Meeting of the Board of Regents

November 10, 2022
Waco, Texas
November 10, 2022

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

RE: Action Items for the Meeting of the Board of Regents on November 10, 2022.

Regents:

The attached materials have been prepared for consideration by the Board of Regents of Texas State Technical College for the November 10, 2022 meeting. 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

Enclosures

tstc.edu
November 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 our operations. I hereby certify, to the best of my knowledge and belief, that the reports do not contain any untrue statement of a material fact or omit any material fact(s) necessary to make the report misleading.

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

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

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

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

2. There are no contingent claims that have not been reported to our Chief Financial Officer or General Counsel; and

3. I have maintained adequate internal control over financial reporting, effective and efficient operations, and regulatory compliance within my areas of operating responsibility as of September 30, 2022, based on criteria established by prudent risk management practices.

4. There have been no changes in internal control that might negatively affect the

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effectiveness of such controls, including any corrective actions taken with regard to related deficiencies and weaknesses previously identified. I have resolved, or am currently in the process of resolving, all such issues identified and communicated to me during previous audits (internal or external).

5. All material transactions have been communicated to the Chief Financial Officer for recording and disclosure in the financial statements and/or Board reports.

6. The following, to the extent applicable, have been appropriately identified and communicated for proper recording and disclosure:
   a. Related-party transactions associated with vendor relationships; and
   b. Significant contractual obligations, or other contingent liabilities.

7. Violations or possible violations of laws or regulations whose effects should be considered for disclosure due to their level of impact have been communicated to you, our General Counsel, the Internal Audit Director, or the Audit Committee.

8. The College has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

9. Other than those previously disclosed, no events have occurred subsequent to September 30, 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 two-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

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

Thursday, November 10, 2022
10:00 am

AGENDA

I. MEETING CALLED TO ORDER

II. INVOCATION

III. RECOGNITION OF GUESTS

IV. DETERMINATION OF QUORUM

V. ADOPTION OF AGENDA

VI. APPROVAL OF MINUTES OF AUGUST 17-18, 2022 MEETINGS

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#

   None.

   Reports:
   None.

b. Committee for Fiscal Affairs
   Tiffany Tremont, Chair; Ron Widup, Member
   
   Committee Chair Comments
   Minute Orders:
   Proposed MO#

   FA 07-22 Policy for Investments 12
   Jonathan Hoekstra

   FA 08-22 (c) Authorize the Chancellor to adopt policies and procedures
   governing payroll deductions 20
   Jonathan Hoekstra

   Reports:
   1. Budget Performance Report 22
      Jonathan Hoekstra

   2. Pledged Collateral Report 24
      Jonathan Hoekstra

   3. Quarterly Investment Report 25
      Jonathan Hoekstra
c. **Committee for Facilities**  
Keith Honey, Chair

**Committee Chair Comments**

**Minute Orders:**  
Proposed MO#

None.

**Reports:**

1. **Major Facility Projects Status Update**
   
   Rick Herrera

2. **Deferred Maintenance Projects Summary**
   
   Rick Herrera

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

**Committee Chair Comments**

**Minute Orders:**  
Proposed MO#

GA 02-22(c) Approve The TSTC Foundation Operating Plan for the Period September 1, 2022 to August 31, 2023

Gail Lawrence
Reports:

1. Legislative Oral Report  
   \textit{Gail Lawrence}

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. Davis/Dorton v. Reeser/Rushing
   4. Rachel Myrick 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. Internal Audit Director Performance Evaluation
   2. Chancellor & CEO Performance Evaluation

5. Adjourn

XII. OPEN MEETING RECONvenes

XIII. ACTION ON CLOSED MEETING

XIV. CONSENT AGENDA ITEMS

IA 02-22 (c) Internal Audit Charter - Review and Reapproval

FA 08-22 (c) Authorize the Chancellor to Adopt Policies and Procedures Governing Payroll Deductions

GA 02-22(c) Approve The TSTC Foundation Operating Plan for the Period September 1, 2022 to August 31, 2023
XV. UNFINISHED BUSINESS

XVI. NEW BUSINESS

XVII. ELECTION OF OFFICERS

XVIII. PROPOSED MEETING DATES
   a. Proposed Board of Regents Meeting Dates for Calendar Year 2023

XIX. CHANCELLOR COMMENTS

XX. BOARD COMMENTS

XXI. ADJOURN
I. MEETING CALLED TO ORDER

The meeting of the Texas State Technical College Board of Regents was called to order on Thursday, August 18, 2022 at 9:40 am.

II. INVOCATION

Jonathan Hoekstra offered the invocation.

III. DETERMINATION OF QUORUM

A quorum was present and determined. Regents in attendance included Chairman Curtis Cleveland, Keith Honey, Pat McDonald, Kathy Stewart, Tiffany Tremont and Ron Widup. Regents not present were Tony Abad and Lizzy de la Garza Putegnat.

IV. ADOPTION OF AGENDA

The agenda was adopted with a motion to approve by Regent McDonald and the motion seconded by Regent Tremont. The agenda was approved unanimously.

V. APPROVAL OF MINUTES OF MAY 12, 2022 MEETINGS

The minutes from the May 12, 2022 meeting were approved with a motion by Regent Honey and seconded by Regent Tremont. The agenda was approved unanimously.
VI. RECOGNITION OF GUESTS

VII. PUBLIC COMMENTS

VIII. CHANCELLOR COMMENTS

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

   Regent Widup summarized the report from the Student Learning and Student Development committee. Chairman Cleveland inquired about reverting back to the previous structure before Covid pandemic. Jeff Kilgore responded with the explanation of transformation since the pandemic.

   Minute Orders:
   Proposed MO#

   None.

   Reports:
   None.

b. Committee for Fiscal Affairs
   Tiffany Tremont, Chair; Ron Widup, Member

   Committee Chair Comments

   Regent Tremont summarized the updates from the Fiscal Affairs committee. She discussed each minute order and announced the need to table MO FA 03-22(c) for a possible special meeting. Chairman Cleveland asked questions regarding the budget. Chancellor Reeser added commentary. Chad Wooten spoke about additional opportunities and projects that will need to be funded. Jonathan Hoekstra spoke about the HEAF timeline.

   Minute Orders:
Proposed MO#

FA 01-22 (c) Schedule of Tuition and Fees Fall FY23
Jonathan Hoekstra

FA 02-22 (c) Schedule of Housing Rates, Services Charges and Deposits Fall FY23
Jonathan Hoekstra

FA 03-22 (c) Tenth Supplemental Bond Resolution
Jonathan Hoekstra

FA 04-22 (c) Approve the Lease to L3
Jonathan Hoekstra

FA 05-22 (c) Approve the Lease to Air Methods Corporation
Jonathan Hoekstra

Reports:

1. Budget Performance Report
   Jonathan Hoekstra

2. Pledged Collateral Report
   Jonathan Hoekstra

3. Quarterly Investment Report
   Jonathan Hoekstra

4. Quarterly Lease Report
   Jonathan Hoekstra

5. Quarterly Report for Contracts > $1 Million
   Jonathan Hoekstra

c. Committee for Facilities
   Keith Honey, Chair
Committee Chair Comments

Regent Honey summarized updates of the Facilities committee. Regent Honey encouraged not to be cautious from dipping into deferred maintenance. Chairman Cleveland inquired about the deferred maintenance plan and strategy to manage CCAPs. Rick Herrera explained the plan including the utilization of CMAs, inspection services and documenting services. Discussion of the plan for multiple project managers to assist CMAs, as well as the inclusion of landscaping services. Regent Honey requested more details such as elevations, floorplans, timeline will be provided at the next BOR meeting. Each subsequent meeting will provide more and more details regarding CCAPs.

Minute Orders:
Proposed MO#

FAC 06-22 (c) Accept the Project to Renovate the Kultgen Automotive Center at Texas State Technical College in Waco 31
Rick Herrera

FAC 07-22 (c) Approve the Amended Budget to Renovate the John B. Connally Technology Center at Texas State Technical College in Waco 33
Rick Herrera

FAC 08-22 (c) Approve the Amended Budget to Renovate the 1EEC and 1TSC Buildings at Texas State Technical College in Waco 34
Rick Herrera

FAC 09-22 (c) Approve the Project and Budget for the Capital Construction Assistance Project at Texas State Technical College in Abilene 35
Rick Herrera

FAC 10-22 (c) Approve the Project and Budget for the Capital Construction Assistance Project at Texas State Technical College in East Williamson County 37
Rick Herrera

FAC 11-22 (c) Approve the Project and Budget for the Capital Construction Assistance Project at Texas State Technical College in Marshall 39
FAC 12-22 (c) Approve the Project and Budget for the Capital Construction Assistance Project at Texas State Technical College in Waco

41
Rick Herrera

FAC 13-22 (c) Approve the Project and Budget for the Capital Construction Assistance Project at Texas State Technical College in Harlingen

43
Rick Herrera

FAC 14-22 (c) Approve the Project and Budget for the Capital Construction Assistance Project at Texas State Technical College in Ft. Bend County

45
Rick Herrera

FAC 15-22 (c) Approve the Project and Budget for the Capital Construction Assistance Project at Texas State Technical College in North Texas

47
Rick Herrera

Reports:

1. Major Facility Projects Status Update

49
Rick Herrera

2. Capital Expenditure Plan MP1 Summary Report Fiscal Year 2022

51
Rick Herrera

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

Committee Chair Comments

Regent McDonald summarized updates from the General Administration committee and invited Michael Bettersworth to provide a presentation for C4EO & Skills Engine. The presentation covered the practice of creating skills profiles, partner institutions, Covid impact, making the system public, and building tools for practitioners. Chairman Cleveland suggested an example of waste water treatment and the labor market. Michael Bettersworth expressed
gratitude to his team and looks forward to the public launch in 2023. Jeff Kilgore added additional support and affirmation of Calibrate.

**Minute Orders:**

**Proposed MO#**

None.

**Reports:**

None.

**X. RECESS OPEN MEETING**

Chairman Cleveland recessed the open meeting at 10:55 am.

**XI. CLOSED MEETING**

1. The Closed Meeting is called to Order at 11:11 am and a Quorum is determined. Regent Abad and Regent de la Garza Putegnat were absent.

2. Consultation with Attorney (Texas Government Code, Section 551.071)
   - Ted Donovan v. TSTC
   - John Clark Owen v. TSTC
   - Davis/Dorton v. Reeser/Rushing

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)

5. Adjourn

**XII. OPEN MEETING RECONVENES**

The open meeting of the TSTC Board of Regents reconvened at 12:36 pm by Chairman Cleveland.
XIII. ACTION ON CLOSED MEETING

Regent McDonald proposed MO to amend the Chancellor's contract to include monthly car allowance. This was motioned by Regent Stewart, seconded by Regent Tremont and unanimously approved.

Regent Tremont recommended to approve three real estate transactions which was motioned by Regent Honey and seconded by Regent McDonald. This recommendation was unanimously approved.

XIV. CONSENT AGENDA ITEMS

IA 01-22 (c)  Proposed Audit Plan for Fiscal Year 2023
FA 01-22 (c)  Schedule of Tuition and Fees Fall FY23
FA 02-22 (c)  Schedule of Housing Rates, Services Charges and Deposits Fall FY23
FA 03-22 (c)  Tenth Supplemental Bond Resolution
FA 04-22 (c)  Approve the Lease to L3
FA 05-22 (c)  Approve the Lease to Air Methods Corporation
FA 06-22 (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
FAC 06-22 (c)  Accept the Project to Renovate the Kultgen Automotive Center at Texas State Technical College in Waco
FAC 07-22 (c)  Approve the Amended Budget to Renovate the John B. Connally Technology Center at Texas State Technical College in Waco
FAC 08-22 (c)  Approve the Amended Budget to Renovate the 1EEC and 1TSC Buildings at Texas State Technical College in Waco
FAC 09-22 (c)  Approve the Project and Budget for the Capital Construction
FAC 10-22 (c) Approve the Project and Budget for the Capital Construction Assistance Project at Texas State Technical College in Abilene

FAC 11-22 (c) Approve the Project and Budget for the Capital Construction Assistance Project at Texas State Technical College in East Williamson County

FAC 12-22 (c) Approve the Project and Budget for the Capital Construction Assistance Project at Texas State Technical College in Marshall

FAC 13-22 (c) Approve the Project and Budget for the Capital Construction Assistance Project at Texas State Technical College in Waco

FAC 14-22 (c) Approve the Project and Budget for the Capital Construction Assistance Project at Texas State Technical College in Harlingen

FAC 15-22 (c) Approve the Project and Budget for the Capital Construction Assistance Project at Texas State Technical College in North Texas

Removal of FA 04-22(c) and FA 06-22(c) from consent items was recommended. Therefore, FA 04-22(c) was removed and tabled. FA 06-22(c) was recommended to be voted on and approved separately by the board. These recommendations were motioned by Regent Tremont, and seconded by Regent Widup. This recommendation was unanimously approved.

Approval of the remainder of the consent agenda items, motioned by Regent Tremont, seconded by Regent Widup and unanimously approved

XV. UNFINISHED BUSINESS

SM 01-22 (c) Approve Operating Budget for Fiscal Year 2023

SM 02-22 (c) Approve Initial Appropriation Transfer for Fiscal Year 2023

SM 03-22 (c) Final Appropriation Transfer FY22
SM 01-22(c), SM 02-22(c) and SM 03-22(c) were motioned by Regent Honey and seconded by Regent McDonald, and approved unanimously.

**XVI. NEW BUSINESS**

**XVII. CHANCELLOR COMMENTS**

Chancellor Reeser thanked the regents for the good discussions today. Appreciation was expressed for the events staff and all others.

**XVIII. BOARD COMMENTS**

Chairman Cleveland announced that the next board meeting is scheduled for November 10, 2022 in Waco and exact location to be determined.

Chairman Cleveland expressed thanks to the Leadership Team for the strategic plan and budget for the future. Congratulations were extended regarding the positive culture of TSTC. The Chairman spoke on behalf of the board as they are ready to be bold with the TSTC Leadership Team.

**XIX. ADJOURN**

With no further business and discussion, the meeting was adjourned by Chairman Cleveland at 12:43 pm.

____________________________
Ray Rushing
Secretary of the Board
Committee Chair Comments

Minute Orders:
Proposed MO#

None.

Reports:

None.
Committee Chair Comments

Minute Orders:
Proposed MO#

FA 07-22  Policy for Investments
Jonathan Hoekstra

FA 08-22 (c)  Authorize the Chancellor to Adopt Policies and Procedures Governing Payroll Deductions
Jonathan Hoekstra

Reports:

1. Budget Performance Report
Jonathan Hoekstra

2. Pledged Collateral Report
Jonathan Hoekstra

3. Quarterly Investment Report
Jonathan Hoekstra

4. Debt Management Report
Jonathan Hoekstra

5. Quarterly Report for Contracts > $1 Million
Jonathan Hoekstra

6. Quarterly Lease Report
Jonathan Hoekstra

7. Title IX Annual Report
Jonathan Hoekstra

(c) denotes Consent Agenda Item
**Board Meeting Date:** November 10, 2022  
**Proposed Minute Order #:** FA 07-22

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

**Subject:** Approve the Policy for Investments

**Background:** The Public Funds Investment Act, Government Code Chapter 2256 (the Act), requires all state agencies to adopt an annual investment policy that ensures safety of principal, liquidity, and adequate yield for invested funds. The policy provides pertinent information, and includes operating requirements and performance standards to ensure compliance with the Act.

**Justification:** Texas State Technical College (TSTC), in accordance with the Public Funds Investment Act, Government Code Chapter 2256, approves its investment policy annually at the Fall meeting of the TSTC Board of Regents.

**Additional Information:** None.

**Fiscal Implications:** No significant fiscal impact.

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

**Attachment(s):** None.

**Recommended Minute Order:**

“It is the policy of Texas State Technical College (TSTC) to prudently invest funds not needed for immediate operating purposes and other funds such as plant funds, endowment funds, and other reserve funds. Such funds will be appropriately invested according to each fund type in consideration of preservation and safety of principal, liquidity, and yield while meeting the daily cash flow needs of the college. All deposits and investments shall conform to the Public Funds Investment Act.

**THE COMPETITIVE SELECTION OF INVESTMENT INSTRUMENTS AND OPERATING ACCOUNTS**

Before TSTC invests any funds, a competitive ‘bid’ process shall be conducted. If a specific maturity date is required, either for cash flow purposes or for conformance to maturity guidelines, bids will be requested for instruments that meet the maturity requirements. If no specific maturity is required, a market trend (yield curve) analysis will be conducted to determine which maturities would be most advantageous.
Written or oral bids will be requested from three approved depository banks for various options with regard to term and instrument. TSTC will accept the bid that provides the highest rate of return within the maturity required and within the parameters of these policies. TSTC will maintain a copy of bids obtained.

The Chief Financial Officer shall discuss with the Board of Regents Fiscal Affairs Committee the existing status of depository agreements with existing operating accounts at each fall meeting of the Board of Regents, including the necessity of bidding such operating accounts.

QUALIFIED INSTITUTIONS

TSTC shall maintain a listing of depository financial institutions that are approved for investment purposes. In order to be qualified as an approved depository institution, a financial institution must meet the following tests:

1. The financial institution is selected by competitive bid process in accordance with Section 51.003(a) of the Education Code;

2. The financial institution must provide their most recent Statement of Condition report on request;

3. The financial institution must sign a ‘Certification by Registered Principal of Investment Firm/Bank’ certifying that the registered principal reviewed TSTC’s Investment Policy and acknowledges that their organization has implemented reasonable procedures and controls to comply; and,

4. The financial institution must maintain a consistent record of compliance with TSTC’s collateral coverage and investment policy. TSTC shall use a competitive bid process in accordance with Section 51.003 of the Education Code to invest through any one of the following entities:

   1. “Primary” government security dealers (as defined by the New York Federal Reserve), or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule).

   2. A Federally-insured financial institution doing business in Texas, or

   3. Texas local government investment pools, as permitted in accordance with Government Code 2256.016 and this policy.

AUTHORIZED BROKERS

The Board of Regents is required to review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with TSTC at least annually, as set forth in Section 2256.025 of the Public Funds Investment Act. Accordingly, the following list of qualified brokers is adopted as a part of this policy:

Community Bank & Trust
ETHICAL GUIDELINES FOR INVESTMENTS

1. Section 51.923 of the Education Code permits an institution of higher education to contract with a non-profit corporation even though one or more members of the governing board of the institution of higher education also serves as a member, director, officer or employee of such a non-profit corporation. This section further permits an institution of higher education to contract with a business entity even though one or more members of the governing board of the institution of higher education have an interest in the business entity if the interest is not a substantial interest. An interest is a substantial interest if: (1) the board member owns one percent or more of the voting stock or shares of the business entity or owns either one percent or more or $15,000 or more of the fair market value of the business entity; (2) funds received by the member from the business entity exceed one percent of the member's gross income for the previous year; (3) the member is an officer of the business entity or a member of the governing board of the business entity; or (4) an individual related to the member in the first degree by consanguinity or affinity, as determined under Chapter 573, Government Code, has an interest in the business entity as described above. If a board member has a substantial interest in a business entity as described in this paragraph, the institution of higher education can still contract with that business entity provided that the board member discloses such interest to the board and refrains from voting on the contract or transaction requiring board approval.

2. Section 404.0211 of the Government Code, does not disqualify a bank from serving as a depository for funds of a state agency if one or more officers or employees of the state agency, who have the duty of selecting a depository, is also an officer or director of the bank if a majority of the members of the board vote to select the bank as a depository; and the interested officer or employee does not vote or take part in the
proceedings. This section also does not disqualify a bank from serving as a depository for funds of a state agency if one or more officers or employees of the state agency, who have the duty of selecting a depository, own or have a beneficial interest, individually or collectively in 10 percent or less of the outstanding capital stock of the bank, if a majority of the members of the board vote to select the bank as a depository; and the interested officer or employee does not vote or take part in the proceedings.

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

4. Board members are required to declare potential personal conflicts with business entities that they may have interests.

INVESTMENT OFFICER

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

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

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

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

The TSTC Investment Officer shall insure that:

1. Income and expenditure patterns will be monitored and continually updated to determine monthly cash needs of TSTC;

2. Placement of TSTC's investments and maturity schedules is determined by the cash needs and cash expectations of TSTC; and,

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

YIELD

The TSTC Investment Officer shall ensure that:

1. The yield on investments is negotiated at the time of purchase and that it reflects market conditions and yields available; and,

2. The investment portfolio consists of an appropriate mix of short-term interest-earning instruments that benefit from anticipated market conditions and that achieve the best allowable yield.

SHORT-TERM VERSUS LONG-TERM PORTFOLIO

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

SHORT-TERM PORTFOLIO DIVERSIFICATION

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

Maturity Scheduling:

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

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

LONG-TERM PORTFOLIO DIVERSIFICATION

Eligible investment instruments and diversification objectives for the long-term portfolio shall be the same as for the short-term portfolio.
Maturity scheduling shall be timed according to anticipated need. Weighted Average portfolio maturity shall not exceed 24 months. Long-term funds shall be invested in instruments whose maturities do not exceed three years from the time of purchase.

INVESTMENTS

AUTHORIZED investments and collateral are:

1. Certificates of Deposit (in Federally-insured institutions)

   Time Certificates of Deposit with a maturity not to exceed two (2) years from the date of purchase, insured by the Federal Deposit Insurance Corporation (FDIC) or its successor, and when possible and appropriate, in a financial institution or institutions located in the county or counties in which a TSTC campus operation is located, except for endowment accounts where the donor references a specific depository.

   In addition, separate CDs issued by depositories wherever located, bundled together into a single investment with the full amount of principal and interest of each CD federally insured may be purchased through a selected depository institution with its main office or branch office in Texas. This depository shall act as the custodian for the various certificates on behalf of TSTC.

2. Obligations of, or Guaranteed by, Governmental Entities
   a. Obligations, including letters of credit, of the United States or its agencies and instrumentalities;
   b. Direct obligations of this state or its agencies and instrumentalities;
   c. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, this state or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; and
   d. Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than ‘A’ or its equivalent.

3. Texas public funds investment pools investing in government securities and repurchase agreements as approved by the Board, rated no less than AAA or equivalent and seeking to maintain a constant dollar net asset value.

4. Repurchase agreements (“Repos”) with a defined termination date, collateralized by Treasury and Federal Agency securities listed in items “a,” “b” and “c” above, collateralized initially at a minimum market value of 102 percent of the dollar value of the transaction, with the accrued interest accumulated on the collateral included in the calculation.
UNAUTHORIZED investments and collateral are:

1. Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal;

2. Obligations whose payment represents the coupon payments on the outstanding principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest;

3. Collateralized Mortgage Obligations that have a stated final maturity date of greater than ten years;

4. Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index; and,

5. Securities of a company that is identified on a list of companies with scrutinized active business operations in Sudan or Iran or with business ties to Foreign Terrorist Organizations (collectively, “Listed Companies”) as published on the State Comptroller’s website.

An investment that requires a minimum credit rating does not qualify as an authorized investment during the period the investment does not have the minimum credit rating even if the investment had the appropriate rating at the time of purchase. The Investment Officers shall take all prudent measures that are consistent with this Policy to liquidate an investment that does not have the minimum rating.

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

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

COLLATERAL

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

TSTC’s funds in excess of FDIC-insurance, are to be fully collateralized at all times by government securities which include U.S. Treasury obligations and/or direct obligations of Federal agencies or instrumentalities including certain mortgage-backed securities, FHLB Letters of Credit or surety bonds.
Pledged securities may be held in safekeeping at a commercial bank in the State of Texas, the Texas Independent Bankers-Bank (TIB), the Federal Home Loan Bank (FHLB), or at the Federal Reserve Bank.

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

INVESTMENT TRAINING

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

Recommended By:

[ORIGINAL SIGNED BY]
Jonathan Hoekstra, Vice Chancellor & Chief Financial Officer
Authorize the Chancellor to adopt policies and procedures governing payroll deductions

Texas State Technical College is constantly seeking opportunities to expand benefits to its workforce in the pursuit of Making TSTC a Great Place to Work. Recently, TSTC was approached by Neighborworks, a nonprofit organization created to increase affordable housing opportunities in communities. Opportunities available through the partnership include financial literacy training, counseling, rental programs, and access to loans.

Management would like to make certain benefits available to employees requiring payroll deductions (e.g., loan assistance). Currently, there is not a delegation of authority from the Board that provides authorization for payroll deduction when the deduction benefits employees. Texas Education Code, Section 51.9611 authorizes boards of regents to allow payroll deductions for any purpose a board determines serves a public purpose and benefits employees.

Delegation of authority from the Board of Regents to management to determine whether payroll deductions serve a proper public purpose and employee benefit will allow the addition of optional benefits for employees that can be paid through payroll deductions.

Legal Opinion Letter from the Office of General Counsel.

None

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 delegates its authority under Texas Education Code §51.9611, to the Chancellor, or his designee, including the authority to adopt policies and procedures governing payroll deductions which serve a public purpose and benefits employees.”

Jonathan Hoekstra, Vice Chancellor & Chief Financial Officer
October 21, 2022

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

Re: Authorize the Chancellor to adopt policies and procedures governing payroll deductions  

As requested, I have reviewed and considered the legal ramifications of authorizing the Chancellor, or his designee, to adopt policies and procedures governing payroll deductions.  

Generally, under Texas Government Code §659.002(a), an agency of the State of Texas may not make a deduction from the compensation paid to an employee whose compensation is paid from state funds, unless the deduction is authorized by law. However, Texas Education Code §51.9611, the Board of Regents may adopt policies and procedures governing payroll deductions which serve a public purpose and benefits employees, allowing employees of TSTC to elect said payroll deductions. Delegating this authority empowers the Chancellor, or his designee, to exercise said authority.  

Having reviewed relevant portions of the Texas Education Code and the Texas Government Code, it is my opinion that approval of the delegation of authority under Texas Education Code §51.9611, from the Board of Regents to the Chancellor, or his designee, including the authority to adopt policies and procedures governing payroll deductions which serve a public purpose and benefits employees, 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: Jonathan Hoekstra  
Vice Chancellor & Chief Financial Officer  

Ray Rushing, J.D.  
Vice Chancellor & Chief Legal Officer / General Counsel
## Texas State Technical College
### Operating Budget Performance
#### as of August 31, 2022

<table>
<thead>
<tr>
<th></th>
<th>FY 2022 Budget</th>
<th>FY 2022 Actual</th>
<th>% of Budget Utilized</th>
<th>NOTE</th>
<th>FY 2023 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Returned Value Formula Appropriations</td>
<td>69,916,159</td>
<td>69,916,159</td>
<td>100.0%</td>
<td></td>
<td>69,916,159</td>
</tr>
<tr>
<td>Special Items &amp; Other Appropriations</td>
<td>24,357,238</td>
<td>24,696,762</td>
<td>101.4%</td>
<td></td>
<td>24,681,894</td>
</tr>
<tr>
<td>Debt Service Appropriations</td>
<td>3,752,809</td>
<td>3,752,809</td>
<td>100.0%</td>
<td>1</td>
<td>2,984,557</td>
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<tr>
<td>HEAF Appropriations</td>
<td>8,662,500</td>
<td>8,662,500</td>
<td>100.0%</td>
<td></td>
<td>8,662,500</td>
</tr>
<tr>
<td>Benefits Appropriations</td>
<td>24,719,449</td>
<td>25,566,620</td>
<td>103.4%</td>
<td></td>
<td>25,190,449</td>
</tr>
<tr>
<td>Tuition</td>
<td>43,966,000</td>
<td>53,015,826</td>
<td>120.6%</td>
<td>2</td>
<td>55,387,500</td>
</tr>
<tr>
<td>Student Financial Aid</td>
<td>31,595,000</td>
<td>44,326,448</td>
<td>140.3%</td>
<td>3</td>
<td>35,765,009</td>
</tr>
<tr>
<td>Auxiliary Enterprises</td>
<td>9,003,284</td>
<td>9,270,981</td>
<td>103.0%</td>
<td>4</td>
<td>8,888,000</td>
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<tr>
<td>Fees &amp; Educational Sales</td>
<td>3,127,500</td>
<td>3,702,225</td>
<td>118.4%</td>
<td>2</td>
<td>3,032,500</td>
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<tr>
<td>Industry Relations</td>
<td>2,575,400</td>
<td>3,185,147</td>
<td>123.7%</td>
<td>4</td>
<td>2,006,800</td>
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<tr>
<td>Grants</td>
<td>15,431,075</td>
<td>30,556,541</td>
<td>198.0%</td>
<td>5</td>
<td>14,138,353</td>
</tr>
<tr>
<td>Contracts &amp; Other</td>
<td>2,408,366</td>
<td>3,232,949</td>
<td>134.2%</td>
<td></td>
<td>2,835,500</td>
</tr>
<tr>
<td><strong>Total Operating Revenues</strong></td>
<td>239,514,780</td>
<td>279,884,967</td>
<td>116.9%</td>
<td></td>
<td>253,489,221</td>
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<tr>
<td><strong>Operating Carryforward / Reserves</strong></td>
<td>976,157</td>
<td>5,500,000</td>
<td>8</td>
<td></td>
<td>4,909,498</td>
</tr>
<tr>
<td><strong>Operating Expenditures</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Instruction</td>
<td>61,223,499</td>
<td>64,860,734</td>
<td>105.9%</td>
<td>6</td>
<td>64,819,384</td>
</tr>
<tr>
<td>Student Financial Aid</td>
<td>36,860,968</td>
<td>55,304,333</td>
<td>150.0%</td>
<td>3</td>
<td>40,655,282</td>
</tr>
<tr>
<td>Statewide Benefits</td>
<td>30,937,761</td>
<td>30,659,164</td>
<td>99.1%</td>
<td>3</td>
<td>31,128,358</td>
</tr>
<tr>
<td>Finance</td>
<td>10,431,328</td>
<td>12,904,964</td>
<td>123.7%</td>
<td>6</td>
<td>11,995,656</td>
</tr>
<tr>
<td>External Relations</td>
<td>14,038,386</td>
<td>16,772,270</td>
<td>119.5%</td>
<td>6</td>
<td>15,649,860</td>
</tr>
<tr>
<td>Auxiliary Enterprises</td>
<td>9,333,756</td>
<td>9,104,775</td>
<td>97.5%</td>
<td>6</td>
<td>9,238,374</td>
</tr>
<tr>
<td>Enrollment Management</td>
<td>10,319,289</td>
<td>11,334,694</td>
<td>109.8%</td>
<td>6</td>
<td>12,085,396</td>
</tr>
<tr>
<td>Facilities &amp; Plant</td>
<td>13,475,359</td>
<td>14,932,277</td>
<td>110.8%</td>
<td>6</td>
<td>13,919,519</td>
</tr>
<tr>
<td>Facilities - Transfer to Capital</td>
<td>1,114,958</td>
<td>1,114,958</td>
<td>100.0%</td>
<td>5</td>
<td>5,614,958</td>
</tr>
<tr>
<td>Information Technology</td>
<td>9,964,988</td>
<td>11,803,285</td>
<td>118.4%</td>
<td>6</td>
<td>10,844,854</td>
</tr>
<tr>
<td>Statewide Administration</td>
<td>5,420,952</td>
<td>5,632,814</td>
<td>103.9%</td>
<td>5</td>
<td>5,901,887</td>
</tr>
<tr>
<td>Debt Service &amp; Leases</td>
<td>16,441,131</td>
<td>23,109,278</td>
<td>140.6%</td>
<td>7</td>
<td>15,171,063</td>
</tr>
<tr>
<td>Grants</td>
<td>12,928,562</td>
<td>23,021,481</td>
<td>178.1%</td>
<td>5</td>
<td>10,374,128</td>
</tr>
<tr>
<td>Strategic Pool (to be allocated)</td>
<td>8,000,000</td>
<td>6</td>
<td>11,000,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Operating Expenditures</strong></td>
<td>240,490,937</td>
<td>280,555,026</td>
<td>116.7%</td>
<td></td>
<td>258,398,719</td>
</tr>
<tr>
<td><strong>Operating Budget Margin (Deficit)</strong></td>
<td>-</td>
<td>4,829,941</td>
<td></td>
<td></td>
<td>0</td>
</tr>
</tbody>
</table>
Texas State Technical College
Operating Budget Performance
as of August 31, 2022

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

1) The initial Debt Service Budget in FY 2023 is less than the prior year, as twenty-year bonds from 2002 were paid in full in FY 2022. However, the actual debt service appropriations for FY 2023 will be much higher as TSTC receives the payment for the first year of CCAP debt service, estimated at $21 million.

2) Actual Tuition and Fee Revenue for FY 2022 exceeded budget by approximately 20%. The original Tuition Budget of $44 million was conservative, as uncertainties around the pandemic still had the potential for disruption when the budget was approved in August 2021. Enrollment has rebounded to pre-pandemic levels, and more emphasis on higher tier programs have contributed to the increased revenue now that enrollment has stabilized.

3) Student Financial Aid Revenue, as well as Student Financial Aid Expense, are both significantly higher than budgeted due to the infusion of CARES student grants. TSTC has awarded over $13.4 million of CARES student grants in FY 2022. These funds have a net zero impact on the Operating Budget as the revenue offsets the expense.

4) Other/supplemental revenue sources including Auxiliary Enterprises and Industry Relations saw a significant rebound in FY 22 (compared to pandemic lows) as enrollment has stabilized. The FY 2023 budgets for these revenue sources are conservative, and likely will be materially exceeded in FY 2023.

5) Grant Revenue, as well as Grant Expense, are both significantly higher than budgeted as execution of CARES Institutional grant projects was substantially completed in FY 2022. This variance was expected, and the majority of this grant activity has a net zero effect on the operating margin. Approximately $25 million in CARES Institutional funds were expended across all divisions in FY 2022, with a majority of the investments being made in instructional equipment and new teaching modalities.

6) Actual expenditures in the primary operating divisions of the College are mostly 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 causes no net increase to the budget as a whole. A majority of the expenditures funded from the strategic pool were utilized for faculty and staff pay raises and one-time supplemental payments, along with new positions added to meet the increased enrollment demand. Further, the Workday software implementation impacted the Finance and Information Technology divisions, as well.

7) TSTC paid off several smaller outstanding debts in FY 2022, causing an increase in actual debt service expenditures for the year. These early debt retirements create new capacity in the operating budgets in future year to better absorb the upcoming debt service for the CCAP/RFS bond issuance, which will fund major expansion projects across the state.

8) In March 2022, the Board of Regents approved a FY 2022 budget increase of $5.5 million for the early retirement of debt, including paying off the Fort Bend County campus lease and equipment lease purchases financed through the Texas Public Finance Authority. This increase is classified as usage of reserves, and is reflected accordingly as an increase to current year operating funds.
# Texas State Technical College

## Pledged Collateral Report

**August 31, 2022**

## 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>16,430,263</td>
<td>290,214</td>
<td>16,720,477</td>
<td>500,000</td>
<td>16,220,477</td>
<td>34,500,000</td>
<td>18,279,523</td>
</tr>
<tr>
<td>Frost Bank - Harlingen/Fort Bend</td>
<td>98,953</td>
<td>-</td>
<td>98,953</td>
<td>250,000</td>
<td>-</td>
<td>443,787</td>
<td>594,834</td>
</tr>
<tr>
<td>Texas National Bank - Sweetwater</td>
<td>27,375</td>
<td>-</td>
<td>27,375</td>
<td>250,000</td>
<td>-</td>
<td>-</td>
<td>222,625</td>
</tr>
<tr>
<td>Texas Bank &amp; Trust - Marshall</td>
<td>29,413</td>
<td>-</td>
<td>29,413</td>
<td>250,000</td>
<td>-</td>
<td>-</td>
<td>220,587</td>
</tr>
<tr>
<td>Citizens National Bank - Red Oak</td>
<td>11,978</td>
<td>-</td>
<td>11,978</td>
<td>250,000</td>
<td>-</td>
<td>-</td>
<td>238,022</td>
</tr>
<tr>
<td>Prosperity Bank - Abilene</td>
<td>12,426</td>
<td>-</td>
<td>12,426</td>
<td>250,000</td>
<td>-</td>
<td>-</td>
<td>237,574</td>
</tr>
<tr>
<td>Texas Bank - Brownwood</td>
<td>15,172</td>
<td>-</td>
<td>15,172</td>
<td>250,000</td>
<td>-</td>
<td>-</td>
<td>234,828</td>
</tr>
<tr>
<td>InterBank - Breckenridge</td>
<td>10,433</td>
<td>-</td>
<td>10,433</td>
<td>250,000</td>
<td>-</td>
<td>-</td>
<td>239,567</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>5,946,519</td>
<td>-</td>
<td>5,946,519</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>No Collateral Required</td>
</tr>
<tr>
<td>TexasTerm (Government Pool)</td>
<td>30,563,745</td>
<td>-</td>
<td>30,563,745</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>No Collateral Required</td>
</tr>
<tr>
<td>TexPool (Government Pool)</td>
<td>11,087,059</td>
<td>-</td>
<td>11,087,059</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>No Collateral Required</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>64,233,336</strong></td>
<td><strong>601,003</strong></td>
<td><strong>64,834,339</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></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 held in an insured depository institution within the State in which the public unit is located are added together and insured up to $250,000. The term “demand deposits” means both interest-bearing and noninterest-bearing deposits.
## TEXAS STATE TECHNICAL COLLEGE
### Quarterly Investment Report
### As of August 31, 2022

<table>
<thead>
<tr>
<th>Description</th>
<th>Ending Value as of 8/31/21</th>
<th>Ending Value as of 5/31/22</th>
<th>Ending Value as of 8/31/22</th>
<th>Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Funds</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash in State Treasury</td>
<td>9,999,676</td>
<td>12,330,793</td>
<td>5,946,519</td>
<td>1.86%</td>
</tr>
<tr>
<td>Statewide Operating</td>
<td>22,996,253</td>
<td>14,637,020</td>
<td>12,455,866</td>
<td>2.25%</td>
</tr>
<tr>
<td>Harlingen - Local Operating</td>
<td>49,241</td>
<td>43,233</td>
<td>53,689</td>
<td>0.01%</td>
</tr>
<tr>
<td>Waco - Local Operating</td>
<td>3,001</td>
<td>-</td>
<td>-</td>
<td>2.25%</td>
</tr>
<tr>
<td>Sweetwater - Local Operating</td>
<td>26,918</td>
<td>26,471</td>
<td>27,375</td>
<td>2.63%</td>
</tr>
<tr>
<td>Marshall - Local Operating</td>
<td>27,086</td>
<td>26,821</td>
<td>29,413</td>
<td>0.05%</td>
</tr>
<tr>
<td>Fort Bend - Local Operating</td>
<td>26,023</td>
<td>26,565</td>
<td>45,264</td>
<td>0.00%</td>
</tr>
<tr>
<td>Brownwood - Local Operating</td>
<td>10,990</td>
<td>10,992</td>
<td>15,172</td>
<td>0.01%</td>
</tr>
<tr>
<td>System - Local Operating</td>
<td>3,001</td>
<td>-</td>
<td>-</td>
<td>2.25%</td>
</tr>
<tr>
<td>Abilene - Local Operating</td>
<td>11,002</td>
<td>12,420</td>
<td>12,426</td>
<td>0.20%</td>
</tr>
<tr>
<td>North Texas - Local Operating</td>
<td>11,002</td>
<td>11,001</td>
<td>11,978</td>
<td>0.30%</td>
</tr>
<tr>
<td>Breckenridge - Local Operating</td>
<td>10,001</td>
<td>10,008</td>
<td>10,433</td>
<td>0.10%</td>
</tr>
<tr>
<td>Payroll</td>
<td>6,177,035</td>
<td>3,473,073</td>
<td>3,970,759</td>
<td>2.25%</td>
</tr>
<tr>
<td>Federal Funds</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>0.00%</td>
</tr>
<tr>
<td>TexasTerm - Pool</td>
<td>20,411,162</td>
<td>30,445,397</td>
<td>30,563,745</td>
<td>2.11%</td>
</tr>
<tr>
<td><strong>Total Operating Funds</strong></td>
<td>59,762,401</td>
<td>61,053,804</td>
<td>53,142,649</td>
<td></td>
</tr>
<tr>
<td><strong>Endowment Funds</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank of America - CD</td>
<td>10,000</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>99,215</td>
<td>0.50%</td>
</tr>
<tr>
<td>FNB Central Texas - MMKT</td>
<td>284,527</td>
<td>289,072</td>
<td>290,214</td>
<td>0.00%</td>
</tr>
<tr>
<td>Extraco Banks, N.A. - CD</td>
<td>195,572</td>
<td>191,574</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>10,000</td>
<td>2.62%</td>
</tr>
<tr>
<td><strong>Total Endowment Funds</strong></td>
<td>599,314</td>
<td>599,861</td>
<td>601,003</td>
<td></td>
</tr>
<tr>
<td><strong>Bond Proceeds</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FNB Central Texas</td>
<td>26,940</td>
<td>3,614</td>
<td>3,628</td>
<td>2.25%</td>
</tr>
<tr>
<td>TexPool</td>
<td>19,744,821</td>
<td>13,379,378</td>
<td>11,087,059</td>
<td>1.52%</td>
</tr>
<tr>
<td><strong>Total Bond Proceeds</strong></td>
<td>19,771,761</td>
<td>13,382,992</td>
<td>11,090,687</td>
<td></td>
</tr>
<tr>
<td><strong>Total All Investments</strong></td>
<td>80,133,476</td>
<td>75,036,657</td>
<td>64,834,339</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>4/5/2023</td>
<td>365</td>
<td>0.50%</td>
<td>Endowment</td>
</tr>
<tr>
<td>FNB - Albany/Breckenridge</td>
<td>34,215</td>
<td>4/13/2023</td>
<td>365</td>
<td>0.50%</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>
<tr>
<td><strong>Total Time Deposits</strong></td>
<td><strong>310,789</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Weighted Average Maturity (Time Deposits):** 377 days  
**Weighted Average Rate of Interest (All Investments):** 1.94%  
  
  - Current One Year Treasury Bill Rate: 3.50%  
  - Lipper Money Market Funds Average Return (1 YR): 0.09%  

**FY 2022 Interest Received and Accrued (All Investments):** 427,297  

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).

Anju Motwani, Vice President & Controller  
Date: 11/1/22

Jonathan Hoekstra, Chief Financial Officer  
Date: 11/1/22
October 10, 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 August 31, 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 2023

<table>
<thead>
<tr>
<th>Bonds</th>
<th>FY 2023 Debt Service</th>
<th>Source of Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constitutional Appropriation Series 2016 Bonds (HEAF)</td>
<td>2,971,600</td>
<td>pledged appropriation</td>
</tr>
<tr>
<td>RFS Series 2016 Bonds (Tuition / Local Revenue)</td>
<td>5,253,756</td>
<td>line-item appropriation (57%)</td>
</tr>
<tr>
<td>RFS Series 2020 Bond (Local Revenue)</td>
<td>3,396,788</td>
<td>other discretionary funds</td>
</tr>
<tr>
<td>RFS Series 2022A Refunding Bonds (Local Revenue)</td>
<td>1,549,779</td>
<td>other discretionary funds (57%)</td>
</tr>
<tr>
<td>Lease Purchase (Griffith Hall)</td>
<td>1,371,709</td>
<td>partner contributions (43%)</td>
</tr>
</tbody>
</table>

TOTAL: $14,543,632
# Texas State Technical College
## Summary of Outstanding Debt as of August 31, 2022

<table>
<thead>
<tr>
<th>Bonds</th>
<th>Outstanding Principal</th>
<th>Interest Rate</th>
<th>Maturity Date</th>
</tr>
</thead>
<tbody>
<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>RFS Series 2022 Refunding Bond (Local Revenue)</td>
<td>17,090,000</td>
<td>2.31%</td>
<td>August 2036</td>
</tr>
<tr>
<td><strong>Total Bonds</strong></td>
<td><strong>99,935,000</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Lease Purchases</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>TSTC Foundation, 2020 (Housing - Waco)</td>
<td>20,853,866</td>
</tr>
<tr>
<td><strong>Total Lease Purchases</strong></td>
<td><strong>20,853,866</strong></td>
</tr>
</tbody>
</table>

**Total Outstanding Debt:** $120,788,866

---

**Total Outstanding Debt as of August 31, 2022:**

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<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>
</tr>
<tr>
<td>2021</td>
<td>140,355,014</td>
</tr>
<tr>
<td>2022</td>
<td>120,788,866</td>
</tr>
</tbody>
</table>
### TSTC Bond Ratings as of September 30, 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>
</tr>
</thead>
<tbody>
<tr>
<td>2016 HEAF</td>
<td>AAA</td>
<td>AAA</td>
<td>Aaa</td>
<td>Prime</td>
</tr>
<tr>
<td>2016 RFS</td>
<td>AA+</td>
<td>AA+</td>
<td>Aa1</td>
<td></td>
</tr>
<tr>
<td>2022 RFS</td>
<td>AA</td>
<td>AA</td>
<td>Aa2</td>
<td>High Grade</td>
</tr>
<tr>
<td>2022A RFS</td>
<td>AA-</td>
<td>AA-</td>
<td>Aa3</td>
<td></td>
</tr>
<tr>
<td>A+</td>
<td>A+</td>
<td>A1</td>
<td></td>
<td>Upper Medium Grade</td>
</tr>
<tr>
<td>A</td>
<td>A</td>
<td>A2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A-</td>
<td>A-</td>
<td>A3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BBB+</td>
<td>BBB+</td>
<td>Baa1</td>
<td></td>
<td>Below Investment Grade / Speculative</td>
</tr>
<tr>
<td>BBB</td>
<td>BBB</td>
<td>Baa2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BBB-</td>
<td>BBB-</td>
<td>Baa3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BB+</td>
<td>BB+</td>
<td>Ba1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BB</td>
<td>BB</td>
<td>Ba2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BB-</td>
<td>BB-</td>
<td>Ba3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B+</td>
<td>B+</td>
<td>B1</td>
<td></td>
<td>Highly Speculative</td>
</tr>
<tr>
<td>B</td>
<td>B</td>
<td>B2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B-</td>
<td>B-</td>
<td>B3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CCC+</td>
<td>CCC+</td>
<td>Caa1</td>
<td></td>
<td>Substantial Risks / Extremely Speculative</td>
</tr>
<tr>
<td>CCC</td>
<td>CCC</td>
<td>Caa2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CCC-</td>
<td>CCC-</td>
<td>Caa3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CC</td>
<td>CC</td>
<td>Ca</td>
<td></td>
<td>Default Imminent</td>
</tr>
<tr>
<td>C</td>
<td>C</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DDD</td>
<td>SD</td>
<td>C</td>
<td></td>
<td>In Default</td>
</tr>
<tr>
<td>DD</td>
<td>D</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Rating Outlook Summary:**

2016 HEAF Bonds: Rated on the credit of the State of Texas, as pledged 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 Fitch rate all three issuances of RFS bonds; Outlook from Moody's is **NEGATIVE**, outlook from Fitch is **STABLE**.
# Quarterly Report for Contracts > $1 Million

As of August 31, 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 for Various Civil and Ancillary Projects at TSTC in Waco</td>
<td>$12,391,258</td>
<td>3/29/2021</td>
<td>5/11/2023</td>
</tr>
<tr>
<td>Incline Alchemy Workday Implementation Partner Agreement</td>
<td>$9,746,120</td>
<td>9/30/2020</td>
<td>9/30/2025</td>
</tr>
<tr>
<td>Cavallo Energy Texas LLC Utility Services</td>
<td>$8,254,025</td>
<td>1/1/2019</td>
<td>12/31/2023</td>
</tr>
<tr>
<td>Trane US Inc. PACT Agreement TSTC in Waco</td>
<td>$7,971,315</td>
<td>7/30/2010</td>
<td>6/30/2027</td>
</tr>
<tr>
<td>Asher Media Advertising Services Agreement</td>
<td>$6,222,000</td>
<td>9/1/2019</td>
<td>8/31/2023</td>
</tr>
<tr>
<td>Workday Incorporated Enterprise Resource Planning System</td>
<td>$5,380,360</td>
<td>10/18/2019</td>
<td>7/1/2024</td>
</tr>
<tr>
<td>Texas General Land Office Utility Services</td>
<td>$3,323,362</td>
<td>9/1/2009</td>
<td>8/31/2023</td>
</tr>
<tr>
<td>Hyland LLC Perceptive Content Software Maintenance and Support Agreement</td>
<td>$2,570,747</td>
<td>8/12/2009</td>
<td>8/31/2023</td>
</tr>
<tr>
<td>King Consultants Abatement and Demo Project Agreement TSTC in Waco</td>
<td>$2,563,910</td>
<td>3/20/2020</td>
<td>3/1/2023</td>
</tr>
<tr>
<td>Imperial Construction Kultgen Automotive PBE Renovations at TSTC in Waco</td>
<td>$2,210,905</td>
<td>1/28/2022</td>
<td>2/3/2023</td>
</tr>
<tr>
<td>Technical Laboratory Systems Smart Grid Technology Learning Systems</td>
<td>$2,062,865</td>
<td>12/15/2021</td>
<td>9/15/2022</td>
</tr>
<tr>
<td>Ellucian Company LP Colleague Enterprise Resource Planning System</td>
<td>$1,967,877</td>
<td>9/1/2020</td>
<td>8/31/2023</td>
</tr>
<tr>
<td>Technical Laboratory Systems Amatrol Learning Systems</td>
<td>$1,679,100</td>
<td>12/15/2021</td>
<td>9/15/2022</td>
</tr>
<tr>
<td>EdFinancial Holdings LLC Call Center &amp; Verification Services</td>
<td>$1,449,108</td>
<td>9/1/2018</td>
<td>8/31/2023</td>
</tr>
<tr>
<td>PBK Inc. A/E Services Waco Demolition and Campus Master Plan TSTC in Waco</td>
<td>$1,423,263</td>
<td>7/18/2019</td>
<td>7/18/2024</td>
</tr>
<tr>
<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>
</tr>
<tr>
<td>Texas Education Agency Calibrate Labor Market Analysis Tool Revenue Agreement</td>
<td>$1,212,964</td>
<td>9/1/2019</td>
<td>8/31/2022</td>
</tr>
<tr>
<td>Salesforce.com, Inc. Master Service Agreement</td>
<td>$1,199,006</td>
<td>3/1/2021</td>
<td>8/31/2024</td>
</tr>
<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>
</tr>
<tr>
<td>PBK Inc. A/E Services JBC 1st and 2nd Floor Renovations TSTC in Waco</td>
<td>$1,142,000</td>
<td>10/11/2021</td>
<td>6/30/2024</td>
</tr>
</tbody>
</table>

The contracts above include current contracts over one million dollars for the purchase or sale of goods or services.
Texas State Technical College
Quarterly Real Estate Lease Report for Minute Order 15-21
As of August 31, 2022

<table>
<thead>
<tr>
<th>Name of Lease</th>
<th>Amount of Lease</th>
<th>Start Date</th>
<th>Term Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

No leases to report

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

TO:  Texas State Technical College, Board of Regents
FROM: Mike Reeser, Chief Executive Officer
DATE: October 20, 2022
RE: Chief Executive Officer Reporting Requirements under Tex. Educ. Code § 51.253(c)

Under the Texas Education Code (TEC), Section 51.253(c), the institution’s Chief Executive Officer is required to submit a report at least once during each fall or spring semester to the institution’s governing body and post on the institution’s internet website a report concerning the reports received by employees under the TEC, Section 51.252, concerning “sexual harassment,” “sexual assault,” “dating violence,” or “stalking” as defined in the TEC, Section 51.251, and any disciplinary actions taken under TEC, Section 51.255.

For the purposes of complying with the Chief Executive Officer’s reporting requirements under TEC, Section 51.253(c), the attached summary data report\(^1\) includes all of the required reporting information to the TSTC Board of Regents for the time period of October 2021 through September 2022. The summary data report is categorized based on the reporting requirements under TEC, Section 51.253(c). The reports received may be applicable in multiple reporting categories, and therefore, the summary data in the categories may not add up to the totals of other categories.

The summary data report is also posted on the institution’s website as per the public reporting requirements under TEC, Section 51.253(c) at https://www.tstc.edu/student-life/student-policies/title-ix/ (Resources section, Learning More option).

Note: Any additional reports received by the Title IX Coordinator that do not meet the required reporting criteria in the Texas Education Code have been omitted for the compliance purposes of this specific report.

---
\(^1\) When identifiable, duplicate reports were consolidated and counted as one report in the summary data, and confidential employee reporting is noted as a sub-set to the total number of reports received.
# CEO Summary Data Report

Includes: Harlingen, Waco, Abilene, Breckenridge, Brownwood, Sweetwater, Hutto, North Texas, Marshall, Fort Bend

October 2021 - September 2022

## Texas Education Code, Section 51.252

<table>
<thead>
<tr>
<th>Description</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of reports received under Section 51.252</td>
<td>32</td>
</tr>
<tr>
<td>Number of confidential reports under Section 51.252</td>
<td>0</td>
</tr>
<tr>
<td>Number of investigations conducted under Section 51.252</td>
<td>10</td>
</tr>
<tr>
<td>Disposition of any disciplinary processes for reports under Section 51.252:</td>
<td></td>
</tr>
<tr>
<td>a. Concluded, No Finding of Policy Violation</td>
<td>3</td>
</tr>
<tr>
<td>b. Concluded, with Employee Disciplinary Sanction</td>
<td>2</td>
</tr>
<tr>
<td>c. Concluded, with Student Disciplinary Sanction</td>
<td>6</td>
</tr>
<tr>
<td>d. SUBTOTAL</td>
<td>11</td>
</tr>
</tbody>
</table>

| Number of reports under Section 51.252 for which the institution determined not to initiate a disciplinary process | 6 |

## Texas Education Code, Section 51.255

<table>
<thead>
<tr>
<th>Description</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of reports received that include allegations of an employee’s failure to report or who submits a false report to the institution under Section 51.255(a)</td>
<td>1</td>
</tr>
<tr>
<td>Any disciplinary action taken, regarding failure to report or false reports to the institution under Section 51.255(c):</td>
<td></td>
</tr>
<tr>
<td>a. Employee termination</td>
<td>1</td>
</tr>
<tr>
<td>b. Institutional intent to termination, in lieu of employee resignation</td>
<td>0</td>
</tr>
</tbody>
</table>

---

2 “Number of confidential reports” is a sub-set of the total number of reports that were received under Section 51.252, by a confidential employee or office (e.g., Counseling Center, Student Health Center, Victim Advocate for Students, or Student Ombuds).

3 “Disposition” means “final result under the institution’s disciplinary process” as defined in the Texas Higher Education Coordinating Board’s (THECB) rules for TEC, Section 51.259 [See 19 Texas Administrative Code, Section 3.6(3) (2019)]; therefore, pending disciplinary processes will not be listed until the final result is rendered.
Committee Chair Comments

Minute Orders:
Proposed MO#

None.

Reports:

1. Major Facility Projects Status Update
   Rick Herrera

2. Deferred Maintenance Projects Summary
   Rick Herrera
<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>1</td>
<td>Abate and Demo Airforce Base Projects</td>
<td>Waco</td>
<td>RFQ/RFP</td>
<td>Appropriations 29,644,640&lt;br/&gt;Local Funds 100,000&lt;br/&gt;Bond Funds 1,150,000&lt;br/&gt;Total Funds 30,894,640</td>
<td>Contracted and Obligated $18,436,606&lt;br/&gt;CMR Civil and Ancillary Projects $12,391,258&lt;br/&gt;Owner’s Reserve (Balance) $66,776</td>
<td>Concept&lt;br/&gt;A/E Contract&lt;br/&gt;Project and Budget&lt;br/&gt;Abate and Demo Contract&lt;br/&gt;Amended Budget</td>
<td>88%</td>
</tr>
<tr>
<td>2</td>
<td>Campus Wide Drainage Project</td>
<td>Waco</td>
<td>Unfunded</td>
<td>Engineering Design 2,074,290&lt;br/&gt;Construction Costs $1,726,290&lt;br/&gt;Owner’s Cost $43,000&lt;br/&gt;Total Budget $2,074,290</td>
<td>$305,000&lt;br/&gt;$1,726,290&lt;br/&gt;$43,000</td>
<td>Project and Budget</td>
<td>0%</td>
</tr>
<tr>
<td>3</td>
<td>Griffith Hall</td>
<td>Waco</td>
<td>Design Build</td>
<td>TSTC Foundation 21,900,000&lt;br/&gt;Design Build GMP $20,930,009&lt;br/&gt;Owner’s Reserve (Balance) $662,088&lt;br/&gt;Total Budget $21,900,000</td>
<td>$20,930,009&lt;br/&gt;$662,088</td>
<td>Concept to Lease Land&lt;br/&gt;Ground Lease&lt;br/&gt;Master Lease</td>
<td>97%</td>
</tr>
<tr>
<td>4</td>
<td>EEC &amp; TSC Building Renovations</td>
<td>Waco</td>
<td>A/E-CMaR</td>
<td>EDA Grant 3,500,000&lt;br/&gt;TSTC Matching Funds 2,585,000&lt;br/&gt;Bond Funds 6,000,000&lt;br/&gt;Total 12,085,000</td>
<td>A/E $356,000&lt;br/&gt;Construction Costs $4,867,000&lt;br/&gt;Owner’s Cost $862,000&lt;br/&gt;Owner’s Reserve (Balance) $6,000,000&lt;br/&gt;Total $12,085,000</td>
<td>Pursuit of EDA Grant&lt;br/&gt;Project and Budget&lt;br/&gt;Contracts &gt; $1M&lt;br/&gt;Amended Budget&lt;br/&gt;Approve Amended Budget&lt;br/&gt;Complete Project</td>
<td>6%</td>
</tr>
<tr>
<td>5</td>
<td>JBC Renovation Multipurpose Event Center</td>
<td>Waco</td>
<td>A/E-CMaR</td>
<td>HEAL &amp; Local Bonds 5,200,000&lt;br/&gt;Bond Funds 7,800,000&lt;br/&gt;Bond Funds 1,700,000&lt;br/&gt;Total 14,700,000</td>
<td>Architectural Services $800,000&lt;br/&gt;Construction Contract $10,500,000&lt;br/&gt;Owner’s Reserve (Balance) $3,400,000&lt;br/&gt;Total $14,700,000</td>
<td>Concept&lt;br/&gt;Project and Budget&lt;br/&gt;Amended Budget&lt;br/&gt;Complete Project</td>
<td>6%</td>
</tr>
<tr>
<td>6</td>
<td>TSTC Portion of North Interceptor Joint Effort</td>
<td>TBD</td>
<td>Local Bonds 2020</td>
<td>1,500,000&lt;br/&gt;Total 1,500,000</td>
<td>Total Budget $1,500,000</td>
<td>Concept&lt;br/&gt;Project and Budget&lt;br/&gt;Complete Project</td>
<td>0%</td>
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<tr>
<td>7</td>
<td>Plumbing Testing Center</td>
<td>Harlingen</td>
<td>A/E-CMaR</td>
<td>Bond Funds 1,930,500</td>
<td>Architectural Services $1,930,500&lt;br/&gt;Construction Contract $1,930,500&lt;br/&gt;Owner’s Reserve (Balance) $1,930,500&lt;br/&gt;Total $1,930,500</td>
<td>Concept&lt;br/&gt;Project, Budget, Cont. &gt; $1M&lt;br/&gt;Complete Project</td>
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<tr>
<td>8</td>
<td>20ME Renovation Multipurpose Event Center</td>
<td>Harlingen</td>
<td>A/E-CMaR</td>
<td>Total</td>
<td>Architectural Services&lt;br/&gt;Construction Contract&lt;br/&gt;Owner’s Reserve (Balance)&lt;br/&gt;Total</td>
<td>$</td>
<td>Concept&lt;br/&gt;Complete Project</td>
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</table>
## Major Projects Report November 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>9</td>
<td>Capital Construction Assistance Project</td>
<td>Abilene</td>
<td>RFQ, RFQ, A/E-CMaR</td>
<td>CCAP Appropriations, Bond Funds</td>
<td>Architectural Pre Design $90,395, Construction Management - $ - Construction Services - $ - Construction Contract - $ - Owner's Reserve (Balance) $2,400,000, Total Budget $24,090,395</td>
<td>Concept &amp; Contracts MO 46-21 Contracts &gt; $1M MO FAC 03-22 Project, Budget, Cont. &gt; $1M MO FAC 09-22</td>
<td>0.38%</td>
</tr>
<tr>
<td>10</td>
<td>Capital Construction Assistance Project</td>
<td>EWCHEC</td>
<td>RFQ, RFQ, A/E-CMaR</td>
<td>CCAP Appropriations, Bond Funds</td>
<td>Architectural Pre Design $240,200, Construction Management - $ - Construction Services - $ - Construction Contract - $ - Owner's Reserve (Balance) $65,000,000, Total Budget $65,240,200</td>
<td>Concept &amp; Contracts MO 46-21 Contracts &gt; $1M MO FAC 03-22 Project, Budget, Cont. &gt; $1M MO FAC 10-22</td>
<td>0.37%</td>
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<tr>
<td>11</td>
<td>Capital Construction Assistance Projects</td>
<td>Fort Bend</td>
<td>RFQ, RFQ, A/E-CMaR</td>
<td>CCAP Appropriations, Bond Funds</td>
<td>Architectural Pre Design $257,500, Construction Management - $ - Construction Services - $ - Construction Contract - $ - Owner's Reserve (Balance) $54,000,000, Total Budget $54,257,500</td>
<td>Concept &amp; Contracts MO 46-21 Contracts &gt; $1M MO FAC 03-22 Project, Budget, Cont. &gt; $1M MO FAC 14-22</td>
<td>0.47%</td>
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<tr>
<td>12</td>
<td>Capital Construction Assistance Projects</td>
<td>Harlingen</td>
<td>RFQ, RFQ, A/E-CMaR</td>
<td>CCAP Appropriations, Bond Funds</td>
<td>Architectural Pre Design $406,600, Construction Management - $ - Construction Services - $ - Construction Contract - $ - Owner's Reserve (Balance) $64,395,000, Total Budget $64,395,000</td>
<td>Concept &amp; Contracts MO 46-21 Contracts &gt; $1M MO FAC 03-22 Project, Budget, Cont. &gt; $1M MO FAC 13-22</td>
<td>0.63%</td>
</tr>
<tr>
<td>13</td>
<td>Capital Construction Assistance Project</td>
<td>Marshall</td>
<td>RFQ, RFQ, A/E-CMaR</td>
<td>CCAP Appropriations, Bond Funds</td>
<td>Architectural Pre Design $101,500, Construction Management - $ - Construction Services - $ - Construction Contract - $ - Owner's Reserve (Balance) $10,000,000, Total Budget $10,101,500</td>
<td>Concept &amp; Contracts MO 46-21 Contracts &gt; $1M MO FAC 03-22 Project, Budget, Cont. &gt; $1M MO FAC 11-22</td>
<td>1.00%</td>
</tr>
<tr>
<td>14</td>
<td>Capital Construction Assistance Project</td>
<td>North Texas</td>
<td>RFQ, RFQ, A/E-CMaR</td>
<td>CCAP Appropriations, Bond Funds, Unfunded</td>
<td>Architectural Pre Design $109,750, Construction Management - $ - Construction Services - $ - Construction Contract - $ - Owner's Reserve (Balance) $49,980,000, Total Budget $50,089,750</td>
<td>Concept &amp; Contracts MO 46-21 Contracts &gt; $1M MO FAC 03-22 Project, Budget, Cont. &gt; $1M MO FAC 15-22</td>
<td>0.22%</td>
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<tr>
<td>#</td>
<td>Project Name</td>
<td>Campus</td>
<td>Delivery Method</td>
<td>Fund Source</td>
<td>Cost Allocation</td>
<td>Required Approvals</td>
<td>% Complete</td>
</tr>
<tr>
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</tr>
<tr>
<td>15</td>
<td>Capital Construction Assistance Project</td>
<td>Waco</td>
<td>RFQ, RFQ, A/E-CMaR</td>
<td>CCAP Appropriations, Bond Funds</td>
<td>Architectural Pre Design: $405,000, Construction Management: $-</td>
<td>Concept &amp; Contracts: MO46-21, Contracts &gt; $1M: MO FAC 03-22, Project, Budget, Cont. &gt; $1M: MO FAC 12-22</td>
<td>0.56%</td>
</tr>
<tr>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Central Texas ITC</td>
<td>Waco</td>
<td>A/E-CMaR</td>
<td>TSTC Foundation</td>
<td>Construction Management: $17,000,000, Architectural Services: $-</td>
<td></td>
<td>0%</td>
</tr>
</tbody>
</table>

Total Fund Source: $442,663,775, Total Cost Allocation: $442,663,775
# TSTC Statewide Maintenance and Deferred Maintenance for FY 23

<table>
<thead>
<tr>
<th>CAMPUS</th>
<th>TOTAL MAINTENANCE</th>
<th>MAINTENANCE BUDGETED</th>
<th>DEFERRED MAINTENANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>HARLINGEN</td>
<td>$11,634,910</td>
<td>$1,150,000</td>
<td>$10,484,910</td>
</tr>
<tr>
<td>WEST TEXAS</td>
<td>$8,681,000</td>
<td>$1,050,000</td>
<td>$7,631,000</td>
</tr>
<tr>
<td>MARSHALL</td>
<td>$818,630</td>
<td>$300,000</td>
<td>$518,630</td>
</tr>
<tr>
<td>FORT BEND</td>
<td>$895,000</td>
<td>$210,000</td>
<td>$685,000</td>
</tr>
<tr>
<td>NORTH TEXAS</td>
<td>$312,000</td>
<td>$180,000</td>
<td>$127,000</td>
</tr>
<tr>
<td>EYECHEC</td>
<td>$680,000</td>
<td>$180,000</td>
<td>$500,000</td>
</tr>
<tr>
<td>WACO</td>
<td>$27,769,030</td>
<td>$1,450,000</td>
<td>$26,319,030</td>
</tr>
<tr>
<td>*TSTC Waco Airport</td>
<td>$3,773,170</td>
<td>$350,000</td>
<td>$3,423,170</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>$54,563,740</td>
<td>$4,875,000</td>
<td>$49,688,740</td>
</tr>
</tbody>
</table>

* Airport Funds include dollars allocated from FAA/TXDOT/Local Funds

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### Graph

- **TOTAL MAINTENANCE**
- **MAINTENANCE BUDGETED**
- **DEFERRED MAINTENANCE**

- **HARLINGEN**
- **WEST TEXAS**
- **MARSHALL**
- **FORT BEND**
- **NORTH TEXAS**
- **EYECHEC**
- **WACO**
- **TSTC Waco Airport**
- **Totals**
Committee Chair Comments

Minute Orders:
Proposed MO#  

GA 02-22(c)  Approve The TSTC Foundation Operating Plan for the Period  
September 1, 2022 to August 31, 2023  41  
Gail Lawrence

Reports:

Legislative Oral Report  Gail Lawrence
Proposed Minute Order #: GA 02-22(c)

Subject: Approve The TSTC Foundation Operating Plan for the Period September 1, 2022 to August 31, 2023

Background: The TSTC Foundation, chartered for the sole purpose of assisting Texas State Technical College (TSTC) and its students, seeks the approval of its operating plan for Fiscal Year 2023. The TSTC Foundation and TSTC administration have reviewed and recommend approval of the plan.

Justification: The special provisions relating only to components of Texas State Technical College in the General Appropriations Act, approved by the Texas Legislature biennially, contain the provision that the TSTC Board of Regents must approve a satisfactory annual operating plan for a foundation that uses any of the College’s assets or facilities.

Additional Information: TSTC Administration has reviewed the plan and believes that the Board of Regents will find it to be acceptable and in the best interest of TSTC.

Fiscal Implications: None.

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

Attachment(s): The TSTC Foundation Annual Operating Plan September 1, 2022 – August 31, 2023.

Recommended Minute Order: “The Texas State Technical College Board of Regents approves The TSTC Foundation Operating Plan for the period September 1, 2022 to August 31, 2023.”

Recommended By: Gail Lawrence, Deputy Chancellor & Executive Vice Chancellor
The TSTC Foundation was created to be independent of Texas State Technical College to accomplish several objectives that could not be done otherwise: when individuals or organizations wish to contribute money or other resources to TSTC, The Foundation can accept the gift and offer a tax deduction. Additionally, The TSTC Foundation assists the College by providing funding for scholarships and other significant purposes, investing gifts and donations, building relationships, collaborating with individuals and external entities, and by providing financing arrangements for capital projects.

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

The relationship between TSTC and The TSTC Foundation is specified in writing through a mutually approved memorandum of understanding. In this agreement, The Foundation agrees to provide support to the College in accordance with the provisions of its Articles of Incorporation, Charter, and Bylaws. This includes, but is not limited to, raising, receiving, acknowledging, investing, accounting for, and administering funds for the College to use for operational and educational purposes, as well as for legislative support. The agreement specified in-kind support from TSTC in the form of building, equipment, and employees.

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

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

The TSTC Foundation plays a key role for ERD as the fundraising arm of the division. Our priority to scale operations for growth will facilitate our contribution to TSTC’s mission.
FISCAL YEAR 22 RECAP

The past fiscal year garnered tremendous growth and change. The Foundation has raised more cash gifts than ever before, however, we also experienced significant hardships due to staff turnover. This required The Foundation to focus on staffing solutions, process improvements and efficiency.

On the fundraising front, our donors showed us that they have an appetite for supporting TSTC in innovative ways when given the opportunity. The Annual Corporate Campaign soft-launched in spring 2022 redefining our relationship with industry partners. The new effort focuses on a tiered benefit recognition program intended to attract new relationships and reinvigorate existing donors. This campaign, and the overall combined efforts of the External Relations Division, contributed to a 33% increase in overall donors. Further, we are poised to commence with the first statewide capital campaign initiative designed to contribute to the College’s imminent growth plan.

Though The Foundation is currently challenged with several open staff positions, the team continues to adapt and recover quickly to deliver the best possible service to fulfill our mission “to foster relationships with Texas leaders and alumni to support TSTC’s visionary success.”
THE TSTC FOUNDATION

Institutional Advancement is the strategic, integrated method of managing relationships to increase understanding and support among the College’s key constituents including alumni, industry partners, government policy makers, the media, members of the community, and philanthropic entities of all types.

The primary core disciplines of Institutional Advancement are alumni relations, communications, marketing, and fundraising. Advancement professionals work on behalf of educational institutions to:

1. Secure private financial support from potential donors committed to the mission of the institution.
2. Engage alumni in the life of the institution as volunteers, advocates, and supporters.
3. Promote the institution to prospective students, their parents, and others.
4. Communicate about the institution with those who have a stake in its success including community members, business leaders, government officials, the press, and others.

The Departments within The TSTC Foundation are:

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

2. **Field Development**
   Field Development Officers (FDOs) are responsible for gathering voluntary contributions of capital, cash, or in-kind gifts from individuals, businesses, industry partners, or charitable foundations. The FDOs also identify leads for our work within the External Relations Division (ERD) partners.
GOALS FOR 2022-2023

1. Increase cash gifts by 20%.
2. Recover 20% of all lapsed donors.
3. Maintain donor retention rate of 50%.
4. Implement a donor acquisition plan.
5. Launch multi-year Capital Construction Assistance Projects (CCAP) campaign.

STRATEGIES FOR 2022-2023

Increase Cash Gifts by 20%

1. Hard-launch the Annual Corporate Campaign and pursue donors targeted through extensive research earmarking first-time donors and strategically aligning existing partners with desired benefits.
2. Launch a Council of Advocates for each remaining TSTC region: Harlingen, Waco, Fort Bend County.
3. Establish a planned giving program.
4. Work closely with ERD to maintain visibility and presence in our local communities through attendance at strategic events that build awareness for the TSTC brand.
5. Develop standard operating procedures for external relationships and proposal development.

Recover 20% of All Lapsed Donors

1. Generate outreach plan for lapsed donors to be contacted via The TSTC Foundation staff with whom they have an established relationship.
2. Create deliberate donor personas on all lapsed donors for strategic use.
3. Identify and analyze trends of lapsed donors.
4. Convert tracking and accountability procedures into Salesforce Nonprofit database.
5. Conduct quarterly updates in Salesforce Nonprofit database with address moves, deceased, and duplicate record clean up.
Maintain Donor Retention of 50%

1. Send out an annual donor survey in January 2023 with plans to use the results to inform the current communication and recognition strategy by comparing results to previous year’s results.
2. Integrate digital communication strategy for more frequent touchpoints with donors.
3. Implement broad-based impact reporting for large groups of donors in addition to the annual report.
4. Work cross-functionally with FDOs and Career Services to implement top tier custom engagement plans utilizing the Council of Advocates, advisory boards, and VIP events at the local and statewide level.
5. Develop and launch individual named scholarship reports that aim to demonstrate the impact of gifts.
6. Continue driving the impact of gifts on student success by showcasing student stories in our touchpoints with donors.

Implement Donor Acquisition Plan

1. Audit historical sources of revenues and trends to reveal potential opportunities for new donor cultivation creating a prospect donor persona.
2. Understand which communication channels are available to us and how best to utilize them for outreach about donor opportunities.
3. Implement a mass solicitation program (Annual Fund Campaign) to capture new donors and low level giving on a recurring basis throughout the year.
4. Launch a quarterly vendor outreach campaign to new TSTC vendor partners.
5. Establish alumni engagement strategy.
6. Increase employee giving campaign participation through driving awareness of payroll deduction options for gifts to The TSTC Foundation.

Launch multi-year Capital Construction Assistance Projects (CCAP) campaign

1. Coordinate with Facilities Construction & Planning to align College needs with Donor interest.
2. Prepare case statements for each project regarding program mix, labor market intelligence, and projected impact.
3. Review the current naming rights policy and identify new and existing opportunities for prospective capital donors.
CONCLUSION

These goals and strategies encapsulate The TSTC Foundation’s operational initiatives for the 2022-2023 fiscal year in accordance with the agreement between the College and The Foundation.

This plan is written to directly support the purpose of promoting the interests and welfare of Texas State Technical College, and to develop community, corporate, and legislative support by raising and managing private resources supporting the mission and priorities of the College and to provide a culture of institutional excellence unavailable solely with state appropriated funds.
# Texas State Technical College

## Board of Regents

*PROPOSED Meeting Dates for Calendar Year 2023*

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
<th>Venue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Winter Meeting</td>
<td>Thursday, February 9, 2023</td>
<td>TSTC in Waco</td>
</tr>
<tr>
<td>Spring Meeting</td>
<td>Thursday, May 11, 2023</td>
<td>TSTC in Waco</td>
</tr>
<tr>
<td>Summer Meetings</td>
<td>Wednesday, August 9, 2023</td>
<td>TSTC in Waco</td>
</tr>
<tr>
<td></td>
<td>Thursday, August 10, 2023</td>
<td></td>
</tr>
<tr>
<td>Fall Meeting</td>
<td>Thursday, November 9, 2023</td>
<td>TSTC in Waco</td>
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