

South Texas College
Board of Trustees
Finance, Audit, and Human Resources Committee
Building A, Conference Room A 1.42
Pecan Campus, McAllen, Texas
Tuesday, May 9, 2023 @ 5:00 p.m.

Agenda

“At anytime during the course of this meeting, the Board of Trustees may retire to Executive Session under Texas Government Code 551.071(2) to confer with its legal counsel on any subject matter on this agenda in which the duty of the attorney to the Board of Trustees under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Chapter 551 of the Texas Government Code. Further, at anytime during the course of this meeting, the Board of Trustees may retire to Executive Session to deliberate on any subject slated for discussion at this meeting, as may be permitted under one or more of the exceptions to the Open Meetings Act set forth in Title 5, Subtitle A, Chapter 551, Subchapter D of the Texas Government Code.”

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 - A. Award of Proposal
 - 1) Medical Oxygen Generating Unit (Award)
 - B. Rejection of Proposals
 - 2) Medical Care Equipment (Reject) – Grant Funded
 - 3) Starr County Campus Building E – Analog to Digital Audio Visual Upgrade (Reject) – Grant Funded
 - C. Purchases and Renewals
 - a. Instructional Items
 - 4) Instructional Equipment (Purchase)
 - 5) Library Serials (Renewal)
 - 6) Nursing and Allied Health Equipment and Supplies (Renewal)
 - b. Non-Instructional Items
 - 7) Bond Counsel Services (Renewal)
 - 8) Campus Dining and Food Trucks – II (Renewal)
 - 9) Campus Dining and Food Trucks – II (Renewal)
 - 10) Custodial Supplies (Renewal)
 - 11) Geotechnical and Materials Testing Services (Renewal)
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 - 12) Computers, Laptops, and Tablets (Purchase)
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Approval of April 11, 2023 Finance, Audit, and Human Resources Committee Minutes

The Minutes for the Finance, Audit, and Human Resources Committee Meeting of April 11, 2023, are presented for Committee approval.

**South Texas College
Board of Trustees
Finance, Audit, and Human Resources Committee
Ann Richards Administration Building Board Room
Pecan Campus, McAllen, Texas
Tuesday, April 11, 2023 @ 5:00 p.m.**

Minutes

The Finance, Audit, and Human Resources Committee Meeting was held on Tuesday, April 11, 2023 in the Ann Richards Administration Building Board Room at the Pecan Campus in McAllen, Texas. The meeting commenced at 5:09 p.m. with Mr. Rene Guajardo presiding.

Members present: Mr. Rene Guajardo, Dr. Alejo Salinas, Jr., and Mr. Paul R. Rodriguez

Other Trustees Present: Ms. Rose Benavidez

Members absent: None

Also present: Dr. Ricardo J. Solis, Mrs. Mary Elizondo, Mr. Matthew Hebbard, Dr. Rodney Rodriguez, Mrs. Rebecca Cavazos, Mr. George McCaleb, Mrs. Lynda Lopez, Ms. Alicia Correa, Mr. Lucio Gonzalez, Dr. Jesus Campos, Mr. Frank Jason Gutierrez, Mr. Ken Lyons, Mr. Chase Carlisle, Mrs. Gardenia Perez, and Mr. Andrew Fish.

**Approval of March 7, 2023 Finance, Audit, and Human Resources
Committee Minutes**

Upon a motion by Mr. Paul R. Rodriguez and a second by Dr. Alejo Salinas, Jr., the Minutes for the Finance, Audit, and Human Resources Committee Meeting of March 7, 2023, were approved as written. The motion carried.

**Discussion and Action as Necessary to Redesignate La Joya
Windpower, LLC Scholarship Funds to the South Texas College
Education Foundation**

Purpose and Justification – Administration requested the Committee recommend Board approval to redesignate La Joya Windpower, LLC Scholarship Funds to the South Texas College Education Foundation.

On March 3, 2023, the College received the scholarship amount of \$40,000 for the La Joya Windpower, LLC project.

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On January 25, 2023, Terra-Gen Development Company, LLC notified the College that the development of the La Joya Windpower, LLC project ceased due to development factors that greatly affected the ability to proceed with the project. Terra-Gen Development Company, LLC indicated that they remain diligent in seeing the rest of the projects to continue the process as planned and that the scholarship amount of \$40,000 will be paid; although per the agreement, the scholarship amount was due to the College at the time that the project was started. The Board of Trustees were updated on this project at the March 28, 2023, Board of Trustees Meeting.

On March 30, 2023, the College sent a letter to Mr. Milton Howard, Vice President of Renewable Development for Terra Gen Development, LLC, requesting that La Joya Windpower, LLC scholarship funds received on March 3, 2023, be redesignated to the College Education Foundation. On March 31, 2023, the College received written approval for the redesignation from Terra Gen Development, LLC.

Background - The agreement with Terra-Gen Development included the following terms:

- Based on a sliding scale to equal approximately 50% tax abatement for each of the four agreements for a period not to exceed ten years (based on tax abatement percentages scale)
- A \$40,000 lump sum payment to the College for scholarships
- A \$10,000 Payment in Lieu of Taxation (PILOT) for each of the ten years of the abatement period

Reviewers – The Request to Redesignate Scholarship Funds from Terra-Gen Development, LLC, was reviewed by Mary G. Elizondo, Vice President for Finance and Administrative Services, and Dr. Rodney Rodriguez, Vice President of Institutional Advancement and Economic Development.

Enclosed Documents – The Request to Redesignate Scholarship Funds letter from the College approved by Terra-Gen Development, LLC, was provided in the packet for the Committee's information and review.

Mary Elizondo, Vice President for Finance and Administrative Services, and Dr. Rodney Rodriguez, Vice President of Institutional Advancement Services, attended the Committee Meeting to address questions.

Upon a motion by Mr. Paul R. Rodriguez and a second by Dr. Alejo Salinas, Jr.e, the Committee recommended Board approval to redesignate La Joya Windpower, LLC

Scholarship Funds to the South Texas College Education Foundation as presented. The motion carried.

Review and Action as Necessary on Award of Proposal, Rejection of Proposals, Purchases, and Renewals

Purpose and Justification – Administration requested the Committee recommend Board approval of the following award of proposal, rejection of proposals, purchases, and renewals.

The Director of Purchasing reviewed each item, including the procurement procedures and evaluation of all responses, and recommended approval as follows:

Upon a motion by Mr. Paul R. Rodriguez and a second by Dr. Alejo Salinas, Jr., the Committee recommended for Board approval the award of proposal, rejection of proposals, purchases, and renewals at a total cost of \$ 1,418,233.32 as listed below:

A. Award of Proposal

1) Ambulance Cots and Stair Chairs (Award) – Grant Funded: award the proposal for ambulance cots and stair chairs to **Sombrero Advertising & Marketing** (McAllen, TX) (New), at a total amount of \$91,074.99;

B. Rejection of Proposals

2) Medical Care Equipment (Reject) - Grant Funded: reject the three (3) proposals received for the medical care equipment because the vendors did not meet and/or submit the required specifications and/or documents. A new solicitation has already been advertised to meet the federal grant deadline;

3) Medical Oxygen Generating Unit (Reject) - Grant Funded: reject the three (3) proposals received for the medical oxygen generating unit because the vendors did not meet and/or submit the required specifications and/or documents. A new solicitation has already been advertised to meet the federal grant deadline;

C. Purchases and Renewals (C-a. Instructional Items)

4) Forensic Hardware and Software (Purchase) – Grant Funded: purchase forensic hardware and software from **Digital Intelligence, Inc.** (New Berlin, WI), a sole source vendor, at a total amount of \$102,830.70;

5) Instructional Equipment and Software (Purchase) – Grant Funded: purchase instructional equipment and software from **Allterra Central, Inc.** (San Antonio, TX) (New), a State of Texas Department of Information Resources (DIR) approved vendor, at a total amount of \$51,050.24;

6) Law Enforcement Vehicle (Purchase) – Grant Funded: purchase a law enforcement vehicle from Caldwell Country Chevrolet/Rockdale Country Ford/Cameron Country Chrysler Dodge Jeep Ram (Caldwell, TX), a Tarrant County Cooperative Purchasing Program approved vendor, at a total amount of \$56,700.00;

7) Medical Office Skills Training (Renewal): renew the medical office skills training contract with **Practice Management Institute** (San Antonio, TX), for the period beginning

July 1, 2023 through June 30, 2024, at no cost to the College. The student or employee participating in the training program will pay the training fee, and South Texas College will receive a 30% commission;

8) Small Business Skills Training (Renewal): renew the small business skills training contract with **Leadership Empowerment Group, Inc.** (Mercedes, TX), for the period beginning July 1, 2023 through June 30, 2024, at no charge to the College. The student or employee participating in the training program will pay the training fee, and South Texas College will receive a 30% commission;

C. Purchases and Renewals (C-b. Non-Instructional Item)

9) Temporary Personnel Services (Renewal): renew the temporary personnel services contracts for the period beginning June 29, 2023 through June 28, 2024, at an estimated amount of \$450,000.00, which is based on prior year expenditures. The vendors are as follows:

Vendor (City/State)	Vendor (City/State)
Exceptional Staffing, LLC. (Edinburg, TX)	Fewell Professional Services, LLC. / dba FPS Staffing (McAllen, TX)
Five Star Staffing, LLC. / dba Spherion Staffing (McAllen, TX)	Hire Quest, LLC. / dba Snelling Staffing Services (Goose Creek, SC)
Infojini, Inc. (Columbia, MD)	Manpower Group US, Inc. (McAllen, TX)
Onin Staffing (McAllen, TX)	People Ready, Inc. (Tacoma, WA)
R&D Contracting, Inc. / dba R&D Personnel (McAllen, TX)	Readymen Staffing Services (Pharr, TX)
Region Staffing, Inc. (Pharr, TX)	Select Staff (Edinburg, TX)
Temps Plus Staffing Service (McAllen, TX)	Texas Staffing Pros, LLC. (McAllen, TX)

C. Purchases and Renewals (C-c. Technology Items)

10)Computers, Laptops, Tablets, and Monitors (Purchase): purchase computers, laptops, tablets, and monitors from the State of Texas Department of Information Resources (DIR) approved vendors **Dell Marketing, LP.** (Dallas, TX) and **Apple, Inc.** (Dallas, TX), at a total amount of \$211,602.18;

11)Endpoint Protection Software/Cloud Subscription (Purchase): purchase an endpoint protection software/cloud subscription from **Netsync Network Solutions, Inc.** (Houston, TX), a State of Texas Department of Information Resources (DIR) approved vendor and **DDI Capital – A Technology Leasing Company** (Westhampton, NY) (New), for the period beginning April 26, 2023 through August 31, 2025, at a total amount of \$404,975.21. The payment information is as follows:

#	Vendor	Period	Amount
1	Netsync Network Solutions, Inc.	Training/Onboarding	\$48,313.20
2	DDI Capital	One Time Charge	\$61,493.45

3	DDI Capital	9/1/23 – 8/31/24	\$147,584.28
4	DDI Capital	9/1/24 – 8/31/25	\$147,584.28

12)Internet Services for South Texas College Sites (Renewal): renew the internet services for South Texas College sites contract with **Smartcom Telephone, LLC.** (McAllen, TX), for the period beginning July 1, 2023 through August 31, 2024, at an estimated amount of \$50,000.00;

The motion carried.

Discussion and Action as Necessary on Modification Option for Vending Services – Snacks Contract

Purpose and Justification – Administration requested the Committee recommend Board approval on the modification option for the vending services - snacks contract provided by STX Snacktime Vending Company to increase the product pricing in their current contract starting on March 1, 2023.

On March 1, 2023, STX Snacktime Vending Company contacted the College to request a contract modification effective immediately to their current five-year contract (September 1, 2019 through August 31, 2024) due to COVID-19 and the College's lack of foot traffic on campus due to an increased attendance of online classes. In addition, STX Snacktime Vending Company has experienced inventory shortages, limited labor availability, and increased product costs.

The modification option requested was for the fourth year of the five-year contract, effective March 1, 2023 through August 31, 2024.

Background - On June 25, 2019, the Board of Trustees awarded a five-year contract to STX Snacktime Vending Company for the period of September 1, 2019 through August 31, 2024.

The terms of the current contract were as follows:

- The vendor is currently obligated to pay the College a commission of 22.5% of monthly net sales, and there will be no change to this percentage throughout the duration of the contract.

Within the existing contract, the force majeure clause allowed either party to amend the contract due to governmental regulations or controls, or acts of God. Due to this uncontrollable event, STX Snacktime Vendor Company requested that the College consider a contract modification to the existing contract.

The current and proposed product and pricing were as follows:

<u>Products</u>	<u>Contract Pricing</u>	<u>Proposed Pricing</u>
Candy, premium nuts, and healthy bars	\$1.25	\$1.60
Pastry (cupcakes, Danish, buns, donuts, and pies)	\$1.25	\$1.50
Big bag chips	\$1.10	\$1.40
Small bag chips	\$0.80	\$1.00
Crackers	\$0.75	\$1.00

The current and previous commission history reports were as follows:

<u>Contract</u>	<u>Commission Amount</u>
September 2022 – March 2023	\$12,034.14
September 2021 – August 2022	\$21,006.18
September 2020 – August 2021	\$6,060.10
September 2019 – August 2020	\$37,525.77

Enclosed Documents – The STX Snacktime Vending Company contract modification amendment was included in the packet for the Committee’s information and review.

Mary Elizondo, Vice President for Finance and Administrative Services, George McCaleb, Director of Facilities Operations and Maintenance, and Becky Cavazos, Director of Purchasing, attended the Committee Meeting to address any questions.

Upon a motion by Dr. Alejo Salinas, Jr. and a second by Mr. Paul R. Rodriguez, the Committee recommended Board approval on the modification option for the vending services - snacks contract provided by STX Snacktime Vending Company to increase the product pricing in their current contract starting on March 1, 2023. The motion carried.

Discussion and Action as Necessary on Ratification of a 3-Month Extension on Contract with Pathfinders Public Affairs, Inc. for Consultant Services

Purpose and Justification – Administration requested the Committee recommend Board approval on ratification of a 3-month extension on the contract with Pathfinders Public Affairs, Inc. for consultant services for the period beginning December 1, 2022 through February 28, 2023, at a total amount of \$23,749.99.

These consultant services were necessary due to pressing legislative matters, which required immediate action on behalf of the College.

Background - On June 28, 2022, the Board of Trustees approved a 6-month contract beginning June 1, 2022 through November 30, 2022, at a total amount of \$47,500.00. These services provide guidance on matters of local and state policy and legislation.

On April 4, 2023, the Extension to the Agreement was sent to Pathfinders Public Affairs, Inc. for their review and approval.

Dr. Ricardo J. Solis, President, and Mary Elizondo, Vice President for Finance and Administrative Services, attended the Committee Meeting to address any questions.

Upon a motion by Mr. Paul R. Rodriguez and a second by Dr. Alejo Salinas, Jr., the Committee recommended Board approval on ratification of a 3-month extension on the contract with Pathfinders Public Affairs, Inc. for consultant services for the period beginning December 1, 2022 through February 28, 2023, at a total amount of \$23,749.99 as presented. The motion carried.

Review and Action as Necessary on Disposal of Surplus Property Valued at \$5,000 and Over

Purpose and Justification – Administration requested the Committee recommend Board approval on the disposal of surplus property valued at \$5,000 and over by method of recycling for two (2) vehicles. The vehicles were also part of the College's inventory; therefore, it was also requested by the Fixed Assets Department and Fire Science Program that these assets be removed from the inventory and general ledger as follows:

#	Description	Serial No.	Silver Tag	Amount	Net Book Value	Ptag
1	1990 Ford Taurus (TSTC)	1FACP52U2LA135314	0000009907	\$5,650.00	\$0.00	000011090
2	1995 Toyota	4TAUN41BXSZ32765	0000009789	\$9,627.90	\$0.00	000011082

	Tacoma (TSTC)					
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Justification and Benefit – It was necessary to dispose of these non-functioning vehicles by recycling them since they were used for student instruction and were no longer complete vehicles. Students used these vehicles to train on them, and the vehicles were now in disassembled pieces and needed to be removed from the Regional Center for Public Safety Excellence for safety purposes and lack of storage.

Background – The surplus property went through an evaluation process by the departments to determine if the items were damaged beyond repair and unable to be utilized for student instruction. After this evaluation process, the Automotive Technology Program determined that the vehicles were no longer usable and submitted a request to have the property transferred to benefit the Fire Science Program for student instruction. These vehicles were then utilized for the purpose of fire science instruction and thus charred into an unusable state.

These assets were originally obtained by South Texas College in 1993 from Texas State Technical College and recorded as part of the College's inventory.

Mary Elizondo, Vice President for Finance and Administrative Services, and Becky Cavazos, Director of Purchasing, attended the Committee Meeting to address any questions.

Upon a motion by Dr. Alejo Salinas, Jr. and a second by Mr. Paul R. Rodriguez, the Committee recommended Board approval on the disposal of surplus property valued at \$5,000 and over by method of recycling for two (2) vehicles and for these assets to be removed from the College's inventory and general ledger as presented. The motion carried.

Discussion and Action as Necessary on Options to Renew all Property and Casualty Insurance for 2023 - 2024 Insurance Request for Proposal (RFP)

Purpose and Justification – Administration requested the Committee recommend Board approval on options to renew all property and casualty insurance for the 2023 - 2024 Insurance Request for Proposal (RFP).

The College maintains the following property and casualty insurance:

- Property / Inland Marine / Boiler & Machinery
- Crime Insurance
- School Leaders E&O, General Liability, Law Enforcement Liability, Automobile

- Workers Compensation Insurance
- Foreign Liability Insurance
- Cyber Liability Insurance
- Student / Faculty Medical Professional Liability Insurance
- Voluntary Student Accident Insurance
- Workforce Training Programs Student Accident Insurance
- Business, Public Safety & Technology Student Accident Insurance

Chase Carlisle (Insurance Consultant) from Carlisle Insurance proposed changes to the upcoming 2023 - 2024 Insurance Request for Proposal (RFP) and discussed related insurance matters as follows:

- Options to renew (one year term with two (2) one-year annual renewals) - The College may be missing out on other carrier participation since it bids out insurance on an annual basis. This practice is uncommon in the public entity space. The Insurance Consultant recommends one year term, which may be renewed for two additional one-year periods by mutual agreement of the parties.
- RFP timeline – Per Insurance Consultant, this year, the Insurance items will be presented to the Committee / Board in August as opposed to July since insurance carriers are more likely to underwrite policies closer to September 1 (carriers are not quoting more than 30 days out and quotes are only valid for 20-30 days once issued).
- Premium increases – According to the Insurance Consultant, 2023 is expected to be the worst property insurance market in the last 40 years, and expects substantial increases in premium costs, specifically for property insurance. Depending on the insurance bids received, the College may need to utilize multiple individual property insurance carriers.
- Admitted / non-admitted – Admitted carriers are insurance companies that have been approved by a state's department of insurance. Admitted carriers are required to follow state regulations. If they fail, the state will step in and pay claims. Generally, they offer standard market coverages for small businesses. Non-admitted carriers are not required to follow state regulations, which can make their coverage options more flexible. Staff reviewed with the insurance consultant and legal counsel and both agreed that the College may accept bids from both admitted and non-admitted carriers.

Background - Every year, the College requests proposals for an insurance program that provides coverage at the most competitive price available in accordance with approved or acceptable insurance practices in the State of Texas.

Chase Carlisle of Carlisle Insurance attended the Committee Meeting to address questions.

Enclosed Documents – A copy of the PowerPoint presentation was included in the packet for the Committee's information and review.

Upon a motion by Mr. Paul R. Rodriguez and a second by Dr. Alejo Salinas, Jr., the Committee recommended Board approval on options to renew all property and casualty insurance for the 2023 - 2024 Insurance Request for Proposal (RFP) for a one year term with two (2) one-year annual renewals, and including the consideration of admitted and non-admitted carriers, as presented. The motion carried.

Review and Recommend Action on Reclassifications to the Employee Pay Plan and the Employee Staffing Plan for FY 2022 - 2023

Purpose and Justification – Administration requested the Committee recommend Board approval on reclassifications to the Employee Pay Plan and the Employee Staffing Plan for FY 2022 – 2023 to include revisions to position pay grades, titles, and salaries status as recommended by College Administrators.

Background – The Office of Human Resources, in collaboration with College Administration, performed further assessments of FY 2022 – 2023 positions, and actions were taken after the President's approval, as listed below:

1. Reclassification List – Reclassifications initiated by Administration and approved by the President. These changes are deemed critical and result in revisions and reclassifications as appropriate to the position duties and are effective in the month in which the President's approval was received.

The reclassifications were based on an assessment of the position's job duties, responsibilities, and college and departmental needs and objectives that include the following:

- A. Pay Grade Corrections
- B. Position Title and/or Salary Adjustments
- C. Title Changes

Funding Source – Funds for these reclassifications were available in the FY 2022 - 2023 salary budget, and the net effect on the FY 2022 - 2023 Salary Budget and Unrestricted Fund Budget was zero.

Reviewers – The reclassifications were reviewed by the President, all the Vice Presidents, and the Interim Director of Human Resources.

Enclosed Documents – The Reclassification List was included in the packet for the Committee's information and review.

Mary Elizondo, Vice President for Finance and Administrative Services, and Alicia Correa, Interim Director of Human Resources, attended the Committee Meeting to address any questions.

Upon a motion by Dr. Alejo Salinas, Jr. and a second by Mr. Paul R. Rodriguez, the Committee recommended Board approval on reclassifications to the Employee Pay Plan and the Employee Staffing Plan for FY 2022 – 2023 as presented. The motion carried.

Review and Recommend Action to Renew the Hidalgo County Agreement for Tax Assessment Collection

Purpose and Justification – Administration requested a Committee recommendation for Board approval to renew the Hidalgo County Agreement for Tax Assessment and Collection for current and delinquent taxes collected from September 1, 2024 through August 31, 2025.

The Hidalgo County Agreement for Tax Assessment and Collection must be approved by the College by June 1, 2023. Approval of the tax assessment and collection fee was needed in order for the Hidalgo County Tax Assessor to assess and collect taxes levied.

Texas Property Tax Code, Sec. 6.27 (c) Compensation for Assessment and Collection, indicates that the assessor or collector is entitled to a reasonable fee, not to exceed actual costs incurred, for which it assesses and collects taxes. Texas Education Code, Sec. 130.121 (b) Tax Assessment and Collection, indicates that each governing board shall be authorized to have the taxable property in its district assessed and/or its taxes collected, in whole or in part, by the tax assessors and/or tax collectors, respectively, of any county, city, taxing district, or other governmental subdivision in which all or any part of the junior college district is located. The Inter-Local Cooperation Agreement requires the County, after reviewing actual collection costs, to submit a proposed fee to the College, which may include a cost increase of no more than 5% per year, prior to May 1st. The College will then have until June 1st to accept the recommended fee.

Background – The Board of Trustees approved the Inter-Local Cooperation Agreement for Tax Assessment and Collection with Hidalgo County on March 11, 1996, with an option to renew for subsequent tax years. The contract was last renewed on April 26, 2022, and the annual fee approved was \$108,372.00.

Mr. Pablo Villarreal, Jr., RTA for Hidalgo County, advised the College that the annual fee for tax year 2023 would remain at \$108,372.00. The monthly collection fee of approximately

\$9,031.00 is reduced from taxes collected during the month, and the remaining funds are wired to the South Texas College's bank depository account.

Below is a summary of fees charged by Hidalgo County each year for the periods of Fiscal Year 2013 – 2014 to Fiscal Year 2023- 2024.

History of Fees for Hidalgo County Tax Assessment and Collection			
Fiscal Year	Fee	Increase over Previous Year	Total Tax Levy
2023 – 2024	\$108,372.00	0%	Not Available
2022 – 2023	\$108,372.00	5%	\$75,375,088.72
2021 - 2022	\$103,212.00	0%	\$71,315,412.72
2020 – 2021	\$103,212.00	0%	\$66,982,283.00
2019 – 2020	\$103,212.00	0%	\$64,711,985.97
2018 - 2019	\$103,212.00	0%	\$63,236,679.08
2017 – 2018	\$103,212.00	5%	\$62,624,834.26
2016 – 2017	\$98,304.00	0%	\$59,701,217.59
2015 – 2016	\$98,304.00	0%	\$56,408,070.41
2014 – 2015	\$98,304.00	5%	\$52,781,657.49
2013 – 2014	\$93,626.00	0%	\$42,343,115.93

Funding Source – The annual collection fee is reduced monthly from taxes collected during the month. Funds for these expenditures would be budgeted in the Hidalgo Appraisal/Collection Fee budget for Fiscal Year 2023 – 2024, pending Board approval of the budget.

Enclosed Documents – Clause VI, Consideration of the Hidalgo County Collection of Taxes Inter-Local Cooperation Amended Agreement for Tax Assessment and Collection Contract was included in the packet for the Committee's review and information.

Mary Elizondo, Vice President for Finance and Administrative Services, attended the Committee Meeting to address questions.

Upon a motion by Dr. Alejo Salinas, Jr. and a second by Mr. Paul R. Rodriguez, the Committee recommended Board approval of the renewal of the Hidalgo County Agreement

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for Tax Assessment and Collection for current and delinquent taxes collected at an annual fee of \$108,372.00 from September 1, 2023 through August 31, 2024 as presented. The motion carried.

Review and Recommend Action to Renew the Starr County Agreement for Tax Assessment Collection

Purpose and Justification – Administration requested a Committee recommendation for Board approval to renew the Starr County Agreement for Tax Assessment and Collection for current and delinquent taxes collected from September 1, 2024 through August 31, 2025.

The Starr County Agreement for Tax Assessment and Collection must be approved by the College by June 1, 2023. Approval of the tax assessment and collection fee was needed in order for the Starr County Tax Assessor to assess and collect taxes levied.

Texas Property Tax Code, Sec. 6.27 (c) Compensation for Assessment and Collection, indicates that the assessor or collector is entitled to a reasonable fee, not to exceed actual costs incurred, for which it assesses and collects taxes. Texas Education Code, Sec. 130.121 (b) Tax Assessment and Collection, indicates that each governing board shall be authorized to have the taxable property in its district assessed and/or its taxes collected, in whole or in part, by the tax assessors and/or tax collectors, respectively, of any county, city, taxing district, or other governmental subdivision in which all or any part of the junior college district is located.

Background – The Board of Trustees approved the Inter-Local Cooperation Agreement for Tax Assessment and Collection with Starr County on August 14, 2017, with an option to renew for subsequent tax years. The contract was last renewed on April 26, 2022, and the annual fee approved was 3.5% of the College's total tax collections for the period of September 1, 2022 through August 31, 2023 for tax year 2022. The annual fee for Fiscal Year 2023 is estimated to be \$165,089.19.

Ms. Maria Ameida Salinas, Tax Assessor-Collector for Starr County, advised the College that the annual fee for tax year 2023 would remain at 3.5% of the College's total tax collections. The annual fee for Fiscal Year 2024 was estimated to be \$171,692.76, based on 3.5% of the College's total estimated tax collections for the period of September 1, 2023 through August 31, 2024. The monthly collection fee of approximately \$14,307.73 will be reduced from taxes collected during the month, and the remaining funds are remitted by a check to South Texas College.

Below is a summary of fees charged by Starr County each year for the periods of Fiscal Year 2013 – 2014 to Fiscal Year 2021 – 2022 and the estimated fee for Fiscal Year 2022 – 2023 and Fiscal Year 2023 – 2024, based on a rate of 3.5% of total tax collections.

History of Fees for Starr County Tax Assessment and Collection				
Fiscal Year	Fee	Increase over Previous Year	% of Tax Collection	Total Tax Levy
2023 – 2024	\$171,692.76***	4.00%	3.5%	Not Available
2022 – 2023	\$165,089.19**	(0.22%)	3.5%	\$4,515,974.35
2021 – 2022	\$165,449.37	8.60%	3.5%	\$4,418,023.95
2020 – 2021	\$152,346.31	6.76%	3.5%	\$4,108,455.73
2019 – 2020	\$142,693.53	(3.50%)	3.5%	\$4,010,125.41
2018 – 2019	\$147,863.11	0.001%	3.5%	\$4,058,100.49
2017 – 2018	\$147,862.05*	68.24%	3.5%	\$3,933,751.72
2016 – 2017	\$87,886.00	0%	N/A	\$3,494,095.10
2015 – 2016	\$87,886.00	0%	N/A	\$3,871,198.83
2014 – 2015	\$87,886.00	0%	N/A	\$3,352,380.96
2013 – 2014	\$87,886.00	0%	N/A	\$2,735,855.80

*In Fiscal Year 2018, Starr County changed the annual fee from a flat rate to 3.5% of all current and delinquent base taxes collected. Prior to Fiscal Year 2018, Starr County assessed a flat rate fee of \$87,886.00

**Estimated Fee Amount to be paid by August 31, 2024

***Estimated Fee Amount to be approved on April 25, 2024 Board Meeting

Funding Source – The annual collection fee is reduced monthly from taxes collected during the month. Funds for these expenditures will be budgeted in the Starr Appraisal/Collection Fee budget for Fiscal Year 2023 – 2024, pending Board approval of the budget.

Enclosed Documents – Clause VI, Consideration of the Starr County Collection of Taxes Inter-Local Cooperation Agreement for Tax Assessment and Collection Contract was included in the packet for the Committee's review and information.

Mary Elizondo, Vice President for Finance and Administrative Services, attended the Committee Meeting to address questions.

Upon a motion by Dr. Alejo Salinas, Jr. and a second by Mr. Paul R. Rodriguez, the Committee recommended Board approval of the renewal of the Starr County Agreement for Tax Assessment and Collection for current and delinquent taxes collected at a fee of 3.5%

or approximately \$171,692.76 for the tax year 2023 of the College's total tax collected from September 1, 2023 through August 31, 2024, as per the Starr County Commissioner's Court approval on February 27, 2023, as presented. The motion carried.

Review and Discussion of FY 2023 – 2024 Budget Development

Purpose and Justification – As part of the budget planning process, the College was evaluating the revenue and expenditure budget considerations influencing the preparation of the FY 2023 – 2024 budget.

The budget planning process is an integral part of strategic planning that is preceded by sound planning and effectively aligns the budget with the College's programs and activities. The revenue and expenditure budget development considerations affect the projected available resources, determine the planned expenditures, and have a direct impact on the budget allocations for the FY 2023 – 2024 budget.

Background – The College's annual budget cycle includes the budget planning process that consists of projecting revenues and expenditures based on historical trend and assumptions for the upcoming fiscal year. The revenue and expenditure budget development considerations are used as the basis for the upcoming fiscal year assumptions and are a fundamental component of developing a proposed balanced budget. The proposed balanced budget is reviewed by staff, the President's Cabinet, and the Finance, Audit, and Human Resources Committee before it is presented for approval by the Board of Trustees at the annual Budget Hearing.

The Texas Commission on Community College Finance recommends that the 88th Texas Legislature change the current state formula funding model to an outcomes-based formula methodology. This change would impact the amount of funding the College receives from the State in the upcoming biennium and the budget allocations for the FY 2023 – 2024 budget.

The Texas Legislature is currently in session and is considering the Commission's recommendation to transition to an outcomes-based formula.

On March 28, 2023, the Board of Trustees approved Resolution 2023-006 in support of the Texas Commission on Community College Finance Recommendations.

Enclosed Documents – A PowerPoint Presentation was included in the packet for the Committee's review and information.

Mary Elizondo, Vice President for Finance and Administrative Services, was available to present on the FY 2023 – 2024 Budget Development for the Committee's review and discussion.

The Committee deferred the presentation until the following Regular Board Meeting, for the benefit of all trustees.

No action was taken.

Update on College's Enterprise Resource Planning (ERP) System

Purpose and Justification – College Administration was scheduled to provide an update on the steps the College had taken in exploring options for the College's new proposed Enterprise Resource Planning (ERP) system.

The Board of Trustees designated a total of \$20 million in fund balance over a period of nine years for the ERP procurement and associated consultant services.

The College had been using the current ERP software solution (Banner), provided by Ellucian, a technology company, since 2006. The Banner software was utilized by the College to manage data, including the Student, Finance, and Human Resources operations.

Banner is a complex on premise ERP system that required significant technical expertise to operate as well as continuous information technology maintenance and updates. Since the purchase and implementation of Banner, new cloud-based systems were developed that offer enhanced technological features and capabilities.

Third party applications, such as People Admin, the applicant tracking application, necessary to perform business processes are difficult to integrate with the current system and the data integrity was difficult to manage since each application or module had its own data standards. As a result, time-consuming manual processes and scripts were in place to solve these issues.

Newer cloud-based systems provide responsive business processes coupled with reduced manual input and interventions, robust real time analytics and dashboards, and enhanced reporting. Many new systems offer pre-developed reports required by the College, state, and federal entities that are currently being completed manually or with other third-party software.

In order to gain an understanding of the different options available, College Administrators and staff, led by the Vice President for Finance and Administrative Services and the Human

Resources Information Services (HRIS) Officer were performing extensive research on ERP systems used by peer higher education institutions and had invited a number of vendors, including the current vendor Ellucian, to demonstrate the different capabilities and functionalities of their ERP systems.

Vendors invited were Anthology, Ellucian, Oracle, and Workday. All vendors conducted a discovery session and had completed or were in the process of completing their ERP solution demonstrations and were each preparing a business case.

The Discovery Sessions and the Demonstrations were scheduled as follows:

Session	Scope	Oracle	Ellucian	Workday	Anthology
Discovery Session	To gather requirements from college departments	March 2021 December 2021 January 2022	July 2022	August 2022 October 2022	March 2023
Demo Session	To demonstrate their ERP features	January 2022 April 2022 October 2022 March 2023	February 2023	November 2021 October 2022 February 2023	April 2023

On-going and next steps planned for the next few months in the ERP selection and procurement project included the following activities:

- Complete ERP demonstrations
- Complete the individual staff vendor evaluations
- Obtain ERP vendor questionnaire on detailed functionalities
- Collect user business processes requirements
- Contact and visit ERP vendor/s community colleges clients
- Secure a consultant for evaluation services
- Research and interview deployment partners
- Determine procurement method
- Obtain approval from President and Board of Trustees

The Committee deferred the presentation until the following Regular Board Meeting, for the benefit of all trustees.

No action was taken.

Adjournment

There being no further business to discuss, the Finance, Audit, and Human Resources Committee Meeting of the South Texas College Board of Trustees adjourned at 5:48 p.m.

I certify that the foregoing are the true and correct Minutes of the April 11, 2023 Finance, Audit, and Human Resources Committee Meeting of the South Texas College Board of Trustees.

Mr. Paul R. Rodriguez
Presiding

Review and Action as Necessary on Award of Proposal, Rejection of Proposals, Purchases, Renewals, and Interlocal Agreements

Purpose and Justification – Administration requests the Committee recommend Board approval of the following award of proposal, rejection of proposals, purchases, renewals, and interlocal agreements.

The Director of Purchasing has reviewed each item, including the procurement procedures and evaluation of all responses, and recommends approval as follows:

A. Award of Proposal

1) Medical Oxygen Generating Unit (Award) – Grant Funded

Award the proposal for the medical oxygen generating unit to **Novair USA Corp** (North Tonawanda, NY) (New), at a total amount of \$100,575.00.

Purpose and Justification – The Emergency Medical Services (EMS) Program in the Division of Nursing and Allied Health is requesting to purchase a medical oxygen generating unit for student instruction at the McAllen Campus. This unit will allow for medical oxygen to be readily available and ensure continuity of supply without any delays for student practicums.

The application of medical oxygen remains a primary skill for the program students as they perform life-saving interventions during patient assessments that cannot be simulated by any other means. The concept of delivering medical oxygen to a patient is, without a doubt, essential in EMS training as most-if-not all patients encountered will need the life-saving gas to sustain vital functions in the pre-hospital setting. Being able to provide a constant supply of medical oxygen without delays will greatly improve the student's educational experience and will ensure continuity of training.

Background – The project timeline and information are as follows:

Advertised RFP	March 22, 2023 and March 29, 2023
RFP Responses Due	April 11, 2023
RFP Issued To	Five (5) Vendors
Responses Received From	Two (2) Vendors
Responses Reviewed By	Division of Nursing and Allied Health and the Purchasing Department
Highest Ranked Vendor	Novair USA Corp

Funds for this expenditure are budgeted in the Jobs and Education for Texans (JET) grant and Emergency Medical Services budgets for FY 2022 – 2023.

B. Rejection of Proposals

2. Medical Care Equipment (Reject) – Grant Funded

Reject the three (3) proposals received for the medical care equipment because they exceeded the amount received from the grantor. A new solicitation has been advertised to meet the federal grant deadline.

This solicitation was requested by the Emergency Medical Services Program in the Division of Nursing and Allied Health using the Jobs and Education for Texans (JET) grant funds.

3. Starr County Campus Building E – Analog to Digital Audio Visual Upgrade (Reject) – Grant Funded

Reject the one (1) proposal received for the Starr County Campus Building E – Analog to Digital Audio Visual Upgrade because of the code of federal regulations procurement rules related to competition and price analysis. A new solicitation has been advertised to meet the federal grant procurement timeline.

This solicitation was requested by Education Technologies Department using the U. S. Department of Commerce – National Telecommunications and Information Administration (NTIA) grant funds.

C. Purchases and Renewals (B-a. Instructional Items)

4) Instructional Equipment (Purchase)

Purchase instructional equipment from **JF Petroleum Group** (Edinburg, TX), a Texas Association of School Boards – Buyboard approved vendor, at a total amount of \$60,695.35.

Purpose and Justification – The Automotive Technology Program in the Division of Business, Public Safety, and Technology is requesting instructional equipment for student instruction at the Technology Campus. The equipment will include a balancer/wheel lift and heavy-duty truck lift for hands-on training with the latest automotive technology.

Funds for this expenditure are budgeted in the Automotive Technology budget for FY 2022 – 2023.

5) Library Serials (Renewal)

Renew the library serials contract with **EBSCO Information Services, LLC.** (Birmingham, AL) for the period beginning September 1, 2023 through August 31, 2024, at an estimated total amount of \$62,866.61.

Purpose and Justification – Library Services is requesting to renew the library serials for all libraries district-wide. The approximate one hundred thirty-seven (137) serials that include magazines, journals, and newspapers will be used by the libraries district-wide to support the instructional programs and other needs of South Texas College students, faculty, staff, and patrons.

Background – The Board awarded the contract for library serials as follows:

Term: June 28, 2022 – one year with two (2) one-year annual renewals			
Award	Board Meeting Date	Original Term	Renewal Term
Original	6/28/22	9/1/22 – 8/31/23	
1 st Renewal	5/23/23		9/1/23 – 8/31/24 First Renewal

The vendor has complied with all the terms and conditions of the contract and services have been satisfactory.

Funds for this expenditure are budgeted in the Library Acquisitions budget for FY 2023 – 2024.

6) Nursing and Allied Health Equipment and Supplies (Renewal)

Renew the nursing and allied health equipment and supplies contracts for the period beginning August 1, 2023 through July 31, 2024, at a total estimated amount of \$200,000.00, which is based on prior year expenditure. The vendors are as follows:

Vendor (City/State)	Vendor (City/State)
Bound Tree Medical, LLC. (Dublin, OH)	DiaMedical USA Equipment, LLC. (West Bloomfield, MI)
Hand Safety, LLC. (Wichita Falls, TX)	Henry Schein, Inc. (Melville, NY)
J and B Medical Supply Company, Inc. (Wixom, MI)	Meadows Medical Supply (Quogue, NY)
Performance Health Supply, LLC./dba Medco Supply Company (Warrenville, IL)	Pocket Nurse Enterprises, Inc/dba Pocket Nurse (Monaca, PA)
Social Medical Supply, LLC./dba Well Before (Dallas, TX)	

Purpose and Justification – The Nursing and Allied Health instructional programs are requesting to renew the purchase of equipment and supplies for various courses and instructional labs. It will include some of the following items: gloves, masks, needles, lancets, alcohol pads, sponges, tubes, lab coats, gauze, tape, infusion and syringe pumps, gowns, caps, IV start kits, catheters, blood pressure cuffs, bed pads, thermometers, bandage strips, medicine cups, etc.

Background – The Board awarded the contracts for nursing and allied health equipment and supplies as follows:

Term: June 28, 2022 – one year with two (2) one-year annual renewals			
Award	Board Meeting Date	Original Term	Renewal Term
Original	6/28/22	8/1/22 – 7/31/23	
1 st Renewal	5/23/23		8/1/23 – 7/31/24 First Renewal

The vendors have complied with all the terms and conditions of the contract and services have been satisfactory.

Funds for this expenditure are budgeted in the Vocational Nursing, Associate Degree Nursing, Patient Care Assistant, Respiratory Therapy, Medical Assistant Technology, Pharmacy Technology, and Emergency Medical Technician programs budgets for FY 2022 – 2023 and FY 2023 – 2024, pending Board approval of the budget.

B. Purchases and Renewals (B-b. Non – Instructional Items)

7) Bond Counsel Services (Renewal)

Renew the bond counsel services contract with **Ricardo Perez Law Firm, PLLC.** (McAllen, TX), for the period beginning August 1, 2023 through July 31, 2024, at a total estimated amount of \$56,000.00.

Purpose and Justification – The Business Office is requesting to renew the bond counsel services for representation in the areas of public education bond law, tax law, local government law, the trial and appeal of bond validation actions, and the issuance of tax-exempt Texas Community College District, Texas School District, and other relevant entities bonds and notes.

The bond counsel services provide advice and counsel to administrative staff, the President, Board Committees, and the Board of Trustees with some of the following matters:

- Bond counsel will be expected to provide, as a part of its basic service fee, policy development, review and drafting of documents, briefs, opinions, negotiations, litigation, research as well as legal advice from time to time pertaining to matters directly or indirectly related to the bond program and corresponding tax issues.
- Consult with South Texas College officials, Business Office staff, and the College outside Legal Counsel and Financial Advisor, concerning all legal questions relating to the issuance, refinancing, defeasance, and management of debt.
- Assist in the preparation of specified sections of the Preliminary Official Statement and the Final Official Statement, and be responsible for the proper scope, legal effectiveness, and compliance with applicable regulatory requirements of the entirety of both documents, subject to the understanding that bond counsel will not be expected to independently verify data contained in the Official Statements that is generated by the client or third parties.
- Assist in making presentations and required submissions and obtain approval of the Bond Review Board and any other state entity with supervisory powers over the issuance of bonds by South Texas College, including the Texas Office of Attorney General.
- Perform all usual and necessary legal services with reference to the authorization, sale, and delivery of any debt issuance and bond refunding that South Texas College may require, including resolutions, agreements, and minute orders, as needed.

- Represent South Texas College in the preparation of any bond refunding and purchase contracts and ensuring that all participants, including underwriters and investment banking firms, whether retained or contracted by South Texas College, disclose all conflicts of interest to and with South Texas College and any other parties involved in the bonds. Assist South Texas College in presentations to the major rating agencies in order to obtain ratings for the bonds.
- Attend Board meetings and Finance Committee meetings to the extent required or requested by the College.
- Provide tax opinion on debt issues and bond refunding.
- Prepare any Internal Revenue Service filings required by federal tax law. Assist in any Internal Revenue Service inquiry and actions as needed.
- Render other written opinions of bond counsel pertaining to investment earnings and any amounts required to be related to the United States as excess arbitrage earnings, if any, and any other written opinion of counsel which may be required under the terms of the Bond Resolutions or under the Internal Revenue Code, as amended.
- Assist with post-issuance matters, such as providing direction for compliant private use activity, including aiding in the annual calculation.
- Provide analysis and resolution of tax issues associated with financing plans.
- Prepare documents calling any bond election, notice thereof, submitting election documents to the U.S. Justice Department for preclearance and canvassing of election results.
- File all required bond-related documents and obtain approval of such from the Texas Office of Attorney General.
- Provide a complete bond transcript in paper and electronic format at the conclusion of each financing.
- Provide advice and counsel on continuing compliance with securities, tax, and other applicable laws pertaining to bonds.
- All other matters necessary or incidental to the refunding and issuance of the bonds.

Background – The Board awarded the contract for bond counsel services as follows:

Term: July 27, 2021 – one year with two (2) one-year annual renewals.			
Award	Board Meeting Date	Original Term	Renewal Term
Original	7/27/21	8/1/21 – 7/31/22	2 – one year options
1 st Renewal	5/26/22		8/1/22 – 7/31/23
2 nd Renewal	5/23/23		8/1/23 – 7/31/24 Last Renewal

The vendor has complied with all the terms and conditions of the contract and services have been satisfactory.

Funds for this expenditure are budgeted in the Legal Services budget for FY 2022 – 2023 and FY 2023 – 2024, pending Board approval of the budget.

8) Campus Dining and Food Trucks – II (Renewal)

Renew the campus dining and food trucks – II contract with **Cornerstone Catering** (Mission, TX) for the period beginning July 25, 2023 through July 24, 2024, with 0% commission.

Purpose and Justification – Facilities Operations and Maintenance and the Purchasing Department are requesting to renew the campus dining and food truck services for the Nursing and Allied Health Campus. The services are necessary Monday through Friday for the faculty, staff, and students. It will include tacos, sandwiches, salads, burgers, sweets, fruit, and various other items.

Background – The Board awarded the contract for the campus dining and food trucks - II as follows:

Term: January 22, 2022 – one year with two (2) one-year annual renewals			
Award	Board Meeting Date	Original Term	Renewal Term
Original	1/22/22	2/1/22 – 1/31/23	
Modified		7/25/22 – 7/24/23	
1 st Renewal	5/23/23		7/25/23 – 7/24/24 First Renewal

The vendor has complied with all the terms and conditions of the contract and services have been satisfactory.

9) Campus Dining and Food Trucks – II (Renewal)

Renew the campus dining and food trucks – II contract with **Zaycor Management Company (Steak n Shake)** (Brownsville, TX) for the period beginning August 1, 2023 through July 31, 2024, with 0% commission.

Purpose and Justification – Facilities Operations and Maintenance and the Purchasing Department are requesting to renew the campus dining and food truck services for the Pecan Campus. The services are necessary Monday through Thursday for the faculty, staff, and students and will include burgers, franks, melts, sandwiches, fries, and various shakes.

Background – The Board awarded the contract for the campus dining and food trucks - II as follows:

Term: January 22, 2022 – one year with two (2) one-year annual renewals			
Award	Board Meeting Date	Original Term	Renewal Term
Original	1/22/22	2/1/22 – 1/31/23	
Modified		8/1/22 – 7/31/23	
1 st Renewal	5/23/23		8/1/23 – 7/31/24 First Renewal

The vendor has complied with all the terms and conditions of the contract and services have been satisfactory.

10) Custodial Supplies (Renewal)

Renew the custodial supplies contracts for the period beginning August 18, 2023 through August 17, 2024, at a total estimated amount of \$288,000.00, which is based on prior year expenditures. The vendors are as follows:

Primary Vendor	Gulf Coast Paper, Co. (Brownsville, TX)
Secondary Vendors	Rio Paper & Supply, LLC. (Pharr, TX) Gateway Printing & Office Supply, Inc. (Edinburg, TX)

Purpose and Justification – The Custodial Department is requesting to purchase custodial supplies, which will be used throughout the College district as needed. Purchases will include cleaning solutions, disinfecting sprays, disinfecting liquid solutions, hand towels, tissue paper, mops, brooms, gloves, trash bags, and other miscellaneous supplies. The purchases will be based on availability and pricing.

The custodial supplies are needed for the day-to-day cleaning, disinfecting, and maintenance of all South Texas College facilities. These supplies are essential for the health and safety of all students, faculty, staff, and visitors.

Background – The Board awarded the contracts for custodial supplies as follows:

Term: July 27, 2021 – one year with two (2) one-year annual renewals			
Award	Board Meeting Date	Original Term	Renewal Term
Original	7/27/21	8/18/21 – 8/17/22	2 – one year options
1 st Renewal	5/26/22		8/18/22 – 8/17/23
2 nd Renewal	5/23/23		8/18/23 – 8/17/24 Last Renewal

The vendors have complied with all the terms and conditions of the contract and services have been satisfactory.

Funds for this expenditure are budgeted in the Custodial budget for FY 2022 – 2023 and FY 2023 – 2024, pending Board approval of the budget.

11) Geotechnical and Materials Testing Services (Renewal)

Renew the geotechnical and materials testing services contracts for the period beginning July 28, 2023 through July 27, 2024, for services ranging from \$5,000 to \$45,000 per project. The firms are as follows:

Firm (City/State)	Firm (City/State)
B2Z Engineering, LLC. (Mission, TX)	L&G Consulting Engineers, Inc. (Mercedes, TX)
Millennium Engineers Group, Inc. (Pharr, TX)	Raba Kistner, Inc. (McAllen, TX)
Terracon Consultants, Inc. (Pharr, TX)	

Purpose and Justification – Facilities Planning and Construction is requesting to renew geotechnical and materials testing services, which will be provided as needed for various construction projects.

Some of the anticipated engineering services which may be provided are testing of the following:

Soil conditions for proper foundation design	Select fill dirt for proper compaction
Concrete samples during concrete pours	Sub-grades, caliche base, and asphalt for parking areas
Structural steel reinforcing	Steel Welding
Floors for levelness	Fireproof materials
Environmental conditions including air quality	Identifying asbestos-type materials

Background - The Board awarded the geotechnical and materials testing services as follows:

Term: July 27, 2021 – one year with two (2) one-year annual renewals.			
Award	Board Meeting Date	Original Term	Renewal Term
Original	7/27/21	7/28/21 – 7/27/22	2 – one year options
1 st Renewal	6/28/22		7/28/22 – 7/27/23
2 nd Renewal	5/23/23		7/28/23 – 7/27/24 Last Renewal

The vendors have complied with all the terms and conditions of the contract and services have been satisfactory.

Funds for this expenditure are budgeted in the Construction budgets for FY 2022 – 2023 the FY 2023 – 2024, pending Board approval of the budget.

C. Purchases and Renewals (C-c. Technology Items)

12) Computers, Laptops, and Tablets (Purchase)

Purchase of computers, laptops, and tablets from the State of Texas Department of Information Resources (DIR) approved vendors **Dell Marketing, LP.** (Dallas, TX) at \$568,120.35 and **Apple, Inc.** (Dallas, TX) at \$3,970.00 for a total of \$572,090.35.

Information Technology has evaluated all the purchase requests for computers, laptops, and tablets and does not have refurbished systems available for new hires. Instructional and/or business needs must be clearly identified/justified for any equipment that is an outside standard configuration or does not replace existing office systems. (Ex. mobile devices)

An itemized list with justification is included for your review and information.

Information Technology used the following criteria when recommending the purchase of technology:

- Systems being requested meet the South Texas College standard configuration
- The new systems will replace an older model (5+ years and out of warranty)
- Software requirements exceed the system capacity

The purchases can be summarized as follows:

- Staff Computers
 - ⇒ 1 Computer for Public Relations/Marketing Department
 - ⇒ 1 Computer for Distance Learning
 - ⇒ 1 Computer for Facility Maintenance
 - ⇒ 2 Computers for Information Technology Program
 - ⇒ 8 Computers for Campus Police Department
- Staff Laptops
 - ⇒ 4 Laptops for Human Resources
 - ⇒ 1 Laptop for Business Office
 - ⇒ 2 Laptops for Dual Credit Academies
 - ⇒ 3 Laptops for Resource Development, Management, and Compliance
 - ⇒ 6 Laptops for Student Financial Services-Pell
- Faculty Computers
 - ⇒ 2 Computers for Information Technology Program
 - ⇒ 2 Computers for Diagnostic Sonography Program
- Faculty Laptops
 - ⇒ 1 Laptop for Mathematics Program
- Student Computers
 - ⇒ 472 Computers for Technology Support
 - ⇒ 2 Computers for Chemistry Program
 - ⇒ 1 Computer for Mid Valley Culinary Lab Renovation
 - ⇒ 10 Computers for Learning Commons and Open Labs
- Student Laptops
 - ⇒ 12 Laptops for Chemistry Program
 - ⇒ 1 Laptop for Dual Credit Academies
 - ⇒ 30 Laptops for Library Public Services
- Student Tablets
 - ⇒ 5 Tablets for the Surveying and Geospatial Technology Program

Funds for these expenditures are budgeted in the requesting department budgets for FY 2022 - 2023 as follows: Public Relations and Marketing, Distance Learning, Facility Maintenance, Information Technology Program, Campus Police, Human Resources, Business Office, Dual Credit Academies, Resource Development, Management, and Compliance, Student Financial Services-Pell, Diagnostic Sonography Program, Mathematics Program, Technology Support, Chemistry, Construction Accounts-Unexpended, Learning Commons and Open Labs, Dual Credit Academies, Library Public Services, and Surveying and Geospatial Technology.

13) Web Application Firewall Software/Cloud Subscription Agreement (Renewal)

Renew the annual web application firewall software/cloud subscription agreement from **Kudelski Security, Inc.** (Minnetonka, MN), a State of Texas Department of Information Resources (DIR) approved vendor, for the period beginning July 7, 2023 through July 6, 2024, at a total amount of \$50,384.00.

Purpose and Justification – Information Security is requesting to renew the annual web application firewall software/cloud subscription that protects all of the College’s public-facing applications and services from web application attacks deny services. The Imperva Web Application Firewall (WAF) analyzes and inspects requests coming into the applications and stops attacks such as cross-site scripting (XSS), structured query language (SQL) injections, and cookie poisoning, among others.

Funds for this expenditure are budgeted in the Information Security budget for FY 2022 – 2023.

D. Interlocal Agreements

14) Facility Lease Agreements (Lease/Rental)

Facility lease/rental agreements through an interlocal agreement for the period beginning May 12, 2023 through September 21, 2023, at a total amount of \$5,929.00. The events are as follows:

#	Location	Event	Dates	Amount
1	City of McAllen – Quinta Mazatlan	Distinguished Leadership Academy	9/21/23	\$315.00
2	City of Mission – Mission Event Center	Graduation Committee Appreciation Banquet	5/12/23	\$2,725.00
3	Region One Education Service Center	South Texas Leadership Academy	6/15/23	\$2,889.00

Purpose and Justification – The Office of Professional Development, the President’s Office, and the Office of Human Resources are requesting the lease/rental agreements for various College events as listed in the table above.

Funds for these expenditures are budgeted in the Office of Professional Development, Internal Events – President, and Human Resources budgets for FY 2022 – 2023.

Recommendation:

It is requested that the Committee recommend for Board approval the award of proposal, rejection of proposals, purchases, renewals, and interlocal agreements at a total cost of \$1,396,540.31 as listed below:

A. Award of Proposal

- 1) **Medical Oxygen Generating Unit (Award) – Grant Funded:** award the proposal for the medical oxygen generating unit to **Novair USA Corp** (North Tonawanda, NY) (New), at a total amount of \$100,575.00;

B. Rejection of Proposals

- 2) **Medical Care Equipment (Reject) – Grant Funded:** reject the three (3) proposals received for the medical care equipment because they exceeded the amount received from the grantor. A new solicitation has been advertised to meet the federal grant deadline;
- 3) **Starr County Campus Building E – Analog to Digital Audio Visual Upgrade (Reject) – Grant Funded:** reject the one (1) proposal received for the Starr County Campus Building E – Analog to Digital Audio Visual Upgrade because of the code of federal regulations procurement rules related to competition and price analysis. A new solicitation has been advertised to meet the federal grant procurement timeline;

C. Purchases and Renewals (C-a. Instructional Items)

- 4) **Instructional Equipment (Purchase):** purchase instructional equipment from **JF Petroleum Group** (Edinburg, TX), a Texas Association of School Boards – Buyboard approved vendor, at a total amount of \$60,695.35;
- 5) **Library Serials (Renewal):** renew the library serials contract with **EBSCO Information Services, LLC.** (Birmingham, AL) for the period beginning September 1, 2023 through August 31, 2024, at an estimated total amount of \$62,866.61.
- 6) **Nursing and Allied Health Equipment and Supplies (Renewal):** renew the nursing and allied health equipment and supplies contracts for the period beginning August 1, 2023 through July 31, 2024, at a total estimated amount of \$200,000.00, which is based on prior year expenditures. The vendors are as follows:

Vendor (City/State)	Vendor (City/State)
Bound Tree Medical, LLC. (Dublin, OH)	DiaMedical USA Equipment, LLC. (West Bloomfield, MI)
Hand Safety, LLC. (Wichita Falls, TX)	Henry Schein, Inc. (Melville, NY)
J and B Medical Supply Company, Inc. (Wixom, MI)	Meadows Medical Supply (Quogue, NY)
Performance Health Supply, LLC./dba Medco Supply Company (Warrenville, IL)	Pocket Nurse Enterprises, Inc/dba Pocket Nurse (Monaca, PA)
Social Medical Supply, LLC./dba Well Before (Dallas, TX)	

C. Purchases and Renewals (C-b. Non-Instructional Items)

- 7) **Bond Counsel Services (Renewal):** renew the bond counsel services contract with **Ricardo Perez Law Firm, PLLC.** (McAllen, TX), for the period beginning August 1, 2023 through July 31, 2024, at a total estimated amount of \$56,000.00;

- 8) Campus Dining and Food Trucks – II (Renewal):** renew the campus dining and food trucks – II contract with **Cornerstone Catering** (Mission, TX) for the period beginning July 25, 2023 through July 24, 2024, with 0% commission;
- 9) Campus Dining and Food Trucks – II (Renewal):** renew the campus dining and food trucks – II contract with **Zaycor Management Company (Steak n Shake)** (Brownsville, TX) for the period beginning August 1, 2023 through July 31, 2024, with 0% commission;
- 10) Custodial Supplies (Renewal):** renew the custodial supplies contracts for the period beginning August 18, 2023 through August 17, 2024, at a total estimated amount of \$288,000.00, which is based on prior year expenditures. The vendors are as follows:

Primary Vendor	Gulf Coast Paper, Co. (Brownsville, TX)
Secondary Vendors	Rio Paper & Supply, LLC. (Pharr, TX) Gateway Printing & Office Supply, Inc. (Edinburg, TX)

- 11) Geotechnical and Materials Testing Services (Renewal):** renew the geotechnical and materials testing services contracts for the period beginning July 28, 2023 through July 27, 2024, for services ranging from \$5,000 to \$45,000 per project. The firms are as follows:

Firm (City/State)	Firm (City/State)
B2Z Engineering, LLC. (Mission, TX)	L&G Consulting Engineers, Inc. (Mercedes, TX)
Millennium Engineers Group, Inc. (Pharr, TX)	Raba Kistner, Inc. (McAllen, TX)
Terracon Consultants, Inc. (Pharr, TX)	

C. Purchases and Renewals (C-c. Technology Items)

- 12) Computers, Laptops, and Tablets (Purchase):** purchase of computers, laptops, and tablets from the State of Texas Department of Information Resources (DIR) approved vendors **Dell Marketing, LP.** (Dallas, TX) at \$568,120.35 and **Apple, Inc.** (Dallas, TX) at \$3,970.00 for a total of \$572,090.35;
- 13) Web Application Firewall Software/Cloud Subscription Agreement (Renewal):** renew the annual web application firewall software/cloud subscription agreement from **Kudelski Security, Inc.** (Minnetonka, MN), a State of Texas Department of Information Resources (DIR) approved vendor, for the period beginning July 7, 2023 through July 6, 2024, at a total amount of \$50,384.00;

D. Interlocal Agreements

- 14) Facility Lease Agreements (Lease/Rental):** facility lease/rental agreement through an interlocal agreement for the period beginning May 12, 2023 through September 21, 2023, at a total amount of \$5,929.00. The events are as follows:

#	Location	Event	Dates	Amount
1	City of McAllen – Quinta Mazatlan	Distinguished Leadership Academy	9/21/23	\$315.00
2	City of Mission – Mission Event Center	Graduation Committee Appreciation Banquet	5/12/23	\$2,725.00
3	Region One Education Service Center	South Texas Leadership Academy	6/15/23	\$2,889.00

SOUTH TEXAS COLLEGE
1. RE-BID MEDICAL OXYGEN GENERATING UNIT
PROJECT NO. 22-23-1058

NAME			Novair USA Corp		PCI Gases	
ADDRESS			814 Wurlitzer Dr		12201 Magnolia Ave	
CITY/STATE/ZIP			North Tonawanda, NY 14120		Riverside, CA 92503	
PHONE			716-564-5165		951-479-0860	
FAX			716-564-5173		951-479-0861	
CONTACT			Barbara Weigand		Frederick B. Morgan	
#	Qty	Description	Unit Price	Extension	Unit Price	Extension
1	1	Oxygen Generating Unit	\$ 96,875.00	\$ 96,875.00	\$ 153,650.00	\$ 153,650.00
2	1	Shipping and Handling	\$ 3,700.00	\$ 3,700.00	\$ 2,700.00	\$ 2,700.00
3	1	Set-up and Training (If not included in item price)	Included in Price		Included in Price	
4	1	Other (e.g.: travel-related expenses, etc.) If these cannot be definitely determined, provide an estimate.			\$ 2,000.00	\$ 2,000.00
TOTAL AMOUNT PROPOSED			\$ 100,575.00		\$ 158,350.00	
TOTAL EVALUATION POINTS			95.375		76.375	
RANKING			1		2	

The Director of Purchasing has reviewed all the responses and evaluations completed.

*The proposal criteria follows in the packet for further explanation of each criteria.

SOUTH TEXAS COLLEGE
1. RE-BID MEDICAL OXYGEN GENERATING UNIT
PROJECT NO. 22-23-1058
EVALUATION SUMMARY

VENDOR		Novair USA Corp		PCI Gases	
ADDRESS		814 Wurlitzer Dr		12201 Magnolia Ave	
CITY/STATE/ZIP		North Tonawanda, NY 14120		Riverside, CA 92503	
PHONE		716-564-5165		951-479-0860	
FAX		716-564-5173		951-479-0861	
CONTACT		Barbara Weigand		Frederick B. Morgan	
1	The purchase price (up to 50 points)	50	50	31.75	31.75
		50		31.75	
		50		31.75	
		50		31.75	
2	The reputation of the vendor and of the vendor's goods or services. (up to 10 points)	10	9.375	5	8.125
		9.5		9.5	
		9		9	
		9		9	
3	The quality of vendor's goods or services. (up to 18 points)	16	16.75	18	17.25
		17		17	
		17		17	
		17		17	
4	The extent to which the goods or services meet the district's needs. (up to 18 points)	18	17.25	18	17.25
		17		17	
		17		17	
		17		17	
5	The vendor's past relationship with the district. (up to 3 points)	2	2	2	2
		2		2	
		2		2	
		2		2	
6	The impact on the ability of the district to comply with laws relating to historically underutilized businesses. (up to 1 point)	0	0	0	0
		0		0	
		0		0	
		0		0	
TOTAL EVALUATION POINTS		95.375		76.375	
RANKING		1		2	

The Director of Purchasing has reviewed all the responses and evaluations completed.

*The proposal criteria follows in the packet for further explanation of each criteria.

SOUTH TEXAS COLLEGE
1. PROPOSAL CRITERIA - PRODUCT ONLY - GRANT

	Product Only		
	Points	Score Key	
1 Criterion 1: The purchase price a. The low bidder gets the maximum points b. Divide the lowest proposal by each of the other proposal(s)	50		
2 Criterion 2: The reputation of the vendor and of the vendor's goods or services a. Number of Years in Business b. References (similar projects)	10	8-10 5-7 2-4 0-1	Excellent Acceptable Marginal Poor/No Response
3 Criterion 3: The quality of the vendor's goods or service a. Warranty b. Service Support/Response Time c. Goods/Product (manufacturer life) d. Product Performance	18	14-16 9-13 4-8 0-3	Excellent Acceptable Marginal Poor/No Response
4 Criterion 4: The extent to which the goods or services meet the district's needs a. Delivery Time Frame of product(s) b. Meet or exceed the specifications	18	14-18 9-13 4-8 0-3	Excellent Acceptable Marginal Poor/No Response
5 Criterion 5: The vendor's past relationship with the district a. Quality of Past Performances with STC ****New Vendors will receive two points	3	3 2 1 0	Excellent Acceptable/New Vendor Marginal Poor/No Response
6 Criterion 6: The impact on the ability of the district to comply with laws and rules relating to historically underutilized businesses a. Provided the Certification	1	1 0	Yes No
7 Criterion 7: The total long-term cost to the district to acquire the vendor's goods or services a. Annual Maintenance Cost b. Annual Escalation Increase			Up to 5 points will be used from the purchase price if applicable
8 Criterion 8: For a contract for goods and services, other than goods and services related to telecommunications and information materials, whether the vendor or the vendor's ultimate parent company or majority owner: a. Has its place of business in this state; or b. Employs at least 500 persons in this state.	0	5 0	Yes No
9 Criterion 9: Any other relevant factor specifically listed in the request for bids or proposals, e.g.: a. Financial Standing b. Potential or Pending Sale of Business c. Trade-In of outdated equipment			Up to 5 points will be used from the purchase price if applicable

Total Points

100

Definitions of evaluation terms:

Excellent - respondent provided information which fully addressed or exceeded the requirements

Acceptable - respondent provided information which addressed most but not all of the requirements

Marginal - respondent provided minimal information on requirements

Poor/No response - respondent provided inadequate responses to requirements or did not respond

NO BACKUP FOR

2. Medical Care Equipment (Reject)

NO BACKUP FOR

**3. Starr County
Campus Building E –
Analog to Digital
Audio Visual Upgrade
(Reject)**

SOUTH TEXAS COLLEGE
4. INSTRUCTIONAL EQUIPMENT

VENDOR			JF Petroleum Group	
ADDRESS			3702 S Expressway 281	
CITY/STATE/ZIP			Edinburg, TX 78542	
PHONE			956-686-9582	
CONTACT			Bill Seawell	
#	Qty	Description	Unit Price	Extension
1	1	Heavy Duty 4-Post Rack Long Deck (Fits Long Wheelbase Dually Pickups)	\$ 37,641.38	\$ 37,641.38
2	1	Shipping and Handling	\$ 2,150.00	\$ 2,150.00
3	1	Road Force Balancer with TDC Laser and Wheel Lift	\$ 19,158.38	\$ 19,158.38
4	1	Balancer Adjustable Flange Plate	\$ 1,095.59	\$ 1,095.59
5	1	Shipping and Handling	\$ 650.00	\$ 650.00
TOTAL AMOUNT			\$ 60,695.35	

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SOUTH TEXAS COLLEGE
12. DISTRICT WIDE TECHNOLOGY REQUEST
MAY 23, 2023

COMPUTERS					
#	Qty	Description	Unit Price	Extension	Requesting Department
1	472	Dell OptiPlex 5000 Tower 12th Gen, Intel Core i7-12700, 16GB Memory	\$ 898.71	\$ 424,191.12	Lucio Gonzalez - Technology Support
		512GB Hard Drive, Warranty			Replacement of out-of-warranty systems for student labs district-wide
2	1	Dell OptiPlex 3660 Tower, Intel Core i7-12700, 32GB Memory,	\$ 1,669.68	\$ 1,669.68	Lynda Lopez - Public Relations and Marketing
		512GB Hard Drive, Warranty			New system for new department staff
3	2	Dell OptiPlex 5000 Tower 12th Gen, Intel Core i7-12700, 16GB Memory	\$ 898.71	\$ 1,797.42	Enriqueta Cortez - Chemistry Program
		512GB Hard Drive, Warranty			Replacement of out-of-warranty systems for student lab
4	1	Dell OptiPlex 5000 Micro Tower 12th Gen, Intel Core i5-12500T, 16GB Memory	\$ 827.69	\$ 827.69	Mary Elizondo/Rick De La Garza - Construction Accounts Unexpended
		256GB Hard Drive, Warranty			New system for Mid Valley culinary student lab renovation
5	1	Dell OptiPlex 7010 Micro Tower, Intel Core i7-13700T, 16GB Memory	\$ 4,490.44	\$ 4,490.44	Rachel Sale - Distance Learning
		256GB Hard Drive, 65" 4K Interactive Touch Monitor, Warranty			New system for department staff
6	1	Dell OptiPlex 5000 Micro Tower, 1275 Gen, Intel Core i5-12500T, 16GB Memory	\$ 4,383.26	\$ 4,383.26	Arturo Solano - Learning Commons and Open Labs
		256GB Hard Drive, 65" 4K Interactive Touch Monitor, Warranty			New system for student lab
8	1	Dell OptiPlex 7000 Micro Tower, 12th Gen Intel Core i7-12700T, 16GB Memory	\$ 5,134.76	\$ 5,134.76	Luis De La Garza - Facility Maintenance
		256GB Hard Drive, 75" 4K Interactive Touch Monitor, Warranty			New system for department staff conference room
9	2	Dell OptiPlex 5000 Tower 12th Gen, Intel Core i7-12700, 16GB Memory	\$ 1,075.10	\$ 2,150.20	Arturo Solano - Learning Commons and Open Labs
		512GB Hard Drive, 22" Monitor, Warranty			New systems for student lab
10	1	Dell OptiPlex 5000 Tower 12th Gen, Intel Core i7-12700, 16GB Memory	\$ 1,075.10	\$ 1,075.10	Arturo Solano - Learning Commons and Open Labs
		512GB Hard Drive, 22" Monitor, Warranty			Replacement of out-of-warranty system for student lab
11	2	Dell OptiPlex 5000 Tower 12th Gen, Intel Core i7-12700, 16GB Memory	\$ 1,276.15	\$ 2,552.30	Angelita Elizondo Teniente - Information Technology Program
		1TB Hard Drive, 22" Monitor, Warranty			Replacement of obsolete systems for department staff
12	2	Dell OptiPlex 5000 Tower 12th Gen, Intel Core i7-12700, 16GB Memory	\$ 1,276.15	\$ 2,552.30	Angelita Elizondo Teniente - Information Technology Program
		1TB Hard Drive, 22" Monitor, Warranty			Replacement of obsolete systems for department faculty
13	2	Dell OptiPlex 5000 Tower 12th Gen, Intel Core i7-12700, 16GB Memory	\$ 1,100.30	\$ 2,200.60	Ruben Suarez - Campus Police
		1TB Hard Drive, 22" Monitor, Warranty			Replacement of out-of-warranty systems for department staff
14	6	Dell OptiPlex 3660 Tower, Intel Core i7-12700, 32GB Memory,	\$ 2,194.37	\$ 13,166.22	Ruben Suarez - Campus Police
		512GB Hard Drive, Warranty			Replacement of out-of-warranty systems for department staff
15	2	Dell OptiPlex 5000 Tower 12th Gen, Intel Core i7-12700, 16GB Memory	\$ 898.71	\$ 1,797.42	Crystal Bird - Diagnostic Sonograph Program
		512GB Hard Drive, Warranty			Replacement of out-of-warranty systems for department faculty
16	6	Dell OptiPlex 5000 Tower 12th Gen, Intel Core i7-12700, 16GB Memory	\$ 898.71	\$ 5,392.26	Arturo Solano - Learning Commons and Open Labs
		512GB Hard Drive, Warranty			Replacement of out-of-warranty systems for student lab
COMPUTER TOTAL				\$ 473,380.77	

SOUTH TEXAS COLLEGE
12. DISTRICT WIDE TECHNOLOGY REQUEST
MAY 23, 2023

#	Qty	Description	Unit Price	Extension	Requesting Department
LAPTOPS					
17	1	Laptop Mobile Precision 5570 CTO, Intel Core i7-12700H, 32GB Memory, 512GB Hard Drive, NVIDIA RTX A1000, 4GB DDR6, Docking Station, Warranty	\$ 2,409.49	\$ 2,409.49	Alicia Correa - Human Resources New system for department staff
18	1	Laptop Mobile Precision 5570 CTO, Intel Core i7-12700H, 32GB Memory, 512GB Hard Drive, NVIDIA RTX A1000, 4GB DDR6, Docking Station, Warranty	\$ 2,409.49	\$ 2,409.49	Myriam Lopez - Business Office Replacement system for department staff
19	1	Laptop Latitude Bundle 5430 BTX Base, Intel Core i5-1245U, 8GB Memory, 256GB Hard Drive, Intel Iris Xe Graphics, Keyboard and Mouse, Docking Station, Warranty	\$ 1,426.67	\$ 1,426.67	Mario Morin - Mathematics Program Replacement system for department faculty
20	6	Laptop Mobile Precision 5570 CTO, Intel Core i7-12700H, 32GB Memory, 512GB Hard Drive, NVIDIA RTX A1000, 4GB DDR6, Warranty	\$ 2,183.20	\$ 13,099.20	Enriqueta Cortez - Chemistry Program Replacement of out-of-warranty systems for student lab
21	6	Laptop Mobile Precision 5570 CTO, Intel Core i7-12700H, 32GB Memory, 512GB Hard Drive, NVIDIA RTX A1000, 4GB DDR6, Warranty	\$ 2,183.20	\$ 13,099.20	Enriqueta Cortez - Chemistry Program Replacement of out-of-warranty systems for student lab
22	2	Laptop Latitude Bundle 5430 BTX Base, Intel Core i5-1245U, 8GB Memory, 256GB Hard Drive, Intel Iris Xe Graphics, Keyboard and Mouse, Docking Station, Warranty	\$ 1,426.67	\$ 2,853.34	Leonardo Castaneda - Dual Credit Academies Replacement of out-of-warranty systems for department staff
23	1	Laptop Latitude 7320 DTBL CTO, 11th Gen, Intel Core i5-1130G7, 8GB Memory, 256GB Hard Drive, Intel Iris Graphics, Detachable Keyboard and Pen, Warranty	\$ 1,664.26	\$ 1,664.26	Leonardo Castaneda - Dual Credit Academies New system for student sign-in
24	3	Laptop Mobile Precision 5570 CTO, Intel Core i7-12700H, 32GB Memory, 512GB Hard Drive, NVIDIA RTX A1000, 4GB DDR6, Docking Station, Warranty	\$ 2,918.59	\$ 8,755.77	Alicia Correa - Human Resources New systems for department staff
25	30	Laptop Latitude Bundle 5430 BTX Base, Intel Core i5-1245U, 8GB Memory, 256GB Hard Drive, Intel Iris Xe Graphics, (1) Laptop Cart, Warranty	\$ 1,270.48	\$ 38,114.31	Lisa Walters - Library Public Services New systems for student check-out
26	3	Laptop Latitude Bundle 5430 BTX Base, Intel Core i5-1245U, 8GB Memory, 256GB Hard Drive, Intel Iris Xe Graphics, (2) Docking Station, Warranty	\$ 1,312.07	\$ 3,936.21	Carla Rodriguez - Resource Development, Management, and Compliance Replacement of out-of-warranty systems for department staff
27	6	Laptop Latitude 5440 BTX Base, 13th Generation Intel Core i5-1345U, 16GB Memory, 256GB Hard Drive, Intel Rapid Storage Technology, Warranty	\$ 1,161.94	\$ 6,971.64	Miguel Galvan - Admin Allowance - Pell New systems for department staff
		LAPTOP TOTAL		\$ 94,739.58	
TABLETS					
28	5	Apple iPad Mini, Wi-Fi 256GB Space Gray, Apple Pencil, 3-Year Apple Care Warranty	\$ 794.00	\$ 3,970.00	Margarita Vanguelova - Surveying and Geospatial Technology Program New systems for student lab
		TABLET TOTAL		\$ 3,970.00	
		COMPUTER/LAPTOP/TABLET/TOTAL		\$ 572,090.35	

SOUTH TEXAS COLLEGE

13. WEB APPLICATION FIREWALL SOFTWARE/CLOUD SUBSCRIPTION

VENDOR			Kudelski Security, Inc.	
ADDRESS			12400 Whitewater Dr Ste 100	
CITY/STATE/ZIP			Minnetonka, MN 55343	
PHONE			214-420-5814	
CONTACT			Sonja Rhodes	
#	Qty	Description	Unit Price	Extension
Period: 7/7/23 - 7/6/24				
1	1	Incapsula SIEM Integration - up to 50Mbps Annual Subscription SIEM Integration Service has a limit of 10K requests-persecond (RPS)	\$ 4,136.00	\$ 4,136.00
2	1	Add-on: Imperva Incapsula, 50 Additional Websites, Annual Incapsula Subscription	\$ 16,920.00	\$ 16,920.00
3	1	Imperva Incapsula Enterprise 50, up to 50 Mbps, 1 Website included, Annual Incapsula Subscription	\$ 12,408.00	\$ 12,408.00
4	1	Add-on: Imperva Incapsula, 50 Additional Websites, Annual Incapsula Subscription	\$ 16,920.00	\$ 16,920.00
TOTAL AMOUNT			\$ 50,384.00	

NO BACKUP FOR

14. Facility Lease Agreements (Lease/Rental)

Discussion and Action as Necessary to Include the Prohibited Contact Provision in the Solicitation for Competitive Procurement

Purpose and Justification – Administration requests that the Committee recommend Board approval to include the prohibited contact provision in the solicitation for competitive procurement when responding to competitive bids, proposals, and statements of qualifications to preserve the integrity of the procurement process by prohibiting attempts by a vendor to influence the award of a contract.

The requirement clause is as follows:

Prohibited Contact Provision

For the period between the proposal submission deadline and the time that the South Texas College Board of Trustees takes action to award a contract or to reject all proposals, respondents, including their agents and representatives, shall not contact, either verbally or through written format, any College Board of Trustees member, administrator, executive, College consultant, member of the proposal evaluation committee, or any other College staff, to discuss or otherwise influence the evaluation and decision-making process relating to the award of a contract. If a respondent violates the foregoing prohibition, such contact may result in disqualification of the respondent's proposal. The foregoing prohibition will not apply to communication with a respondent initiated by the College to request an interview, an oral presentation, or additional information to clarify any aspect of the respondent's proposal.

Board approved contracts that are awarded will include the prohibited contact provision in the formal solicitation documents.

The College has worked with Legal Counsel to include this clause as part of the solicitation for competitive procurement.

Mary G. Elizondo, Vice President for Finance and Administrative Services, and Becky Cavazos, Director of Purchasing, will be present at the Committee meeting to address any questions.

It is requested that the Committee recommend Board approval to include the prohibited contact provision in the solicitation for competitive procurement when responding to competitive bids, proposals, and statements of qualifications to preserve the integrity of the procurement process by prohibiting attempts by a vendor to influence the award of a contract.

Review and Recommend Action to Ratify Reclassifications to the Employee Pay Plan and the Employee Staffing Plan for FY 2022 - 2023

Purpose and Justification – Administration requests the Committee recommend Board approval to ratify reclassifications to the Employee Pay Plan and the Employee Staffing Plan for FY 2022 – 2023 to include revisions to position pay grades, titles, and salaries status as recommended by College Administrators.

Background – The Office of Human Resources, in collaboration with College Administration, performed further assessments of FY 2022 – 2023 positions, and actions were taken after the President's approval, as listed below:

1. Reclassification List – Reclassifications initiated by Administration and approved by the President. These changes are deemed critical and result in revisions and reclassifications as appropriate to the position duties and are effective in the month in which the President's approval was received.

The reclassifications are based on an assessment of the position's job duties, responsibilities, and college and departmental needs and objectives that include the following:

- A. Pay Grade Revisions
- B. Position Title and/or Salary Adjustments
- C. Title Changes

Funding Source – Funds for these reclassifications are available in the FY 2022 - 2023 salary budget, and the net effect on the FY 2022 - 2023 Salary Budget and Unrestricted Fund Budget is zero.

Reviewers – The reclassifications have been reviewed by the President, all the Vice Presidents, and the Interim Director of Human Resources.

Enclosed Documents – The Reclassification List follows in the packet for the Committee's information and review.

Mary Elizondo, Vice President for Finance and Administrative Services, and Alicia Correa, Interim Director of Human Resources, will be present at the Committee Meeting to address any questions.

It is requested that the Committee recommend Board approval to ratify reclassifications to the Employee Pay Plan and the Employee Staffing Plan for FY 2022 – 2023 as presented.

South Texas College
Reclassifications List: Pay Grade Corrections, Position Title and/or Salary Adjustments, and
Title Changes for FY 2022 - 2023

#	Organization Name	Title	Classification	Current Salary	Salary Adjustment	Adjusted Salary Budget
Vice President for Institutional Advancement and Economic Development						
1	Institutional Advancement	Title and Grade Change for Workforce Contract Manager (Position 700321) to Global Market Development Manager - Filled	Professional Technical Exempt	\$ 1.00	\$ 67,399	\$ 67,400
Rationale: • Will fund a \$1 position and set to EAP 6 pay grade based on departmental needs.						
2	Institutional Advancement	Title and Grade Change for Institutional Advancement and Economic Development Administration Officer (Position 704650) to Director of Institutional Advancement and Economic Development - Vacant	Administrative Exempt	\$ 75,625	\$ -	\$ 75,625
Rationale: • Change Title and Pay grade due to departmental needs.						
Total for Vice President for Institutional Advancement and Economic Development				\$ 75,626	\$ 67,399	\$ 143,025
Vice President for Academic Affairs						
3	ADN Instr - 10.5 Months	Title Change for A.D.N. Instructor - 10.5 Months (Position 314559) to BSN Instructor - 10.5 Months - Vacant	Faculty	\$ 71,371	\$ -	\$ 71,371
Rationale: • This request is necessary as the NAH Division aims to hire a full-time BSN regular faculty position at the end of this year. THECB has given us the green light to admit more than 30 BSN regular students yearly. The NAH division usually accepts BSN students once a year, every spring semester, and will now start admitting twice a year						
Total for Vice President for Academic Affairs				\$ 71,371	\$ -	\$ 71,371
Vice President for Student Affairs and Enrollment Mgmt.						
4	Office of Enrollment Services	Title Change for Student Completion Specialist (Position 719612) to Student Engagement and Completion Specialist - Vacant	Professional Technical Non-Exempt	\$ 39,292	\$ -	\$ 39,292
Rationale: • Position is being transferred under newly created department and aligns to the department mission and goals of re-engaging adult learners/stop-outs to re-enroll and complete their degrees.						
5	Dual2Dgree	Title Change for Coordinator of Enrollment Services for Dual Credit (Position 722610) to Coordinator of Student Engagement and Completion Services - Filled	Professional Technical Exempt	\$ 54,645	\$ -	\$ 54,645
Rationale: • Staff was transferred to the incorrect division and reclassified to the correct division.						
6	Counseling & Student Access Services	Title Change for Licensed Counselor (Position 700172) to Counselor - Vacant	Professional Technical Exempt	\$ 56,867	\$ -	\$ 56,867
Rationale: • Due to the low applicant pool after posting the position, the title of the position is being modified to attract more applicants.						
Total for Vice President for Student Affairs and Enrollment Mgmt.				\$ 150,804	\$ -	\$ 150,804

South Texas College
Reclassifications List: Pay Grade Corrections, Position Title and/or Salary Adjustments, and
Title Changes for FY 2022 - 2023

#	Organization Name	Title	Classification	Current Salary	Salary Adjustment	Adjusted Salary Budget
Vice President for Information Services, Planning, Performance and Strategic Initiatives						
7	Technology Support	Title Change for Computer Inventory Specialist (Position 710262) to Information Security Specialist - Vacant	Professional Technical Non-Exempt	\$ 36,535	\$ -	\$ 36,535
Rationale: • Title change and organization change to help support the Information Security department with additional tasks/duties with compliance and governance. In addition, to provide a career path for employees to develop and progress within the department.						
8	Applications Development	Title Change for Applications Analyst III (Position 709393) to Application Development Engineer - Vacant	Professional Technical Exempt	\$ 64,184	\$ -	\$ 64,184
Rationale: • Title change to mirror the career ladder that has been in the Systems team. This position will serve as the senior lead for the applications team.						
Vice President for Information Services, Planning, Performance and Strategic Initiatives				\$ 100,719	\$ -	\$ 100,719
Totals for Divisions				\$ 398,520	\$ 67,399	\$ 465,919

Total Salary Adjustments	\$ 67,399
Less Sources of Funding Identified	\$ (67,399)
Net Impact to Budget	\$ -

**Review and Discussion of the Texas Higher Education Coordinating Board Report
on the Fiscal Year 2021 - 2022 Financial Condition Analysis of Texas Public
Community College Districts**

Mary Elizondo, Vice President for Finance and Administrative Services, will review the Texas Higher Education Coordinating Board Report on the Fiscal Year 2021 - 2022 Financial Condition Analysis of Texas Public Community College Districts with the Committee.

Purpose – South Texas College’s financial information and ratios presented in the Financial Condition Analysis of Texas Public Community College Districts will be reviewed with the Finance Committee.

Background - The Texas Higher Education Coordinating Board collects financial documents for Texas Public Institutions of higher education, including community colleges. The Texas Higher Education Coordinating Board’s annual report on the financial condition of the state’s community colleges is required as referenced in the General Appropriations Act, House Bill 1 (H.B. 1), 87th Texas Legislature, Section 12 (page III-229). The rider states the following:

“Each community college shall provide to the Texas Higher Education Coordinating Board financial data related to the operation of each community college using the specific content and format prescribed by the Coordinating Board. Each community college shall provide the report no later than January 1st of each year.

The Coordinating Board shall provide an annual report due on May 1 to the Legislative Budget Board and Governor’s Office about the financial condition of the state’s community college districts.”

With the implementation of Governmental Accounting Standards Board (GASB) pronouncements 68 and 75, community college districts experienced significant turbulence in the financial condition metrics for Fiscal Years FY 2015 and FY 2018. Statements 68 and 75 are summarized below:

GASB 68 Summary

“The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.”

GASB 75 Summary

“The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.”

To create additional transparency, the GASB 68 and 75 implementation transferred pension and other post-employment benefit (OPEB) liability from the state-level financial statements of the Teachers Retirement System (TRS) and Employers Retirement System (ERS) to the individual financial statements of the institutions. This transfer increased the visibility of pension and OPEB liability at the community college district level. The overall effect to statewide financial ratios and to the financial condition of community college districts was substantial.


For the purpose of this report, any GASB 68 and 75 related long-term liabilities, deferred outflow of resources and deferred inflow of resources have been removed from the calculation of these metrics for FY 2021 - 2022, based on the updated KPMG report¹. However, any expenses related to GASB 68 and GASB 75 are included in the calculation, due to that they are included in operating expenses, and not broken out separately in the ACFR and do have an impact on the net position.

Justification - The objective of this report is to provide an assessment of the overall financial health of public community colleges and to identify institutions in which the potential for financial stress exists.

Enclosed Documents - The PowerPoint presentation and a copy of the report follow in the packet for the Committee’s review and discussion.

No action is required from the Committee. This item is presented for information and feedback to staff.

¹ For more information, see Strategic financial analysis for higher education, 7th edition, KPMG, Prager, Sealy & Co., Bearing Point, summer 2016.



**SOUTH TEXAS
COLLEGE**

Texas Higher Education
Coordinating Board

Financial Condition Analysis of Texas Public Community College Districts


FY 2021 - 2022

Presented by: Mary Elizondo, MBA, CPA, CFE, CGMA
Vice President for Finance and Administrative Services

1

Executive Summary

General Appropriation Act For The 2022-2023 Biennium,
House Bill 1(HB 1) 87th Texas Legislature, Article III-226 Section 12



**Texas Higher Education
Coordinating Board**

Community colleges shall provide a financial report to the Texas Higher Education Coordinating Board (THECB) by January 1st of each year.

THECB shall provide an annual report to the Legislative Budget Board and Governor's Office by May 1st about the financial condition of the State's Community College Districts.

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Objective of Report

To provide an assessment of the overall financial health of public community colleges.

To identify institutions in which the potential for financial stress exists.

3

Ratios Calculated

- Composite Financial Index (CFI)
 - Primary Reserve Ratio
 - Viability Ratio
 - Return on Net Position
 - Operating Margin
- Equity Ratio
- Leverage Ratio

4

Composite Financial Index (CFI)

CFI blends four core financial ratios into one metric:

- 1 **Primary Reserve Ratio** How long can the institution survive without additional net position generated by operating revenue?
- 2 **Viability Ratio** How much of their debt can the institution pay off with existing resources?
- 3 **Return on Net Position** Are they better off financially than they were a year ago?
- 4 **Operating Margin** Did they balance operating expenses with available revenue?

5

Additional Indicators

- 1 **Equity Ratio** → Measures capital resources available and the college's ability to borrow
- 2 **Leverage Ratio** → Provides an indication of the amount of debt interest and principal the institution must absorb into the future relative to existing resources

6

GASB 68 and 75 Implementation

- For the purpose of this report, any GASB 68 and 75 related long-term liabilities, deferred outflow of resources and deferred inflow of resources have been removed from the calculation of these metrics for FY 2022, based on the updated KPMG report.¹

¹ For more information, see Strategic financial analysis for higher education, 7th edition, KPMG, Prager, Sealy & Co., Bearing Point, summer 2016.

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Factors Affecting Fiscal Year 2021 - 2022 Financial Condition Metrics

- Any expenses related to GASB 68 and GASB 75 are included in the calculation, due to that they are included in operating expenses, and not broken out separately in the Annual Comprehensive Financial Report submitted to the Texas Higher Education Coordinating Board and do have an impact on the net position.

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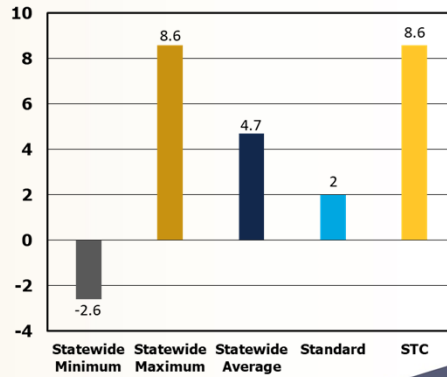
Composite Financial Index

The Composite Financial Index is calculated as follow:

Core Ratio
Relevant Value * Weight Factor

	Value*	Weight
Primary Reserve	0.133	35%
Operating Margin	0.007	10%
Return on Net Assets	0.020	20%
Viability	0.417	35%

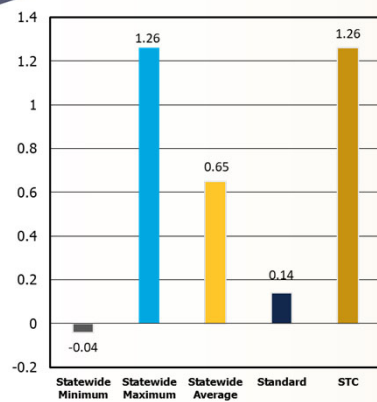
The relevant values and weights are set by THECB.



- CFI Measures the overall health of an institution.
- STC's 2022 CFI Score indicates a strong financial position.

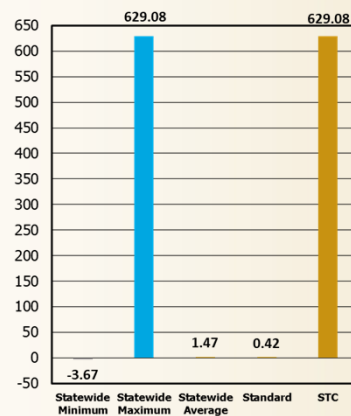
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Primary Reserve Ratio



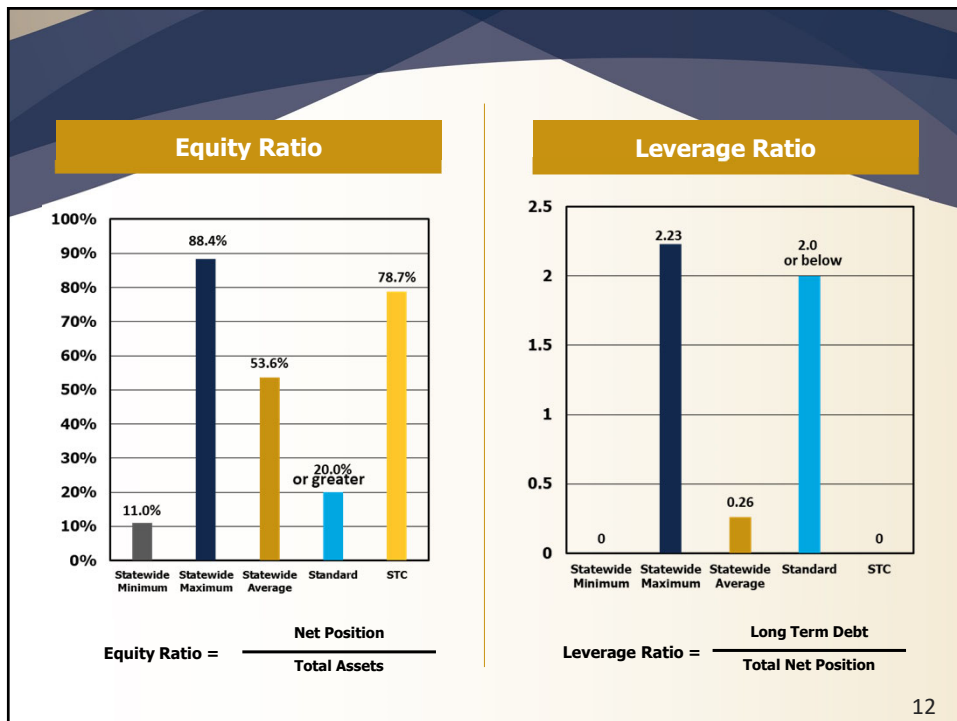
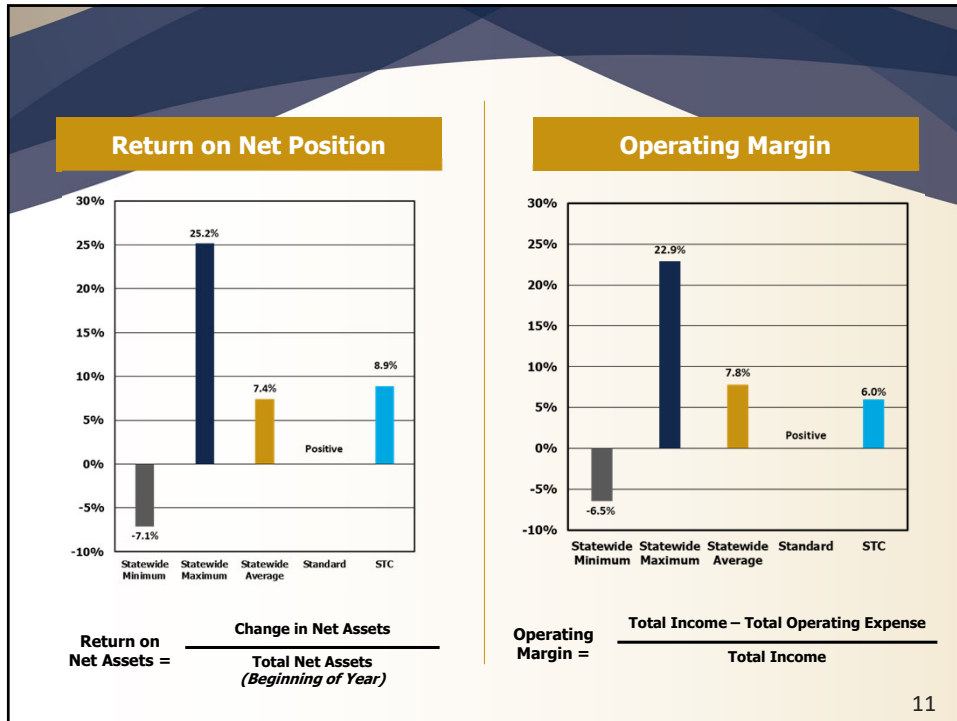
Total Expandable Net Assets + Unrestricted Net Assets
Operating Expenses + Non Operating Expenses

Viability Ratio



Total Expandable Net Assets + Unrestricted Net Assets
Total Non Current Liabilities

10



Financial Condition Conclusion

- For Fiscal year 2021 - 2022, South Texas College met all seven financial conditions, which is an indication of no financial stress.

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Financial Condition Analysis of Texas Public Community College Districts

FY 2021 - 2022**Questions ?**

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Appendix A: FY 2022 Composite Financial Index, Core Financial and Other Ratios

Financial Stress Indicator	District	Composite Financial Index	Return on Net Position	Operating Margin	Primary Reserve	Viability Ratio	Equity Ratio	Leverage Ratio
0	Alamo	4.7	14.4%	8.3%	0.40	1.38	44.8%	0.21
0	Alvin	7.1	13.6%	11.0%	0.46	93.76	58.6%	0.00
1	Amarillo	3.6	(1.8%)	0.1%	0.47	3.00	42.5%	0.02
0	Angelina	6.6	4.7%	6.6%	0.65	73.56	79.0%	0.00
2	Austin	3.8	24.6%	6.9%	0.26	0.15	27.1%	2.23
0	Blinn	4.4	6.5%	21.4%	0.76	0.88	55.5%	0.48
0	Brazosport	5.4	8.5%	9.4%	0.47	2.74	53.0%	0.01
1	Central Texas	6.7	(2.9%)	1.9%	1.21	58.78	88.4%	0.00
0	Cisco	4.3	14.0%	10.9%	0.18	1.71	74.4%	0.13
0	Clarendon	2.9	8.4%	5.5%	0.16	1.07	83.4%	0.00
0	Coastal Bend	7.7	25.2%	20.2%	0.45	13.61	67.2%	0.03
2	College Of The Mainland	3.3	18.6%	(1.0%)	0.16	1.39	11.0%	0.00
2	Collin	5.9	(1.5%)	(2.4%)	1.10	172.12	51.3%	0.00
0	Dallas	5.9	6.6%	1.3%	0.58	90.96	80.9%	0.00
1	Del Mar	4.5	2.6%	(2.6%)	0.43	8.98	37.8%	0.00
0	El Paso	6.7	12.0%	17.0%	1.15	1.78	63.7%	0.37
5	Frank Phillips	(2.6)	(7.1%)	(6.5%)	(0.04)	(3.67)	72.7%	0.00
0	Galveston	4.6	6.2%	12.0%	0.86	0.84	56.6%	0.61
0	Grayson	8.1	11.2%	13.8%	0.92	17.66	77.7%	0.01
0	Hill	5.6	2.7%	1.6%	0.61	248.87	87.3%	0.00
0	Houston	5.2	10.8%	6.8%	0.71	1.55	50.2%	0.29
0	Howard	6.3	6.3%	9.2%	0.76	3.17	74.2%	0.13
0	Kilgore	4.3	4.1%	9.8%	0.45	1.97	76.9%	0.16
0	Laredo	6.3	14.3%	12.5%	1.02	1.35	43.0%	0.48
0	Lee	6.2	12.0%	13.3%	0.67	2.70	60.0%	0.13
0	Lone Star	4.6	12.1%	19.5%	0.48	1.34	38.6%	0.15
0	McLennan	4.8	17.4%	9.8%	0.27	1.64	52.3%	0.17
0	Midland	7.9	11.3%	14.3%	0.87	8.83	84.2%	0.04
0	Navarro	5.2	11.8%	10.2%	0.46	2.18	69.1%	0.13
0	North Central Texas	2.7	2.0%	1.8%	0.41	1.32	58.6%	0.00
2	Northeast Texas	1.8	7.8%	(2.3%)	0.21	0.96	31.5%	0.33
0	Odessa	5.9	10.0%	6.9%	0.90	1.77	55.9%	0.19
0	Panola	8.6	8.4%	11.9%	1.23	70.77	67.3%	0.00
0	Paris	8.2	7.6%	14.6%	1.12	5.59	87.3%	0.10
1	Ranger	2.5	9.5%	5.4%	0.21	0.29	36.5%	1.12
3	San Jacinto	1.7	(3.5%)	(2.3%)	0.30	1.89	23.8%	0.20
0	South Plains	4.3	8.5%	4.8%	0.46	1.79	72.4%	0.18
0	South Texas	8.6	8.9%	6.0%	1.26	629.08	78.7%	0.00
0	Southwest Texas	3.1	8.4%	7.9%	0.28	0.61	54.9%	0.40
0	Tarrant	5.1	4.1%	8.9%	1.11	0.85	65.3%	0.45
0	Temple	4.9	12.0%	7.2%	0.42	1.87	23.8%	0.07
0	Texarkana	5.6	9.3%	15.1%	0.80	1.92	67.4%	0.00
0	Texas Southmost	7.8	1.7%	6.8%	1.20	6.83	76.1%	0.05
0	Trinity Valley	6.6	7.6%	11.3%	0.52	18.53	86.6%	0.00
2	Tyler	2.2	7.0%	7.9%	0.11	0.26	49.3%	0.40
0	Vernon	4.3	9.6%	5.1%	0.40	1.90	71.0%	0.22
0	Victoria	6.9	10.4%	7.8%	0.51	378.49	70.8%	0.00
0	Weatherford	6.2	12.9%	19.2%	1.20	0.95	52.1%	0.52
0	Western Texas	6.9	10.9%	22.9%	1.22	1.91	72.2%	0.26
3	Wharton	1.9	(1.5%)	(2.5%)	0.31	1.90	76.5%	0.00
0	Statewide	4.7	7.4%	7.8%	0.65	1.47	53.6%	0.26

Bold fonts indicate ratios that do not meet the state standard.

- Zero to one financial stress indicators, which indicates no financial stress.
- ▲ Two to three financial stress indicators, which indicates little to moderate financial stress.
- ◆ Four to seven financial stress indicators, which indicates financial stress.

Financial Condition Analysis of Texas Public Community College Districts

March 2023

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Agency Mission

The mission of the Texas Higher Education Coordinating Board (THECB) is to provide leadership and coordination for Texas higher education and to promote access, affordability, quality, success, and cost efficiency through 60x30TX, resulting in a globally competitive workforce that positions Texas as an international leader.

Agency Vision

The THECB will be recognized as an international leader in developing and implementing innovative higher education policy to accomplish our mission.

Agency Philosophy

The THECB will promote access to and success in quality higher education across the state with the conviction that access and success without quality is mediocrity and that quality without access and success is unacceptable.

The THECB's core values are:

Accountability: We hold ourselves responsible for our actions and welcome every opportunity to educate stakeholders about our policies, decisions, and aspirations.

Efficiency: We accomplish our work using resources in the most effective manner.

Collaboration: We develop partnerships that result in student success and a highly qualified, globally competent workforce.

Excellence: We strive for excellence in all our endeavors.

The Texas Higher Education Coordinating Board does not discriminate on the basis of race, color, national origin, gender, religion, age or disability in employment or the provision of services.

Please cite this report as follows: Texas Higher Education Coordinating Board. (2022). Financial Condition Analysis of Texas Public Community College Districts. Austin, TX.

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Executive Summary

An annual report on the financial condition of the state's community colleges is required as referenced in the General Appropriations Act, Senate Bill 1, 87th Texas Legislature, Rider 12 (page III-226). The rider states:

"Each community college shall provide to the Texas Higher Education Coordinating Board financial data related to the operation of each community college using the specific content and format prescribed by the Coordinating Board. Each community college shall provide the report no later than January 1st of each year. The Coordinating Board shall provide an annual report due on May 1 to the Legislative Budget Board and Governor's Office about the financial condition of the state's community college districts."

The objective of this report is to provide an assessment of the overall financial health of the state's 50 public community colleges and to identify institutions under financial stress using common financial ratios. This analysis is intended to be a broad financial evaluation. Other key performance indicators must be considered to gain a complete understanding of an institution's financial strength. This analysis is not intended for peer group comparisons or for benchmarking purposes.

The Fiscal Year 2022 "Financial Condition Analysis of Texas Public Community College Districts" indicates that Texas community colleges are in a strong fiscal position relative to historical averages, as summarized in [Figure 2](#). While more colleges indicated financial stress this year (seven indicated low to moderate stress and one indicated severe stress), the increase is relative to unusually low financial stress indicators in FY 2021.

Government Accounting Standards Board Pronouncements 68 and 75

Governmental Accounting Standards Board (GASB) pronouncements 68 and 75 transferred pension and other post-employment benefit (OPEB) liability from the state-level financial statements of the Teachers Retirement System and Employees Retirement System to the individual financial statements of the institutions. This transfer increased the visibility of pension and OPEB liability at the community college district level. The overall effect to statewide financial ratios and to the financial condition of community college districts was substantial.

To make these financial indicators meaningful, the effects of GASB 68 and 75 on liabilities, deferred inflows, and deferred outflows have been removed from the calculation of net position, which affects several ratios. However, the effects of GASB implementation are still represented in ratios that measure operating expense, such as operating margin and primary reserve.

Table 1. Year-to-Year Comparison of the Percentage of Texas Public Community Colleges Meeting Financial Standards, FY 2021-2022

Standard	Institutions Meeting Standard					
	2021 Count	2021%	2022 Count	2022%	Change	% Change
Composite Financial Index	48	96%	46	92%	-2	-4%
Primary Reserve	47	94%	48	96%	1	2%
Viability Ratio	46	92%	46	92%	0	0%
Return on Net Position	49	98%	44	88%	-5	-10%
Operating Margin	46	92%	43	86%	-3	-7%
Equity Ratio	48	96%	49	98%	1	2%
Leverage Ratio	49	98%	49	98%	0	0%

Source: THECB Community College Annual Reporting and Analysis Tool 2022

Introduction

There are 50 public community college districts in Texas, with the oldest dating back to 1869. They are locally controlled governmental entities established via an election process.

State statute specifies that newly created districts must have 15,000 postsecondary students and a minimum assessed property valuation of \$2.5 billion. Six of the existing districts do not currently meet the assessed property valuation standard.¹

Due to the structure of community college districts, local control enables districts to determine their own financial path. State law and rules of the Texas Higher Education Coordinating Board (THECB or Coordinating Board) impose some limitations, but local autonomy and demographics account for much of the variation in resource allocation and revenue collection.

Community college districts have four primary funding sources: state funding, local taxes, tuition and fees revenue, and federal funding. Although some districts have endowments, they are more commonly found in universities.

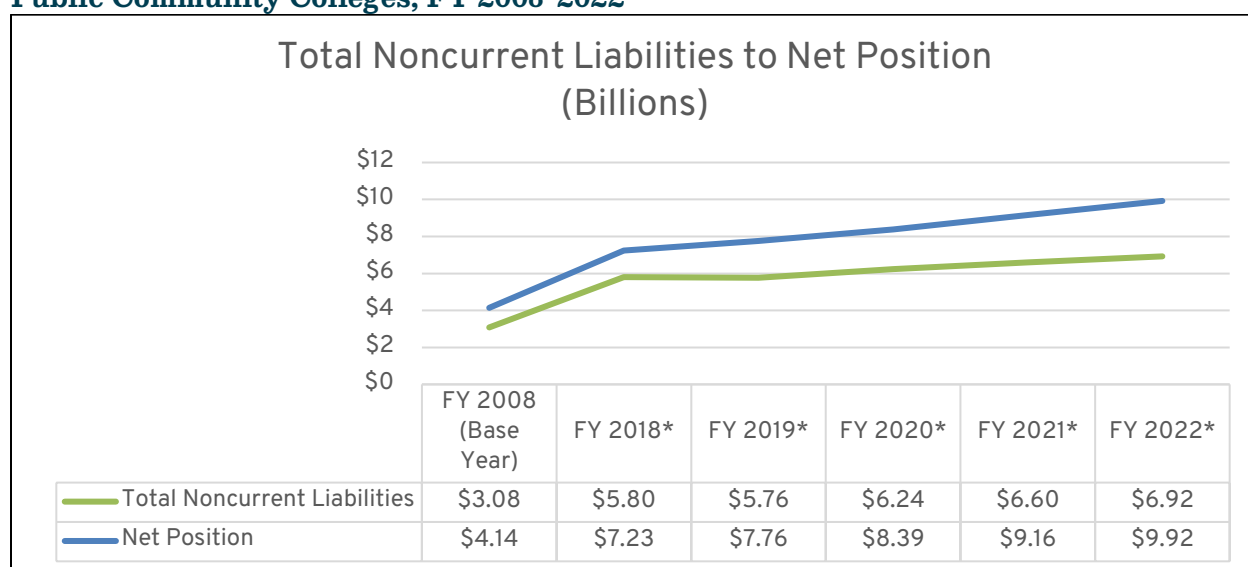
¹ Community College Annual Reporting and Analysis database (institutional reporting)

Noncurrent Liabilities to Net Position Comparison

Two financial components are considered in analyzing the overall financial condition of Texas community colleges: long-term debt (noncurrent liabilities) and cash (net position). The comparison in Figure 1 shows total noncurrent liabilities to net position. The graph does not include the impacts of GASB 68 and 75 on noncurrent liability balances for Fiscal Year (FY) 2022.

Total noncurrent liabilities have increased \$3.84 billion since FY 2008 to the current amount of \$6.92 billion in FY 2022. Most of the increase is due to institutions issuing general obligation (GO) bonds. Net position has increased \$5.78 billion since FY 2008, to \$9.92 billion in FY 2022.

Figure 1. Comparison of Statewide Noncurrent Liabilities to Net Position of Texas Public Community Colleges, FY 2008-2022



Source: THECB Community College Annual Reporting and Analysis Tool 2022

*Excluding GASB 68 and 75 pension and OPEB noncurrent liability

Financial Analysis in Higher Education

The concept of using selected indicators, such as ratios, for financial analysis dates to at least 1980. Financial analysis can measure success against institutional objectives and provide useful information to form a basis for sound planning.

The overall financial health of an institution can be assessed using two dimensions of inquiry. First, is the institution financially capable of successfully carrying out its current programs? Second, is the institution able to carry out its intended programs well into the future?

Along with these two dimensions, four key financial questions need to be asked:

- Are resources sufficient and flexible enough to support the mission?
- Are resources, including debt, managed strategically to advance the mission?
- Does asset performance and management support the strategic direction?
- Do operating results indicate the institution is living within available resources?

A widely accepted metric called the Composite Financial Index (CFI) is often used to address these four key questions. The index was developed over time by a consortium of consulting companies led by KPMG and introduced in 1999.² Many institutions, including the U.S. Department of Education, the State of Ohio Board of Regents, credit-rating agencies, and countless institutions of higher education, employ the index or similar approaches.

The CFI blends four core financial ratios into one metric, providing a more balanced view of an institution's finances; weakness in one measure can be offset by strength in another. Additionally, measuring the index over time provides a glimpse of the progress institutions are making toward achieving financial goals. The CFI includes the following four core ratios: primary reserve, viability, return on net position, and operating margin.

The Coordinating Board has been calculating the CFI and sharing related data with community college districts since 2007.

² For more information, see *Strategic Financial Analysis for Higher Education*, 6th edition, KPMG, Prager, Sealy & Co., Bearing Point, 2005.

Metrics Used in This Report

This report uses a Composite Financial Index (CFI) to provide one metric to efficiently analyze the financial health of all Texas community college districts. Other metrics used in this analysis include an equity ratio and a leverage ratio. The industry standard for assessing overall financial condition is to use the CFI.

The threshold for the CFI was established by considering the original work conducted by KPMG in creating the index and industry practice. While variability exists in the statewide CFI when looking at a year-to-year comparison, the overall financial condition of public community colleges has improved, with the statewide CFI increasing from 3.0 in FY 2011 to 4.7 in FY 2022.

Composite Financial Index

The CFI measures the overall health of an institution by combining four ratios into a single metric. The four core ratios used in the CFI include return on net position, operating margin, primary reserve, and viability. It is computed using the following four-step methodology:

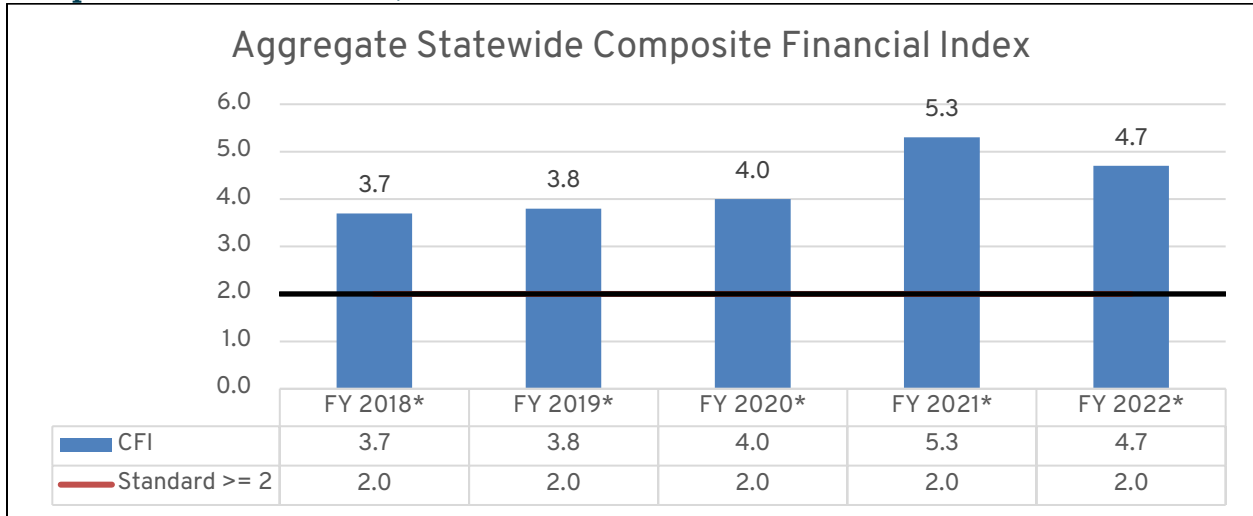
1. Compute the values of the core ratios.
2. Calculate strength factors by dividing the core ratios by threshold values.
3. Multiply the factors by specific weights.
4. Total the resulting scores to obtain the Composite Financial Index.

CoreRatio		Value		Strength Factor		Weight	Score
Return on Net Position	/	0.02	=	Factor	X	20%	= Score
Operating Margin	/	0.007	=	Factor	X	10%	= Score
Primary Reserve	/	0.133	=	Factor	X	35%	= Score
Viability	/	0.417	=	Factor	X	35%	= Score

Composite Financial Index = Total Score

The threshold standard (2.0) was met by 46 of 50 districts. Two colleges that had exceeded the standard in 2021 were below it in 2022. CFI numbers generally range from 0.0 to 10.0, although it is possible to have a CFI higher than 10.0 or below zero. One institution fell below zero in 2022. A year-to-year comparison of statewide CFI can be seen in [Figure 2](#).

Figure 2. Year-to-Year Comparison of the Texas Public Community College Composite Financial Index, FY 2018-2022



Source: THECB Community College Annual Reporting and Analysis Tool 2022

*Excluding GASB 68 and 75 pension and OPEB liabilities, deferred inflows, and deferred outflows

Financial Ratios

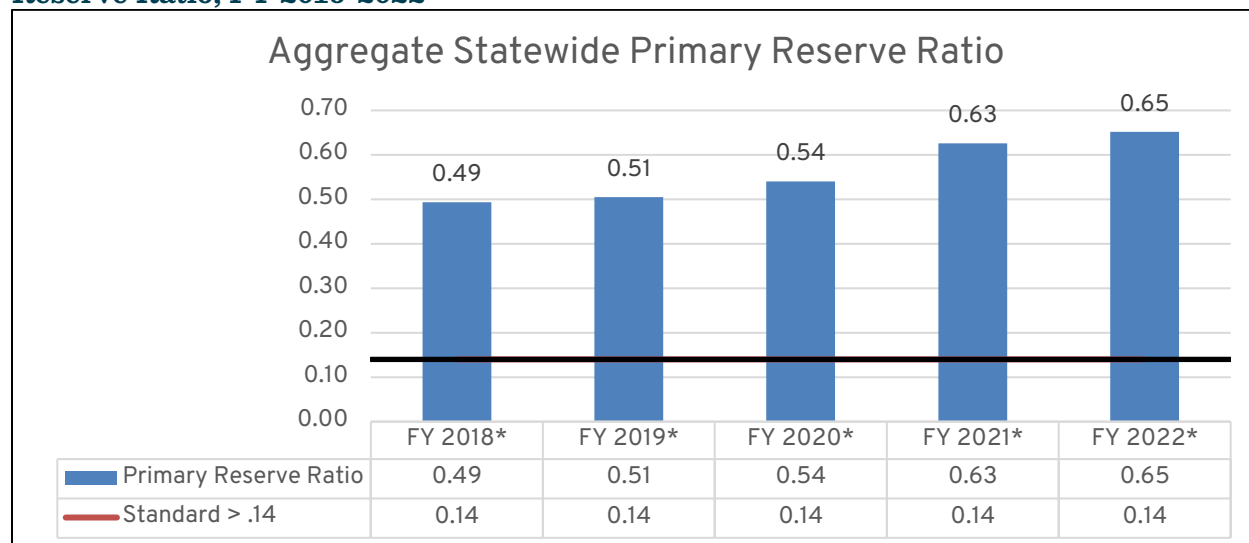
Primary Reserve Ratio

The primary reserve ratio measures financial strength and flexibility by comparing expendable net position to total expenses, as expressed in Figure 3. This measure answers the question, “How long can the institution survive without additional net position generated by operating revenue?”

Calculation: $(\text{Total expendable net position} + \text{unrestricted net position}) / (\text{operating expenses} + \text{interest expense on debt})^3$

The 2022 statewide ratio for public community colleges is .65. A ratio of 0.14 or greater is the standard used in this report. The standard was met by 48 of the 50 districts.

Figure 3. Year-to-Year Comparison of the Texas Public Community College Primary Reserve Ratio, FY 2018-2022



Source: THECB Community College Annual Reporting and Analysis Tool 2022

*Excluding GASB 68 and 75 pension and OPEB liabilities, deferred inflows, and deferred outflows

³ Interest expense on debt includes all debt, both tax and other revenue supported.

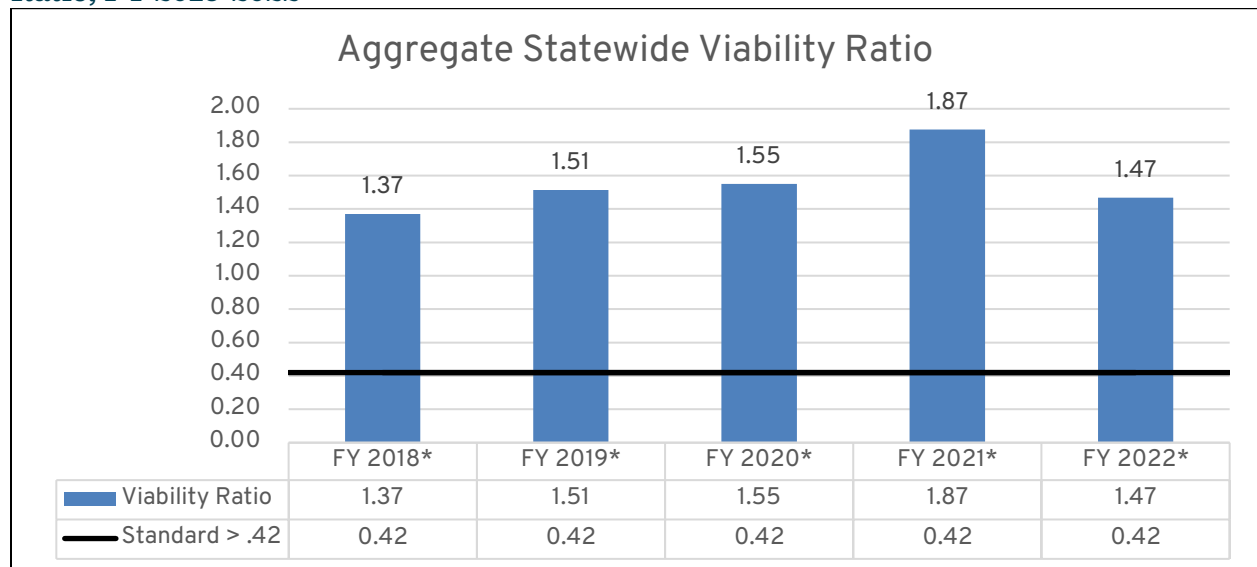
Viability Ratio

The viability ratio measures the financial health of the institution by comparing total expendable net position to total noncurrent liabilities, as expressed in Figure 4. This ratio is similar to a coverage ratio used in the private sector to indicate the ability of an organization to cover its long-term debt and answers the question, “How much of the debt can the institution pay off with existing resources?”

Calculation: (Total expendable net position + unrestricted net position) / noncurrent liabilities, excluding general obligation debt

The 2022 statewide ratio for public community colleges is 1.47. A ratio of 0.42 or greater is the state standard, which was met by 46 of 50 districts.

Figure 4. Year-to-Year Comparison of the Texas Public Community College Viability Ratio, FY 2018-2022



Source: THECB Community College Annual Reporting and Analysis Tool 2022

*Excluding GASB 68 and 75 pension and OPEB liabilities, deferred inflows, and deferred outflows

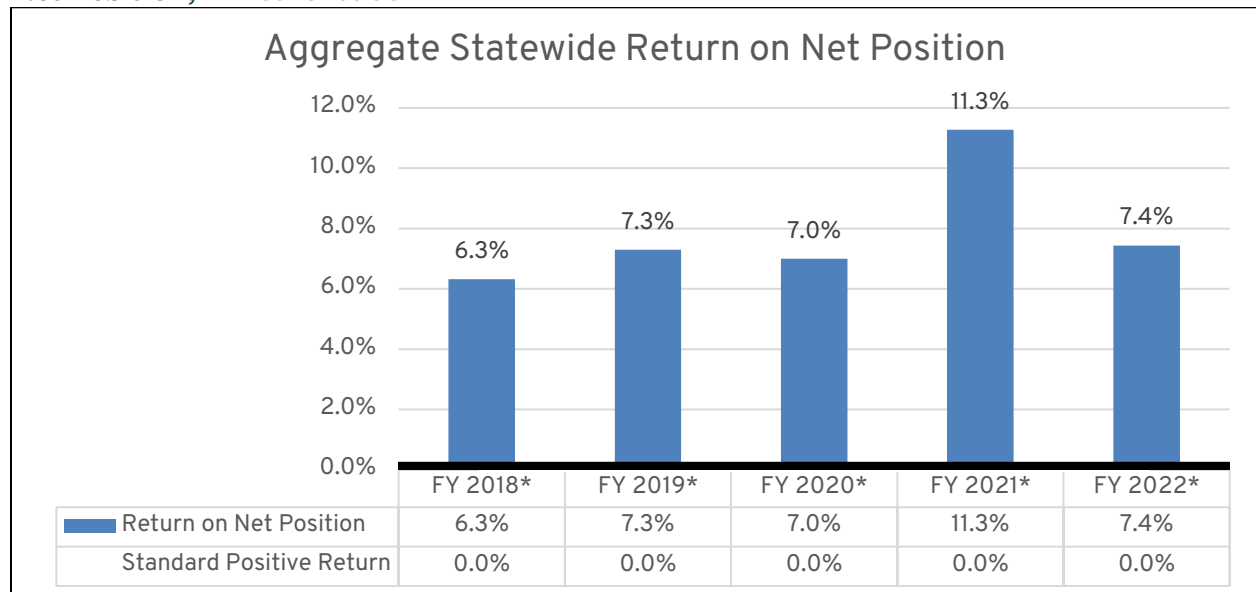
Return on Net Position

Return on net position measures total economic return during the fiscal year, as expressed in Figure 5. This measure is similar to the return on equity ratio used in examining for-profit concerns and answers the question, “Is the institution better off financially than it was a year ago?”

Calculation: Change in net position / Total net position (beginning of year)

The 2022 statewide ratio for public community colleges is 7.4%. A positive return is the standard used in this report and was met by 44 of 50 colleges. Five institutions that met this standard in 2021 did not meet it in 2022.

Figure 5. Year-to-Year Comparison of the Texas Public Community College Statewide Net Position, FY 2018-2022



Source: THECB Community College Annual Reporting and Analysis Tool 2022

*Excluding GASB 68 and 75 pension and OPEB liabilities, deferred inflows, and deferred outflows

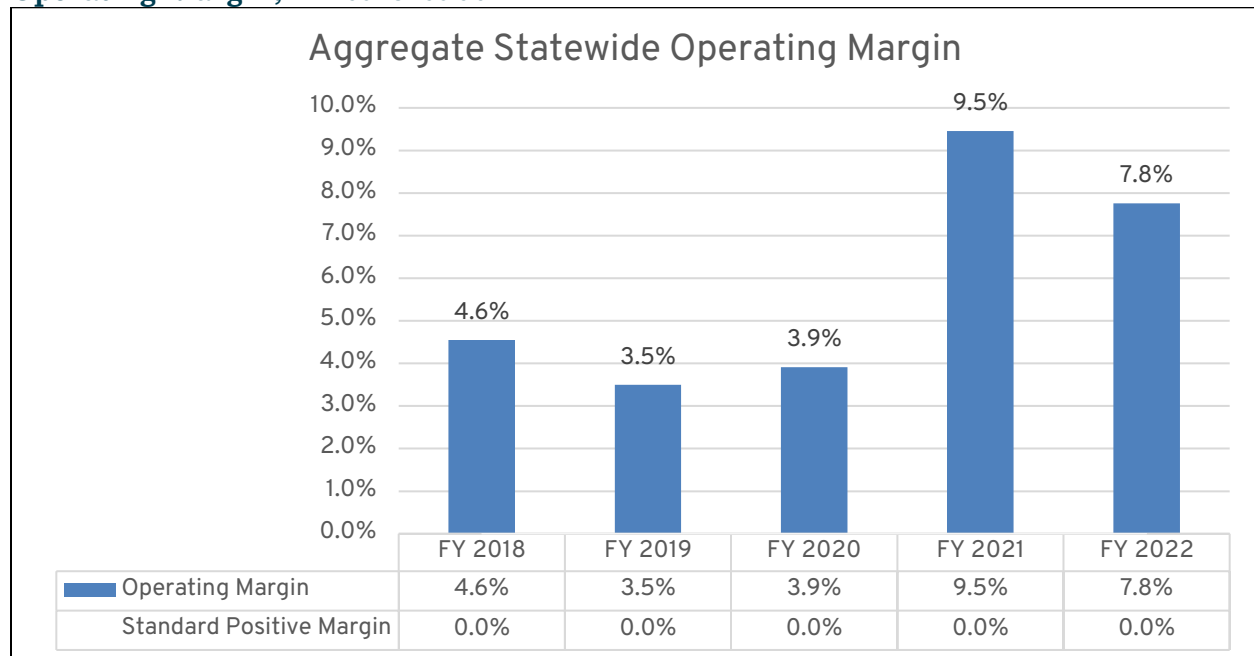
Operating Margin

Operating margin indicates an operating surplus or deficit in the given fiscal year, as expressed in Figure 6. This ratio is similar to a profit margin and answers the question, “Did the institutions balance operating expenses with available revenue?” Depreciation expense is included to reflect the use of physical assets in measuring operating performance.

Calculation: Total income - Total operating expense / Total income⁴

The 2022 statewide margin for public community colleges is 7.8%. A positive margin is the standard used in this report. The standard was met by 43 of the 50 districts, 3 fewer than in 2021.

Figure 6. Year-to-Year Comparison of the Texas Public Community College Statewide Operating Margin, FY 2018-2022



Source: THECB Community College Annual Reporting and Analysis Tool 2022

⁴ Total income includes all operating revenue plus formula funding, property tax, and Title IV federal revenue.

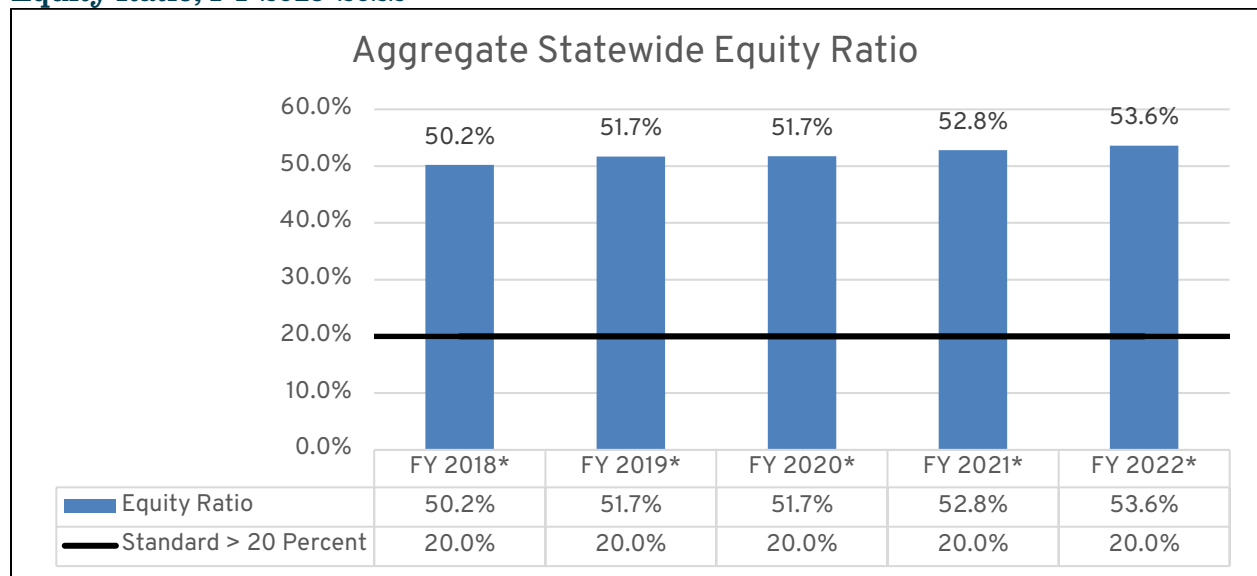
Equity Ratio

The equity ratio measures capital resources available and a college's ability to borrow, as expressed in Figure 7. The U.S. Department of Education (ED) introduced this ratio to enhance reporting for institutions that do not have long-term debt. The ED uses financial ratios, in part, to provide oversight to institutions participating in programs authorized under Title IV of the Higher Education Act.

Calculation: Net position / Total assets

The 2022 statewide ratio for public community colleges is 53.6%. A ratio of 20% or greater is the standard used in this report. The standard was met by 49 of 50 colleges.

Figure 7. Year-to-Year Comparison of the Texas Public Community College Statewide Equity Ratio, FY 2018-2022



Source: THECB Community College Annual Reporting and Analysis Tool 2022

*Excluding GASB 68 and 75 pension and OPEB liabilities, deferred inflows, and deferred outflows

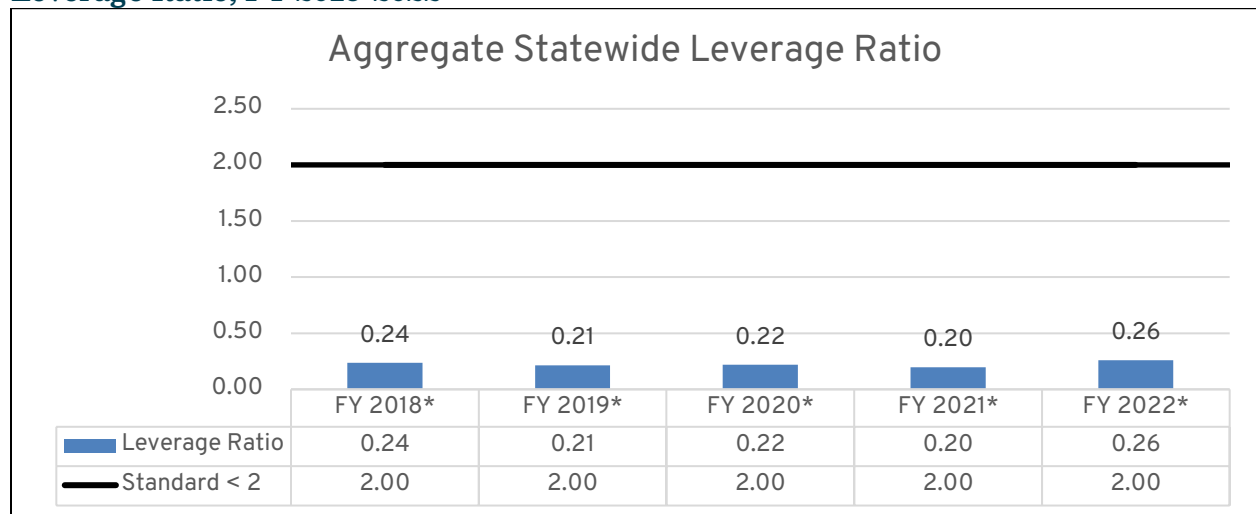
Leverage Ratio

The leverage ratio measures the amount of debt in relation to net position and provides an indication of the amount of interest and principal the institution must absorb in the future, as expressed in Figure 8. This ratio is similar to the debt-to-equity ratio used in the private sector. The leverage ratio differs from the viability ratio in that investment in physical plant assets is included as part of the numerator. Long-term debt includes bonds payable, excluding GO bonds and long-term liabilities.

Calculation: Long-term debt / Total net position

The 2022 statewide ratio for the public community colleges is 0.26. A ratio of less than 2.0 is the standard used in this report. This standard was met by 49 of 50 colleges.

Figure 8. Year-to-Year Comparison of the Texas Public Community College Statewide Leverage Ratio, FY 2018-2022



Source: THECB Community College Annual Reporting and Analysis Tool 2022

*Excluding GASB 68 and 75 pension and OPEB liabilities, deferred inflows, and deferred outflows

Financial Condition

As seen in Table 2, the number of colleges failing to meet indicator standards has increased slightly compared to the unusually strong results of FY 2021, in which colleges received a significant amount of pandemic-related federal aid.

Table 2. Year-to-Year Comparison of the Number of Texas Public Community Colleges Meeting Financial Indicators, FY 2018-2022

	FY 2018*	FY 2019*	FY 2020*	FY 2021*	FY 2022*
Met all 7 indicators	30	25	26	43	38
Met 6 indicators	11	11	15	4	4
Met 5 indicators	3	6	4	3	5
Met 4 indicators	3	6	3	0	2
Met 3 indicators	3	1	1	0	0
Met 2 or fewer indicators	0	1	1	0	1

*Without GASB 68 and 75 implementation

Appendix A: FY 2022 Composite Financial Index, Core Financial and Other Ratios

Financial Stress Indicator	District	Composite Financial Index	Return on Net Position	Operating Margin	Primary Reserve	Viability Ratio	Equity Ratio	Leverage Ratio
0	Alamo	4.7	14.4%	8.3%	0.40	1.38	44.8%	0.21
0	Alvin	7.1	13.6%	11.0%	0.46	93.76	58.6%	0.00
1	Amarillo	3.6	(1.8%)	0.1%	0.47	3.00	42.5%	0.02
0	Angelina	6.6	4.7%	6.6%	0.65	73.56	79.0%	0.00
2	Austin	3.8	24.6%	6.9%	0.26	0.15	27.1%	2.23
0	Blinn	4.4	6.5%	21.4%	0.76	0.88	55.5%	0.48
0	Brazosport	5.4	8.5%	9.4%	0.47	2.74	53.0%	0.01
1	Central Texas	6.7	(2.9%)	1.9%	1.21	58.78	88.4%	0.00
0	Cisco	4.3	14.0%	10.9%	0.18	1.71	74.4%	0.13
0	Clarendon	2.9	8.4%	5.5%	0.16	1.07	83.4%	0.00
0	Coastal Bend	7.7	25.2%	20.2%	0.45	13.61	67.2%	0.03
2	College Of The Mainland	3.3	18.6%	(1.0%)	0.16	1.39	11.0%	0.00
2	Collin	5.9	(1.5%)	(2.4%)	1.10	172.12	51.3%	0.00
0	Dallas	5.9	6.6%	1.3%	0.58	90.96	80.9%	0.00
1	Del Mar	4.5	2.6%	(2.6%)	0.43	8.98	37.8%	0.00
0	El Paso	6.7	12.0%	17.0%	1.15	1.78	63.7%	0.37
5	Frank Phillips	(2.6)	(7.1%)	(6.5%)	(0.04)	(3.67)	72.7%	0.00
0	Galveston	4.6	6.2%	12.0%	0.86	0.84	56.6%	0.61
0	Grayson	8.1	11.2%	13.8%	0.92	17.66	77.7%	0.01
0	Hill	5.6	2.7%	1.6%	0.61	248.87	87.3%	0.00
0	Houston	5.2	10.8%	6.8%	0.71	1.55	50.2%	0.29
0	Howard	6.3	6.3%	9.2%	0.76	3.17	74.2%	0.13
0	Kilgore	4.3	4.1%	9.8%	0.45	1.97	76.9%	0.16
0	Laredo	6.3	14.3%	12.5%	1.02	1.35	43.0%	0.48
0	Lee	6.2	12.0%	13.3%	0.67	2.70	60.0%	0.13
0	Lone Star	4.6	12.1%	19.5%	0.48	1.34	38.6%	0.15
0	McLennan	4.8	17.4%	9.8%	0.27	1.64	52.3%	0.17
0	Midland	7.9	11.3%	14.3%	0.87	8.83	84.2%	0.04
0	Navarro	5.2	11.8%	10.2%	0.46	2.18	69.1%	0.13
0	North Central Texas	2.7	2.0%	1.8%	0.41	1.32	58.6%	0.00
2	Northeast Texas	1.8	7.8%	(2.3%)	0.21	0.96	31.5%	0.33
0	Odessa	5.9	10.0%	6.9%	0.90	1.77	55.9%	0.19
0	Panola	8.6	8.4%	11.9%	1.23	70.77	67.3%	0.00
0	Paris	8.2	7.6%	14.6%	1.12	5.59	87.3%	0.10
1	Ranger	2.5	9.5%	5.4%	0.21	0.29	36.5%	1.12
3	San Jacinto	1.7	(3.5%)	(2.3%)	0.30	1.89	23.8%	0.20
0	South Plains	4.3	8.5%	4.8%	0.46	1.79	72.4%	0.18
0	South Texas	8.6	8.9%	6.0%	1.26	629.08	78.7%	0.00
0	Southwest Texas	3.1	8.4%	7.9%	0.28	0.61	54.9%	0.40
0	Tarrant	5.1	4.1%	8.9%	1.11	0.85	65.3%	0.45
0	Temple	4.9	12.0%	7.2%	0.42	1.87	23.8%	0.07
0	Texarkana	5.6	9.3%	15.1%	0.80	1.92	67.4%	0.00
0	Texas Southmost	7.8	1.7%	6.8%	1.20	6.83	76.1%	0.05
0	Trinity Valley	6.6	7.6%	11.3%	0.52	18.53	86.6%	0.00
2	Tyler	2.2	7.0%	7.9%	0.11	0.26	49.3%	0.40
0	Vernon	4.3	9.6%	5.1%	0.40	1.90	71.0%	0.22
0	Victoria	6.9	10.4%	7.8%	0.51	378.49	70.8%	0.00
0	Weatherford	6.2	12.9%	19.2%	1.20	0.95	52.1%	0.52
0	Western Texas	6.9	10.9%	22.9%	1.22	1.91	72.2%	0.26
3	Wharton	1.9	(1.5%)	(2.5%)	0.31	1.90	76.5%	0.00
0	Statewide	4.7	7.4%	7.8%	0.65	1.47	53.6%	0.26

Bold fonts indicate ratios that do not meet the state standard.



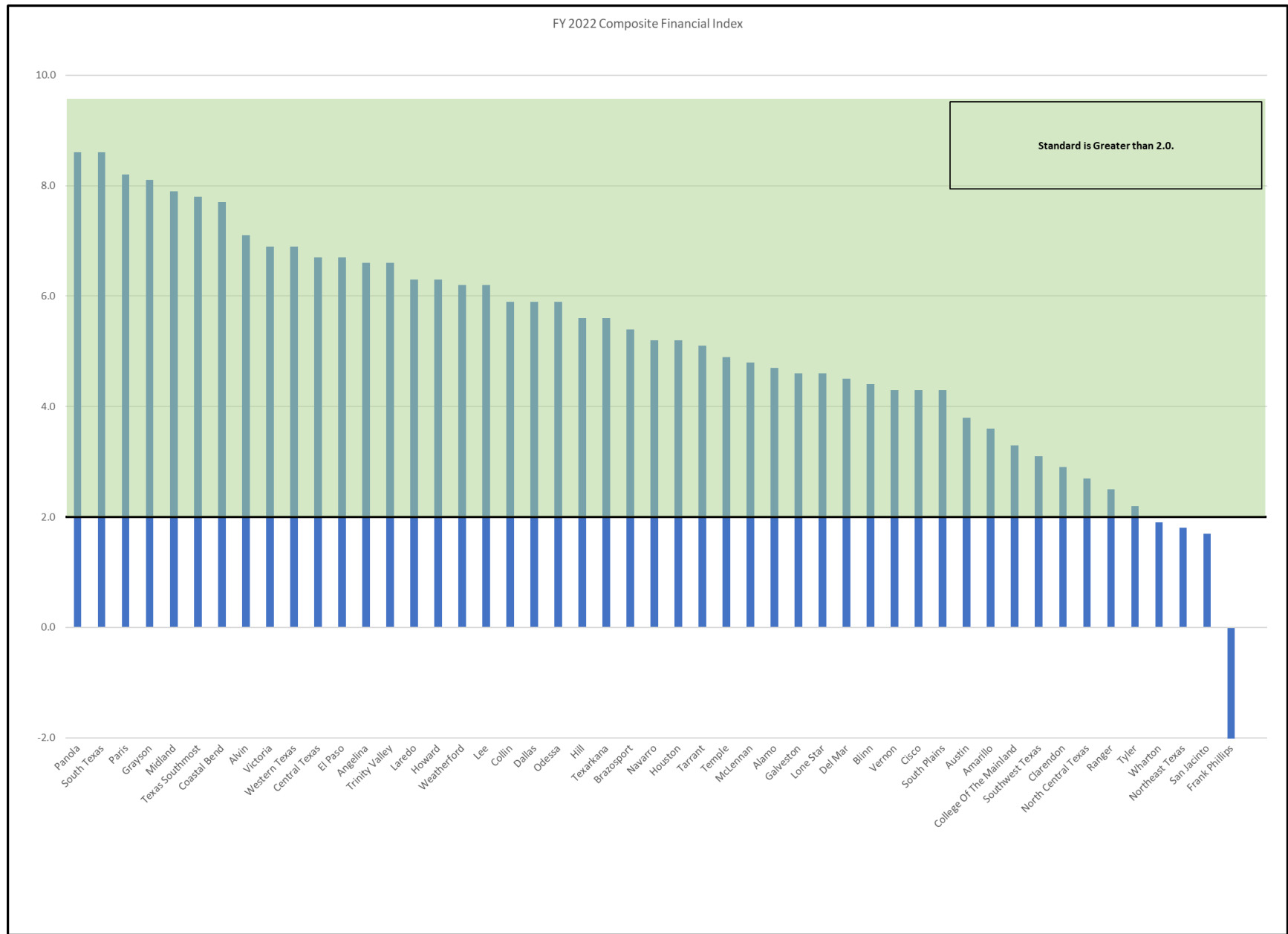
Zero to one financial stress indicators, which indicates no financial stress.

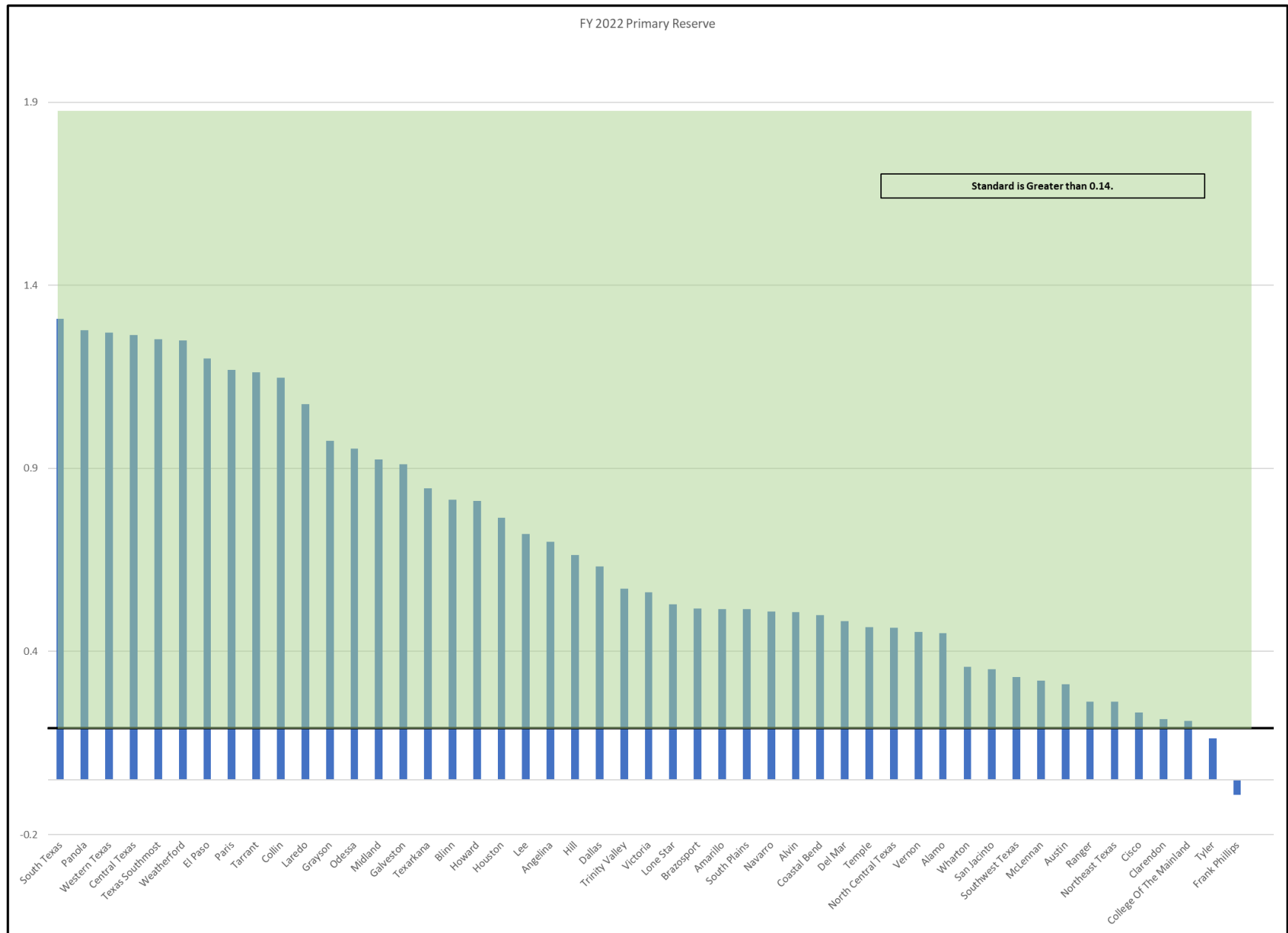


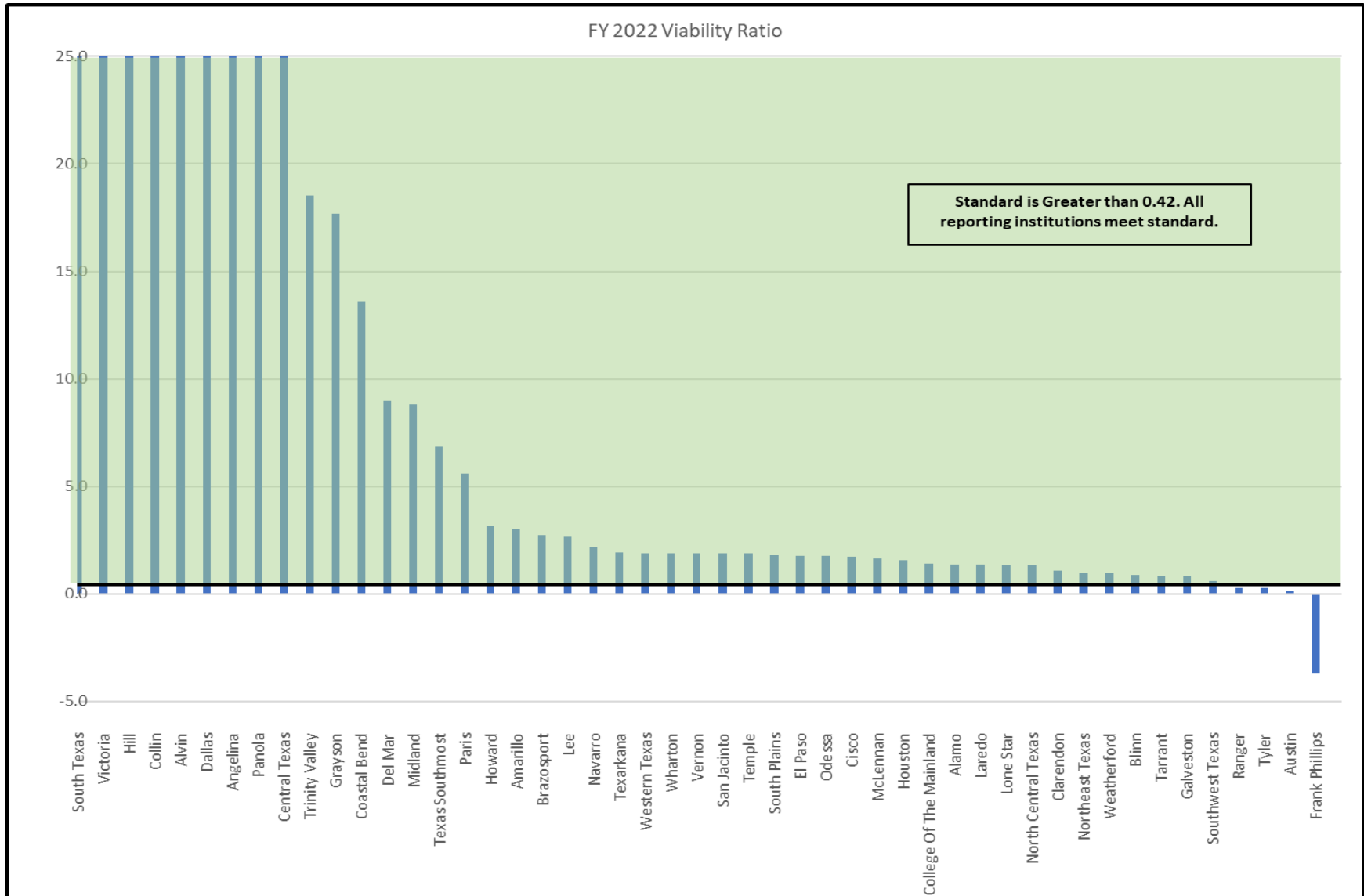
Two to three financial stress indicators, which indicates little to moderate financial stress.



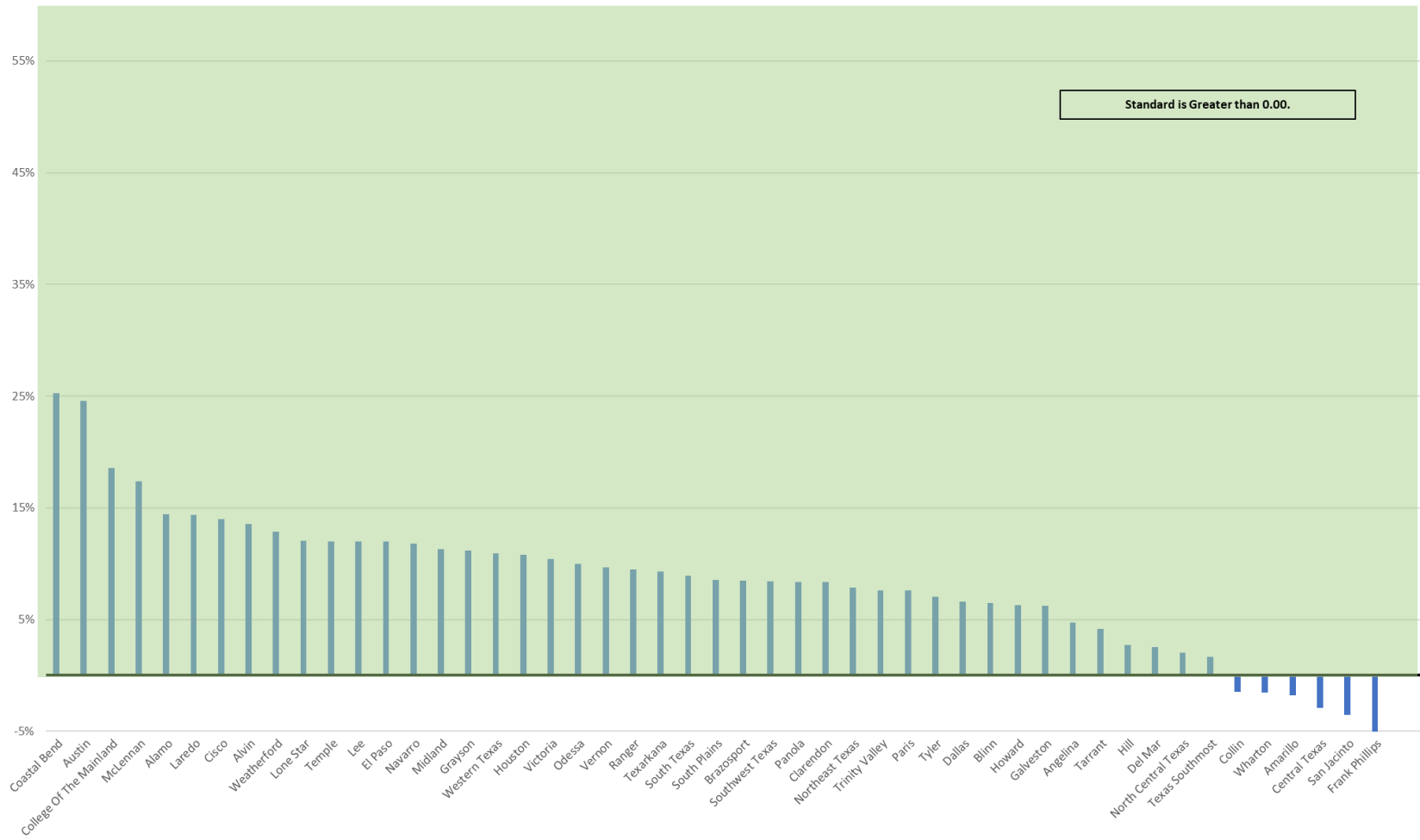
Four to seven financial stress indicators, which indicates financial stress.

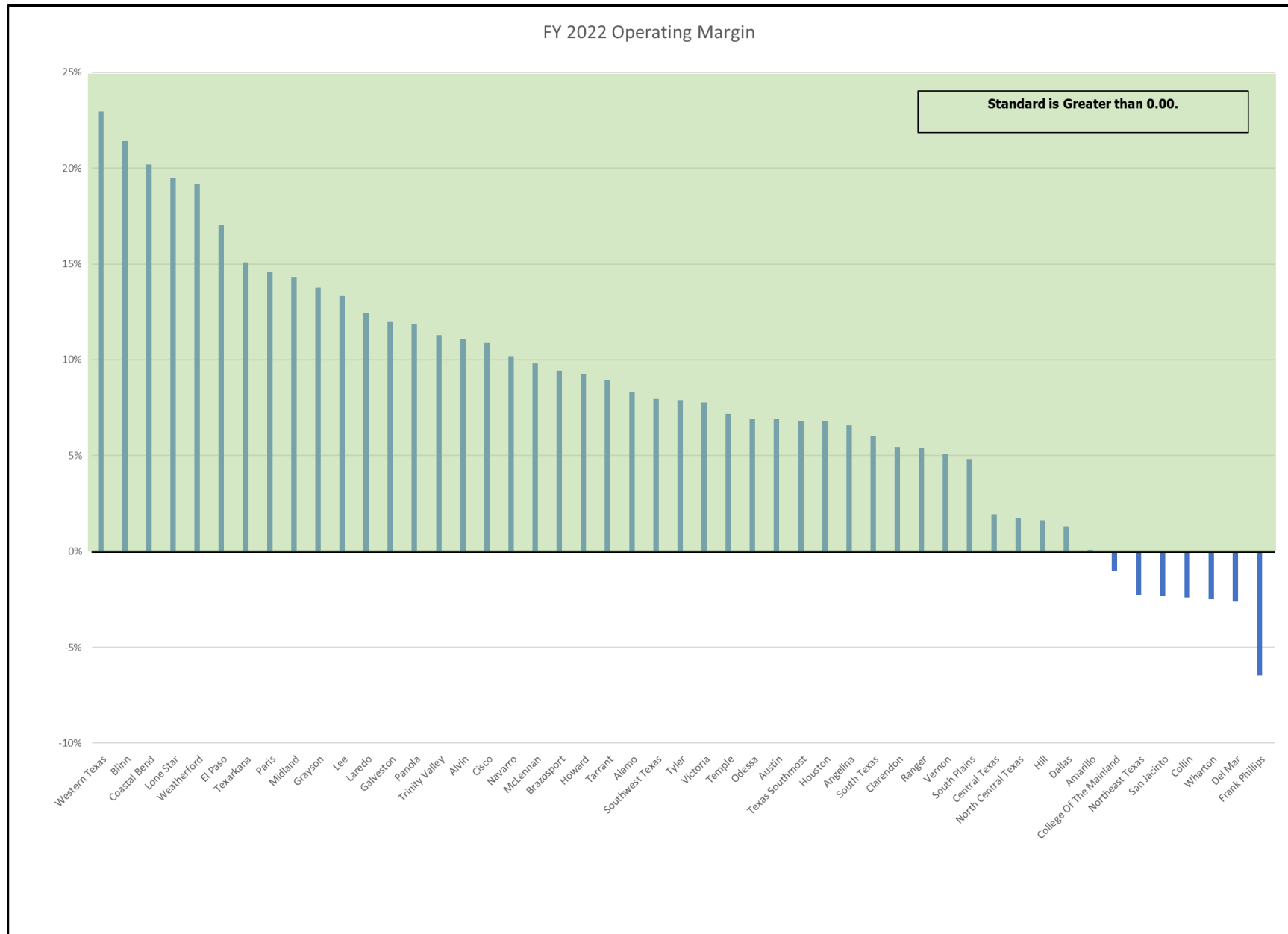


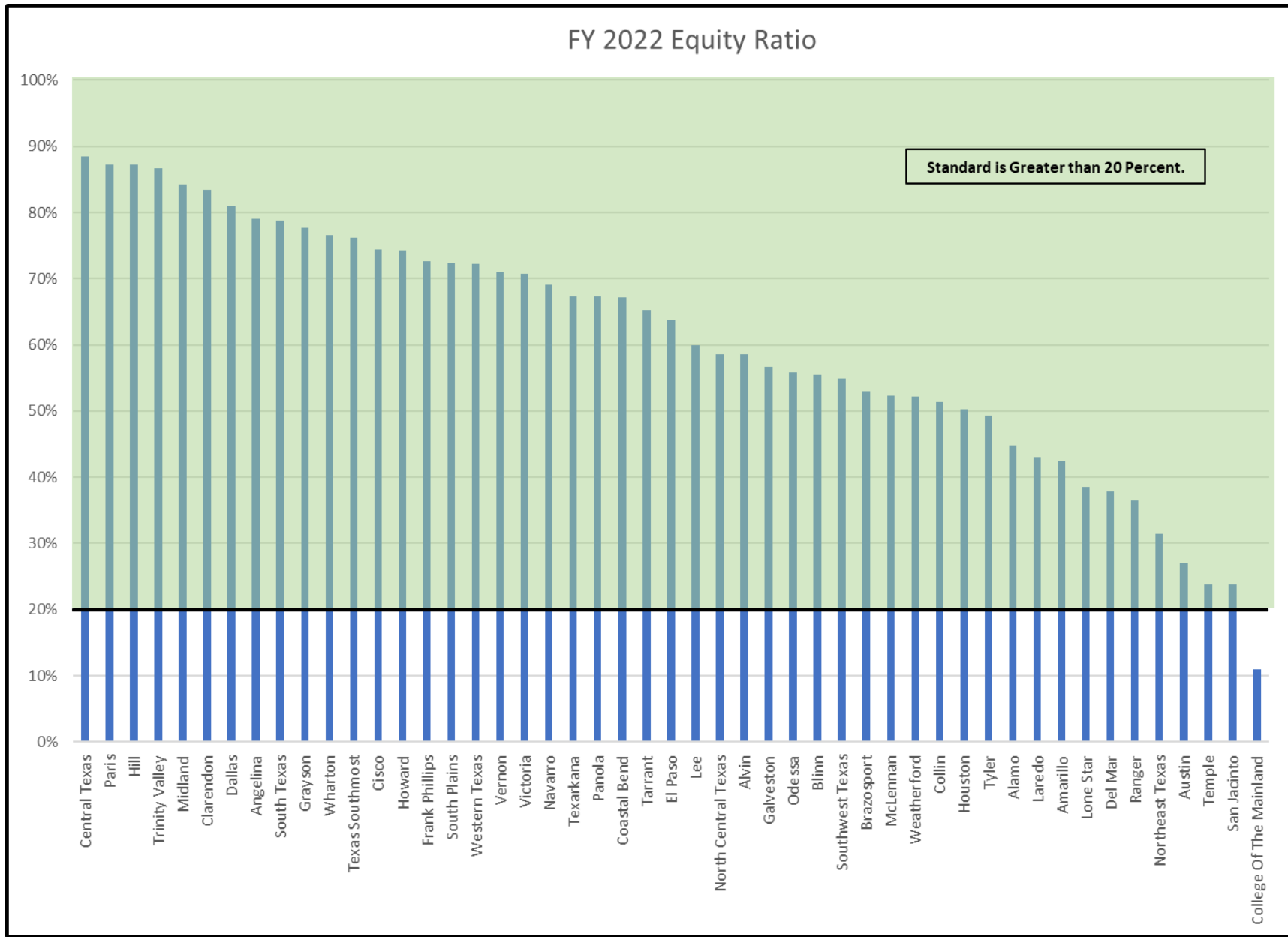


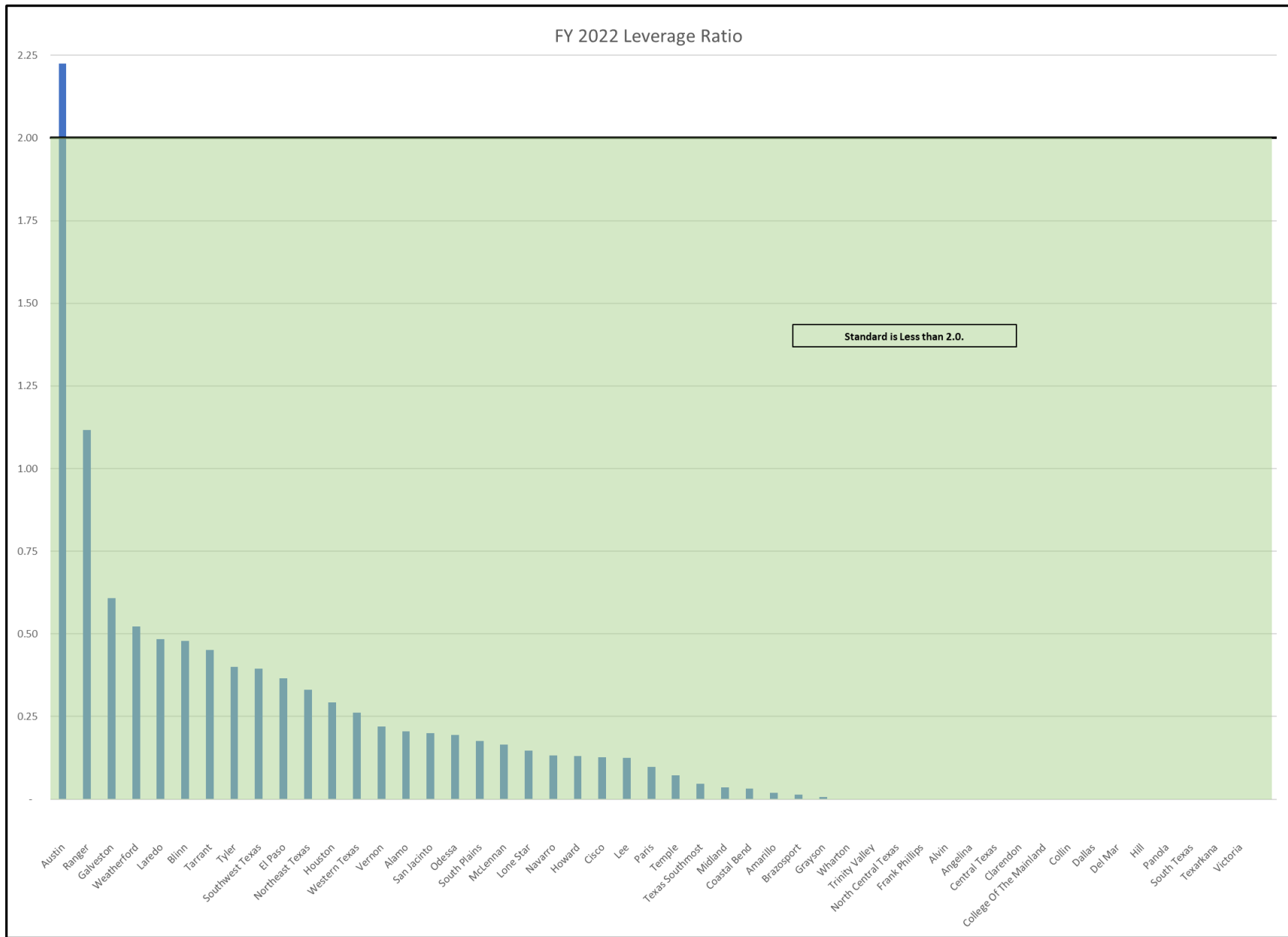


FY 2022 Return on Net Position









Texas Higher Education

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This document is available on the Texas Higher Education Coordinating Board website: [Community College Financial Condition Report - Texas Higher Education Coordinating Board](#).

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