Meeting of the Board of Regents

May 12, 2022
Richmond, Texas
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
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).
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  
Jeff Kilgore

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

2. Pledged Collateral Report  

3. Quarterly Investment Report

4. Debt Management Report

5. Quarterly Lease Report

6. Quarterly Report for Contracts > $1 Million

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  

Rick Herrera

FAC 02-22 (c) Approve the Amended Budget for the Waco Abate and Demo Project at Texas State Technical College in Waco  

Rick Herrera

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  

Rick Herrera

FAC 04-22 (c) Approve the Concept to Renovate the 20ME Building at Texas State Technical College in Harlingen  

Rick Herrera

FAC 05-22 (c) Approve the Project and Budget to Renovate an Existing
Building at Texas State Technical College in Harlingen

Reports:

1. Major Facility Projects Status Update

Rick Herrera

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
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.

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
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

Jeff Kilgore

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

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

   Jonathan Hoekstra

2. Pledged Collateral Report

   Jonathan Hoekstra

3. Quarterly Investment Report

   Jonathan Hoekstra

4. AFR Summary Report

   Jonathan Hoekstra

5. Quarterly Lease Report

   Jonathan Hoekstra

6. Quarterly Report for Contracts > $1 Million

   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

   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

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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)
   - Ted Donovan v. TSTC
   - John Clark Owen v. TSTC

3. Deliberation Regarding Real Property (Texas Government Code, Section 551.072)
   - Potential Purchase of Real Estate

4. Personnel Matters (Texas Government Code, Section 551.074)
   - None

5. Adjourn

XV. OPEN MEETING RECONVENES
Meeting reconvened at 12:53 pm. Regent De La Garza Putegnat 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 staffs 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.
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.

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

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 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 Tow 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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   Jonathan Hoekstra

(c) denotes Consent Agenda Item
## Texas State Technical College
### Operating Budget Performance
as of February 28, 2022

<table>
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<th>Operating Revenues</th>
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<td>Benefits Appropriations</td>
<td>24,719,449</td>
<td>12,635,419</td>
<td>51.1%</td>
<td>25,218,183</td>
</tr>
<tr>
<td>Tuition</td>
<td>43,966,000</td>
<td>41,078,538</td>
<td>93.4%</td>
<td>51,500,000</td>
</tr>
<tr>
<td>Student Financial Aid</td>
<td>31,595,000</td>
<td>11,210,763</td>
<td>35.5%</td>
<td>31,706,174</td>
</tr>
<tr>
<td>Auxiliary Enterprises</td>
<td>9,003,284</td>
<td>6,160,671</td>
<td>68.4%</td>
<td>8,058,940</td>
</tr>
<tr>
<td>Fees &amp; Educational Sales</td>
<td>3,127,500</td>
<td>1,906,090</td>
<td>60.9%</td>
<td>3,110,149</td>
</tr>
<tr>
<td>Industry Relations</td>
<td>2,575,400</td>
<td>1,008,264</td>
<td>39.1%</td>
<td>2,150,107</td>
</tr>
<tr>
<td>Grants</td>
<td>15,431,075</td>
<td>21,731,230</td>
<td>140.8%</td>
<td>39,349,110</td>
</tr>
<tr>
<td>Contracts &amp; Other</td>
<td>2,408,366</td>
<td>1,471,239</td>
<td>61.1%</td>
<td>2,467,686</td>
</tr>
<tr>
<td><strong>Total Operating Revenues</strong></td>
<td>239,514,780</td>
<td>204,230,963</td>
<td>85.3%</td>
<td>270,589,098</td>
</tr>
</tbody>
</table>

| Operating Carryforward / Reserves | | | | |
|----------------------------------|------------------|------------------|------------------|
| Instruction | 61,223,499 | 30,227,601 | 49.4% | 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% | 10,482,508 |
| External Relations | 14,038,386 | 6,586,041 | 46.9% | 14,568,999 |
| Auxiliary Enterprises | 9,333,756 | 4,282,210 | 45.9% | 9,496,830 |
| Enrollment Management | 10,319,289 | 5,152,239 | 49.9% | 10,261,494 |
| Facilities | 9,179,100 | 4,599,880 | 50.1% | 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% | 9,741,909 |
| Statewide Administration | 4,534,902 | 2,313,355 | 51.0% | 4,553,246 |
| Debt Service & Leases | 16,078,645 | 9,653,099 | 60.0% | 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% | 36,952,575 |
| Strategic Pool (to be allocated) | 8,000,000 | | | 5,455,903 |
| **Total Operating Expenditures** | 240,490,937 | 131,298,583 | 54.6% | 265,133,195 |
| **Operating Budget Margin (Deficit)** | | | | 5,455,903 |
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.
### DEPOSITS

<table>
<thead>
<tr>
<th>Depository - Location</th>
<th>Demand Deposits</th>
<th>Money Market &amp; Time Deposits</th>
<th>Total Deposits</th>
<th>FDIC* Coverage (up to)</th>
<th>Required Collateral</th>
<th>Collateral at Market Value</th>
<th>Sufficient (Insufficient)</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Ntl Bank of Central Texas - Waco</td>
<td>23,659,675</td>
<td>288,809</td>
<td>23,948,484</td>
<td>500,000</td>
<td>23,448,484</td>
<td>34,500,000</td>
<td>11,051,516</td>
</tr>
<tr>
<td>Frost Bank - Harlingen/Fort Bend</td>
<td>77,635</td>
<td>-</td>
<td>77,635</td>
<td>250,000</td>
<td>-</td>
<td>526,009</td>
<td>698,374</td>
</tr>
<tr>
<td>Texas National Bank - Sweetwater</td>
<td>26,144</td>
<td>-</td>
<td>26,144</td>
<td>250,000</td>
<td>-</td>
<td>-</td>
<td>223,856</td>
</tr>
<tr>
<td>Texas Bank &amp; Trust - Marshall</td>
<td>26,610</td>
<td>-</td>
<td>26,610</td>
<td>250,000</td>
<td>-</td>
<td>-</td>
<td>223,390</td>
</tr>
<tr>
<td>Citizens National Bank - Red Oak</td>
<td>11,001</td>
<td>-</td>
<td>11,001</td>
<td>250,000</td>
<td>-</td>
<td>-</td>
<td>238,999</td>
</tr>
<tr>
<td>Prosperity Bank - Abilene</td>
<td>12,113</td>
<td>-</td>
<td>12,113</td>
<td>250,000</td>
<td>-</td>
<td>-</td>
<td>237,887</td>
</tr>
<tr>
<td>Texas Bank - Brownwood</td>
<td>11,021</td>
<td>-</td>
<td>11,021</td>
<td>250,000</td>
<td>-</td>
<td>-</td>
<td>238,979</td>
</tr>
<tr>
<td>InterBank - Breckenridge</td>
<td>10,006</td>
<td>-</td>
<td>10,006</td>
<td>250,000</td>
<td>-</td>
<td>-</td>
<td>239,994</td>
</tr>
<tr>
<td>Bank of America - Waco</td>
<td>-</td>
<td>10,000</td>
<td>10,000</td>
<td>250,000</td>
<td>-</td>
<td>-</td>
<td>240,000</td>
</tr>
<tr>
<td>First Ntl Bank - Albany/Breckenridge</td>
<td>-</td>
<td>99,215</td>
<td>99,215</td>
<td>250,000</td>
<td>-</td>
<td>-</td>
<td>150,785</td>
</tr>
<tr>
<td>Veritex Comm. Bank - N. Richland Hills</td>
<td>-</td>
<td>10,000</td>
<td>10,000</td>
<td>250,000</td>
<td>-</td>
<td>-</td>
<td>240,000</td>
</tr>
<tr>
<td>Extracto Banks, N.A. - Waco</td>
<td>-</td>
<td>191,574</td>
<td>191,574</td>
<td>250,000</td>
<td>-</td>
<td>-</td>
<td>58,426</td>
</tr>
<tr>
<td>Cash in State Treasury</td>
<td>13,949,361</td>
<td>-</td>
<td>13,949,361</td>
<td></td>
<td>No Collateral Required</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TexasTerm (Government Pool)</td>
<td>30,413,726</td>
<td>-</td>
<td>30,413,726</td>
<td></td>
<td>No Collateral Required</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TexPool (Government Pool)</td>
<td>15,092,106</td>
<td>-</td>
<td>15,092,106</td>
<td></td>
<td>No Collateral Required</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>83,289,398</strong></td>
<td><strong>599,598</strong></td>
<td><strong>83,888,996</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Maturity Date</th>
<th>Days Maturity</th>
<th>Rate</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Veritex Community Bank</td>
<td>10,000</td>
<td>9/7/2022</td>
<td>731</td>
<td>2.62%</td>
<td>Endowment</td>
</tr>
<tr>
<td>Extraco Banks, N.A.</td>
<td>191,574</td>
<td>12/10/2022</td>
<td>365</td>
<td>0.25%</td>
<td>Endowment</td>
</tr>
<tr>
<td>FNB - Albany/Breckenridge</td>
<td>65,000</td>
<td>4/5/2022</td>
<td>365</td>
<td>0.60%</td>
<td>Endowment</td>
</tr>
<tr>
<td>FNB - Albany/Breckenridge</td>
<td>34,215</td>
<td>4/13/2022</td>
<td>365</td>
<td>0.60%</td>
<td>Endowment</td>
</tr>
<tr>
<td>Bank of America</td>
<td>10,000</td>
<td>8/10/2022</td>
<td>365</td>
<td>0.01%</td>
<td>Endowment</td>
</tr>
</tbody>
</table>

**Total Time Deposits**: 310,789

**Weighted Average Maturity (Time Deposits)**: 377 days

**Weighted Average Rate of Interest (All Investments)**: 0.08%

- **Current One Year Treasury Bill Rate**: 1.01%
- **Lipper Money Market Funds Average Return (1 YR)**: 0.01%

**FY 2022 Interest Received and Accrued (All Investments)**: 42,508

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  
2/28/22

[ORIGINAL SIGNED BY] Jonathan Hoekstra, Chief Financial Officer  
2/28/22
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

<table>
<thead>
<tr>
<th>Bonds</th>
<th>FY 2022 Debt Service</th>
<th>Source of Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>RFS Series 2008A Bonds, Taxable (Clean Energy)</td>
<td>71,786</td>
<td>other discretionary funds</td>
</tr>
<tr>
<td>RFS Series 2011A Bonds (Tuition / Local Revenue)</td>
<td>2,200,581</td>
<td>partner contributions (45%)</td>
</tr>
<tr>
<td>RFS Series 2011A Bonds (Local Revenue)</td>
<td>368,438</td>
<td>other discretionary funds</td>
</tr>
<tr>
<td>Constitutional Appropriation Series 2016 Bonds (HEAF)</td>
<td>2,974,600</td>
<td>pledged appropriation</td>
</tr>
<tr>
<td>RFS Series 2016 Bonds (Tuition / Local Revenue)</td>
<td>5,241,631</td>
<td>line-item appropriation (57%)</td>
</tr>
<tr>
<td>RFS Series 2020 Bond (Local Revenue)</td>
<td>3,395,224</td>
<td>other discretionary funds</td>
</tr>
<tr>
<td>Texas Public Finance Authority Lease Purchases</td>
<td>2,434,584</td>
<td>other discretionary funds</td>
</tr>
<tr>
<td>Other Lease Purchases</td>
<td>2,561,943</td>
<td>other discretionary funds</td>
</tr>
<tr>
<td><strong>TOTAL:</strong></td>
<td><strong>$ 19,248,786</strong></td>
<td></td>
</tr>
</tbody>
</table>
# Texas State Technical College
## Summary of Outstanding Debt as of February 28, 2022

<table>
<thead>
<tr>
<th>Bonds</th>
<th>Outstanding Principal</th>
<th>Interest Rate</th>
<th>Maturity Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>RFS Series 2011 Bonds (Tuition / Local Revenue)</td>
<td>15,665,000</td>
<td>3.75% - 5.00%</td>
<td>August 2036</td>
</tr>
<tr>
<td>RFS Series 2011A Bonds (Local Revenue)</td>
<td>3,075,000</td>
<td>3.00% - 4.00%</td>
<td>August 2031</td>
</tr>
<tr>
<td>Constitutional Appro. Series 2016 Bonds (HEAF)</td>
<td>10,875,000</td>
<td>4.00% - 5.00%</td>
<td>October 2025</td>
</tr>
<tr>
<td>RFS Series 2016 Bonds (Tuition / Local Revenue)</td>
<td>44,640,000</td>
<td>2.00% - 5.00%</td>
<td>October 2035</td>
</tr>
<tr>
<td>RFS Series 2020 Bond (Local Revenue)</td>
<td>27,330,000</td>
<td>2.53%</td>
<td>August 2036</td>
</tr>
<tr>
<td><strong>Total Bonds</strong></td>
<td><strong>101,585,000</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Lease Purchases</th>
<th>Outstanding Principal</th>
<th>Interest Rate</th>
<th>Maturity Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>TSTC Foundation, 2003 (Housing - Marshall)</td>
<td>391,516</td>
<td>3.75%</td>
<td>October 2023</td>
</tr>
<tr>
<td>TSTC Foundation, 2018 (ITC - Fort Bend)</td>
<td>3,391,852</td>
<td>3.00%</td>
<td>September 2025</td>
</tr>
<tr>
<td>TSTC Foundation, 2020 (Housing - Waco)</td>
<td>21,735,812</td>
<td>3.75%</td>
<td>August 2046</td>
</tr>
<tr>
<td>Texas Public Finance Authority (402 leases)</td>
<td>2,138,267</td>
<td>various</td>
<td>various through 2026</td>
</tr>
<tr>
<td><strong>Total Lease Purchases</strong></td>
<td><strong>27,657,448</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Total Outstanding Debt:** $129,242,448
## Total Outstanding Debt as of August 31:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>125,791,712</td>
</tr>
<tr>
<td>2018</td>
<td>126,189,894</td>
</tr>
<tr>
<td>2019</td>
<td>116,149,484</td>
</tr>
<tr>
<td>2020</td>
<td>134,935,334</td>
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<td>2021</td>
<td>140,355,014</td>
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## TSTC Bond Ratings as of February 28, 2022

<table>
<thead>
<tr>
<th>TSTC Bond Series</th>
<th>Fitch</th>
<th>S&amp;P</th>
<th>Moody's</th>
<th>Rating Description</th>
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<td>2016 HEAF</td>
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<tr>
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<td>AA+</td>
<td>AA+</td>
<td>Aa1</td>
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<td>AA-</td>
<td>AA-</td>
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<td>2011, 2011A, 2016 RFS bonds</td>
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<td>A+</td>
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<td>BBB+</td>
<td>BBB+</td>
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<tr>
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<td>BBB</td>
<td>BBB</td>
<td>Baa2</td>
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<tr>
<td></td>
<td>BBB-</td>
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<td>D</td>
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### 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**.
## Quarterly Real Estate Lease Report for Minute Order 15-21

As of February 28, 2022

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

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 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**

<table>
<thead>
<tr>
<th>Name of Contract</th>
<th>Total Contract Value</th>
<th>Start Date</th>
<th>Term Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bartlett Cocke General Contractors CMAR The Faraday Center TSTC in Fort Bend</td>
<td>$8,103,091</td>
<td>12/13/2019</td>
<td>5/31/2022</td>
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<tr>
<td>Trane US Inc. PACT Agreement TSTC in Waco</td>
<td>$7,971,315</td>
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<td>6/30/2027</td>
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<td>Cavallo Energy Texas LLC Utility Services</td>
<td>$6,309,951</td>
<td>1/1/2019</td>
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<tr>
<td>Asher Media Advertising Services Agreement</td>
<td>$6,222,000</td>
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<tr>
<td>Workday Incorporated Enterprise Resource Planning System</td>
<td>$4,962,466</td>
<td>10/18/2019</td>
<td>10/17/2023</td>
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<tr>
<td>Incline Alchemy Workday Implementation Partner Agreement</td>
<td>$3,720,320</td>
<td>9/30/20</td>
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<tr>
<td>Texas General Land Office Utility Services</td>
<td>$3,323,362</td>
<td>9/1/2009</td>
<td>8/31/2023</td>
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<tr>
<td>King Consultants Abatement and Demo Project Agreement TSTC in Waco</td>
<td>$2,879,043</td>
<td>3/20/2020</td>
<td>3/1/2023</td>
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<td>Hyland LLC Perceptive Content Software Maintenance and Support Agreement</td>
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<td>8/31/2022</td>
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<td>Imperial Construction Kultgen Automotive PBE Renovations at TSTC in Waco</td>
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<td>Technical Laboratory Systems Smart Grid Technology Learning Systems</td>
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<td>Alitex Welding Supply Inc Welding Equipment</td>
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<td>Technical Laboratory Systems Amatrol Learning Systems</td>
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<td>4/15/2022</td>
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<td>PBK Inc. A/E Services TSTC in Waco</td>
<td>$1,427,575</td>
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<td>Enterprise Fleet Management Vehicle Leases for Statewide Fleet</td>
<td>$1,340,804</td>
<td>11/2/2015</td>
<td>6/30/2023</td>
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<tr>
<td>BWC Education Group CMAR Agreement for the Plumbing Testing Center TSTC in Waco</td>
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<td>Ellucian Company LP Colleague Enterprise Resource Planning System</td>
<td>$1,280,602</td>
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<td>Texas Education Agency Calibrate Labor Market Analysis Tool Revenue Agreement</td>
<td>$1,212,964</td>
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<tr>
<td>City of Waco Purchase of Potable Water TSTC in Waco</td>
<td>$1,142,239</td>
<td>8/6/2018</td>
<td>8/6/2028</td>
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</tbody>
</table>

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

FAC 02-22 (c)  Approve the Amended Budget for the Waco Abate and Demo Project at Texas State Technical College in Waco 31
           
           Rick Herrera

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
           
           Rick Herrera

FAC 04-22 (c)  Approve the Concept to Renovate the 20ME Building at Texas State Technical College in Harlingen 34
           
           Rick Herrera

FAC 05-22 (c)  Approve the Project and Budget to Renovate an Existing Building at Texas State Technical College in Harlingen 35
           
           Rick Herrera

Reports:

1.  Major Facility Projects Status Update 37
       
       Rick Herrera

(c) denotes Consent Agenda Item
May 12, 2022

Proposed Minute Order #: FAC 01-22(c)

Rick Herrera, Vice Chancellor & Chief Student Services Officer

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

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.

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.

The project is scheduled to be completed in August 2022.

Funds are available as currently budgeted.

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

None.

“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.”

Rick Herrera, Vice Chancellor & Chief Student Services Officer
Proposed Minute Order #: FAC 02-22(c)

May 12, 2022

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.”

Recommended By: Rick Herrera, Vice Chancellor & Chief Student Services Officer
Proposed Minute Order #: FAC 03-22(c)

Board Meeting Date: May 12, 2022

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: 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
May 12, 2022

Proposed Minute Order #: FAC 04-22(c)

Rick Herrera, Vice Chancellor & Chief Student Services Officer

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

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.

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

None.

Bond proceeds from the 2020 RFS $30 million bond issuance will fund the project.

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

None.

“The Texas State Technical College Board of Regents approves the project concept to renovate the 20ME Building at Texas State Technical College in Harlingen.”

Rick Herrera, Vice Chancellor & Chief Student Services Officer
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

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

tstc.edu
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<tr>
<td>1</td>
<td>Abate and Demo</td>
<td>Waco</td>
<td>RFQ / RFP</td>
<td>Appropriations</td>
<td>$ 29,644,640</td>
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<td>$ 43,000</td>
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<td>Concept</td>
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<td>Additional Expenditures</td>
<td>$ 43,000</td>
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<tr>
<td>4</td>
<td>EEC &amp; TSC Building Renovations</td>
<td>Waco</td>
<td>RFQ / RFP</td>
<td>Appropriations</td>
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<td>Concept</td>
<td>$ 18,403,382</td>
<td>Contracted and Obligated</td>
<td>$ 33,224</td>
<td>Additional Expenditures</td>
<td>$ 43,000</td>
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<td>Concept</td>
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<td>Contracted and Obligated</td>
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<td>Additional Expenditures</td>
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<td>Appropriations</td>
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<td>$ 30,844,640</td>
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</tr>
</tbody>
</table>
# Major Projects Report May 2022

<table>
<thead>
<tr>
<th>#</th>
<th>Project Name</th>
<th>Campus</th>
<th>Delivery Method</th>
<th>Fund Source</th>
<th>Cost Allocation</th>
<th>Required Approvals</th>
<th>% Complete</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>Capital Construction Assistance Projects</td>
<td>Seven Campuses</td>
<td>RFQ, RFQ</td>
<td>CCAP Bonds, TBD</td>
<td>Architectural Pre Design: $257,500 Construction Management A/E Design Services: $12,540,000 Construction Contract: $54,082,500 Owner's Reserve (Balance): $54,340,000 Total Budget: $54,340,000</td>
<td>Concept &amp; Contracts: MO 46-21 Contracts &gt; $1M: MO FAC 03-22</td>
<td>2%</td>
</tr>
<tr>
<td>9</td>
<td>Plumbing Testing Center</td>
<td>Harlingen</td>
<td>A/E-CMaR</td>
<td>Bond Funds</td>
<td>Architectural Services: $1,930,500 Construction Contract: $1,930,500 Owner's Reserve (Balance): $1,930,500 Total Budget: $1,930,500</td>
<td>Concept: MO 12-22 Project and Budget: MO FAC 05-22</td>
<td>0%</td>
</tr>
<tr>
<td>10</td>
<td>20ME Renovation Multipurpose Event Center</td>
<td>Harlingen</td>
<td>A/E-CMaR</td>
<td></td>
<td>Architectural Services: $12,540,000 Construction Contract: $12,540,000 Owner's Reserve (Balance): $12,540,000 Total Budget: $12,540,000</td>
<td>Concept: MO FAC 04-22</td>
<td>0%</td>
</tr>
</tbody>
</table>
Committee Chair Comments

Minute Orders:
Proposed MO#  

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

40  
Ray Rushing

Reports:

None.
Board Meeting Date: May 12, 2022

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