
Workday Incorporated Enterprise Resource Planning System	\$4,962,466	10/18/2019	10/17/2023
Incline Alchemy Workday Implementation Partner Agreement	\$3,720,320	9/30/20	9/30/2023
Texas General Land Office Utility Services	\$3,323,362	9/1/2009	8/31/2023
King Consultants Abatement and Demo Project Agreement TSTC in Waco	\$2,879,043	3/20/2020	3/1/2023
Hyland LLC Perceptive Content Software Maintenance and Support Agreement	\$2,354,231	8/12/09	8/31/2022
Imperial Construction Kultgen Automotive PBE Renovations at TSTC in Waco	\$2,210,905	1/28/2022	2/3/2023
Technical Laboratory Systems Smart Grid Technology Learning Systems	\$2,062,865	12/15/2021	4/15/2022
Alltex Welding Supply Inc Welding Equipment	\$1,751,564	1/14/2022	4/30/2022
Technical Laboratory Systems Amatrof Learning Systems	\$1,679,100	12/15/2021	4/15/2022
PBK Inc. A/EServices TSTC in Waco	\$1,427,575	7/18/2019	7/18/2024
Enterprise Fleet Management Vehicle Leases for Statewide Fleet	\$1,340,804	11/2/2015	6/30/2023
BWC Education Group CMAR Agreement for the Plumbing Testing Center TSTC in Waco	\$1,336,150	8/19/2021	6/19/2022
Ellucian Company LP Colleague Enterprise Resource Planning System	\$1,280,602	9/1/20	8/31/22
Texas Education Agency Calibrate Labor Market Analysis Tool Revenue Agreement	\$1,212,964	9/1/2019	8/31/2022
City of Waco Purchase of Potable Water TSTC in Waco	\$1,142,239	8/6/2018	8/6/2028

The contracts above include current contracts over one million dollars for the purchase or sale of goods or services.

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Committee for Facilities

Keith Honey, Chair; John Hatchel, Member

Committee Chair Comments

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Proposed MO#

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	<i>Rick Herrera</i>



Board Meeting Date: May 12, 2022 **Proposed Minute Order #:** FAC 01-22(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: By MO 45-21(c) the budget was increased from \$1,900,000 to \$2,300,000. An additional \$200,000 was added to meet the Guaranteed Maximum Price. Student Learning has requested additional renovations at a cost of \$200,700. With the additional scope of work, the two budget amendments exceed the 10% threshold for board approval. The TSTC administration wishes to increase the budget by \$400,700 for a total amended project budget of \$2,700,700.

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

Action Schedule:

Approve Project and Budget	EA 19-21
Approve Amended Budget	MO 45-21(c)
Approve Amended Budget	MO FAC 01-22(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]**
Rick Herrera, Vice Chancellor & Chief Student Services Officer



Board Meeting Date: May 12, 2022 **Proposed Minute Order #:** FAC 02-22(c)

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

Subject: **Approve the Amended Budget for the Waco Abate and Demo Project at Texas State Technical College in Waco**

Background: By MO 38-19(c) the Texas State Technical College Board of Regents approved the project and budget for the abatement and demolition project (“Project”) on the Waco Campus. The multi-phase project includes master planning, demolition, abatement, site reclamation, and review of operations displaced by the demolition of buildings.

Justification: Due to increased construction costs over the last two years, additional funds are needed to complete the campus site reclamation plan which includes the new Craven Entrance and Road project. The TSTC administration requests to increase the budget by \$1,150,000 for a total amended budget of \$30,894,640.

Action Schedule:	Approve Concept	MO 14-19(c)
	Delegate Authority for Contracts >\$1M	EA 29-19
	Approve Project and Budget	MO 38-19(c)
	Approve Abate and Demo Contract >\$1M	MO 08-20(c)
	Approve Amended Budget	MO FAC 02-22(c)

Fiscal Implications: Bond proceeds from the 2020 RFS \$30 million bond issuance will fund the balance of this project.

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 of the Waco Abate and Demo Project at Texas State Technical College in Waco.”

[ORIGINAL SIGNED BY]

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



Board Meeting Date: May 12, 2022 **Proposed Minute Order #:** FAC 03-22(c)

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

Subject: **Authorize the Chancellor to Enter into Contracts Greater than One Million Dollars for Construction Management Services for the Capital Construction Assistance Projects**

Background: TSTC is proposing to hire one or more construction management firms for the CCAP projects to support the Facilities Planning and Construction department. Construction management services will help support the effective oversight and documentation of each project's schedule, scope of work, quality, cost, safety, and function.

Justification: The desire is to have the firms under contract when moving from pre-design to schematic and design development. The project team will include the architect, TSTC key personnel, a third-party construction management services firm, and a general contractor.

Action Schedule: Approve Project Concept and Predesign Contracts >\$1 Million MO 46-21(c)
Approve Contracts for Construction Management Services >\$1 Million MO FAC 03-22(c)

Fiscal Implications: Services will be funded with CCAP project bonds.

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 authorizes the Chancellor, or his designee, to enter into contracts and all necessary contract amendments including contracts greater than One Million Dollars for construction management services for the Capital Construction Assistance Projects."

Recommended By: [ORIGINAL SIGNED BY]
Rick Herrera, Vice Chancellor & Chief Student Services Officer

April 1, 2022

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

Re: **Authorize the Chancellor to Enter into Contracts Greater than One Million Dollars for Construction Management Services for the Capital Construction Assistance Projects**

As requested, I have reviewed and considered the legal ramifications of authorizing the Chancellor, or his designee, to enter into contracts, and all necessary amendments, with a value greater than One Million Dollars (\$1,000,000.00) for construction management services for the Capital Construction Assistance Projects.

During the 84th Legislative Session comprehensive changes were made to the Texas Education and Government Codes, wherein the TSTC Board of Regents was 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 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, 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: May 12, 2022 **Proposed Minute Order #:** FAC 04-22(c)

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

Subject: **Approve the Concept to Renovate the 20ME Building at Texas State Technical College in Harlingen**

Background: This project will mirror the renovation of the John B. Connally multipurpose project currently underway on the Waco Campus. The renovation may include a welcome center, multifunction event center, areas for prospective students and areas for prospective employers.

Justification: Emerging technologies demand new uses of our facilities and their existing technologies.

Additional Information: None.

Action Schedule Approve the Concept MO FAC 04-22(c)

Fiscal Implications: Bond proceeds from the 2020 RFS \$30 million bond issuance will fund the project.

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 project concept to renovate the 20ME Building at Texas State Technical College in Harlingen."

Recommended By: **[ORIGINAL SIGNED BY]**
Rick Herrera, Vice Chancellor & Chief Student Services Officer



Board Meeting Date: May 12, 2022 **Proposed Minute Order #:** FAC 05-22(c)

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

Subject: **Approve the Project and Budget to Renovate an Existing Building at Texas State Technical College in Harlingen**

Background: By MO 12-22(c) the Texas State Technical College Board of Regents approved the concept to renovate a portion of an existing building on the Harlingen Campus.

Justification: A building will be renovated to construct a plumbing testing center on the Harlingen Campus equal to the plumbing testing center located in the Industrial Technology Center on the Waco Campus.

Additional Information: The project will consist of an approximately 7,000 SF renovation. The total project budget is \$1,930,500

Action Schedule

Approve Concept	MO 12-22(c)
Approve Project and Budget	MO FAC 05-22(c)

Fiscal Implications: Bond proceeds from the 2020 RFS \$30 million bond issuance will fund the project.

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 a portion of an existing building to construct a plumbing testing center at Texas State Technical College in Harlingen 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]**
Rick Herrera, Vice Chancellor & Chief Student Services Officer

April 1, 2022

254-867-3972

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

Re: **Approve the Project and Budget to Renovate an Existing Building at Texas State Technical College in Harlingen**

As requested, I have reviewed and considered the legal ramifications of (1) approving the project and budget to renovate an existing building to construct a plumbing testing center at Texas State Technical College in Harlingen, 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 (1) approval of the project and budget to renovate an existing building to construct a plumbing testing center at Texas State Technical College in Harlingen, 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

Major Projects Report May 2022

#	Project Name	Campus	Delivery Method	Fund Source	Cost Allocation	Required Approvals	% Complete
1	Abate and Demo Airforce Base Buildings	Waco	RFQ/RFP	Appropriations \$ 29,644,640 Local Funds \$ 100,000 Bond Funds \$ 1,150,000 Total Funds \$ 30,894,640	Contracted and Obligated \$ 18,403,382 CMR Civil and Ancillary Proj \$ 12,391,258 Additional Expenditures \$ 33,224 Owner's Reserve (Balance) \$ 66,776 Total Budget \$ 30,894,640	Concept A/E Contract Project and Budget Abate and Demo Contra Amended Budget MO FAC 02-22 Complete Project Aug 2025	80%
2	Campus Wide Drainage Project	Waco	Competitive Sealed Proposal	Unfunded \$ 2,074,290 Total Funds \$ 2,074,290	Engineering Design \$ 305,000 Construction Costs \$ 1,726,290 Owner's Cost \$ 43,000 Total Budget \$ 2,074,290	Project and Budget	0%
3	Griffith Hall	Waco	Design Build	TSTC Foundation \$ 21,900,000 Total \$ 21,900,000	Design Build GMP \$ 21,208,590 Owner's Cost \$ 307,603 Owner's Reserve (Balance) \$ 383,807 Total Budget \$ 21,900,000	Concept to Lease Land Ground Lease Master Lease Complete Project Jan 2023	97%
4	EEC & TSC Building Renovations	Waco	A/E-CMAA	EDA Grant \$ 3,500,000 TSTC Matching Funds \$ 2,585,000 Total \$ 6,085,000	A/E \$ 356,000 Construction Costs \$ 4,867,000 Owner's Cost \$ 862,000 Total Budget \$ 6,085,000	Pursuit of EDA Grant Project and Budget Contracts > \$1M Complete Project Apr 2025	3%
5	Kultgen Automotive Center Renovation	Waco	RFQ/RFP	Local Bonds 2020 \$ 1,900,000 Amended Budget \$ 400,000 Bond Funds \$ 400,700 Total \$ 2,700,700	Architectural Services \$ 158,000 Construction Contract \$ 2,210,905 Owner's Costs \$ 92,236 Owner's Reserve (Balance) \$ 239,559 Total Budget \$ 2,700,700	Project and Budget Amended Budget Amended Budget MO FAC 01-22 Complete Project Aug 2022	40%
6	JBC Renovation Multipurpose Event Center	Waco	RFQ/RFP	HEAF & Local Bonds \$ 5,200,000 Amended Budget \$ 7,800,000 Total \$ 13,000,000	Architectural Services \$ 800,000 Construction Contract \$ 10,500,000 Owner's Reserve (Balance) \$ 1,700,000 Total Budget \$ 13,000,000	Concept Project and Budget Amended Budget MO 14-22 Complete Project TBD	4%
7	TSTC Portion of North Interceptor Joint Effort	Waco	TBD	Local Bonds 2020 \$ 1,500,000 Total \$ 1,500,000	Total Budget \$ 1,500,000	Concept Project and Budget Complete Project Dec 2023	0%

Major Projects Report May 2022

#	Project Name	Campus	Delivery Method	Fund Source	Cost Allocation	Required Approvals	% Complete
8	Capital Construction Assistance Projects	Seven Campuses	RFQ RFQ	\$ 41,800,000 \$ 12,540,000 TBD Total	Architectural Pre Design Construction Management A/E Design Services Construction Contract Owner's Reserve (Balance) Total Budget	Concept & Contracts Contracts > \$1M MO 46-21 MO FAC 03-22	2%
9	Plumbing Testing Center	Harlingen	A/E-CMaR	Bond Funds Total	Architectural Services Construction Contract Owner's Reserve (Balance) Total Budget	Concept Project and Budget Complete Project MO 12-22 MO FAC 05-22	0%
10	20ME Renovation Multipurpose Event Center	Harlingen	A/E-CMaR	Total	Architectural Services Construction Contract Owner's Reserve (Balance) Total Budget	Concept MO FAC 04-22	0%

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Committee for General Administration

Pat McDonald, Chair; Tony Abad, Member

Committee Chair Comments

Minute Orders: Proposed MO#

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Ray Rushing

Reports:

None.



Board Meeting Date: May 12, 2022 **Proposed Minute Order #:** GA 01-22(c)

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

Subject: **Rescind Minute Order 10-15 Policy on Chancellor - Chief Executive Officer Search**

Background: The Texas Education Code, Section 135.27 authorizes the Texas State Technical College (TSTC) Board of Regents (Board) to appoint a chief executive officer (Chancellor) and to determine the executive officer's term of office, salary, and duties. This authority includes governing discretion over the search and selection processes of the Chancellor position.

Statewide Operating Standard (SOS) Human Resource 2.1.17 Chancellor/Chief Executive Office Search was created and approved as a result of Minute Order 10-15 Policy on Chancellor - Chief Executive Officer Search.

Justification: The TSTC policies and SOSs govern the College and its employees, not the Board. Only the Texas Education Code and the Board Bylaws govern the state-appointed Board of Regents. Therefore, SOS HR 2.1.17 is inapplicable because it improperly assumes governance over a state-defined process. Furthermore, the Texas Education Code and the College's accreditor explicitly assign the authority to create a search and selection process to the Board of Regents.

Additional Information: None.

Fiscal Implications: None.

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 10-15 Policy on Chancellor and Chief Executive Officer Search."

Recommended By: **[ORIGINAL SIGNED BY]**
Ray Rushing, Vice Chancellor & Chief Legal Officer and Secretary to the Board of Regents