



**SOUTH TEXAS  
COLLEGE**

**Board of Trustees  
Regular Board Meeting**

**Tuesday, October 30, 2018  
5:30 p.m.**

**Pecan Campus  
Ann Richards Administration Building  
Board Room  
McAllen, Texas**

**Online Board Packet**

**SOUTH TEXAS COLLEGE**  
**BOARD OF TRUSTEES REGULAR MEETING**  
**Tuesday, October 30, 2018 @ 5:30 p.m.**  
**Ann Richards Administration Building Board Room**  
**Pecan Campus, McAllen, Texas 78501**

**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. At this meeting, the Board of Trustees may deliberate on and take any action deemed appropriate by the Board of Trustees on the following subjects:”

- I. Call Meeting to Order**
- II. Determination of Quorum**
- III. Invocation**
- IV. Public Comments**
- V. Presentation..... 4 - 7**
  - A. Report on the Association of Community College Trustees (ACCT) 2018 National Leadership Congress
  - B. Recognition of Dr. Shirley A. Reed, Honored Association of Community College Trustees (ACCT)
  - C. Presentation of the 2017 - 2018 South Texas College Faculty Spotlight
  - D. Report on the 13th Annual A Night with the Stars Gala
- VI. Consideration and Action on Consent Agenda**
  - A. Approval of Board Meeting Minutes ..... 8 - 47
    - 1. Revision to the August 28, 2018 Regular Board Meeting Minutes
    - 2. September 25, 2018 Regular Board Meeting
  - B. Approval and Authorization to Accept Grant Awards and Agreements .. 48 - 50
    - 1) Texas Department of Agriculture, Child and Adult Care Food Program (CACFP) Grant in the amount of \$44,188.02
    - 2) Additional funds from Department of Education, STC In Focus Grant, in the amount of \$115,722
    - 3) Texas Workforce Commission, Skills Development Fund Grant, in the amount of \$409,890
    - 4) Texas Workforce Commission, Skills for Small Business Grant, in the amount of \$157,500
    - 5) Additional Grant(s) Received/Pending Official Award

**VII. Consideration and Action on Committee Items**

**A. Education and Workforce Development Committee**

1. Review of Presentation Delivered at October 9, 2018 Education and Workforce Development Committee meeting ..... 51 - 53
  - 1) Presentation and Discussion on Developmental Math Co-Requisites

**B. Finance, Audit, and Human Resources Committee**

1. Review and Action as Necessary on the Quarterly Investment Report by Valley View Consulting, L.L.C..... 51 - 63
2. Review and Recommend Action to Revise Policy #5120: *Investment Policy* and Investment Strategy Statement..... 64 - 79
3. Discussion and Action as Necessary on Mesteño Windpower, LLC, Tax Abatement Application, Agreement, and Resolution..... 80 - 145
4. Review and Action as Necessary on Award of Proposal, Purchase, Renewal, Interlocal Agreement, and Release of Contract ..... 146 - 150
  - A. Award
    - 1) Industrial Supplies, Materials, and Accessories (Award)
  - B. Technology Items
    - 2) Computers, Monitors, Laptops, and Tablets (Purchase)
    - 3) Microsoft Campus License Agreement (Renewal)
  - C. Interlocal Agreement
    - 4) Graduation Facility (Lease Agreement)
  - D. Release of Contract
    - 5) Food Service – Starr County Campus (Release of Contract)
5. Review and Action as Necessary on Disposal/Recycle of Technology and Electronic Items with an Original Value of \$5,000 and Over..... 151 - 153
6. Review and Discussion on Governmental Accounting Standards Board (GASB) 75 Impact, Other Post Employment Benefits Liability ..... 154 - 155
7. Review and Acceptance of Internal Audit Report in the Area of Time Keeping System Compliance..... 156 - 164

**C. Facilities Committee**

**2013 Bond Construction Program – Accountability Status**

1. Review and Action as Necessary on 2013 Bond Construction Program Warranty Items Action Plan ..... 165 - 166

**Non-Bond Facilities Planning & Construction Items**

2. Review and Action as Necessary on Texas Parks and Wildlife Department Target Range Construction Grant..... 167 - 175
3. Review and R Action as Necessary on Contracting Engineering Services for the Demolition of Dr. Casso Property ..... 176 - 181

4. Review and Action as Necessary on Contracting Architectural Services for the Mid Valley Campus Student Services Renovation and Thermal Plant Renovation..... 182 - 190
5. Review and Action as Necessary on Contracting Construction Services for the Mid Valley Campus Childcare Center Canopy Replacement.. 191 - 196
6. Review and Action as Necessary on Contracting Construction Services for the Technology Campus Building B Concrete Floor Repairs ..... 197 - 202
7. Update on Status of Non-Bond Construction Projects ..... 203 - 209

**VIII. Consideration and Approval of Checks and Financial Reports ..... 210 - 212**

The Checks and the Financial Reports presented for approval are included in the Board Packet under SEPARATE COVER

**IX. Informational Items**

- President’s Report ..... 213 - 224

**X. Announcements ..... 225**

A. Next Meetings:

- Tuesday, November 6, 2018
  - 3:30 p.m. – Education and Workforce Development Committee Meeting
  - 4:30 p.m. – Facilities Committee Meeting
  - 5:30 p.m. – Finance, Audit, and Human Resources Committee Meeting
- Tuesday, November 27, 2018
  - 5:30 p.m. – Regular Board Meeting

B. Other Announcements:

- South Texas College will be closed Thursday, November 22 – Sunday, November 25, 2018 in observance of Thanksgiving.
- The December 2018 Graduation Ceremonies will be held on Saturday, December 1, 2018 at the State Farm Arena in Hidalgo, Texas.
- South Texas College will be closed Monday, December 17, 2018 – Wednesday, January 2, 2019 in observance of Winter Break.

## **Presentations**

The following presentations are provided for the Board's information and feedback to staff, and no action is requested:

### **1. Report on the Association of Community College Trustees (ACCT) 2018 National Leadership Congress**

A delegation of South Texas College Trustees attended the Association of Community College Trustees (ACCT) 2018 National Leadership Congress in New York City, New York.

The Trustees attended presentations from peer institutions, and delivered the presentation "*Building and Sustaining the Power of Partnerships in Education*" to an audience of Trustees, CEOs, and administration from among the ACCT's 1200 member colleges, sharing South Texas Colleges programs and achievements with leaders from peer institutions throughout the continent.

### **2. Recognition of Dr. Shirley A. Reed, Honored by the Association of Community College Trustees (ACCT)**

Dr. Shirley A. Reed, Founding President of South Texas College, was honored on October 26, 2018 as the 2018 Western Region CEO by the Association of Community College Trustees.

This was a long-overdue recognition of Dr. Reed's service to the students, faculty, and staff of South Texas College, and the communities it supports. South Texas College is recognized by ACCT and its member institutions for its outstanding successes, innovative programs, and world-class accomplishments.

The Board is asked to recognize Dr. Reed, and to share the phenomenal reputation of her leadership and of South Texas College's successes in the national arena.

**3. Report on the 2017 – 2018 South Texas College Faculty Spotlight**

Dr. Anahid Petrosian, Vice President for Academic Affairs, will introduce Dr. Brett J. Millan, Professor of English and Co-Editor-in-Chief of the South Texas College *Faculty Spotlight for Academic Year 2017 - 2018*.

Dr. Petrosian will also introduce Dr. Christopher Nelson, Professor of Philosophy and Assistant Dean of Humanities, who chaired the Academic Classification Committee. This committee reviews faculty members' applications for consideration of reclassification as Assistant Professor, Associate Professor, or Professor.

Together, they will provide the Board with a report on the *Faculty Spotlight*, a recognition of some of our many talented and successful faculty at South Texas College.

**4. Report on the 13th Annual A Night with the Stars Gala**

Ms. Jessica S. Garcia, Academic Excellence Programs Officer, will provide a brief summary of the Valley Scholars Program's 13th Annual A Night with the Stars scholarship gala, which was held on Thursday, October 11th, 2018.

For the past 21 years, the Valley Scholars Program has provided personal advisement, leadership development, scholarships, and community engagement to high achieving students from Hidalgo and Starr counties. Since 1997, over \$1.4 Million in scholarships have been awarded to 929 Rio Grande Valley students. Many successful alumni have graduated from the Program, continued their education, and moved on to successful careers. This fall, the Program accepted 49 new students into the twenty-second class of Valley Scholars.

The "A Night with the Stars" scholarship gala is held annually to raise scholarship funds for the Valley Scholars Program. This year's event highlighted the 25th Anniversary of South Texas College by recognizing successful alumni from the Program who have chosen careers where their higher education journey began. Valley Scholars Alumni with over ten years of serving the students of South Texas College were recognized for their commitment to student success. The Program raised over \$116,000 in monetary and in-kind donations. All net proceeds from the event will benefit Valley Scholars Program scholarships.

These presentations are for the Board's information and feedback to staff, and no action is requested.



# South Texas College Faculty Spotlight Publication

Presentation for  
South Texas College Board of Trustees  
Tuesday, October 30, 2018

**Presenters:**

Dr. Anahid Petrosian, Interim Vice President for Academic Affairs

Dr. Christopher Nelson, Professor of Philosophy, Assistant Dean of Humanities

## Background

### ❖ Established

- Idea for the publication was conceived in **2010** and since then it has been published annually

### ❖ Purpose

- **Showcase** Faculty Recognition and Achievements
- Provide a framework to shine a “**spotlight**” on faculty accomplishments during the past academic year
  - ✓ Teaching Effectiveness
  - ✓ College Service
  - ✓ Community Service
  - ✓ Professional Activities
  - ✓ Scholarly Pursuits



## Featured in the Faculty Spotlight

- ❖ Faculty Spotlight
- ❖ Faculty of the Year
- ❖ e-Faculty of the Year
- ❖ Faculty Awarded Academic Classification
- ❖ Distinguished Teaching and Learning Award Recipients
- ❖ National Institute for Staff and Organizational Development (NISOD) Excellence Awards Recipients
- ❖ Recognition of Faculty Retirees
- ❖ Recognition of Professor Emeritus



*Academic Affairs Medallion  
located on the Academic Mace*



SOUTH TEXAS  
COLLEGE

**Thank you  
for your Support!**



## Approval of Board Meeting Minutes

The following Board Meeting Minutes are submitted for approval:

- 1) Revision to the August 28, 2018 Regular Board Meeting Minutes
- 2) September 25, 2018 Regular Board Meeting

The August 28, 2018 Regular Board Meeting Minutes were presented to the Board on September 25, 2018. After their adoption, staff noted two separate errors that need to be corrected to set a clear and accurate record of the Board's action, as follows:

1. Under the agenda item Review and Action as Necessary on Award of Proposals, Purchases, Renewals, and Interlocal Agreement (Non-Bond Proceeds), the renewal of Commercial Card Services with BBVA Compass Bank incorrectly noted the period from September 1, 2018 – August 31, 2018.

This must be revised to the correct term of September 1, 2018 – August 31, 2019.

2. Under the agenda item Review and Action as Necessary on Final Completion for the 2013 Bond Construction Mid Valley Campus Parking and Site Improvements, nine new Change Orders were presented to the Board at the Board Meeting. Staff included the wrong change order amounts, and needs to revise them as follows:

Change Order #	Original 9/28 Minutes	Correction
10	-\$8,075	<i>No correction needed</i>
11	-\$2,500	<i>No correction needed</i>
12	-\$699	<i>No correction needed</i>
13	-\$1,801	<i>No correction needed</i>
14	-\$2,500	<i>No correction needed</i>
15	-\$8,133	-\$14,163
16	\$0	-\$8,000
17	-\$4,500	-\$420
18	\$0	\$0 (buyout \$2,081)
19	-\$0	Delete
20	-\$0	Delete

The revised portion of those Minutes are as highlighted in the following paragraph:

The original and revised pages of the August 28, 2018 Regular Board Meeting Minutes and the proposed September 25, 2018 Regular Board Meeting Minutes follow in the packet.

**Recommendation:**

It is recommended that the Board of Trustees of South Texas College approve and adopt the revised August 28, 2018 Regular Board Meeting Minutes and the September 25, 2018 Regular Board Meeting Minutes as presented.

**The following Minute Order is proposed for consideration by the Board of Trustees:**

The Board of Trustees of South Texas College approves and adopts the revised August 28, 2018 Regular Board Meeting Minutes and the September 25, 2018 Regular Board Meeting Minutes as presented.

**Approval Recommended:**

**Shirley A. Reed, M.B.A., Ed.D.**  
**President**

(NIPA), National Joint Powers Alliance (NJPA), Texas Association of School Boards – Buyboard, TIPS Purchasing Cooperative, and the State of Texas Multiple Award Schedule (TXMAS) approved vendors, at a total amount of \$101,850.62;

#	Vendor	Amount
A	<b>Allsteel Inc./Gateway Printing and Office Supply, Inc.</b> (Muscatine, IA/Edinburg, TX)	\$8,499.52
B	<b>Computer Comforts, Inc.</b> (Kemah, TX)	\$3,259.88
C	<b>Datum Filing Systems, Inc./Gateway Printing and Office Supply, Inc.</b> (Emigsville, PA/Edinburg, TX)	\$2,188.02
D	<b>Exemplis Corporation/Gateway Printing and Office Supply, Inc.</b> (Cypress, CA/Edinburg, TX)	\$6,011.98
E	<b>Inscape Corporation/Gateway Printing and Office Supply, Inc.</b> (Falconer, NY/Edinburg, TX)	\$6,588.52
F	<b>The Hon Company/Gateway Printing and Office Supply, Inc.</b> (Muscatine, IA/Edinburg, TX)	\$7,062.22
G	<b>Krueger International, Inc./Gateway Printing and Office Supply, Inc.</b> (Green Bay, WI/Edinburg, TX)	\$34,958.32
H	<b>Versteel/Gateway Printing and Office Supply, Inc.</b> (Jasper, IN/Edinburg, TX)	\$12,365.52
I	<b>Watson/Gateway Printing and Office Supply, Inc.</b> (Poulsbo, WA/Edinburg, TX)	\$20,916.64
Furniture Total		\$101,850.62

- 8) **Beverage Products (Renewal):** renew the beverage products contract with **PepsiCo** (Hidalgo, TX), for the period beginning October 13, 2018 through October 12, 2019, at an estimated amount of \$50,000.00, which is based on prior year expenditures. PepsiCo will also include a \$20,000.00 annual discretionary payment to the College;
- 9) **Commercial Card Services (Renewal):** renew the commercial card services with **BBVA Compass** (McAllen, TX), for the period beginning September 1, 2018 through August 31, 2018, at no charge to the College;
- 10) **Office Supplies (Renewal):** renew the office supplies contracts for the period beginning October 1, 2018 through September 30, 2019, at an estimated amount of \$475,000.00 with the following vendors:
- **Primary: Gateway Printing & Office Supply, Inc.** (Edinburg, TX)
  - **Secondary: Cielo Office Products** (McAllen, TX) and **Copy Plus, LLC.** (McAllen, TX)

(NIPA), National Joint Powers Alliance (NJPA), Texas Association of School Boards – Buyboard, TIPS Purchasing Cooperative, and the State of Texas Multiple Award Schedule (TXMAS) approved vendors, at a total amount of \$101,850.62;

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  - **Primary: Gateway Printing & Office Supply, Inc.** (Edinburg, TX)
  - **Secondary: Cielo Office Products** (McAllen, TX) and **Copy Plus, LLC.** (McAllen, TX)

The following Change Orders were presented for Board approval:

<b>Change Order #10.</b>	-\$8,075	Design Contingency
<b>Change Order #11.</b>	-\$2,500	Design Contingency
<b>Change Order #12.</b>	-\$699	Design Contingency
<b>Change Order #13.</b>	-\$1,801	Construction Contingency
<b>Change Order #14.</b>	-\$2,500	Construction Contingency
<b>Change Order #15.</b>	-\$8,133	Construction Contingency
<b>Change Order #16.</b>	\$0	Construction Contingency
<b>Change Order #17.</b>	-\$4,500	Construction Contingency
<b>Change Order #18.</b>	\$0	Transfer of \$2,057 from the Construction Contingency balance to return Buyout Savings.
<b>Change Order #19.</b>	\$0	Transfer of \$4,149 from the Design Contingency balance to return Buyout Savings.
<b>Change Order #20.</b>	\$0	Transfer of \$2,702 from the Construction Contingency balance to return Buyout Savings.

**Final Completion**

Approval of final completion for the following 2013 Bond Construction Mid Valley Campus Parking and Site Improvements project was requested.

<b>Project</b>	<b>Completion Recommended</b>	<b>Projected Date</b>
2013 Bond Construction Mid Valley Campus Parking and Site Improvements  Engineer: Half Associates Contractor: Skanska Construction	Final Completion Recommended	August 28, 2018

**2013 Bond Construction Mid Valley Campus Parking and Site Improvements**  
 Broaddus & Associates recommended that final completion for this project with Skanska Construction be approved.

The College had issued a demand letter to Skanska USA on June 25, 2018 to complete all items on the punch list within thirty (30) days. At the time of publication of the Facilities Committee packet on August 10, 2018, Broaddus & Associates had provided documents that all items on the punch list have been completed.

Skanska USA responded that some items would require additional funds to complete the work. B&A replied to their request and change orders were provided to the Board for approval using available contingency funds.

The following Change Orders were presented for Board approval:

<b>Change Order #10.</b>	<b>-\$8,075</b>	Design Contingency
<b>Change Order #11.</b>	<b>-\$2,500</b>	Design Contingency
<b>Change Order #12.</b>	<b>-\$699</b>	Design Contingency
<b>Change Order #13.</b>	<b>-\$1,801</b>	Construction Contingency
<b>Change Order #14.</b>	<b>-\$2,500</b>	Construction Contingency
<b>Change Order #15.</b>	<b>-\$14,163</b>	Construction Contingency
<b>Change Order #16.</b>	<b>-\$8,000</b>	Construction Contingency
<b>Change Order #17.</b>	<b>-\$420</b>	Construction Contingency
<b>Change Order #18.</b>	<b>\$0</b>	Transfer of <b>\$2,081</b> from the Construction Contingency balance to return Buyout Savings.

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**SOUTH TEXAS COLLEGE  
BOARD OF TRUSTEES REGULAR MEETING  
Tuesday, September 25, 2018 @ 5:30 p.m.  
Ann Richards Administration Building Board Room  
Pecan Campus, McAllen, Texas 78501**

**Minutes**

**Call Meeting to Order:**

The Special Board Meeting of the South Texas College Board of Trustees was held on Tuesday, September 25, 2018 in the Ann Richards Administration Building Board Room at the Pecan Campus in McAllen, Texas. The meeting commenced at 5:30 p.m. with Mr. Paul R. Rodriguez presiding.

Members present: Mr. Paul R. Rodriguez, Ms. Rose Benavidez, Mr. Gary Gurwitz, Dr. Alejo Salinas, Jr., and Mr. Rene Guajardo

Members absent: Mr. Roy de León and Mrs. Victoria Cantú

Also present: Dr. Shirley A. Reed, Mr. Jesus Ramirez, Mrs. Mary Elizondo, Dr. David Plummer, Dr. Anahid Petrosian, Mr. Matthew Hebbard, Mr. Ricardo De La Garza, Mr. Mike Carranza, Mrs. Becky Cavazos, Mrs. Myriam Lopez, Mr. Robert Cuellar, Mr. Luis de la Garza, Dr. Virginia Champion, Dr. Jesus Campos, Dr. Murad Odeh, Mr. David Valdez, Mrs. Diane Teter, Dr. Jim Broaddus, Mr. Gilbert Gallegos, Mr. Tim Weldon, Mr. Doug Jowell, Mr. Michael Cano, and Mr. Andrew Fish.

**Determination of a Quorum**

A quorum was present and a notice of the meeting was posted.

**Invocation**

Mrs. Rebecca Cavazos, Director of Purchasing, said the invocation.

**Public Comments**

Mrs. Diane Teter, Associate Professor of Biology and President of the Faculty Senate, introduced herself and spoke briefly about the role of the South Texas College Faculty Senate, and her desire to promote improved communication between the Faculty Senate and the Board of Trustees.

No other public comments were given and a notice of the meeting was posted.

9/25/2018

*Regular Board Meeting Minutes*

## Presentations

The following presentation was provided for the Board's information and feedback to staff, and no action was requested:

### 1. Report on Fall 2018 Enrollment

Mr. Matthew Hebbard, Vice President for Student Affairs and Enrollment Management, provided the Board with the Fall 2018 Enrollment Report.

While dual credit program enrollment had increased significantly, and overall enrollment had increased by 1.4%, traditional student enrollment had declined and was below the budgeted level.

Administration would continue to assess the budgetary impact of this enrollment decrease, and would report to the Board as necessary.

This presentation was for the Board's information and feedback to staff, and no action was requested.

## Approval of Board Meeting Minutes

The following Board Meeting Minutes were submitted for approval:

- 1) Revision to the June 20, 2018 Special Board Meeting Minutes
- 2) August 28, 2018 Regular Board Meeting

The June 20, 2018 Special Board Meeting Minutes reflect the Board's action to approve the award of proposals for various insurance policies, including the amount of each award. Staff noted that the Minutes did not indicate the agency or insurance carrier with each award, and recommended a revision to include this information.

The June 20, 2018 Special Board Meeting Minutes were revised to include the agency and carrier information, and were presented for review and adoption by the Board.

The revised portion of those Minutes were as highlighted in the following paragraph:

Upon a motion by Dr. Alejo Salinas, Jr., and a second by Mrs. Victoria Cantú, the Board of Trustees of South Texas College approved and authorized the award of the proposals for Property/Inland Marine and Boiler & Machinery (The Hartford Fire Insurance Co. and Markel Insurance Company via Montalvo Insurance Agency at \$589,916), Crime (Markel Insurance Company via Montalvo Insurance Agency at \$2,852), School Leaders E&O, General Liability and Law Enforcement, Automobile (Markel Insurance Company via Montalvo Insurance Agency at \$148,213), Workers Compensation (Texas Mutual Insurance via Carlisle Insurance Agency, Inc. at \$236,000), Foreign Liability (Ace American Insurance Co. via Montalvo Insurance Agency at \$8,201) and Cyber Liability (Illinois National Insurance Co.



via Montalvo Insurance Agency at \$18,513) Insurance for the period September 1, 2018 through August 31, 2019 at a total cost of \$1,003,695. The motion carried.

The revised portion of the June 20, 2018 Special Board Meeting Minutes and the proposed August 28, 2018 Regular Board Meeting Minutes were provided in the packet.

Upon a motion by Dr. Alejo Salinas, Jr. and a second by Mr. Rene Guajardo, the Board of Trustees of South Texas College approved and adopted the revised June 20, 2018 Special Board Meeting Minutes and the August 28, 2018 Regular Board Meeting Minutes as presented. The motion carried.

### **Approval and Authorization to Accept Grant Awards**

Authorization to accept and approve the following grant awards and use of related funds as authorized by each grant was requested:

**1. Texas Higher Education Coordinating Board (THECB) Work-Study Student Mentorship program allocation in the amount of \$90,712**

The funding through this program was for work-study mentors to work with high school students at College and Career Centers located at high schools in the college's service area and at South Texas College campuses. Mentorship activities would promote the development of a college-going culture and improvement to the retention and completion rates of college students. The funding period for this grant was from September 1, 2018 to August 31, 2019.

This award aligned to Strategic Direction #2, Access and Success by providing opportunities for students to participate in a Work-Study Mentorship Program.

**2. The City of McAllen Development Corporation Grant in the amount of \$259,000**

This grant would help increase the total number of high skilled, high wage manufacturing jobs in the Rio Grande Valley by providing customized training related to advanced manufacturing for companies located within the city limits of McAllen. Funds would be used for equipment, salaries, and supplies for the Institute of Advanced Manufacturing. This grant was subject to approval by the City of McAllen, City Commissioners meeting. The funding period for this grant was from October 1, 2018 to September 30, 2019.

This award aligned to Strategic Direction #3, High Success Rate by providing training that develops skills to meet employer needs and contributes toward the economic mobility of the region.

**3. The Weslaco Economic Development Corporation Grant in the amount of \$100,000**

This grant would help increase the total number of high skilled, high wage jobs in the Rio Grande Valley by providing customized training for small businesses in the retail, manufacturing and logistics sectors within the city limits of Weslaco. This grant was subject to final approval by the Weslaco EDC. The funding period for this grant was from October 1, 2018 to September 30, 2019.

This award aligned to Strategic Direction #3, High Success Rate by providing training that develops skills to meet employer needs and contributes toward the economic mobility of the region.

**4. The Edinburg Economic Development Corporation Grant in the amount of \$150,000**

This grant would help increase the total number of high skilled, high wage jobs by providing customized training for the medical, manufacturing and logistics sectors of the Rio Grande Valley. This grant was subject to final approval by the Edinburg EDC. The funding period for this grant was from October 1, 2018 to September 30, 2019.

This award aligned to Strategic Direction #3, High Success Rate by providing training that develops skills to meet employer needs and contributes toward the economic mobility of the region.

The presented grants would provide up to \$599,712 in additional funding for the College to provide services and opportunities throughout the region.

Upon a motion by Ms. Rose Benavidez and a second by Mr. Gary Gurwitz, the Board of Trustees approved and authorized accepting the following grant award(s) and use of related funds as authorized by each grant, contingent upon official award as appropriate.

1. Texas Higher Education Coordinating Board (THECB) Work-Study Student Mentorship program allocation in the amount of \$90,712
2. City of McAllen Development Corporation Grant in the amount of \$259,000
3. Weslaco Economic Development Corporation Grant in the amount of \$100,000
4. Edinburg Economic Development Corporation Grant in the amount of \$150,000

The motion carried.

**Review of Presentation Delivered at September 11, 2018 Education and Workforce Development Committee meeting**

The following presentation was delivered at the September 11, 2018 Education and Workforce Development Committee meeting:

9/25/2018

Regular Board Meeting Minutes

## 1. Presentation and Discussion on Accelerating Developmental Students with Co-Requisites Courses

Dr. Margaretha Bischoff, Dean for Liberal Arts and Social Sciences, and Dr. Chris Nelson, Assistant Dean of Humanities, presented *Accelerating Developmental Students with Co-Requisite Courses*.

This presentation focused on South Texas College's ongoing development and implementation of Developmental and Academic Co-Requisite courses in Reading and Writing, and a presentation at a later date would focus on efforts in developmental mathematics.

All data for Fall 2018 was preliminary, pending the September 12, 2018 census date.

### Developmental Education Overview

Developmental Education helps students who are not yet "college ready," as determined by state requirements. Developmental Education coursework in reading, writing, and mathematics provide students with focused remedial coursework to attain the academic foundation and skills they will need to thrive in college level coursework.

#### College Readiness of First Time in College (FTIC) Students

For Fall 2018, 31.5% of incoming First Time in College (FTIC) students required Developmental Education for Reading, 16.2% for Writing, and 12.9% for both subject areas. FTIC students does not include student with prior dual credit coursework, or any other college hours. Since high school students must be college ready to participate in Dual Credit, FTIC students tend to have a larger number who are not college ready.

Traditionally, Developmental Education coursework has been provided in sections from fundamental basics up to the final skills needed to be determined "college ready." Institutions of higher education have sought ways to improve the delivery of remedial content to students, to prevent loss of momentum and to encourage successful entry into college-level coursework.

Co-requisite models have been developed as a method to enable students to achieve college readiness while concurrently engaging in academic coursework in related areas. Dr. Bischoff and Dr. Nelson discussed the logistics of student placement in developmental education and how "Skills Domains" can be used to assess individual student needs. They presented data on pilots performed to assess the effectiveness of co-requisites.

Preliminary results from pilot programs in 2017 – 2018 have shown that placement in co-requisite courses has helped some students achieve college readiness more

quickly and with greater success rates than enrollment in traditional developmental education programs.

### **House Bill 2223**

The State of Texas established a requirement in 2017, through the passage of HB 2223, that requires institutions of higher education to develop and implement Co-requisite courses for the delivery of Developmental Education coursework, included mandated enrollment thresholds.

Dr. Bischoff and Dr. Nelson reviewed the requirements of HB 2223, and discussed the College's plans to serve students in compliance with the law.

### **TSI Assessment Placement**

The Texas Success Initiative (TSI) establishes the requirements for all entering college students to be tested for college readiness. All students must be tested and certified "college ready" in reading, writing, and math before enrolling in academic classwork in those areas and before they can obtain an Associate's degree.

Students undergoing TSI Assessment may be classified as "College Ready," "Developmental Education," or "Adult Basic Education (level 1-6)."

Dr. Bischoff and Dr. Nelson described the assessment process and the diagnostic testing and placement that helps place students in appropriate Developmental Education programs when needed.

### **Co-Requisite for Reading and Writing**

The presenters also discussed the pairing of academic courses with an Integrated Reading and Writing course, and the performance impact on students, which includes modest improvement of course completion rates.

The presenters reviewed the Spring 2018 Pilot test data, and the pre-census Fall 2018 enrollment. As of the publication of this packet, 29% of developmental reading and writing students were enrolled in co-requisite courses, and the College complied with HB 2223.

### **Next Steps**

Dr. Bischoff and Dr. Nelson discussed the plans to further expand co-requisite enrollment, including early engagement and advising to help guide students toward this option when it is likely to best serve them.

In discussion with the Committee, they noted that it was relatively simple to find sufficient students to meet the 25% required enrollment in co-requisite courses required for Fall 2018, but they had some reservations about the state's requirement to meet 50% enrollment in Fall 2019 and 75% enrollment in Fall 2020,

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noting that these students will receive a course grade for their work, and faculty and administration's primary goal is helping ensure students are not being set up for failure by an arbitrary requirement.

The recent 2018 College Readiness and Success Models for 60x30TX Grant will provide \$75,000 in additional funding to support these efforts, including professional development for faculty and curriculum planning. The State of Texas, and South Texas College, were invested in helping improve the pathways for students to achieve college readiness and academic success.

This review of the Committee presentation was included for the Board's information and no action was requested.

### **Presentation and Action as Necessary on October 2, 2018 Tax Resale Auction**

On September 6, 2018, Linebarger Goggan Blair & Sampson, LLP, delivered a notice of an upcoming sale of struck-off properties in Hidalgo County. The sale was scheduled for October 2, 2018. The property details were provided under separate cover.

In the past, such sales were first presented to South Texas College for review and approval by the Board of Trustees, as the governing board of a taxing entity with an interest in these properties.

Mr. Michael Cano, Partner with Linebarger Goggan Blair & Sampson, LLP, informed administration that Texas law permits taxing entities to place properties up for tax resale, without requiring concurrent approval from the other entities.

Mr. Cano noted that the County notified the College as a courtesy; administration has also noted a Public Notice published on September 19, 2018 in *The Monitor*.

Mr. Cano further clarified that while state law does not require concurrent approval from other entities, the College and other entities could make a bona-fide legal objection to block the resale of a particular property, if necessary.

Administration asked Linebarger Goggan Blair & Sampson, LLP, to attend the September 25, 2018 Regular Board Meeting to describe the new process under law, which is designed to expedite the process of moving properties from the struck-off list back into the hands of tax payers who will be responsible to upkeep the properties. Linebarger Goggan Blair & Sampson, LLP, is the College's legal counsel for the recovery of delinquent property taxes, and will provide counsel to the Board on this issue.

While no action was requested by Linebarger Goggan Blair & Sampson, LLP, the Board was provided the opportunity to take action as necessary related to this process or the forthcoming sale.

At the September 25, 2018 Regular Board Meeting, Mr. Michael Cano informed the Board that the tax resale auction had been postponed, likely until November 2018, due to logistic issues with the relocation of county offices.

Mr. Cano responded to question regarding the process described above, and assured the Board that Linebarger Goggan Blair & Sampson, LLP, would continue to inform the College of such tax resale auctions, even when the College was not required to authorize such auctions.

The Board took no action on this item.

### **Review and Action as Necessary on Award of Proposal, Purchases, Renewals, and Interlocal Agreements (Non-Bond Proceeds)**

The Finance, Audit, and Human Resources Committee recommended Board approval of the award of proposal, purchases, renewals, and interlocal agreements (Non-Bond Proceeds) as listed below:

#### **A. Award**

- 1) Syllabus Management Software (Award):** award the proposal for syllabus management software to **Intellidemia, Inc.** (New York, NY) (New), at a total amount of \$24,900.00;

#### **B. Instructional Items**

- 2) Testing Materials (Purchase):** purchase testing materials for the Texas Success Initiative (TSI), which uses the Accuplacer Platform from **The College Board** (New York, NY), a sole source vendor, for the period beginning September 1, 2018 through August 31, 2019, at a total amount of \$59,000.00;

#### **C. Non-Instructional Items**

- 3) Advertisement – Classified Ads (Purchase):** purchase advertisement – classified ads from **AIM Media Texas/The Monitor** (McAllen, TX), a sole source vendor, for the period beginning September 1, 2018 through August 31, 2019, at an estimated amount of \$50,000.00;
- 4) Chiller Maintenance Agreement (Purchase):** purchase a chiller maintenance agreement with **Johnson Controls, Inc.** (Milwaukee, WI), a The Interlocal Purchasing System (TIPS) purchasing cooperative approved vendor, for the period beginning November 21, 2018 through November 20, 2019, at an annual amount of \$51,900.00 for scheduled services and an estimated amount of \$70,000.00 for as needed repair services. The total annual amount is \$121,900.00;
- 5) Maintenance Equipment, Parts, and Supplies (Purchase):** purchase maintenance equipment, parts, and supplies through the Texas Association of

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School Boards – Buyboard approved vendors, for the period beginning September 1, 2018 through August 31, 2019, at an estimated amount of \$200,000.00, with the following vendors:

- **Carrier Enterprise, LLC.** (Houston, TX/Pharr, TX)
- **Crawford Electric Supply** (San Antonio, TX/Mission, TX)
- **Dealers Electric Supply** (Waco, TX/McAllen, TX)
- **Ferguson Enterprise, Inc.** (Newport News, VA/Pharr, TX)
- **Johnson Supply & Equipment** (Houston, TX/Pharr, TX)
- **Johnstone Supply** (Corpus Christi, TX/Pharr, TX)
- **Trane** (Fort Worth, TX/Weslaco, TX)

- 6) **Institutional Membership - TACC (Renewal):** renew the institutional membership – TACC with the **Texas Association of Community Colleges (TACC)** (Austin, TX), a sole source vendor, for the period beginning September 1, 2018 through August 31, 2019, at a total amount of \$79,157.00;

**D. Technology**

- 7) **Audio Visual Equipment and Supplies (Purchase):** purchase audio visual equipment and supplies for the period beginning September 1, 2018 through August 31, 2019, at an estimated amount of \$170,000.00, which is based on prior year expenditures, with the following purchasing cooperative vendors:

Vendor/Purchasing Cooperative	Amount
<b>Audio Visual Aids</b> (San Antonio, TX) – Texas Association of School Boards – Buyboard, Purchasing Cooperative of America, and The Interlocal Purchasing System (TIPS) Purchasing Cooperative	\$80,000.00
<b>B &amp; H Foto &amp; Electronics, Corp.</b> (New York, NY) – Texas Association of School Boards – Buyboard, Purchasing Cooperative of America, The Interlocal Purchasing System (TIPS) Purchasing Cooperative, and E & I Cooperative Services	\$80,000.00
<b>Audio Fidelity Communications, Corp./dba Whitlock</b> (Austin, TX) – State of Texas Department of Information Resources (DIR)	\$10,000.00

- 8) **Computer Components, Peripherals, Software, and Supplies (Purchase):** purchase computer components, peripherals, software, and supplies for the period beginning September 1, 2018 through August 31, 2019, at an estimated amount of \$350,000.00, which is based on prior year expenditures, with the following purchasing cooperative vendors:

Vendor/Purchasing Cooperative	Amount
<b>CDW Government</b> (Vernon Hills, IL) – State of Texas Department of Information Resources (DIR), National Intergovernmental Purchasing Alliance (NIPA)/Texas Cooperative Purchasing Network (TCPN), National Joint Power Alliance (NJPA), Harris County Dept of Ed – Choice Partners, The Interlocal Purchasing System (TIPS) Purchasing Cooperative, and E & I Cooperative Services	\$140,000.00

<b>Vendor/Purchasing Cooperative</b>	<b>Amount</b>
<b>CRC Computer Repair Center</b> (McAllen, TX) – State of Texas Department of Information Resources (DIR)	\$40,000.00
<b>Dell Marketing, LP.</b> (Dallas, TX) – State of Texas Department of Information Resources (DIR)	\$100,000.00
<b>GovConnection</b> (Merrimack, NH) – State of Texas Department of Information Resources (DIR), Harris County Dept of Ed – Choice Partners, and National Intergovernmental Purchasing Alliance (NIPA)/Texas Cooperative Purchasing Network (TCPN)	\$10,000.00
<b>SHI Government Solutions, Inc.</b> (Austin, TX) – Texas Association of School Boards – Buyboard, State of Texas Department of Information Resources (DIR), E & I Cooperative Services, Purchasing Association of Cooperative Entities (PACE), The Interlocal Purchasing System (TIPS) Purchasing Cooperative, and Harris County Dept of Ed – Choice Partners	\$60,000.00

- 9) **Enrollment Management System Agreement (Renewal):** renew the enrollment management system agreement with **Hobsons, Inc.** (Cincinnati, OH), a sole source vendor, for the period beginning November 1, 2018 through October 31, 2021, at a total amount of \$195,000.00. The total amount will be split evenly into three (3) annual payments;

**E. Interlocal Agreements**

- 10) **Data Collection Services for Starr County Asset Mapping Project (Interlocal Agreement/Purchase):** purchase data collection services for Starr County asset mapping project through an interlocal agreement between South Texas College and **The University of Texas – Rio Grande Valley (UTRGV) – Data and Information Services (DISC)** (Edinburg, TX), for the period beginning September 26, 2018 through January 31, 2019, at a total amount of \$20,000.00;
- 11) **State Records Inquiry Access Agreement (Interlocal Agreement/Purchase):** enter into a state records inquiry access interlocal agreement with the **Texas Department of Public Safety** (Austin, TX), for the period beginning September 1, 2018 through August 31, 2019, at a total amount of \$12,000.00;
- 12) **Strategic Planning and SWOT Analysis Training (Interlocal Agreement/Purchase):** purchase strategic planning and SWOT analysis training between South Texas College and **The University of Texas – Rio Grande Valley (UTRGV)/Texas Manufacturing Assistance Center (TMAC)** (Edinburg, TX), for the total amount of \$3,150.00.

Recommend Action - The total for all award of proposal, purchases, renewals, and interlocal agreements (Non-Bond Proceeds) was \$1,285,107.00.

Upon a motion by Ms. Rose Benavidez and a second by Dr. Alejo Salinas, Jr., the Board of Trustees of South Texas College approved and authorized the award of proposal, purchases, renewals, and interlocal agreements (Non-Bond Proceeds) in the amount of \$1,285,107.00 as presented. The motion carried.



## **Review and Action as Necessary on Award of Proposal and Purchase for the 2013 Bond Construction Program Funded by Non-Bond Proceeds**

The Finance, Audit, and Human Resources Committee recommended Board approval of the award of proposal and purchase for the 2013 Bond Construction Program Funded by Non-Bond Proceeds as listed below:

### **A. Non-Bond Proceeds -- Maintenance and Operation Taxes (M&O)**

- 1) Floor Care Equipment (Award):** award the proposal for floor care equipment to **Gulf Coast Paper, Co.** (Brownsville, TX) in the amount of \$100,750.00 and to **CC Distributors, Inc.** (Corpus Christi, TX) in the amount of \$19,075.89;
- 2) District-Wide Wayfinding Signage (Purchase):** purchase district-wide wayfinding signage from **Interface Architectural Signage, Inc.** (Atlanta, GA), a State of Texas Multiple Award Schedule (TXMAS) approved vendor, at a total amount of \$211,410.65.

Recommend Action - The total for the award of proposal and purchase for the 2013 Bond Construction Program and Related Projects Funded by Non-Bond Proceeds was \$331,236.54.

Upon a motion by Ms. Rose Benavidez and a second by Dr. Alejo Salinas, Jr., the Board of Trustees of South Texas College approved and authorized the award of proposal and purchase for the 2013 Bond Construction Program Funded by Non-Bond Proceeds in the amount of \$331,236.54 as presented. The motion carried.

## **Discussion and Action as Necessary to Continue Partnership with Food Bank of the Rio Grande Valley, Inc. for Support of Pecan Campus Food Pantry**

Approval to continue partnership with Food Bank of the Rio Grande Valley, Inc. for support of Pecan Campus Food Pantry until January 31, 2019 was requested.

Purpose – To continue partnership with Food Bank of the Rio Grande Valley, Inc. for support of Pecan Campus Food Pantry.

Justification – The Food Bank fiscally sponsored the College's Food Pantry by donating 100% of the food for the first twelve months of the partnership and would continue until January 31, 2019.

Beginning in February 2019, the College would begin purchasing food from the Food Bank of the Rio Grande Valley Inc. to be disbursed at the Food Pantry. The purchases would be made from funds raised by the College since the opening of the Food Pantry.

Background – The Board of Trustees at their September 19, 2017 meeting approved to partner with the Rio Grande Valley, Inc. (Food Bank) to open a Food Pantry at Pecan Campus for the period of September 20, 2017 through August 31, 2018.

The Food Bank was created for the following reasons:

- Many South Texas College students faced inadequate food supplies for themselves and their family. This is referred to as food insecurity, that is, a “lack of access, at times, to enough food for an active, healthy life for all household members and limited or uncertain availability of nutritionally adequate foods.” This program would provide students with canned/boxed food.
- South Texas College student households that are food insecure may be forced to make “trade-offs between important basic needs, such as housing or medical bills, and purchasing nutritionally adequate foods.” Hunger issues exist in colleges, especially in lower income areas served by South Texas College.

The Food Bank lends its 501(C) 3 status to the Food Pantry, and the Food Pantry became a program of the Food Bank. The Food Bank required monthly reports from the College of how many students were served at the Food Pantry (including adults and children in the students’ families). The Food Bank delivered the food to the College and trained staff and volunteers at the College on food safety handling

Reviewers - The Resolution was reviewed by Matt Hebbard, Vice President for Student Affairs and Enrollment Management, Eli Nguma, Director of Student Activities and Wellness, Paul Hernandez, Dean of Student Affairs, and had previously been reviewed by South Texas College’s legal counsel.

Enclosed Documents – A Resolution was provided in the packet for the Board’s review and information.

Matt Hebbard, Vice President for Student Affairs and Enrollment Management, and or Paul Hernandez, Dean of Student Affairs, attended the September 11, 2018 Finance, Audit, and Human Resources Committee meeting to address any questions by the committee.

The Finance, Audit, and Human Resources Committee recommended Board approval to continue partnership with Food Bank of the Rio Grande Valley, Inc. for support of Pecan Campus Food Pantry until January 31, 2019 as presented.

Upon a motion by Ms. Rose Benavidez and a second by Dr. Alejo Salinas, Jr., the Board of Trustees of South Texas College approved and authorized the resolution continuing the partnership with Food Bank of the Rio Grande Valley, Inc. for support of Pecan Campus Food Pantry until January 31, 2019 as presented. The motion carried.

## **Review and Discussion on Projected Shortfall of 2013 Bond Construction Program Budget**

As of September 19, 2018, the current total budget shortfall was estimated to be at \$1,944,317. This amount did not include the current remaining buyout savings, design and construction contingencies.

At the September 25, 2018 Regular Board Meeting, Mr. Gilbert Gallegos, Broaddus & Associates, provided an updated summary of the current 2013 Bond Construction Program shortfall at \$1,382,714. This figure included all expenditures of contingency funds, and all buyout savings recovered from unspent funds.

Mr. Gallegos noted that the final program shortfall was pending confirmation as the final payment applications were processed.

Funding for any shortfall will be covered by non-bond funds.

No action was requested.

## **Review and Discussion on 2013 Bond Construction Program Outstanding Issues Action Plan**

College staff from Finance and Administrative Services and Facilities Planning and Construction have prepared a list outlining outstanding issues that are still pending for the 2013 Bond Construction Program projects.

Broaddus & Associates was asked to provide updates and costs associated with each outstanding issue. The Board was asked to take any action as necessary.

The packet included an Outstanding Issues Action Plan as developed and maintained by administration.

### **Pecan Campus**

#### **1 Pecan Campus Student Union Bldg. - Replacement of Damage Stair Treads**

- Administration had been asking for resolution of the damaged stair treads since at least March 27, 2018.
- On September 11, 2018, Broaddus & Associates confirmed that the project punch list did not include these damages, and therefore recommended that the repairs be undertaken by College staff, at the cost of the College.

Mr. Gary Gurwitz noted Mr. Gallegos' recommendation was that the damaged stair treads were the College's responsibility because they were not noted on the punch list, and were therefore likely damaged after installation by the contractor.

## **2 Thermal Plant Bldg. - ADA issues with stairs and ramp**

- On January 9, 2017, STC issued an email outlining ADA concerns at the Pecan Campus Thermal Plant Building.
- On June 18, 2018, an ADA report was issued to STC showing the concerns to be violations of accessibility requirements.
- On August 21, 2018, B&A reported that D. Wilson Construction will not address this item.
- On September 11, 2018, Broaddus & Associates recommended that the ADA compliance issues be resolved by College staff, at the cost of the College.

Mr. Gary Gurwitz noted Mr. Gallegos' recommendation was that the ADA concerns at the Pecan Campus Thermal Plant Building stairs and ramp were the College's responsibility because the missing elements for ADA compliance were not include in the initial design.

### **District Wide - All Bond Projects**

## **3 Final Test & Balance Reports Still Pending for all Bond Construction Program projects**

- College staff have requested the final Test and Balance reports for specific 2013 Bond Construction Program projects, as part of the close out documentation for each project.
- As of August 7, 2018, Broaddus & Associates has not provided some of the pending reports.
- On September 11, 2018, Broaddus & Associates reported that they anticipated receipt of the pending reports within the following two weeks.

Mr. Gilbert Gallegos reported that there were a few pending deficiencies as identified by the testing and balancing reports, and pending correction by the contractors on respective projects. Mr. Gallegos confirmed that these corrections would not impact the final cost, and anticipated that all reports would be resolved by the October 9, 2018 Facilities Committee Meeting.

Mr. Jesus Ramirez, Legal Counsel, repeated for the benefit of the record of Board action, that Mr. Gallegos' recommendation was that the ADA improvements noted above were the College's responsibility because they were not in the original design, and Mr. Gallegos confirmed.

Mr. Ramirez further clarified that Mr. Gallegos' recommendation was that the aforementioned stair tread damages were incurred during the construction phase, but after installation by the contractor, and Mr. Gallegos confirmed.

Upon a motion by Mr. Gary Gurwitz and a second by Dr. Alejo Salinas, Jr., the Board of Trustees of South Texas College approved and authorized College staff to undertake the repair of the still damaged stair treads at the Pecan Campus Student Union Building and to undertake the necessary repairs of the ADA issues with the stairs and ramp at the Pecan Campus Thermal Plant Building, at the College's cost and including appropriate procurement procedures, and report to the Board as necessary. The motion carried.

## **Review and Discussion on 2013 Bond Construction Program Warranty Items Action Plan**

College staff from Finance and Administrative Services and Facilities Planning and Construction prepared a list outlining warranty items to be addressed for the 2013 Bond Construction Program Warranty Items Action Plan.

Broaddus & Associates was asked to provide updates and costs associated with each warranty item.

The packet includes the Warranty Items Action Plan as developed and maintained by administration.

### **Pecan Campus**

#### **1 Pecan Campus STEM Bldg. - Bent Louvers on EF#3**

- June 13, 2018: The initial warranty request was issued for a bent louver blade.
- June 22, 2018: D. Wilson reported that the damaged louver was repaired and tested on site and everything was “ok”.
- June 26, 2018: Staff provided pictures of the bent blade.
- June 26, 2018: D. Wilson reported that louver wasn't damaged at the time of delivery.
- On August 28, 2018, Mr. Gilbert Gallegos announced that D. Wilson Construction Company would not address this item any further.
- On September 11, 2018, Broaddus & Associates recommended that the bent louvers be replaced by College staff, at the cost of the College, estimated at \$1,800.

Upon a motion by Mr. Gary Gurwitz and a second by Dr. Alejo Salinas, Jr., the Board of Trustees of South Texas College approved and authorized College staff to undertake the necessary steps to replace the bent louvers at the Pecan Campus STEM Building at the College's cost not to exceed \$2,175, including appropriate procurement procedures, and report to the Board as necessary. The motion carried.

### **Starr County Campus**

#### **2 Thermal Plant - Vault Water Issues**

- In May and June 2018, rainfall led to the Thermal Plant vault becoming fully submerged under collected water.
- The contractor rejected the College's warranty claim and issued a quote for \$6,760 to make repairs that should mitigate future flooding.
- Broaddus & Associates responded that a portion of the remediation work are due to existing conditions and would be completed at the owner's cost.
- College administration have noted that this should have been accounted for in the initial project design and the issue may be a design and/or construction error.
- Staff is waiting for the final resolution between the engineer, construction manager-at-risk, controls subcontractor, and Broaddus & Associates.
- On August 23, 2018, B&A reported that the vault issued had not been corrected as of August 22, 2018.

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- On September 11, 2018, Broaddus & Associates advised that Sigma HN Engineers would follow up on the repairs and verify the issues were resolved.

Broaddus & Associates reported that Sigma HN had confirmed that the work was not yet completed as of September 25, 2018. Mr. Gallegos committed Broaddus & Associates to see this issue satisfactorily resolved.

Mr. Gilbert Gallegos reports that the College has issued a new warranty request on this item, and confirmed that it was in fact a warranty item and would not cost the College.

No action was taken.

### **South Texas College Regional Center for Public Safety Excellence**

#### **3 RCPSE PSI- Asphalt failures at Cityscape drives**

- Staff noted cracking of newly installed asphalt paving at the city scape driving area.
- The engineer requires a forensic engineer to determine the cause of the asphalt and/or foundational failures.
- Broaddus & Associates informed the College that erosion during recent flooding may be the cause of the failures.
- Broaddus & Associates has informed the College that the work is under warranty and would be repaired.
- On August 21, 2018, B&A reported that Dannenbaum and Noble Texas Buildings are inspecting the site and the engineer will provide directives as necessary.
- On September 11, 2018, Broaddus & Associates stated that the asphalt and foundation problems at the City Scape are the responsibility of the contractor, and recommended the hiring of a forensic engineer to determine the cause of the issues and any recommendation for remediation.

Mr. Tim Weldon, Broaddus & Associates, reported that the project engineer Dannenbaum recommended the engagement of Raba Kistner as a geotechnical engineer to review the site conditions, site engineering, and construction. Raba Kistner would then provide an assessment of any design or construction deficiencies and would recommend any necessary remediation to mitigate future flooding damage to the cityscape drives.

No action was taken.

### **Review and Action as Necessary on Ratification of Change Order for the 2013 Bond Construction Program Mid Valley Campus Parking and Site Improvements Project**

Ratification of a proposed change order for use of construction contingency for the 2013 Bond Construction Program Mid Valley Campus Parking and Site Improvements project was requested.

**Purpose**

The transfer of funds by this proposed change order had already been noted on Skanska's pay applications but had not formally been approved by the Board of Trustees.

**Justification**

Change order was needed to complete the construction of the project and transfer funds from the Construction Contingency to the Cost of Work in the Construction Manager at Risk's (CMR's) contracted GMP, and must be provided to the Board of Trustees for review and approval.

**Background**

The proposed change order for the 2013 Bond Construction Program Mid Valley Campus Parking and Site Improvements project was presented to the Board of Trustees at the April 24, 2018 Board meeting. The proposed change order was not approved on that date because the Program Manager had withdrawn their recommendation for approval. This project has been completed and the Board is asked to ratify the change order as prepared.

<b>Bond Projects</b>	
Total Transfer of Construction Contingency funds for September 2018	\$43,360

**Enclosed Documents**

A copy of the proposed change order was enclosed for the Board's review and information.

The Facilities Committee recommended Board ratification of the proposed change order for use of construction contingency totaling \$43,360 for work already completed for the 2013 Bond Construction Program Mid Valley Campus Parking and Site Improvements project as presented..

Upon a motion by Mr. Gary Gurwitz and a second by Mr. Rene Guajardo, the Board of Trustees of South Texas College approved and ratified the proposed change order #9 for use of construction contingency totaling \$43,360 for work already completed for the 2013 Bond Construction Program Mid Valley Campus Parking and Site Improvements project as presented. The motion carried.

**Review and Action as Necessary on Payment for Additional Architectural Design Services for the 2013 Bond Construction Pecan Campus Thermal Plant Screen Enclosure**

Approval of payment for additional services with Half Associates for additional architectural design services for the 2013 Bond Construction Pecan Campus Thermal Plant Screen Enclosure was requested.

**Purpose**

Authorization was requested to approve the payment for additional services with Halff Associates for design services for the 2013 Bond Construction Pecan Campus Thermal Plant Screen Enclosure design.

**Justification**

Payment for additional services was requested by Halff Associates for their work in providing additional screen enclosure designs as requested by the Board.

**Background**

Halff Associates provided the architectural and engineering work for the 2013 Bond Construction Pecan Campus Thermal Plant. The schematic design of the project, which was approved at the July 28, 2015 Board meeting, included exterior renderings of the cooling tower screen enclosure which included a wave design and the illustrations provided did not show the top portions of the cooling towers.

The original wave design was then excluded from the Guaranteed Maximum Price (GMP) as a cost saving effort by Broaddus & Associates without clearly notifying the Board when the GMP was approved at the November 24, 2015 Board meeting.

When the enclosure was under construction, it became apparent that the enclosure was designed too low to conceal the top portion of the cooling towers and did not include the wave design.

The Board instructed Broaddus & Associates to develop recommendations to meet the original intention of the approved schematic design, and Broaddus & Associates requested designs from Halff Associates that would meet the original schematic design intent as approved by the Board. Halff developed plans sufficient to obtain pricing for presentation to the Board, but no action was taken on the revised schematic design options.

Halff Associates requested a payment in the amount of \$13,198 for the additional work performed for providing the revised designs. Broaddus & Associates recommended that the additional services request be paid as requested.

Below is a table detailing the fee calculation methodology from Halff Associates.

Pecan Campus Thermal Plant Screen Enclosure Fee Calculation Methodology		
Estimated Cost of Additional Construction	Fee Percentage	Additional Services Fee
\$270,0000	7.52%	\$20,304
Additional Services Fee	Estimated Completion %	Revised Fee Total
\$20,304	65%	<b>\$13,198</b>

**Funding Source**

Funds were available in the 2013 Bond Construction Program FY 2018 – 2019 budget.



### **Committee Discussion**

Representatives from Broaddus & Associates and Halff Associates attended the Facilities Committee meeting to address questions regarding the requested payment and the work.

The Facilities Committee confirmed with Mr. Trey Murray with Halff Associates that the revised fee represented an “equitable resolution” of the balance of Halff Associates’ fee and any pending claim for this project and would settle the matter with his firm.

Broaddus & Associates confirmed that Halff Associates had achieved approximately 65% completion of the engineering drawings, and that the College would have the rights to use these documents to complete this project, at the College’s discretion. Gilbert Gallegos of Broaddus suggested that the payment by STC would entitle STC to the benefit of the portion the engineering work which had been provided.

Mr. Jesus Ramirez, Legal Counsel for South Texas College, asked whether an engineering firm other than Halff, would be able to use the delivered drawings, and Halff Associates confirmed that another firm would not likely be able to use those drawings, and recommended that the College would need to contract with Halff Associates to complete the drawings, if the College wished to recover the value of those drawings.

Mr. Ramirez asked whether an agreement needed to be drawn up to clarify that Halff would be obligated to finish the engineering design should the College decide to continue with that project. He asked with Mr. Murray was authorized by his firm to commit to that legal obligation for at least a two year period, suggesting that Halff would agree, upon payment of the current fee for \$13,198, to be prepared to remobilize on this project if contracted by the College within 24 months.

Mr. Trey Murray agreed that the terms would be agreeable, and that while there might be remobilization fees as well as fees to complete the design in any future contract, the College would receive credit for the substantial portion of the \$13,198 fee if the current drawings were used.

Subsequent to the September 11, 2018 Facilities Committee meeting, Mr. Jesus Ramirez advised that a formal agreement would not be necessary, and suggested that this synopsis be included in the record.

This synopsis has been presented to Mr. Ramirez and Mr. Trey Murray, and both have agreed to the facts as presented.

The Facilities Committee recommended Board approval of the payment in the amount of \$13,198.00 for architectural design services from Halff Associates for the 2013 Bond Construction Pecan Campus Thermal Plant Screen Enclosure as presented.

Upon a motion by Mr. Gary Gurwitz and a second by Ms. Rose Benavidez, the Board of Trustees of South Texas College approved and authorized the payment in the amount of \$13,198.00 for architectural design services from Halff Associates for the 2013 Bond Construction Pecan Campus Thermal Plant Screen Enclosure as presented. The motion carried.

## Review and Action as Necessary on Final A/E Fee Adjustments for the 2013 Bond Construction Mid Valley Campus Parking and Site Improvements

Approval to amend the existing engineering agreement with Halff Associates to include the additional scope items designed was requested.

### Purpose

Authorization was requested to amend the current engineering agreement with Halff Associates to include the design of the additional scope at the 2013 Bond Construction Mid Valley Campus Parking and Site Improvements.

### Justification

The Engineer needed to be compensated based on a percentage of the Construction Cost Limitation and the compensation adjusted once the construction costs were finalized. This increase in compensation was the result of additional construction costs to complete the Mid Valley Campus Parking and Site Improvements as approved.

### Background

The current engineering agreement with Halff Associates for the Mid Valley Campus Parking and Site Improvements provided for an additional fee if the final construction cost exceeds the Construction Cost Limitation (CCL) by more than 5%.

The CCL for the project was \$2,000,000, and the fee was negotiated at 8.5%, for a total of \$170,000 plus additional services and reimbursable cost totaling \$27,975. The total project cost was \$2,367,696. No additional costs were anticipated for the project, which exceeded the CCL by the 5% contract threshold.

The Engineer accepted a reduction in design scope which was deducted from the additional fee adjustment:

Project Name	Adjustment Description	Amount
Mid Valley Campus Parking and Site Improvements	Landscape Irrigation Design Scope	\$4,375
<b>Total</b>		<b>\$4,375</b>

Halff Associates requested an additional fee of \$26,879.16, which would result in a total fee of \$224,854.16, including additional services.

Original Fee:	\$170,000.00
Reimbursable Expenses:	27,975.00
<u>Additional Fee:</u>	<u>26,879.16</u>
<b>Revised Fee</b>	<b>\$224,854.16</b>

### **Funding Source**

Bond funds were budgeted in the Bond Construction budget for FY 2017-2018.

### **Presenters**

Board approval was necessary to amend the current A/E contract with Halff Associates to a revised fixed fee of \$224,854.16. No additional costs were anticipated for this project.

The Facilities Committee recommended Board approval to amend the current A/E contract with Halff Associates for the 2013 Bond Construction Mid Valley Campus Parking and Site Improvements project to a total revised fixed fee of \$224,854.16, of which all has already been paid, except for \$26,879.16 which should be paid immediately.

Upon a motion by Mr. Gary Gurwitz and a second by Ms. Rose Benavidez, the Board of Trustees of South Texas College approve and authorize amending the current A/E contract with Halff Associates for the 2013 Bond Construction Mid Valley Campus Parking and Site Improvements project to a revised fixed fee of \$224,854.16 and the payment of the unpaid balance of \$26,879.16. The motion carried.

## **Review and Action as Necessary on Release of Revised Final Retainage for the 2013 Bond Construction Regional Center for Public Safety Excellence Building**

Approval of release of revised final retainage for the following 2013 Bond Construction Regional Center for Public Safety Excellence Building project was requested.

### ***2013 Bond Construction Regional Center for Public Safety Excellence Building***

Final completion for this project with Noble Texas Builders was approved at the August 28, 2018 Board meeting.

Broaddus & Associates and PBK Architects recommended and the Board approved withholding \$49,864 for items that were still not completed at the August 28, 2018 Board meeting. These funds would be withheld until those items are completed.

### **Revision of Final Retainage**

Broaddus & Associates provided a final amount owed to Noble Texas Builders on August 28, 2018 to the Board but understated that amount. The final construction amount stated to the Board was \$215,511.60, but was actually \$254,375.60. This was an increase of \$38,864.00. The Board was asked to approve the release of revised final retainage in the amount of \$254,375.60 to Noble Texas Builders.

The following chart summarizes the above information:

Guaranteed Maximum Price	Net Total Change Orders	Final Project Cost	Final Project Cost including Pre-construction Services	Previous Amount Paid as of August 27, 2018	Remaining Balance as of August 27, 2018
\$4,494,426.00	(\$115,675.00)	\$4,378,751.00	\$4,383,751.00	\$ 4,122,892.65	\$255,858.35
				Less Failed Testing Reimbursement	1,482.75
				<b>Revised Final Retainage for Approval September 25, 2018</b>	<b>\$ 254,375.60</b>
				Previously Approved Retainage on August 28, 2018	\$ 215,511.60
				Retainage Increase	\$ 38,864.00

The Facilities Committee recommended Board approval to revise the previously approved retainage amount of \$215,511.60 to \$254,375.60, and that it all be paid except for \$49,864 retainage to be used against specific reserved items as agreed to by the contractor.

Upon a motion by Mr. Gary Gurwitz and a second by Mr. Rene Guajardo, the Board of Trustees of South Texas College approved and authorized revising the previously approved retainage amount of \$215,511.60 to the corrected final retainage amount of \$254,375.60, less a withholding amount of \$49,864 to be withheld pending completion of specific reserved items as agreed to by Noble Texas Builders, and the balance of \$204,511.60 be paid to Noble Texas Builders, for the 2013 Bond Construction Regional Center for Public Safety Excellence Building project as presented. The motion carried.

### **Review and Action as Necessary on Final A/E Fee Adjustments for the 2013 Bond Construction Regional Center for Public Safety Excellence Building**

Approval to amend the existing architectural agreement with PBK Architects to include the additional scope items designed was requested.

#### **Purpose**

Authorization was requested to amend the current architectural agreement with PBK Architects to include the design of the additional scope at the 2013 Bond Construction Regional Center for Public Safety Excellence Building.

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### Justification

The Architect needed to be compensated based on a percentage of the Construction Cost Limitation and the compensation adjusted once the construction costs were finalized. This increase in compensation was the result of additional construction costs to complete the Regional Center for Public Safety Excellence Building as approved.

### Background

The current architectural agreement with PBK Architects for the Regional Center for Public Safety Excellence Building provided for an additional fee if the final construction cost exceeds the Construction Cost Limitation (CCL) by more than 5%.

The CCL for the project was \$3,910,000, and the fee was negotiated at 6.41%, for a total of \$250,600 plus additional services and reimbursable costs of \$18,488.79. The total project cost was \$4,378,751. No additional costs were anticipated for the project, which exceeded the CCL by the 5% contract threshold.

PBK Architects requested an additional fee of \$30,043.35, which would result in a total fee of \$299,132.14, including additional services.

Original Fee:	\$250,600.00
Reimbursable Expenses:	18,488.79
Additional Fee:	30,043.35
<b>Revised Fee</b>	<b>\$299,132.14</b>

### Funding Source

Bond funds were budgeted in the Bond Construction budget for FY 2017-2018.

### Presenters

Representatives from Broaddus & Associates attended the meeting to respond to questions.

Board approval was necessary to amend the current A/E contract with PBK Architects to a revised fixed fee of \$299,132.14. No additional costs were anticipated for this project.

The Facilities Committee recommended Board approval to amend the current A/E contract with PBK Architects for the 2013 Bond Construction Regional Center for Public Safety Excellence Building project to reflect the increase of \$30,043.35 for a total fee of \$299,132.14, of which \$210,921.29 has already been paid, leaving a balance to be paid of \$88,210.85.

Upon a motion by Mr. Gary Gurwitz and a second by Dr. Alejo Salinas, Jr., the Board of Trustees of South Texas College approved and authorized amending the current A/E contract with PBK Architects for the 2013 Bond Construction Regional Center for Public Safety Excellence Building project to reflect the increase of \$30,043.35 for a total fee of \$299,132.14 to be paid to PBK Architects, of which \$210,921.29 has already been paid, leaving a balance to be paid of \$88,210.85. The motion carried.

## Review and Action as Necessary on Release of Revised Final Retainage for the 2013 Bond Construction Regional Center for Public Safety Excellence Parking and Site Improvements

Approval of release of revised final retainage for the following 2013 Bond Construction Regional Center for Public Safety Excellence Parking and Site Improvements project was requested.

### **2013 Bond Construction Regional Center for Public Safety Excellence Parking and Site Improvements**

Final completion for this project with Noble Texas Builders was approved at the August 28, 2018 Board meeting.

Broaddus & Associates and Dannenbaum Engineering also recommended withholding \$27,508.55 for items that were still not completed at the August 28, 2018 Board meeting. These funds will be withheld until those items are completed.

### **Revision of Final Retainage**

Broaddus & Associates provided a final amount owed to Noble Texas Builders on August 28, 2018 to the Board but understated that amount. The final construction amount stated to the Board was \$97,863.12 and was actually \$132,853.67. This was an increase of \$34,990.55. The Board was asked for approval the release of revised final retainage in the amount of \$132,853.67 to Noble Texas Builders.

The following chart summarizes the above information:

Guaranteed Maximum Price	Net Total Change Orders	Final Project Cost	Final Project Cost including Pre-construction Services	Previous Amount Paid as of August 27, 2018	Remaining Balance as of August 27, 2018
\$1,887,866.00	\$120,522.00	\$2,008,388.00	\$2,013,388.00	\$1,874,727.58	\$133,660.42
				Less Failed Testing Reimbursement	806.75
				<b>Revised Final Retainage for Approval September 25, 2018</b>	<b>132,853.67</b>
				Previously Approved Retainage on August 28, 2018	\$ 97,863.12
				Retainage Increase	\$34,990.55

The Facilities Committee recommended Board approval to release the revised final retainage in the amount of \$132,853.67, less a withholding amount of \$27,508.55 for work still pending completion for the 2013 Bond Construction Program Regional Center for Public Safety Excellence Parking & Site Improvements project, which would include a payment now of \$105,345.12.

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Upon a motion by Mr. Gary Gurwitz and a second by Ms. Rose Benavidez, the Board of Trustees of South Texas College approved and authorized the revised final retainage in the amount of \$132,853.67, less a withholding amount of \$27,508.55 for work still pending completion, for an immediate payment of \$105,345.12 to Noble Texas Builders for the 2013 Bond Construction Regional Center for Public Safety Excellence Parking and Site Improvements project as presented. The motion carried.

## **Review and Action as Necessary on Final A/E Fee Adjustments for the 2013 Bond Construction Regional Center for Public Safety Excellence Parking and Site Improvements**

Approval to amend the existing engineering agreement with Dannenbaum Engineering to include the additional scope items designed was requested.

### **Purpose**

Authorization was requested to amend the current engineering agreement with Dannenbaum Engineering to include the design of the additional scope at the 2013 Bond Construction Regional Center for Public Safety Excellence Parking and Site Improvements.

### **Justification**

The Engineer needed to be compensated based on a percentage of the Construction Cost Limitation and the compensation adjusted once the construction costs were finalized. This increase in compensation was the result of additional construction costs to complete the Regional Center for Public Safety Excellence Parking and Site Improvements as approved.

### **Background**

The current engineering agreement with Dannenbaum Engineering for the Regional Center for Public Safety Excellence Parking and Site Improvements provided for an additional fee if the final construction cost exceeds the Construction Cost Limitation (CCL) by more than 5%.

The CCL for the project was \$1,350,000, and the fee was negotiated at 8.6%, for a total of \$116,100 plus additional services and reimbursable costs of \$19,263.99. The total project cost was \$3,148,388. No additional costs were anticipated for the project, which exceeded the CCL by the 5% contract threshold.

Dannenbaum Engineering requested an additional fee of \$154,661.37, which would result in a total fee of \$290,025.36.

Original Fee:	\$116,100.00
Reimbursable Expenses:	19,263.99
<u>Additional Fee:</u>	<u>154,661.37</u>
<b>Revised Fee</b>	<b>\$290,025.36</b>

The Engineer was previously paid \$98,040 for a partial fee adjustment, approved at the May 29, 2018 Board meeting, resulting in a pending additional fee balance of \$56,621.37.

Additional Fee:	\$154,661.37
Previously Paid:	<u>98,040.00</u>
<b>Additional Fee Balance</b>	<b>\$56,621.37</b>

### **Funding Source**

Bond funds were budgeted in the Bond Construction budget for FY 2017-2018.

Board approval was necessary to amend the current A/E contract with Dannenbaum Engineering to a revised fixed fee of \$290,025.36. No additional costs were anticipated for this project.

The Facilities Committee recommended Board approval to amend the current A/E contract with Dannenbaum Engineering for the 2013 Bond Construction Regional Center for Public Safety Excellence Parking and Site Improvements project from the previously approved \$98,040.00 to a revised fixed fee of \$290,025.36, of which all has been paid except for \$56,621.37, which should be paid immediately

Upon a motion by Mr. Gary Gurwitz and a second by Ms. Rose Benavidez, the Board of Trustees of South Texas College approved and authorized amending the current A/E contract with Dannenbaum Engineering for the 2013 Bond Construction Regional Center for Public Safety Excellence Parking and Site Improvements project to a revised fixed fee of \$290,025.36 and the payment of the unpaid balance of \$56,621.37 to Dannenbaum Engineering. The motion carried.

### **Exit Presentation on 2013 Bond Construction Program by Construction Program Manager Broaddus & Associates**

The South Texas College Board of Trustees contracted Broaddus & Associates as the Construction Program Manager for the 2013 Bond Construction Program.

With the 2013 Bond Construction Program nearing completion, the Board asked Broaddus & Associates to deliver a final presentation to compare the original scope of the program to the final projects as built under the program.

Broaddus & Associates prepared a presentation, provided with the Board Packet under separate cover, on the following topics:

1. Campus Projects
2. Facts
3. Absorbed Scope
4. Value Added

South Texas College staff raised questions regarding the Exit Presentation prepared by Broaddus & Associates. Broaddus & Associates was asked to provide any revision as

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necessary at the September 25, 2018 Regular Board Meeting. Mr. Gilbert Gallegos distributed an updated presentation at the meeting.

Dr. James Broaddus thanked South Texas College for the opportunity to work on the 2013 Bond Construction Program. He especially thanks the participants from the Board, of Trustees, faculty, and staff of South Texas College. Dr. Broaddus noted that the list of participants in the exit presentation showed a high level of engagement by the College, and stated that owner engagement is critical to a strong construction program.

Dr. Broaddus also noted that there was a high level of local participation within the construction program. He stated that the region has benefited from this, and credited the 2001 and 2013 Bond Construction Programs with helping to elevate the construction and design industry in the region.

Dr. Broaddus concluded by pointing out that this construction program included very innovative things, including the delivery of full digital design records into the College's maintenance management system, which was a first for a project of this size. He noted that this technology make the ongoing maintenance of these new buildings significantly more efficient.

Mr. Gary Gurwitz recalled that there were communication problems early in the 2013 Bond Construction Program, but through collaboration, these problems were resolved, and the Board appreciated the work that went into delivering accurate reports.

Mr. Gurwitz further noted that the final construction projects gave the College facilities in which everyone, including the community, could take great pride. Mr. Gurwitz led the Board and attendees in applause for the successful conclusion of the program.

Dr. Alejo Salinas, Jr. thanked Mr. Gurwitz for his comments, and agreed with them. He noted that the early concerns in the program were tied to the Board's fiduciary responsibility to the taxpayers, which required careful scrutiny of the program and expenses.

Dr. Salinas agreed that one the communication improved and the Board was provided with regular accountability reporting, the program went much more smoothly. He also noted that the strong oversight by the Board helped reduce what was initially projected to be a significantly larger budget shortfall.

Mr. Gilbert Gallegos thanked the Board for their words and their support. He acknowledged that the ultimate beneficiaries of the 2013 Bond Construction Program were the students who would continue to use the facilities.

This presentation was delivered for the Board's information and official record. No action was taken.

## **Review and Action as Necessary on Contracting Engineering Services for the Mid Valley Campus Evaluation and Recommendation of Existing Site Drainage**

Approval to contract engineering services to evaluate and make recommendations for the Mid Valley Campus Existing Site Drainage was requested.

### **Purpose**

Engineering services were necessary for evaluating and obtaining recommendations for the Mid Valley Campus Existing Site Drainage. The design scope of work included, but was not limited to, design, analysis, surveys, preparation of plans and specifications, permit applications, construction administration, and inspection of the project.

### **Justification**

The solicitation of qualifications for engineering services for the Mid Valley Campus Evaluation and Recommendations of Existing Site Drainage project was approved by the Board to evaluate the drainage conditions after the recent rain event at the Mid Valley Campus.

### **Background**

On August 13, 2018, South Texas College began soliciting for engineering design services for the purpose of selecting a firm to prepare the necessary plans and specifications for the Mid Valley Campus Evaluation and Recommendations of Existing Site Drainage project. A total of eleven (11) firms received a copy of the RFQ and a total of six (6) firms submitted their responses on August 28, 2018.

### **Funding Source**

Funds for these expenditures were available in the unexpended construction budget for FY 2018-2019.

### **Reviewers**

The Requests for Qualifications were reviewed by staff from the Facilities Planning and Construction, Operations and Maintenance, and Purchasing departments.

### **Enclosed Documents**

A site plan of the Mid Valley Campus was provided. The evaluation team members completed evaluations for the firms and prepared the enclosed ranking summary.

The Facilities Committee recommended Board approval to contract engineering services with Perez Consulting Engineers, LLC for evaluation and recommendations for the Mid Valley Campus Evaluation and Recommendations of Existing Site Drainage project as presented.

Upon a motion by Mr. Gary Gurwitz and a second by Ms. Rose Benavidez, the Board of Trustees of South Texas College approved and authorized contracting engineering services with Perez Consulting Engineers, LLC for evaluation and recommendations for the Mid Valley Campus Evaluation and Recommendations of Existing Site Drainage project as presented. The motion carried.

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## Review and Action as Necessary on Contracting Construction Services for the Mid Valley Campus Covered Bus Drop Off Improvements

Approval to contract construction services for the Mid Valley Campus Covered Bus Drop Off Improvements project was requested.

### Purpose

The procurement of a contractor would provide for construction services necessary for the Mid Valley Campus Covered Bus Drop Off Improvements project.

### Background

The Mid Valley Campus Covered Bus Drop Off project was approved as part of the Capital Improvement Proposal process for FY17-18. The project was proposed to provide a covered area for students being dropped off or picked up. The project was located on the northeast area of the campus along Republic Street. The area had an existing drop off loop drive and covered canopies that were part of the purchase from Weslaco ISD. The scope of the project would include upgrades to the existing covered structure, sidewalks, and concrete flooring.

Staff from the Facilities Planning and Construction and Purchasing Departments prepared and issued the necessary plans and specifications for the solicitation of competitive sealed proposals for this phase.

Solicitation of competitive sealed proposals for this project began on July 30, 2018. A total of ten (10) sets of construction documents were issued to general contractors and a total of five (5) proposals were received on August 21, 2018.

<b>Timeline for Solicitation of Competitive Sealed Proposals</b>	
July 30, 2018	Solicitation of competitive sealed proposals began.
August 21, 2018	Five (5) proposal(s) were received.

College staff reviewed and evaluated the competitive sealed proposal and recommended Tri-Gen Construction, LLC as the highest ranked in the amount of \$46,633.18.

### Funding Source

Source of Funding	Amount Budgeted	Highest Ranked Proposal Tri-Gen Construction, LLC	Budget Variance
Unexpended Construction Plant Fund	\$75,000	\$46,633.18	\$28,366.82
<b>Total Amount</b>	<b>\$75,000</b>	<b>\$46,633.18</b>	<b>\$28,366.82</b>

Funds were budgeted in the Unexpended Construction Plant Fund budget for fiscal year 2018-2019.

### **Reviewers**

The proposals were reviewed by College staff from the Facilities Planning & Construction, Maintenance & Operations, and Purchasing departments.

### **Enclosed Documents**

Staff evaluated the proposal and provided a proposal summary. It was recommended that the top ranked contractor be recommended for Board approval.

The Facilities Committee recommended Board approval to contract construction services with Tri-Gen Construction, LLC in the amount of \$46,633.18 for the Mid Valley Campus Covered Bus Drop Off Improvements project as presented.

Upon a motion by Mr. Gary Gurwitz and a second by Dr. Alejo Salinas, Jr., the Board of Trustees of South Texas College approved and authorized contracting construction services with Tri-Gen Construction, LLC in the amount of \$46,633.18 for the Mid Valley Campus Covered Bus Drop Off Improvements project as presented. The motion carried.

## **Review and Action as Necessary on Contracting Construction Services for the District Wide Automatic Door Openers – Phase III**

Approval to contract construction services for the District Wide Automatic Door Openers – Phase III project was requested.

### **Purpose**

The procurement of a contractor would provide for construction services necessary for the District Wide Automatic Door Openers – Phase III project.

### **Background**

Although not required by current ADA code, automatic door openers were being installed at high traffic building entrances. Staff surveyed all campus buildings to determine where the automatic door openers would be most beneficial. The installation of these openers would provide convenience for faculty, staff, and students with disabilities or who may have difficulty opening a standard exterior door.

Ethos Engineering prepared the plans and specifications necessary for the solicitation of competitive sealed proposals for this phase.

Solicitation of competitive sealed proposals for this project began on August 14, 2018. A total of eight (8) sets of construction documents were issued to general contractors and a total of three (3) proposal was received on August 28, 2018.

<b>Timeline for Solicitation of Competitive Sealed Proposals</b>	
August 14, 2018	Solicitation of competitive sealed proposals began.
August 28, 2018	Three (3) proposals were received.

College staff reviewed and evaluated the competitive sealed proposal and recommended 5 Star GC Construction, LLC as the highest ranked in the amount of \$128,000.

### **Funding Source**

<b>Source of Funding</b>	<b>Amount Budgeted</b>	<b>Highest Ranked Proposal 5 Star GC Construction, LLC</b>	<b>Budget Variance</b>
Unexpended Construction Plant Fund	\$65,000	\$128,000	\$63,000
<b>Total Amount</b>	<b>\$65,000</b>	<b>\$128,000</b>	<b>\$63,000</b>

Funds are budgeted and additional funds were available in the Unexpended Construction Plant Fund budget for fiscal year 2018-2019.

### **Reviewers**

The proposals were reviewed by College staff from the Facilities Planning & Construction, Maintenance & Operations, and Purchasing departments.

### **Enclosed Documents**

Staff evaluated the proposal and provided proposal summary. It was recommended that the top ranked contractor be recommended for Board approval.

Dr. Alejo Salinas, Jr. noted that the proposal evaluation forms included in the packet included scores of “0” for a firm that was not recommended for the award, and asked for clarification of this scoring. Mr. Rick De La Garza informed the Board that a score of “0” indicated the bidder failed to respond to that specific evaluation criteria.

Legal counsel proposed that the evaluation form could include a notation to clarify when a score of “0” indicates a failure to respond, and administration agreed to include this in future documentation.

The Facilities Committee recommended Board approval to contract construction services with 5 Star GC Construction, LLC in the amount of \$128,000 for the District Wide Automatic Door Openers – Phase III project as presented.

Upon a motion by Mr. Gary Gurwitz and a second by Ms. Rose Benavidez, the Board of Trustees of South Texas College approved and authorized contracting construction services with 5 Star GC Construction, LLC in the amount of \$128,000 for the District Wide Automatic Door Openers – Phase III project as presented. The motion carried.

## **Review and R Action as Necessary on El Milagro Clinic Parking Lot License Agreement between El Milagro Clinic, the City of McAllen, and South Texas College for the Nursing and Allied Health Campus**

Approval of a license agreement between El Milagro Clinic, the City of McAllen, and South Texas College for use of the El Milagro Clinic Parking Lot was requested.

### **Background**

On September 21, 2014, the Board of Trustees approved a license agreement for use of an 80 space vehicle parking lot located on the El Milagro Clinic property adjacent to the Nursing & Allied Health Campus. The current license agreement would expire on October 20, 2018 and a new agreement needed to be approved in order for the College to continue using the parking area.

The El Milagro Director, Ms. Marisol Resendez, was contacted regarding this renewal and the El Milagro Board of Directors approved the renewal of the license agreement. Approval of the new agreement from the City of McAllen, who are co-owners of the property, would be coordinated. The license agreement allowed for the use of the parking lot for two years and the option to renew for two additional years, at the cost of \$1,250 annually.

### **Enclosed Documents**

The packet included a copy of the proposed license agreement for the Board's review and information.

The Facilities Committee recommended Board approval of the El Milagro Clinic Parking Lot license agreement between El Milagro Clinic, the City of McAllen, and South Texas College.

Upon a motion by Mr. Gary Gurwitz and a second by Dr. Alejo Salinas, Jr., the Board of Trustees of South Texas College approved and authorized the El Milagro Clinic Parking Lot license agreement between El Milagro Clinic, the City of McAllen, and South Texas College. The motion carried.

## **Review and Action as Necessary on Approval of Revisions to Board Policy #6326: Concealed Carry and Weapons on Campus**

Approval of proposed revisions to Board Policy #6326: *Concealed Carry and Weapons on Campus* was requested.

Board Policy #6326 prescribes the conditions under which weapons may be allowed or prohibited on campus, by whom they may be carried, and where they may be carried.

Administration proposed revisions to the Permanent Exclusions within the Policy Exclusion Zones, to remove Achieve Early College High School which was no longer located at the Pecan Campus and therefore was not covered by this policy. The Facilities Committee was asked to recommend any further changes to the policy as appropriate.

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### **Purpose**

The Achieve Early College High School program was no longer located at the Pecan Campus, and the Board Policy guidelines regarding restrictions on College campuses needed to be updated to remove this area as an exclusion.

### **Enclosed Documents**

The policy, with revisions noted, was enclosed for the Board's review and information.

### **Presenters**

Mr. Paul Varville, Chief Administrator of the Department of Public Safety, attended the meeting to discuss the existing policy and the proposed revision.

The Facilities Committee recommended Board approval of the proposed revisions to Policy #6326: *Concealed Carry and Weapons on Campus* as presented and which supersedes any previously adopted Board policy.

Upon a motion by Mr. Gary Gurwitz and a second by Dr. Alejo Salinas, Jr., the Board of Trustees of South Texas College approved and authorized the proposed revisions to Policy #6326: *Concealed Carry and Weapons on Campus* as presented and which supersedes any previously adopted Board policy. The motion carried.

## **Update on Status of Non-Bond Construction Projects**

The Facilities Planning and Construction staff provided design and construction update. This update summarized the status of each capital improvement project currently in progress. Mary Elizondo and Rick de la Garza were present to respond to questions and address concerns of the committee.

No action was taken.

## **Consideration and Approval of Checks and Financial Reports**

Board action was requested to approve the checks for release and the financial reports for the month of August 2018. The approval was for checks submitted for release in the amount greater than \$125,000.00 and checks in the amount greater than \$25,000.00 that were released as authorized by Board Policy No. 5610.

Mrs. Mary Elizondo, Vice President for Finance and Administrative Services, was available to provide a review of the Financial Report for the month of **August 2018**, and to respond to questions posed by the Board.

The checks and the financial reports submitted for approval were included in the Board packet under separate cover.

Upon a motion by Dr. Alejo Salinas, Jr. and a second by Mr. Rene Guajardo, the Board of Trustees approved and authorized the submitted checks for release in an amount over \$125,000.00, the checks that were released as authorized by Board Policy #5610, and the financial reports submitted for the month of August 2018. The motion carried.

## Announcements

### A. Next Meetings:

- Tuesday, October 9, 2018
  - 3:30 p.m. – Education and Workforce Development Committee Meeting
  - 4:30 p.m. – Facilities Committee Meeting
  - 5:30 p.m. – Finance, Audit, and Human Resources Committee Meeting
- Tuesday, October 30, 2018
  - 5:30 p.m. – Regular Board Meeting

### B. Other Announcements:

- The Valley Scholars Program will host the *A Night with the Stars* gala at 6:00 p.m. on Thursday, October 11, 2018 at the Corinthian Event Center, Mission, Texas
- The Association of Community College Trustees will host the 2018 Leadership Congress from October 24 – 27, 2018 in New York City.

## Adjournment

There being no further business to discuss, the Regular Meeting of the South Texas College Board of Trustees adjourned at 7:36 p.m.

I certify the foregoing are the true and correct minutes of the Tuesday, September 25, 2018 Regular Board Meeting of the South Texas College Board of Trustees.

X

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Mr Roy de León  
Board Secretary



## **Approval and Authorization to Accept Grant Awards**

Authorization to accept and approve the following grant awards and use of related funds as authorized by each grant is requested:

**1. Texas Department of Agriculture, Child and Adult Care Food Program (CACFP) Grant in the amount of \$53,972.82**

Funding from this grant renewal will support the purchase of food, preparation of meals, staff time, supplies and equipment for children enrolled in the Mid-Valley Child Development Center, which provides childcare for students, parents, faculty, staff, and community as well as serves as a practicum lab site for students.

The CACFP reimburses childcare centers, day care home providers, and adult day care centers for part of the cost associated with serving approved meals and snacks to children and adults in Texas. The goal of the CACFP is to improve and maintain the health and nutritional status of children and adults, promote development of good eating habits, and integrate nutritious food service with organized child and adult day care services.

The funding period is from October 1, 2018 through September 30, 2019.

This award aligns to Strategic Direction #4, Collective Responsibility by providing eligible children who are enrolled at the Mid Valley Child Care Center with nutritious meals.

**2. Additional funds from U.S. Department of Education, STC In Focus Grant – Developing Hispanic Serving Institutions (DHSI) Supplemental Award, in the amount of \$115,722**

Funding from the Department of Education will be used to promote, recruit and support the development and delivery of financial literacy training for college students. The proposed project will be conducted in Active Learning Classrooms to maximize student engagement, interest in training topics, and to utilize technology to enrich the learning experience.

This grant aligns to Strategic Direction #3 High Success Rate, by supporting efforts that ensure student success in achieving milestones in order to increase the economic and social mobility of residents in our region.

**3. Texas Workforce Commission, Skills Development Fund Grant, in the amount of \$409,890**

Through this grant, The Texas Workforce Commission supports South Texas College's Institute for Advanced Manufacturing to provide customized training that meets the specific workforce needs of business partners. This grant will provide 18,108 hours of training for TST NA Trim and WoodCrafters Home Products LLC during an 18-month grant period. This grant contributes toward building a skilled workforce. The award is for the period of November 1, 2018 through April 30, 2020.

This grant aligns to Strategic Direction #5, Collaboration, by offering beneficial community and educational partnerships to create a collective impact.

**4. Texas Workforce Commission, Skills for Small Business Grant, in the amount of \$157,500**

This grant will fund training for small businesses from the college's Department of Continuing, Professional Workforce Education. This grant enables the college to support small businesses with fewer than 100 employees with training that upgrades their employees' skills through courses such as accounting, computers, strategic management, HIPAA regulations, and customer service. The funding period for this grant is November 1, 2018 through, November 30, 2019.

This grant is aligned to Strategic Direction #3, High Success Rate, by providing training that will help employees increase their economic and social mobility and Strategic Direction #1, Clear Pathways, by providing training to develop skills among employees of local small businesses.

**5. Additional Grant(s) Received/Pending Official Award**

The presented grants would provide up to \$737,084.82 in additional funding for the College to provide services and opportunities throughout the region.

**Recommendation:**

It is recommended the Board of Trustees approve and authorize accepting the following grant award(s) and use of related funds as authorized by each grant, contingent upon official award as appropriate.

1. Texas Department of Agriculture, Child and Adult Care Food Program (CACFP) Grant in the amount of \$44,188.02
2. Additional funds from Department of Education, STC In Focus Grant, in the amount of \$115,722
3. Texas Workforce Commission, Skills Development Fund Grant, in the amount of \$409,890
4. Texas Workforce Commission, Skills for Small Business Grant, in the amount of \$157,500

**The following Minute Order is proposed for consideration by the Board of Trustees:**  
The Board of Trustees of South Texas College approves and authorizes accepting the following grant awards and using related funds as authorized by each grant, contingent upon official award as appropriate:

1. Texas Department of Agriculture, Child and Adult Care Food Program (CACFP) Grant in the amount of \$44,188.02
2. Additional funds from Department of Education, STC In Focus Grant, in the amount of \$115,722
3. Texas Workforce Commission, Skills Development Fund Grant, in the amount of \$409,890
4. Texas Workforce Commission, Skills for Small Business Grant, in the amount of \$157,500

**Approval Recommended:**

**Shirley A. Reed. M.B.A., Ed.D.**  
**President**

## **Review of Presentation Delivered at October 9, 2018 Education and Workforce Development Committee meeting**

The following presentation was delivered at the October 9, 2018 Education and Workforce Development Committee meeting:

### **1. Presentation and Discussion on Developmental Math Co-Requisites**

Dr. Ali Esmaeili, Dean of Math, Science, and Bachelor Programs, was joined by Mr. Pablo Cortez, Program chair for Developmental Mathematics, and Mr. Mario Morin, Program Chair for Academic Mathematics. Together, they presented an overview of Developmental Math Co-Requisites at South Texas College.

On Tuesday, September 11, 2018, Dr. Margaretha Bischoff, Dean for Liberal Arts and Social Sciences, and Dr. Chris Nelson, Assistant Dean of Humanities, provided an overview of Developmental Education and co-requisite courses generally, and then spoke about the implementation of co-requisite courses for students needing remedial assistance in reading and writing.

Due to core differences in the teaching of developmental mathematics, Dr. Esmaeili, Mr. Cortez, and Mr. Morin were invited to present specifically on the development of co-requisite courses for students requiring remedial education in mathematics.

They provided background information related to developmental mathematics, and reviewed House Bill 2223. This is the bill that has required delivery of co-requisite courses to at least 25% of all developmental education students by Fall 2018, increasing to 50% in Fall 2019, and 75% in Fall 2020.

The presenters discussed the Texas Success Initiatives (TSI) Placement exam, which determines whether students are “college ready” or whether they are required to take remedial mathematics. The team then introduced the implementation of co-requisite math pathway options at South Texas College.

Finally, they reviewed current enrollment and success rates, before looking forward to the next steps in helping students achieve success in college level mathematics.

### **Developmental Math Overview**

South Texas College has long been focused on improving the delivery of developmental math instruction to students who require remedial education in math. While the College followed a mainstream 3-course sequence starting in

1993, administration and faculty took a long look at restructuring developmental mathematics to better serve students.

Working with other pioneers in developmental mathematics, such as Dr. Uri Treisman at the UT Austin Charles A. Dana Center, South Texas College committed to improving math pathways for students. As part of the College's re-accreditation process in 2009, developmental mathematics was restructured into a 2-course sequence.

In the pursuit of the co-requisite model, the College was now pursuing the development of a single 1-course sequence to help students become college ready. This was projected for implementation in Fall 2019.

### **Developmental Education Overview**

The percentage of First Time in College (FTIC) students requiring developmental education had been declining.

In 1997, 81% of all FTIC entering South Texas College required at least one Developmental Education course. 60% of FTIC students required Developmental Math.

Working with school district partnerships, the number of FTIC requiring Developmental Education courses was dropping. In Fall 2018, 53% of FTIC students required at least one course, and 46% of FTIC required Developmental Math.

### **House Bill 2223**

The State of Texas established a requirement in 2017, through the passage of HB 2223, that requires institutions of higher education to develop and implement Co-requisite courses for the delivery of Developmental Education coursework, included mandated enrollment thresholds.

The presenters reviewed the requirements of HB 2223, and the College's plans to serve students in compliance with the law.

One strategy would include providing 2 hours of supplementary lab work for co-requisite courses, and issuing an academic and developmental grade to each enrolled student.

### **TSI Assessment Placement**

The Texas Success Initiative (TSI) establishes the requirements for all entering college students to be tested for college readiness. All students must be certified

“college ready” in reading, writing, and math before enrolling in academic classwork in those areas and before they can obtain an Associate’s degree.

Depending on a student’s placement during the TSI assessment, they may be placed in various courses.

- Students scoring 310 - 341 would be placed on a developmental math pathway leading toward algebraic math, or non-algebraic math.
- Students scoring 342 - 349 may be placed in Development Math or might be placed into a Co-requisite option.
- Students scoring at 350 or higher are considered college-ready, and could enroll in college level math courses.

### **Co-Requisite Math Pathways**

Faculty and administration have identified separate Co-Requisite Math Pathways for students depending on their majors. The presenters described the pathways for each.

### **Mathematics Co-Requisite Options**

The presenters outlined two separate co-requisite options: the Front Load Approach, and the Blended Approach.

Students enrolled in the Front Load Approach would receive supplementary lab instruction during the first four weeks of the semester, which would prepare them with the skills to complete the academic course during the final 12 weeks.

Students enrolled in the Blended Approach would continue to receive supplementary lab instruction throughout the semester to reinforce the skills and objectives required to complete their academic course objectives.

### **Success Rates in Mathway Courses**

The presenters discussed the performance of students in traditional verses co-requisite courses on the Algebra, Statistics, and Contemporary Math pathways, with a review of the data for available semesters for each.

### **Next Steps**

The presenters concluded with an overview of the next steps to help faculty continue delivering effective developmental education to the students that require it, including the data-driven analysis of effective methods, and improved marketing to students about alternative pathways.

This review of the Committee presentation is included for the Board’s information and no action is requested.

## **Review and Action as Necessary on the Quarterly Investment Report by Valley View Consulting, L.L.C.**

A report on the College's Quarterly Investment Report for the Quarter Ended August 31, 2018, is being presented. The Board is asked to approve the Investment Report as presented.

**Purpose** – Ms. Susan Anderson from Valley View Consulting, L.L.C. will present on the status of the College's Quarterly Investment Report for the Quarter Ended August 31, 2018 and provide a further update at the meeting. Ms. Anderson will present an overview of the investments, the annual interest earnings, the quarterly interest earnings, and economic overview.

**Justification** – The report being presented will provide a brief review and update of the College's Quarterly Investment Report for the Quarter Ended August 31, 2018 to the College's Board of Trustees.

**Background** – The Texas Public Funds Information Act (PFIA) and the College's Policy #5120: *Investment Policy and Investment Strategy Statement*, requires an Investment Report to be prepared and submitted to the Board of Trustees and the President quarterly.

**Reviewers** - The Vice President for Finance and Administrative Services, Business Office staff, and Valley View Consulting, L.L.C. (Investment Advisor) have reviewed the information being presented.

**Enclosed Documents** – A copy of the Quarterly Investment Report for the Quarter Ended August 31, 2018 follows in the packet for the Board's information and review.

Dr. Shirley A. Reed, President, and Mary Elizondo, Vice President for Finance and Administrative Services, will be present at the Board Meeting to address any questions.

### **Recommendation:**

It is recommended that the Board of Trustees of South Texas College approve and authorize the Quarterly Investment Report for the Quarter Ended August 31, 2018, as presented.

### **The following Minute Order is proposed for consideration by the Board of Trustees:**

The Board of Trustees approves and authorizes the Quarterly Investment Report for the Quarter Ended August 31, 2018, as presented.

### **Approval Recommended:**

**Shirley A. Reed, M.B.A., Ed.D.**  
**President**



## QUARTERLY INVESTMENT REPORT

For the Quarter Ended

August 31, 2018

Prepared by

Valley View Consulting, L.L.C.

The investment portfolio of the South Texas College is in compliance with the Public Funds Investment Act and the South Texas College Investment Policy.

Maria G. Elizondo, Vice President for Finance & Administrative Services	Date
Myriam Lopez, Comptroller	Date
Paul R. Rodriguez, Board of Trustees, Designated Investment Officer	Date

Disclaimer: These reports were compiled using information provided by the South Texas College. No procedures were performed to test the accuracy or completeness of this information. The market values included in these reports were obtained by Valley View Consulting, L.L.C. from sources believed to be accurate and represent proprietary valuation. Due to market fluctuations these levels are not necessarily reflective of current liquidation values. Yield calculations are not determined using standard performance formulas, are not representative of total return yields and do not account for investment adviser fees.



## Annual Comparison of Portfolio Performance

### FYE Results by Investment Category:

	August 31, 2017			August 31, 2018		
Asset Type	Book Value	Market Value	Ave. Yield	Book Value	Market Value	Ave. Yield
DDA/MMA/NOW	\$ 152,060,116.65	\$ 152,060,116.65	0.92%	\$ 129,694,895.36	\$ 129,694,895.36	1.36%
Pools	29,797,188.88	29,797,188.88	1.00%	11,964,874.86	11,964,874.86	1.92%
CD/Security	131,846,147.20	131,846,147.20	1.07%	108,710,326.64	108,710,326.64	1.94%
<b>Totals</b>	<b>\$ 313,703,452.73</b>	<b>\$ 313,703,452.73</b>		<b>\$ 250,370,096.86</b>	<b>\$ 250,370,096.86</b>	
Fourth Quarter-End Yields			<b>0.99%</b>			<b>1.64%</b>
Average Quarter-End Yields - Fiscal Year (1)						
South Texas College			<b>0.77%</b>			<b>1.38%</b>
Rolling Three Mo. Treas. Yield			0.69%			1.60%
Rolling Six Mo. Treas. Yield			0.72%			1.64%
Quarterly TexPool Yield			0.68%			1.51%
<b>Fiscal YTD Interest Earnings (unaudited):</b>		<b>\$ 2,601,169</b>		<b>\$ 3,668,728</b>		

(1) Average Quarterly Yield calculated using quarter-end report average yield and adjusted book value.

## Summary

### Quarter End Results by Investment Category:

Asset Type	May 31, 2018			August 31, 2018		
	Book Value	Market Value	Ave. Yield	Book Value	Market Value	Ave. Yield
DDA/MMA/NOW Pools	\$ 124,972,599.04	\$ 124,972,599.04	1.36%	\$ 129,694,895.36	\$ 129,694,895.36	1.36%
CD/Security	12,908,331.44	12,908,331.44	1.92%	11,964,874.86	11,964,874.86	1.92%
	128,562,422.13	128,562,422.13	1.94%	108,710,326.64	108,710,326.64	1.94%
<b>Totals</b>	<b>\$ 266,443,352.61</b>	<b>\$ 266,443,352.61</b>		<b>\$ 250,370,096.86</b>	<b>\$ 250,370,096.86</b>	

#### Quarterly Portfolio Performance

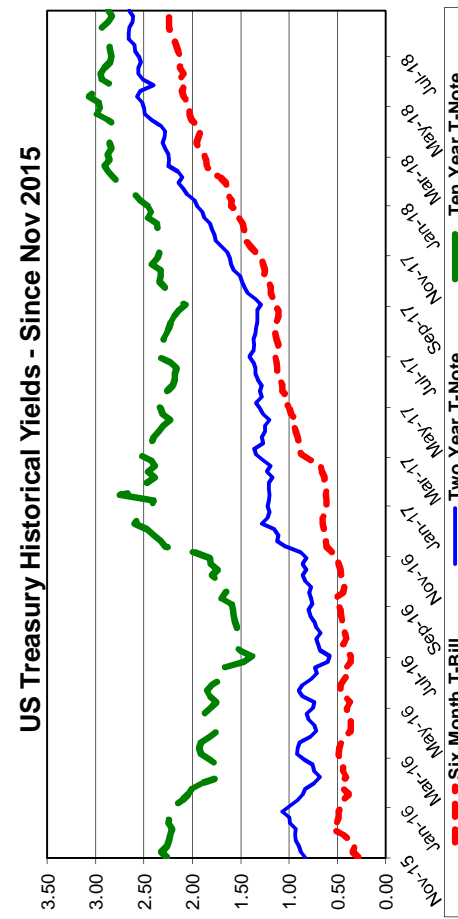
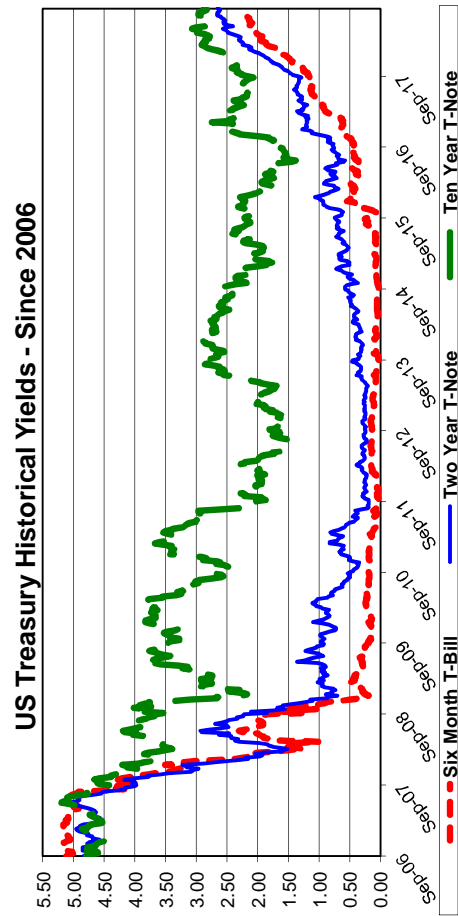
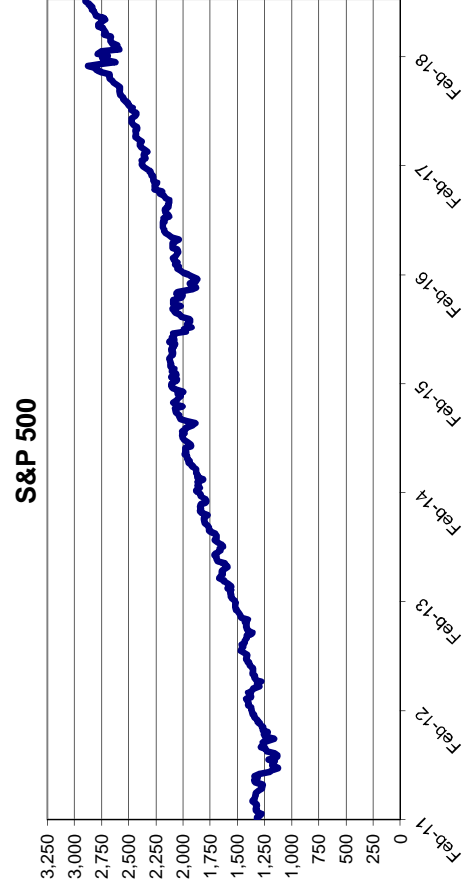
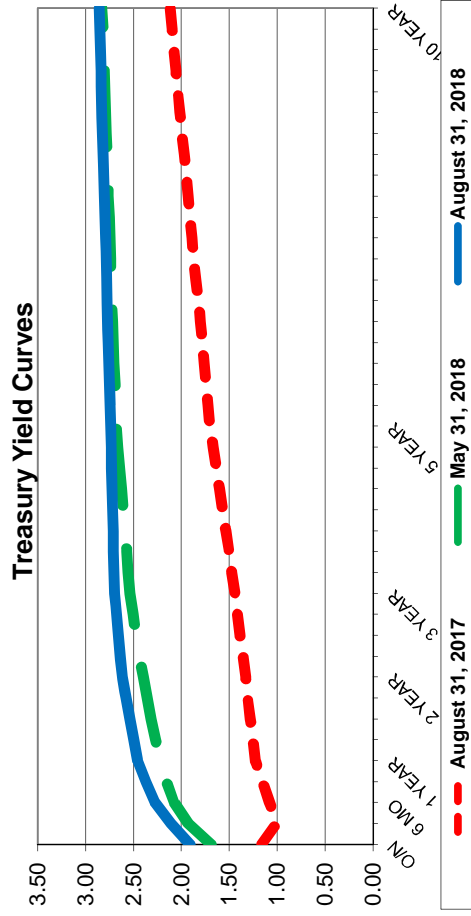
	Year-to-Date Portfolio Performance	Average Quarter End Yield
Average Quarterly Yield	1.64%	1.38%
Rolling Three Mo. Treas. Yield	2.01%	1.60%
Rolling Six Mo. Treas. Yield	2.09%	1.64%
Average Quarter End TexPool Yield		1.51%

#### INTEREST EARNINGS

	PRIOR YEAR	CURRENT YEAR
Quarterly Interest Received	\$828,339.96 (Unaudited)	\$1,039,972.79 (Unaudited)
Accrued Interest-End of Quarter	\$142,973.00 (Unaudited)	\$180,405.36 (Unaudited)
Fiscal YTD Interest Received	\$2,601,168.97 (Unaudited)	\$3,668,728.39 (Unaudited)

Note: Average yields calculated using quarter end report average yield and adjusted book value, but do not include adviser fees and realized and unrealized gains or losses.

The Federal Open Market Committee (FOMC) maintained the Fed Funds target range 1.75% - 2.00% (Effective Fed Funds are trading +/-1.91%). A range increase is expected after the 9/26 meeting. Gradual portfolio reduction continues by limiting reinvestment of maturing holdings. First Quarter 2018 GDP increased 2.2% (revised final estimate). Second Quarter grew 4.2% (second estimate). Employment/Unemployment continued to strong levels. Trade war uncertainty dominated world markets. WTI Crude oil declined below +/- \$70. The Stock Markets reached new highs. The flattening yield curve may impact long range FOMC actions.



**Investment Holdings  
August 31, 2018**

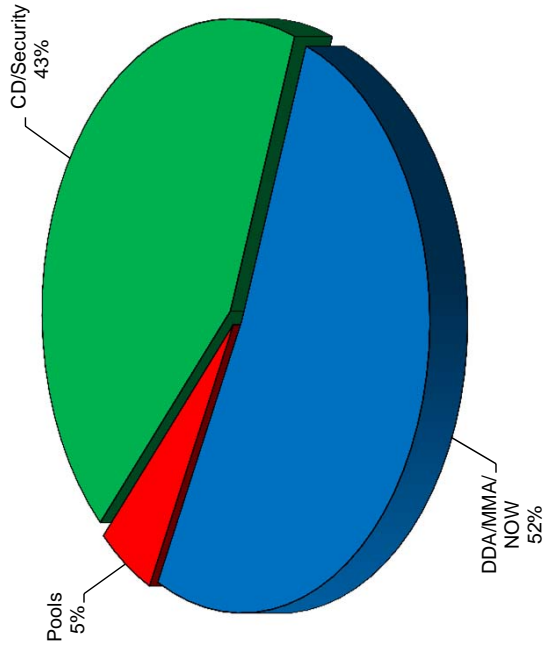
Description	Coupon/ Discount	Maturity Date	Settlement Date	Original Face/ Par Value	Book Value	Market Price	Market Value	Life (Days)	Yield
BBVA - Operating	1.02%	09/01/18	08/31/18	\$ 30,999,642.11	\$ 30,999,642.11	1.00	\$ 30,999,642.11	1	1.02%
BBVA - Payroll	1.01%	09/01/18	08/31/18	309,603.45	309,603.45	1.00	309,603.45	1	1.01%
BBVA - Student	1.01%	09/01/18	08/31/18	919,315.15	919,315.15	1.00	919,315.15	1	1.01%
BBVA - Operating Reserve (3)	0.00%	09/01/18	08/31/18	25,000,000.00	25,000,000.00	1.00	25,000,000.00	1	0.00%
BBVA - I&S Bond 96,02,03,04,07,10,14,15	1.01%	09/01/18	08/31/18	1,402,702.67	1,402,702.67	1.00	1,402,702.67	1	1.01%
BBVA - I&S Bond 99 & 07	1.00%	09/01/18	08/31/18	549.69	549.69	1.00	549.69	1	1.00%
BBVA - Construction E&G Transfer	1.03%	09/01/18	08/31/18	10,490,327.27	10,490,327.27	1.00	10,490,327.27	1	1.03%
BBVA - Construction LT Bonds Series 2015	1.01%	09/01/18	08/31/18	324,479.14	324,479.14	1.00	324,479.14	1	1.01%
Green Bank MMA	2.13%	09/01/18	08/31/18	10,148,626.16	10,148,626.16	1.00	10,148,626.16	1	2.13%
NexBank MMA	2.19%	09/01/18	08/31/18	50,099,649.72	50,099,649.72	1.00	50,099,649.72	1	2.19%
TexPool LGIP	AAAam	09/01/18	08/31/18	11,964,874.86	11,964,874.86	1.00	11,964,874.86	1	1.92%
BTH Bank CD	1.10%	09/04/18	11/03/16	5,097,122.96	5,097,122.96	1.00	5,097,122.96	4	1.10%
Southside Bank CD	1.15%	10/01/18	01/26/17	5,086,632.58	5,086,632.58	1.00	5,086,632.58	31	1.15%
Southside Bank CD	1.20%	11/01/18	01/26/17	5,090,427.40	5,090,427.40	1.00	5,090,427.40	62	1.20%
BBVA Compass Bank CD	2.15%	01/31/19	03/29/18	3,027,158.38	3,027,158.38	1.00	3,027,158.38	153	2.15%
BBVA Compass Bank CD	1.42%	03/01/19	05/18/17	5,089,689.09	5,089,689.09	1.00	5,089,689.09	182	1.42%
BBVA Compass Bank CD	2.20%	03/01/19	03/29/18	5,000,000.00	5,000,000.00	1.00	5,000,000.00	182	2.20%
BBVA Compass Bank CD	1.43%	04/01/19	05/18/17	5,090,326.35	5,090,326.35	1.00	5,090,326.35	213	1.43%
LegacyTexas Bank CD	1.48%	05/01/19	05/18/17	5,093,457.23	5,093,457.23	1.00	5,093,457.23	243	1.48%
BBVA Compass Bank CD	2.35%	05/04/19	05/04/18	1,508,911.01	1,508,911.01	1.00	1,508,911.01	246	2.35%
LegacyTexas Bank CD	1.63%	06/03/19	07/31/17	5,089,147.18	5,089,147.18	1.00	5,089,147.18	276	1.63%
LegacyTexas Bank CD	1.65%	07/01/19	07/31/17	5,090,250.07	5,090,250.07	1.00	5,090,250.07	304	1.65%
LegacyTexas Bank CD	2.38%	07/31/19	03/28/18	6,565,106.13	6,565,106.13	1.00	6,565,106.13	334	2.38%
LegacyTexas Bank CD	2.12%	08/01/19	01/30/18	10,123,785.90	10,123,785.90	1.00	10,123,785.90	335	2.12%
BBVA Compass Bank CD	2.72%	08/31/19	08/31/18	15,237.66	15,237.66	1.00	15,237.66	365	2.72%
BBVA Compass Bank CD	2.72%	08/31/19	08/31/18	201,924.34	201,924.34	1.00	201,924.34	365	2.72%
BBVA Compass Bank CD	2.72%	08/31/19	08/31/18	117,763.93	117,763.93	1.00	117,763.93	365	2.72%
LegacyTexas Bank CD	2.42%	09/03/19	03/28/18	5,050,926.76	5,050,926.76	1.00	5,050,926.76	368	2.42%
Southside Bank CD	1.50%	09/06/19	09/18/17	5,056,305.66	5,056,305.66	1.00	5,056,305.66	371	1.50%
LegacyTexas Bank CD	2.16%	10/01/19	01/30/18	10,126,134.05	10,126,134.05	1.00	10,126,134.05	396	2.16%
LegacyTexas Bank CD	2.21%	11/01/19	01/30/18	3,038,720.97	3,038,720.97	1.00	3,038,720.97	427	2.21%
LegacyTexas Bank CD	2.35%	11/01/19	03/06/18	3,029,668.72	3,029,668.72	1.00	3,029,668.72	427	2.35%
LegacyTexas Bank CD	2.55%	03/20/20	03/28/18	5,053,674.19	5,053,674.19	1.00	5,053,674.19	567	2.55%
LegacyTexas Bank CD	2.68%	04/01/20	05/04/18	5,033,851.44	5,033,851.44	1.00	5,033,851.44	579	2.68%
LegacyTexas Bank CD	2.70%	05/01/20	05/04/18	5,034,104.64	5,034,104.64	1.00	5,034,104.64	609	2.70%
				<b>\$ 250,370,096.86</b>	<b>\$ 250,370,096.86</b>		<b>\$ 250,370,096.86</b>	<b>134</b>	<b>1.64%</b>
								<b>(1)</b>	<b>(2)</b>

(1) **Weighted average life** - Pools, Money Market Funds, and Bank Deposits are assumed to have a one day maturity.

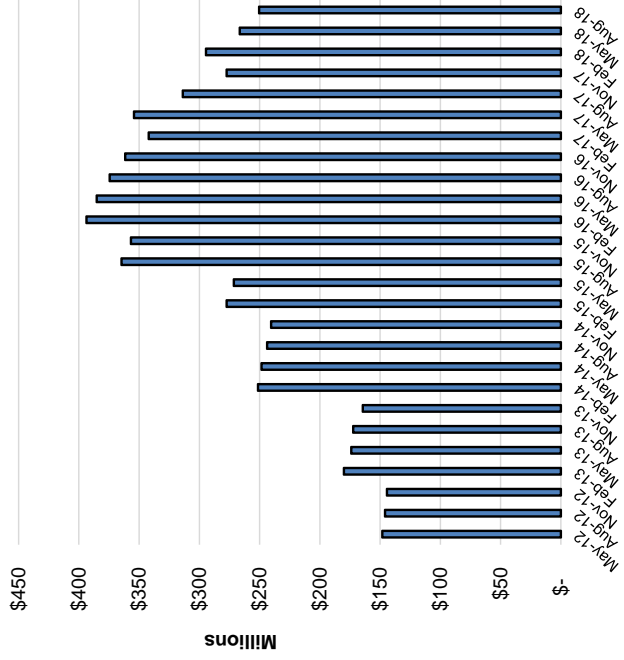
(2) **Weighted average yield to maturity** - The weighted average yield to maturity is based on Adjusted Book Value, adviser fees and realized and unrealized gains/losses are not considered. The pool and mutual fund yields are the average for the last month of the quarter. Bank deposit yields are estimated from the monthly allocated earnings.

(3) **Compensating Balances** - although shown as a 0% coupon/discount, the account generates an earnings credit to offset depository bank fees.

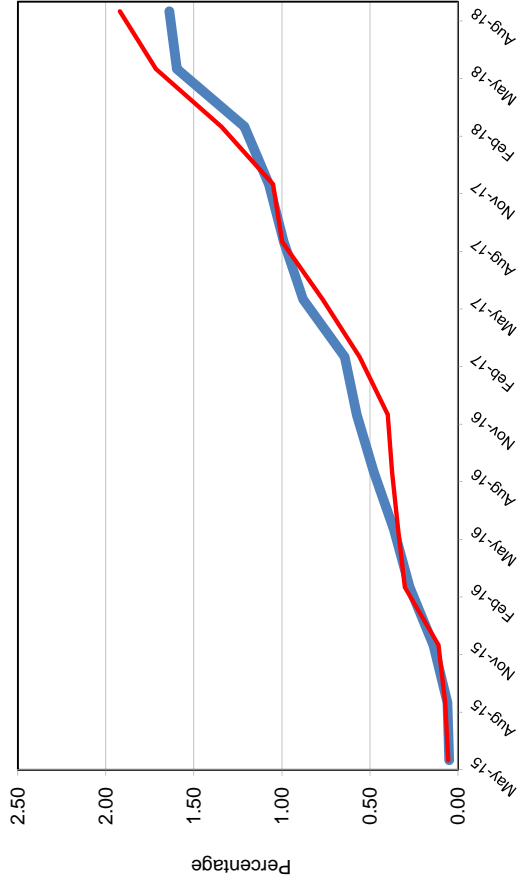
**Portfolio Composition**



**Quarter-End Book Value**



**Total Portfolio Performance**



**Book and Market Value Comparison**

Description	Coupon/ Discount	Maturity Date	May 31, 2018		August 31, 2018	
			Original Face/ Par Value	Book Value	Original Face/ Par Value	Book Value
BBVA - Operating	1.02%	09/01/18	\$ 13,376,482.65	\$ 13,376,482.65	\$ 30,999,642.11	\$ 30,999,642.11
BBVA - Payroll	1.01%	09/01/18	766,627.86	766,627.86	309,603.45	309,603.45
BBVA - Student	1.01%	09/01/18	1,080,671.12	1,080,671.12	919,315.15	919,315.15
BBVA - Operating Reserve (3)	0.00%	09/01/18	25,000,000.00	25,000,000.00	25,000,000.00	25,000,000.00
BBVA - I&S Bond 96,02,03,04,07,10,14,15	1.01%	09/01/18	1,430,971.72	1,430,971.72	1,402,702.67	1,402,702.67
BBVA - I&S Bond 99 & 07	1.00%	09/01/18	537.92	537.92	549.69	549.69
BBVA - Construction E&G Transfer	1.03%	09/01/18	778,684.92	778,684.92	10,490,327.27	10,490,327.27
BBVA - Construction LT Bonds Series 2014	0.00%	09/01/18	0.01	0.01	(0.01)	-
BBVA - Construction LT Bonds Series 2015	1.01%	09/01/18	3,694,783.70	3,694,783.70	324,479.14	324,479.14
Green Bank MMA	2.13%	09/01/18	10,113,956.89	10,113,956.89	10,148,626.16	10,148,626.16
NexBank MMA	2.19%	09/01/18	68,729,882.25	68,729,882.25	50,099,649.72	50,099,649.72
TexPool LGIP	1.92%	09/01/18	12,908,331.44	12,908,331.44	11,964,874.86	11,964,874.86
LegacyTexas Bank CD	1.03%	06/01/18	7,642,872.75	7,642,872.75	-	-
LegacyTexas Bank CD	1.05%	07/02/18	7,645,672.53	7,645,672.53	-	-
Southside Bank CD	1.00%	08/01/18	5,075,262.25	5,075,262.25	-	-
BBVA Compass Bank CD	1.80%	08/31/18	15,166.45	15,166.45	-	-
BBVA Compass Bank CD	1.80%	08/31/18	200,980.57	200,980.57	-	-
BBVA Compass Bank CD	1.80%	08/31/18	117,213.56	117,213.56	-	-
BTH Bank CD	1.10%	09/04/18	5,083,016.75	5,083,016.75	14,106.21	5,097,122.96
Southside Bank CD	1.15%	10/01/18	5,072,090.27	5,072,090.27	14,542.31	5,086,632.58
Southside Bank CD	1.20%	11/01/18	5,075,243.39	5,075,243.39	15,184.01	5,090,427.40
BBVA Compass Bank CD	2.15%	01/31/19	3,000,000.00	3,000,000.00	27,158.38	3,027,158.38
BBVA Compass Bank CD	1.42%	03/01/19	5,071,505.10	5,071,505.10	18,183.99	5,089,689.09
BBVA Compass Bank CD	2.20%	03/01/19	5,000,000.00	5,000,000.00	5,000,000.00	5,000,000.00
BBVA Compass Bank CD	1.43%	04/01/19	5,072,012.25	5,072,012.25	18,314.10	5,090,326.35
LegacyTexas Bank CD	1.48%	05/01/19	5,074,503.70	5,074,503.70	18,953.53	5,093,457.23
BBVA Compass Bank CD	2.35%	05/04/19	1,500,000.00	1,500,000.00	8,911.01	1,508,911.01
LegacyTexas Bank CD	1.63%	06/03/19	5,068,295.60	5,068,295.60	20,851.58	5,089,147.18
LegacyTexas Bank CD	1.65%	07/01/19	5,069,138.77	5,069,138.77	21,111.30	5,090,250.07
LegacyTexas Bank CD	2.38%	07/31/19	6,525,879.67	6,525,879.67	39,226.46	6,565,106.13
LegacyTexas Bank CD	2.12%	08/01/19	10,069,880.98	10,069,880.98	53,904.92	10,123,785.90
BBVA Compass Bank CD	2.72%	08/31/19	-	-	15,237.66	15,237.66
BBVA Compass Bank CD	2.72%	08/31/19	-	-	201,924.34	201,924.34
BBVA Compass Bank CD	2.72%	08/31/19	-	-	117,763.93	117,763.93
LegacyTexas Bank CD	2.42%	09/03/19	5,020,242.36	5,020,242.36	30,684.40	5,050,926.76
Southside Bank CD	1.50%	09/06/19	5,037,260.80	5,037,260.80	19,044.86	5,056,305.66
LegacyTexas Bank CD	2.16%	10/01/19	10,071,203.00	10,071,203.00	54,931.05	10,126,134.05
LegacyTexas Bank CD	2.21%	11/01/19	3,021,856.71	3,021,856.71	16,864.26	3,038,720.97
LegacyTexas Bank CD	2.35%	11/01/19	3,011,793.76	3,011,793.76	17,874.96	3,029,668.72
LegacyTexas Bank CD	2.55%	03/20/20	5,021,330.91	5,021,330.91	32,343.28	5,053,674.19
LegacyTexas Bank CD	2.68%	04/01/20	5,000,000.00	5,000,000.00	33,851.44	5,033,851.44
LegacyTexas Bank CD	2.70%	05/01/20	5,000,000.00	5,000,000.00	34,104.64	5,034,104.64
<b>TOTAL</b>			<b>\$ 266,443,352.61</b>	<b>\$ 266,443,352.61</b>	<b>\$ 28,214,555.47</b>	<b>\$ 250,370,096.86</b>
					<b>\$ (44,287,811.22)</b>	<b>\$ 250,370,096.86</b>

**Allocation  
August 31, 2018  
Book & Market Value**

	Total	Operating	Operating Construction	Endowment	Interest & Sinking	Bonds GO 2014	Bonds GO 2015
BBVA - Operating	\$ 30,999,642.11	\$ 30,999,642.11	\$ -	\$ -	\$ -	\$ -	\$ -
BBVA - Payroll	309,603.45	309,603.45					
BBVA - Student	919,315.15	919,315.15					
BBVA - Operating Reserve	25,000,000.00	25,000,000.00					
BBVA - I&S Bond 96,02,03,04,07,10,14,15	1,402,702.67				1,402,702.67		
BBVA - I&S Bond 99 & 07	549.69				549.69		
BBVA - Construction E&G Transfer	10,490,327.27		10,490,327.27				
BBVA - Construction LT Bonds Series 2014	-						
BBVA - Construction LT Bonds Series 2015	324,479.14						324,479.14
Green Bank MMA	10,148,626.16		10,148,626.16				
NexBank MMA	50,099,649.72	49,015,069.27			1,084,580.45		
TexPool LGIP	11,964,874.86		11,353,383.56		611,491.30		
09/04/18-BTH Bank CD	5,097,122.96	5,097,122.96					
10/01/18-Southside Bank CD	5,086,632.58	5,086,632.58					
11/01/18-Southside Bank CD	5,090,427.40	5,090,427.40					
01/31/19-BBVA Compass Bank CD	3,027,158.38				3,027,158.38		
03/01/19-BBVA Compass Bank CD	5,089,689.09	5,089,689.09					
03/01/19-BBVA Compass Bank CD	5,000,000.00	5,000,000.00					
04/01/19-BBVA Compass Bank CD	5,090,326.35	5,090,326.35					
05/01/19-LegacyTexas Bank CD	5,093,457.23	5,093,457.23					
05/04/19-BBVA Compass Bank CD	1,508,911.01		1,508,911.01				
06/03/19-LegacyTexas Bank CD	5,089,147.18	5,089,147.18					
07/01/19-LegacyTexas Bank CD	5,090,250.07	5,090,250.07					
07/31/19-LegacyTexas Bank CD	6,565,106.13				6,565,106.13		
08/01/19-LegacyTexas Bank CD	10,123,785.90	10,123,785.90					
08/31/19-BBVA Compass Bank CD	15,237.66			15,237.66			
08/31/19-BBVA Compass Bank CD	201,924.34			201,924.34			
08/31/19-BBVA Compass Bank CD	117,763.93			117,763.93			
09/03/19-LegacyTexas Bank CD	5,050,926.76	5,050,926.76					
09/06/19-Southside Bank CD	5,056,305.66	5,056,305.66					
10/01/19-LegacyTexas Bank CD	10,126,134.05	10,126,134.05					
11/01/19-LegacyTexas Bank CD	3,038,720.97	3,038,720.97					
11/01/19-LegacyTexas Bank CD	3,029,668.72		3,029,668.72				
03/20/20-LegacyTexas Bank CD	5,053,674.19	5,053,674.19					
04/01/20-LegacyTexas Bank CD	5,033,851.44	5,033,851.44					
05/01/20-LegacyTexas Bank CD	5,034,104.64	5,034,104.64					
<b>Totals</b>	<b>\$ 250,370,096.86</b>	<b>\$ 200,488,186.45</b>	<b>\$ 36,530,916.72</b>	<b>\$ 334,925.93</b>	<b>\$ 12,691,588.62</b>	<b>\$ -</b>	<b>\$ 324,479.14</b>

**Allocation  
May 31, 2018  
Book & Market Value**

	Total	Operating	Operating Construction	Endowment	Interest & Sinking	Bonds GO 2014	Bonds GO 2015
BBVA - Operating	\$ 13,376,482.65	\$ 13,376,482.65	\$ -	\$ -	\$ -	\$ -	\$ -
BBVA - Payroll	766,627.86	766,627.86	-	-	-	-	-
BBVA - Student	1,080,671.12	1,080,671.12	-	-	-	-	-
BBVA - Operating Reserve	25,000,000.00	25,000,000.00	-	-	-	-	-
BBVA - I&S Bond 96,02,03,04,07,10,14,15	1,430,971.72				1,430,971.72		
BBVA - I&S Bond 99 & 07	537.92				537.92		
BBVA - Construction E&G Transfer	778,684.92		778,684.92				
BBVA - Construction LT Bonds Series 2014	0.01					0.01	
BBVA - Construction LT Bonds Series 2015	3,694,783.70						3,694,783.70
Green Bank MMA	10,113,956.89						
NexBank MMA	68,729,882.25	48,752,889.77	10,113,956.89		13,045,041.06		6,931,951.42
TexPool LGIP	12,908,331.44		12,299,720.09		608,611.35		
06/01/18-LegacyTexas Bank CD	7,642,872.75	7,642,872.75					
07/02/18-LegacyTexas Bank CD	7,645,672.53	7,645,672.53					
08/01/18-Southside Bank CD	5,075,262.25	5,075,262.25					
08/31/18-BBVA Compass Bank CD	15,166.45			15,166.45			
08/31/18-BBVA Compass Bank CD	200,980.57			200,980.57			
09/04/18-BBVA Compass Bank CD	117,213.56			117,213.56			
09/04/18-BTH Bank CD	5,083,016.75	5,083,016.75					
10/01/18-Southside Bank CD	5,072,090.27	5,072,090.27					
11/01/18-Southside Bank CD	5,075,243.39	5,075,243.39					
01/31/19-BBVA Compass Bank CD	3,000,000.00				3,000,000.00		
03/01/19-BBVA Compass Bank CD	5,071,505.10	5,071,505.10					
03/01/19-BBVA Compass Bank CD	5,000,000.00	5,000,000.00					
04/01/19-BBVA Compass Bank CD	5,072,012.25	5,072,012.25					
05/01/19-LegacyTexas Bank CD	5,074,503.70	5,074,503.70					
05/04/19-BBVA Compass Bank CD	1,500,000.00		1,500,000.00				
06/03/19-LegacyTexas Bank CD	5,068,295.60	5,068,295.60					
07/01/19-LegacyTexas Bank CD	5,069,138.77	5,069,138.77					
07/31/19-LegacyTexas Bank CD	6,525,879.67						
08/01/19-LegacyTexas Bank CD	10,069,880.98	10,069,880.98					
09/03/19-LegacyTexas Bank CD	5,020,242.36	5,020,242.36					
09/06/19-Southside Bank CD	5,037,260.80	5,037,260.80					
10/01/19-LegacyTexas Bank CD	10,071,203.00	10,071,203.00					
11/01/19-LegacyTexas Bank CD	3,021,856.71	3,021,856.71					
11/01/19-LegacyTexas Bank CD	3,011,793.76		3,011,793.76				
03/20/20-LegacyTexas Bank CD	5,021,330.91	5,021,330.91					
04/01/20-LegacyTexas Bank CD	5,000,000.00	5,000,000.00					
05/01/20-LegacyTexas Bank CD	5,000,000.00	5,000,000.00					

**Totals \$ 266,443,352.61 \$ 203,168,059.52 \$ 27,704,155.66 \$ 333,360.58 \$ 24,611,041.72 \$ 0.01 \$ 10,626,735.12**



## **Review and Recommend Action to Revise Policy #5120: Investment Policy and Investment Strategy Statement**

Approval to revise Policy #5120: *Investment Policy* and Investment Strategy Statement is requested.

Purpose – The Public Funds Investment Act (PFIA), Chapter 2256.005 (e) and the College’s Policy requires the governing body of an investing entity to review its Investment Policy and Investment Strategy Statement not less than annually. The governing body must adopt a written instrument by rule, order, ordinance, or resolution stating that it has reviewed the Investment Policy and Investment Strategy Statement and that the written instrument so adopted shall record any changes made to either the Investment Policy or Investment Strategy Statement.

Justification – Revisions to Policy #5120: *Investment Policy* and Investment Strategy Statement were last approved and authorized on October 24, 2017. The administration brings the Investment Policy and Investment Strategy Statement to the Board of Trustees annually, as required, with recommended revisions.

Background – The College’s Investment Policy and Investment Strategy Statement was submitted and reviewed by the Government Treasurers’ Organization of Texas (GTOT). In July 2016, the College was awarded the Certificate of Distinction by the Government Treasurers’ Organization of Texas (GTOT) for the Investment Policy. This Certificate is for a two-year period ending August 31, 2018.

Reviewers – The Investment Policy and the Investment Strategy Statement have been reviewed by staff and by South Texas College’s legal counsel, Valley View Consulting, LLC (Investment Advisor) and Carr, Riggs & Ingram, LLC (external auditors).

The revisions recommended by the Investment Advisor are necessary to update the Investment Policy and Investment Strategy Statement to comply with changes made to the PFIA by the 85<sup>th</sup> Legislation. The revisions also include minor changes to wording in an effort to provide clarification.

The minor revisions included in the Investment Policy are as follows:

	Section	From	To
1	On page 11, Section III G 5		added “The annual compliance audit performed by the College’s independent auditor shall include a review of all quarterly reports.”

	Section	From	To
2	On page 12, Section III G 9		added "The annual compliance audit performed by the College's independent auditor shall include a review of all quarterly reports."

Enclosed Documents – The revised Policy follows in the packet for the Board's information and review. The additions to the Policy are in italics and highlighted in yellow and the deletions are designated with a red strikeout.

Dr. Shirley A. Reed, President, and Mary Elizondo, Vice President for Finance and Administrative Services, will attend the Board meeting to address questions.

The Finance, Audit, and Human Resources Committee recommended Board approval of the revisions to Policy #5120: *Investment Policy* and Investment Strategy Statement as presented and which supersedes any previously adopted Board Policy.

**Recommendation:**

It is recommended that the Board of Trustees of South Texas College approve and authorize the revisions to Policy #5120: *Investment Policy* and Investment Strategy Statement as presented and which supersedes any previously adopted Board Policy.

**The Following Minute Order is proposed for consideration by the Board of Trustees:**

The Board of Trustees approves and authorizes the revisions to Policy #5120: *Investment Policy* and Investment Strategy Statement as presented and which supersedes any previously adopted Board Policy.

**Approval Recommended:**

**Shirley A. Reed, M.B.A., Ed.D.**  
**President**

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<b>Title</b>	<b>Investment Policy</b>	<b>5120</b>
<b>Legal Authority</b>	<b>Approval of the Board of Trustees</b>	<b>Page 1 of 12</b>
<b>Date Approved by Board</b>	<b>Board Minute Order Dated October 12, 1995</b>	
<b>Date Amended by Board</b>	<b>As Amended by Board Minute Order Dated August 8, 1996</b>	
	<b>As Amended by Board Minute Order Dated December 11, 1997</b>	
	<b>As Amended by Board Minute Order Dated October 15, 1998</b>	
	<b>As Amended by Board Minute Order Dated October 17, 2002</b>	
	<b>As Amended by Board Minute Order Dated October 16, 2003</b>	
	<b>As Amended by Board Minute Order Dated October 21, 2004</b>	
	<b>As Amended by Board Minute Order Dated November 17, 2005</b>	
	<b>As Amended by Board Minute Order Dated October 19, 2006</b>	
	<b>As Amended by Board Minute Order Dated February 15, 2007</b>	
	<b>As Amended by Board Minute Order Dated October 18, 2007</b>	
	<b>As Amended by Board Minute Order Dated October 13, 2008</b>	
	<b>As Amended by Board Minute Order Dated June 25, 2009</b>	
	<b>As Amended by Board Minute Order Dated November 23, 2009</b>	
	<b>As Amended by Board Minute Order Dated October 25, 2010</b>	
	<b>As Amended by Board Minute Order Dated October 27, 2011</b>	
	<b>As Amended by Board Minute Order Dated October 30, 2012</b>	
	<b>As Amended by Board Minute Order Dated October 28, 2013</b>	
	<b>As Amended by Board Minute Order Dated October 28, 2014</b>	
	<b>As Amended by Board Minute Order Dated October 27, 2015</b>	
	<b>As Amended by Board Minute Order Dated October 25, 2016</b>	
	<b>As Amended by Board Minute Order Dated October 24, 2017</b>	
	<b><i>As Amended by Board Minute Order Dated October 30, 2018</i></b>	

### PREFACE

It is the policy of South Texas College that, giving due regard to the safety and risk of investment, all available funds shall be invested in conformance with State and Federal Regulations, applicable Tax Exempt Bond Issue requirements, adopted Investment Policy and adopted Investment Strategy Statement.

Effective cash management is recognized as essential to good fiscal management. Aggressive cash management and effective investment strategy development will be pursued to take advantage of interest earnings as viable and material revenue to all South Texas College funds. The South Texas College portfolio shall be designed and managed in a manner responsive to the public trust and consistent with this Policy.

Investments shall be made with the primary objectives of:

- Preservation of capital and safety of South Texas College funds,
- Maintenance of sufficient liquidity,
- Maximization of return within acceptable risk constraints, and
- Diversification of investments.

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## **I. PURPOSE**

### **A. Formal Adoption**

This Investment Policy (hereinafter “Investment Policy” or “Policy”) is adopted by South Texas College in accordance with Chapter 2256, Texas Government Code, the Public Funds Investment Act (hereinafter the “Act,” “Public Funds Investment Act,” or “PFIA”) and shall be interpreted at all times to comply with the Act.

### **B. Scope**

This Investment Policy applies to all financial assets of South Texas College and includes the following funds or fund types: Unrestricted, Auxiliary, Restricted, Loan, Endowment, Agency, Funds for Renewal and Replacement, Unexpended Plant Funds, Funds for Retirement of Indebtedness, and any other funds which have been contractually delegated to South Texas College for management purposes.

This Policy establishes guidelines for:

- 1) Designation of Investment Officers and Investment Committee to invest South Texas College funds,
- 2) Authorized investments, and
- 3) Review and oversight of investments.

In addition to this Policy, bond funds (as defined by the Internal Revenue Service) shall be managed in accordance with their issuing documentation and all applicable State and Federal Laws.

All investments made with South Texas College (hereinafter “South Texas College” or the “College”) funds prior to the adoption of this Investment Policy shall be held or liquidated as determined by the Investment Committee (defined hereinafter in Section III.G.1 of the Policy) to be in the best interest of the financial well-being of South Texas College.

### **C. Review and Amendment**

This Policy shall be reviewed annually by the Board of Trustees. Amendments must be adopted by the Board of Trustees.

### **D. Investment Strategy**

In conjunction with the annual Policy review, the Board of Trustees shall review the separate written investment strategy for each of South Texas College’s funds. The investment strategy must describe the investment objectives for each fund according to the following priorities:

- 1) understanding of the suitability of the investment to the financial requirements of South Texas College,
- 2) preservation and safety of principal,
- 3) liquidity,

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- 4) marketability of the investment if the need arises to liquidate the investment prior to maturity,
- 5) diversification of the investment portfolio, and
- 6) yield.

## II. INVESTMENT OBJECTIVES

### A. Safety of Principal

The primary objective of all investment activity is the preservation of capital and the safety of principal in the overall portfolio. Each investment transaction shall seek to ensure first that capital losses are minimized, whether they are from securities defaults or erosion of market value.

The objective will be to mitigate credit and interest rate risk.

- **Credit Risk:** In accordance with State law and the College's Investment Policy, the College limits its exposure to credit risk (the risk that the issuer of a debt security will not pay its pay value upon maturity) by limiting its investments to only those authorized in Section III.A in accordance with the PFIA. In Section III.E.1, the College's Investment Policy seeks to further minimize its concentration of credit risk by establishing maximum investment percentages of classes of securities and a diversification strategy for the total College portfolio.
- **Interest Rate Risk:** In accordance with its Investment Policy, the College limits its exposure to interest rate risk by investing in securities whose maturities will not exceed the anticipated cash flow requirements for the funds. College policy states that investments of all fund types, except for Unexpended Plant Funds and Funds for Retirement of Indebtedness, are limited to a weighted average maturity of 365 days for all investments, with a maximum allowable maturity of two years for any investment type. The investment maturities of Unexpended Plant Funds and of Funds for Retirement of Indebtedness are generally limited to the anticipated cash flow requirements of the funds.

### B. Maintenance of Adequate Liquidity

The investment portfolio will remain sufficiently liquid to meet the cash flow requirements that might be reasonably anticipated. Liquidity shall be achieved by matching investment maturity with forecasted cash flow requirements; investing in securities with active secondary markets; and maintaining appropriate portfolio diversification.

### C. Market Rate of Return (Yield)

The College's investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, consistent with the College's investment risk constraints and the cash flow needs projected. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Weighted Average Yield to Maturity shall be the standard for calculating portfolio rate of return.

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### III. INVESTMENT POLICIES

#### A. Authorized Investments

Investments described below are authorized by the Public Funds Investment Act as eligible securities. South Texas College restricts its investments to the following, as authorized by the Public Funds Investment Act.

- 1) Obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks.
- 2) Direct obligations of the State of Texas, or its agencies and instrumentalities.
- 3) Other obligations, the principal and interest on which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States.
- 4) Obligations of states, agencies, counties, cities, and other political subdivisions of any State rated as to investment quality by a nationally recognized investment rating firm not less than “A” or its equivalent. The College will take all prudent measures that are consistent with its Investment Policy to liquidate an investment that does not have the minimum rating.
- 5) Financial institution deposits issued by a depository institution that has its main office or branch in Texas and is:
  - a) guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC) or its successors or the National Credit Union Share Insurance Fund or its successor;
  - b) secured by obligations that are described by the Public Funds Collateral Act (Chapter 2257, Texas Government Code), including mortgage backed securities directly issued by a federal agency or instrumentality that have a market value of not less than 102% of the principal amount plus accrued interest of the deposit less the applicable level of FDIC insurance, or by Letters of Credit issued by the Federal Home Loan Bank with a value of 100% of the principal amount plus accrued interest of the deposit less the applicable level of FDIC insurance; or
  - c) secured in any other manner and amount provided by law for deposits of the College.
  - d) Issued in a manner consistent with the Act that distributes the deposit among multiple financial institutions to effectively provide FDIC insurance for the entire deposit;
  - e) governed by a Depository Agreement, as described in E.4 of this section, that complies with Federal and State Regulation; and
  - f) solicited for bid orally, in writing, electronically, or any combination of those methods, unless acquired exclusively from the South Texas College depository.
- 6) No-load government money market mutual funds registered with and regulated by the Securities and Exchange Commission whose investment objectives seek to maintain a stable \$1.0000 net asset value and that comply with the requirements of State law.
- 7) Eligible investment pools organized and operating in compliance with the Public Funds Investment Act that have been authorized by the Board of Trustees by rule, order, ordinance, or resolution and whose investment philosophy and strategy is consistent with this Policy and South Texas College’s ongoing investment strategy. A public funds investment pool must be continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating service.

To the extent the bonds or other obligations of the College or a municipal bond insurance policy further limits the types of investments the College makes with funds pledged to the payment of those bonds or obligations, the provisions thereof shall govern.

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The College will maintain procedures to monitor rating changes in investments acquired with public funds and to address the liquidation of investments that fall below the required rating consistent with the provisions of Section III.D.

### **B. Existing Investments**

The College is not required to liquidate investments that were authorized investments at the time of the purchase.

### **C. Prohibited Investment**

In accordance with Texas state law, the following are not authorized investments:

- 1) Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal;
- 2) Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest;
- 3) Collateralized mortgage obligations that have a stated final maturity date of greater than 10 years; and
- 4) Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

### **D. Credit Rating Review and Effect of Loss of Required Rating**

The College will seek to control the risk of loss due to failure of an investment issuer by monitoring the ratings of portfolio positions to ensure compliance with the rating requirements imposed by the Public Funds Investment Act. Not less than quarterly, the Investment Officers will obtain, from a reliable source, the current credit rating for each held investment that has a PFIA-required minimum rating. Any authorized investment that requires a minimum rating does not qualify during the period the investment does not have the minimum rating. All prudent measures will be taken to liquidate an investment that is downgraded to less than the required minimum rating.

### **E. Protection of Principal**

South Texas College shall seek to control the risk of loss due to the failure of a security issuer or grantor. Such risk shall be controlled by investing only in the safest types of securities as defined in the Policy; by qualifying the broker, dealer, and financial institution with whom the College will transact; by collateralization as required by law; and through portfolio diversification by maturity and type.

The purchase of individual securities shall be executed “delivery versus payment” (DVP) through the South Texas College Safekeeping Agent. By so doing, South Texas College’s funds are not released until South Texas College has received, through the Safekeeping Agent, the securities purchased.

#### **1. Diversification by Investment Type**

Diversification by investment type shall be maintained by ensuring an active and efficient secondary market in portfolio securities and by opportunity risks associated with specific security types.

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Diversification by investment type shall be established by the following maximum percentages of investment type to the total South Texas College investment portfolio at the time of each investment transaction:

- a. U.S. Treasury Bills/Notes/Bonds 100%
- b. U.S. Agencies and Instrumentalities 100%
- c. States, Counties, Cities, and Other 25%
- d. Financial Institution Deposits 100%
- e. Government Money Market Mutual Funds 25%
- f. Eligible Investment Pools 50%

Bond proceeds may be invested in a single security or investment if the Investment Committee determines that such an investment is necessary to comply with Federal arbitrage restrictions or to facilitate arbitrage record-keeping and calculations.

## **2. Diversification by Investment Maturity**

In order to minimize risk of loss due to interest rate fluctuations, investment maturities will not exceed the anticipated cash flow requirements of the funds. Maturity guidelines by fund are as follows: (Investment transactions made prior to the adoption of this Policy are not subject to these guidelines).

### **a) Unrestricted, Auxiliary, Restricted, Loan, Endowment, Agency and Plant Renewal and Replacement Funds**

The weighted average days to maturity for the portfolio of these funds shall be less than 365 days and the maximum allowable maturity shall be two years for any investment type.

### **b) Unexpended Plant Funds**

The investment maturity of Unexpended Plant Funds, allocable to a bond issue, shall generally be limited to the anticipated cash flow requirements or the "Temporary Period," as defined by the U.S. Tax Code and the regulations thereunder. During the Temporary Period, bond proceeds may be invested at an unrestricted yield. After the expiration of the Temporary Period, bond proceeds subject to yield restriction shall be invested consistent with the yield restrictions under the U.S. Tax Code and the regulations thereunder.

The weighted average days to maturity for the Unexpended Plant Funds not allocable to a bond issue shall be less than 365 days and the maximum allowable maturity shall be two years for any investment type.

### **c) Funds for Retirement of Indebtedness**

Funds, along with other available monies, shall be invested to ensure adequate funding for debt service payment. The Investment Officers shall ensure that the investments mature on dates such that the available monies and the anticipated receipts from investments will be sufficient to pay, when due, the principal, interest and call premiums, if any, of the outstanding obligations.

South Texas College's funds that are considered "bond proceeds" for arbitrage purposes will be invested using a more conservative approach than the standard investment strategy when arbitrage rebate rules



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require rebate of excess earnings. All earnings in excess of the allowable arbitrage earnings (“rebate liability”) will be segregated and made available for any necessary payments to the U.S. Treasury.

### 3. South Texas College Liquidity

Liquidity shall be achieved by investing in securities with active secondary markets and by maintaining minimum balances in financial institution deposits, eligible money market mutual funds and eligible investment pools.

A security may be liquidated to meet unanticipated cash requirements, to redeploy cash into other investments expected to outperform current holdings, or to otherwise adjust the portfolio.

### 4. Depository Agreements

Consistent with the requirements of State law, South Texas College requires all bank deposits to be federally insured or collateralized with eligible securities. Financial institutions serving as South Texas College’s Depositories will be required to sign a Depository Agreement (hereinafter “Agreement”) with South Texas College and South Texas College’s safekeeping agent.

The safekeeping portion of the Agreement shall define South Texas College’s rights to the collateral in case of default, bankruptcy, or closing and shall establish a perfected security interest in compliance with Federal and State regulations, including:

- the Agreement must be in writing;
- the Agreement has to be executed by the Depository and South Texas College contemporaneously with the acquisition of the asset;
- the Agreement must be executed in compliance with the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) and approved by the Board of Directors or the loan committee of the Depository and a copy of the meeting minutes must be delivered to South Texas College;
- the Agreement must be part of the Depository’s “official record” continuously since its execution; and
- the Agreement states the securities and collateral will be held in South Texas College’s name as evidenced by safekeeping receipts of the institution with which the securities are deposited.

#### a) Allowable Collateral

Eligible securities for collateralization of deposits are defined by the Public Funds Collateral Act, Chapter 2257, Texas Government Code, as amended, and those that meet the constraints of this Policy.

#### b) Collateral Levels

The market value of the principal portion of securities that are pledged as collateral must at all times be equal to or greater than 102%, or 100% for Letters of Credit issued by a Federal Home Loan Bank, of par value of the time and demand deposits plus accrued interest, less the applicable level of FDIC insurance.

#### c) Monitoring Collateral Adequacy

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South Texas College shall require monthly reports with market values of pledged securities from all financial institutions with which South Texas College has collateralized deposits. The bank shall be responsible and liable for monitoring and maintaining the collateral and collateral margins on a daily basis and for reporting these activities monthly. The Investment Officers will monitor adequacy of collateralization levels to verify market values and total collateral positions.

### d) Additional Collateral

If the market value of the securities pledged as collateral for a deposit falls below 102%, or 100% for Letters of Credit issued by a Federal Home Loan Bank, of par value of time and demand deposits plus accrued interest, less the applicable level of FDIC insurance, the institution holding the deposit will be notified by the Investment Officers and will be required to pledge additional allowable collateral as defined above no later than the end of the next succeeding business day.

### e) Security Substitution

Collateralized deposits often require substitution of securities. Any financial institution requesting substitution must contact the Investment Officers for approval and settlement. The substituted security's value will be calculated and substitution approved if the substitution maintains a pledged value equal to or greater than the required security level. An Investment Officer must provide written notification of the decision to the bank or the safekeeping agent holding the security prior to any security release. Substitution is allowable for all transactions, but should be limited, if possible, to minimize potential administrative problems and transfer expense. The Investment Officers may limit substitution and assess appropriate fees if substitution becomes excessive or abusive.

## **5. Safekeeping**

### a) Safekeeping Agreement

South Texas College shall contract with a bank or banks for the safekeeping and custody of securities either owned by South Texas College as a part of its investment portfolio or as part of its depository agreements or held as collateral to secure time and demand deposits. Securities and collateral will be held in South Texas College's name as evidenced by safekeeping receipts of the institution with which the securities are deposited.

### b) Safekeeping of Deposit Collateral

All collateral securing bank and savings and loan deposits must be held by a third-party banking institution acceptable to and under contract with South Texas College or by the Federal Reserve Bank.

## **6. Competitive Bidding**

The College will require at least three competitive offers or bids for all individual security purchases and sales (excluding those transactions with financial institution deposits, eligible money market mutual funds, and eligible investment pools (Section III.A) and require any investment advisor to do the same. Rather than relying solely on yield, investments in financial institution deposits, eligible money market mutual funds, and eligible investment pools shall be based on criteria determined by the Investment Officers.

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### **F. Investment Advisors and Investment Providers**

Investment Advisors shall adhere to the spirit, philosophy, and terms of this Policy and shall invest within the same “Standard of Care.” Investment Providers shall adhere to the spirit and philosophy of this Policy and shall avoid recommending or suggesting transactions outside that “Standard of Care.”

Selection of Investment Advisors and Investment Providers will be performed by the Board of Trustees. The Board of Trustees may contract with an investment management firm registered under the Investment Advisers Act of 1940 or with the State Securities Board to provide for the investment and management of public funds under its control. The contract period will be for a maximum of two years, and a renewal or extension of the contract must be made by the Board of Trustees by order, ordinance, or resolution. The criteria to evaluate Investment Advisors and Investor Providers include the following:

- a) Adherence to South Texas College’s policies and strategies,
- b) Investment performance and transaction pricing within accepted risk constraints,
- c) Responsiveness to South Texas College’s requests for services, information and open communication,
- d) Understanding of the inherent fiduciary responsibility of investing public funds, and
- e) Similarity in philosophy and strategy with South Texas College’s objectives.

Selected Investment Advisors and Investment Providers shall provide timely transaction confirmations and monthly activity reports.

Business organizations eligible to transact investment business with South Texas College shall be presented a written copy of this Investment Policy. Local Government Investment Pools and discretionary investment management firms seeking to transact investment business shall execute a written instrument substantially to the effect that the qualified representative has:

- 1) received and thoroughly reviewed this Investment Policy, and
- 2) acknowledged that the organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between South Texas College and the organization that are not authorized by the College’s Investment Policy, except to the extent that this authorization is dependent on an analysis of the makeup of the College’s entire portfolio or requires an interpretation of subjective investment standards, or relates to investment transactions that are not made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority .

South Texas College shall not enter into an investment transaction with a Local Government Investment Pool or discretionary investment advisor prior to receiving the written instrument described above.

The Board of Trustees of South Texas College shall, at least annually, review, revise, and adopt a list of qualified Investment Providers (brokers/dealers/banks/pools) that are authorized to engage in investment transactions with the College.

### **G. Responsibility and Controls**

#### **1. Authority to Invest**

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South Texas College’s “Investment Officers” are the Vice President for Finance and Administrative Services, the Comptroller, and one of South Texas College’s elected officials (selected by the Board of Trustees). The Investment Officers are authorized to deposit, withdraw, invest, transfer, execute documentation, and otherwise manage South Texas College’s funds according to this Policy. The Investment Officers may authorize one Investment Officer to deposit, withdraw, or transfer funds out of or into financial institution deposits, an investment pool or money market mutual fund in order to meet daily operating needs of South Texas College.

The Board of Trustees’ Finance and Human Resources Committee shall be the Investment Committee. The Investment Committee shall review the investment portfolio’s status and performance, determine and implement appropriate portfolio adjustments, review brokers/dealers/banks/pools and independent training sources, oversee South Texas College’s Investment Advisor, monitor compliance with the Investment Policy and Investment Strategy Statement, and perform other duties as necessary to manage South Texas College’s funds.

Each member of the Board of Trustees and the Investment Officers shall attend at least one training session, relating to the person’s responsibilities under the Act within six months after taking office or assuming duties. The Texas Higher Education Coordinating Board shall provide the training.

The Investment Officers shall receive not less than 10 hours of instruction within the first twelve months after taking office or assuming duties. The Investment Officer shall prepare a report on any changes in the Public Funds Investment Act and deliver the report to the Board of Trustees not later than the 180<sup>th</sup> day after the last day of each regular session of the legislature.

To ensure qualified and capable investment management, the Investment Officers shall attend an investment training session not less than once each state fiscal biennium, and receive not less than 10 hours of instruction relating to investment responsibilities that addresses investment controls, security risks, strategy risks, market risks, diversification of investment portfolio and compliance with the Public Funds Investment Act. The investment training session shall be provided by the following approved training sources: the Texas Higher Education Coordinating Board, the Government Finance Officers Association of Texas, the Government Treasurers Organization of Texas, the Texas Municipal League, or the University of North Texas Center for Public Management.

## **2. Prudent Investment Management**

The Investment Officers shall perform their duties in accordance with the adopted Investment Policy and internal procedures. In determining whether an Investment Officer has exercised prudence with respect to an investment decision, the investment of all funds over which the Investment Officer had responsibility, rather than the prudence of a single investment, shall be considered. Investment Officers acting in good faith and in accordance with these policies and procedures shall be relieved of personal liability.

## **3. Standard of Care**

The standard of care used by the College shall be the “prudent person rule” and shall be applied in the context of managing the overall portfolio within the applicable legal constraints. The Public Funds Investment Act states:

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“Investments shall be made with judgment and care, under circumstances then prevailing, that a person of prudence, discretion, and intelligence would exercise in the management of the person’s own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived.”

#### 4. Standard of Ethics and Conflicts of Interest

The Investment Officers shall act as custodians of the public trust avoiding any transaction which might involve a conflict of interest, the appearance of a conflict of interest, or any activity which might otherwise discourage public confidence. Investment Officers shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. If the Investment Officer has a personal business relationship with a business organization offering to engage in an investment transaction with South Texas College, the Investment Officer shall file a statement disclosing that personal business interest. If the Investment Officer is related within the second degree by affinity or consanguinity, as determined under Chapter 573 of the Texas Government Code, to an individual seeking to sell an investment to South Texas College, the Investment Officer shall file a statement disclosing that relationship as stated in the Public Funds Investment Act Chapter 2256.005 (i). This disclosure statement must be filed with the Texas Ethics Commission and the Board of Trustees. An Investment Officer has a personal business relationship with a business organization if:

- a) the Investment Officer owns 10 percent or more of the voting stock or shares of the business organization or owns \$5,000 or more of the fair market value of the business organization;
- b) funds received by the Investment Officer from the business organization exceed 10 percent of the Investment Officer’s gross income for the previous year; or
- c) the Investment Officer has acquired from the business organization during the previous year investments with a book value of \$2,500 or more for the personal account of the Investment Officer.

#### 5. Establishment of Internal Controls

South Texas College’s Investment Officers will maintain a system of internal controls over the investment activities of South Texas College.

South Texas College, in conjunction with its annual financial audit, shall perform a compliance audit of management controls on investments and adherence to South Texas College’s Investment Policy and Investment Strategy Statement. *The annual compliance audit performed by the College’s independent auditor shall include a review of all quarterly reports.*

#### 6. Reporting

Investment performance will be monitored and evaluated by the Investment Officers. The Investment Officers shall submit an investment report to the Board of Trustees and the President quarterly. This investment report shall:

- 1) describe in detail the investment position of South Texas College;
- 2) be prepared jointly by all Investment Officers of the College;
- 3) be signed by each Investment Officer of the College;
- 4) contain a summary statement of each pooled fund group that states the:
  - a. beginning market value for the reporting period;

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- b. ending market value for the period; and
- c. fully accrued interest for the reporting period;
- 5) state the book value and market value of each separately invested asset at the end of the reporting period by the type of asset and fund type invested;
- 6) state the maturity date of each separately invested asset that has a maturity date;
- 7) state the account or fund or pooled group fund in the College for which each individual investment was acquired;
- 8) provide the credit rating for each separately invested asset that has a required minimum rating; and
- 9) state the compliance of the investment portfolio of the College as it relates to:
  - a) the investment strategy expressed in the College's Investment Policy; and
  - b) relevant provisions of the Act.

### **7. Methods used to Monitor the Market Price of Acquired Investments**

The methods/sources to be used to monitor the market price of investments that have been acquired with public funds shall be from sources deemed reliable by an Investment Advisor, including safekeeping agent, brokers/dealers, the Wall Street Journal, Bloomberg, or other market pricing services.

### **8. Investment Transactions must be Settled on a Delivery Versus Payment Basis**

Investment transactions will be settled on a delivery versus payment (DVP) basis with the exception of financial institution deposits, investment pool funds and mutual funds.

### **9. Review by Independent Auditor**

In conjunction with its annual financial audit, the auditor shall perform a compliance audit of management controls on investments and adherence to the College's established Investment Policy. *The annual compliance audit performed by the College's independent auditor shall include a review of all quarterly reports.* The results of the audit shall be reported to the College's Board of Trustees by the auditor.

If the College invests in other than money market mutual funds, investment pools or accounts offered by its depository bank in the form of certificates of deposit, or money market accounts or similar accounts, the reports prepared by the investment officers must be formally reviewed at least annually by an independent auditor, and the result of the review shall be reported to the Board of Trustees by the auditor.

### **10. Investment Policy Adoption**

The Investment Policy and Investment Strategy Statement shall be reviewed annually by the Investment Committee and any modifications made thereto must be approved by the Board of Trustees. The Board of Trustees shall review the Investment Policy and Investment Strategy Statement not less than annually. The Board shall adopt a written instrument by rule, order, ordinance, or resolution stating that it has reviewed the Investment Policy and Investment Strategy Statement and that the written instrument so adopted shall record any changes made to either the Investment Policy or Investment Strategy Statement.

# INVESTMENT STRATEGY STATEMENT

## PAGE 1

### PREFACE

It is the policy of South Texas College that, giving due regard to the safety and risk of investment, all available funds shall be invested in conformance with State and Federal Regulations, applicable Bond Resolution requirements, adopted Investment Policy and adopted Investment Strategy Statement.

In accordance with the Public Funds Investment Act, South Texas College's investment strategies shall address the following priorities (in order of importance):

- \* Understanding of the suitability of the investment to the financial requirements of South Texas College,
- \* Preservation and safety of principal,
- \* Liquidity,
- \* Marketability of the investment if the need arises to liquidate the investment prior to maturity,
- \* Diversification of the investment portfolio, and
- \* Yield

Effective investment strategy development coordinates the primary objectives of South Texas College's Investment Policy and cash management procedures to enhance interest earnings and reduce investment risk. Aggressive cash management will increase the available "investment period" and subsequently interest earnings. Maturity selections shall be based on cash flow and market conditions to take advantage of various interest rate cycles. South Texas College's portfolio shall be designed and managed in a manner responsive to the public trust and consistent with the Investment Policy.

Each major fund type has varying cash flow requirements and liquidity needs. Therefore specific strategies shall be implemented considering the fund's unique requirements. South Texas College's funds shall be analyzed and invested according to the following fund types:

- a) Unrestricted,
- b) Auxiliary,
- c) Restricted,
- d) Loan,
- e) Endowment,
- f) Agency,
- g) Funds for Renewal and Replacement,
- h) Unexpended Plant Funds, and
- i) Funds for Retirement of Indebtedness

### INVESTMENT STRATEGY

In order to minimize risk of loss due to interest rate fluctuations, investment maturities will not exceed the anticipated cash flow requirements of the fund. Investment guidelines for all fund-types are as follows:

#### A. Funds

South Texas College's funds include:

- Unrestricted Fund
- Auxiliary Fund
- Restricted Fund
- Loan Fund
- Endowment Fund
- Agency Fund
- Funds for Renewal and Replacement

# INVESTMENT STRATEGY STATEMENT

## PAGE 2

Unexpended Plant Funds  
Funds for Retirement of Indebtedness

**Suitability:** Any investment eligible in the Investment Policy is suitable for all fund types.

**Safety of Principal:** All investments shall be of high quality with no perceived default risk. Market price fluctuations will occur, however by managing the weighted average days to maturity for all fund types, except for Unexpended Plant Funds and Funds for Retirement of Indebtedness, to less than 365 days for all investments and restricting the maximum allowable maturity to two years for any investment type, the price volatility of the overall portfolio will be minimized. Unexpended Plant Funds investments should be as per Section III.E.2.b and Funds for Retirement of Indebtedness investments should be as per Section III.E.2.c.

**Marketability:** Securities with active and efficient secondary markets are necessary in the event of an unanticipated cash requirement. Historical market “spreads” between the bid and offer prices of a particular security-type of less than a quarter of a percentage point shall define an efficient secondary market. Unexpended Plant Funds investment should be as per Section III.E.2.b and Funds for Retirement of Indebtedness investment should be as per Section III.E.2.c.

**Liquidity:** All fund types, except for Unexpended Plant Funds and Funds for Retirement of Indebtedness require the greatest short-term liquidity of any of the fund types. Short-term investment pools, bank deposits, and eligible money market mutual funds shall provide daily liquidity and may be utilized as a competitive yield alternative to fixed maturity investments.

**Diversification:** Investment maturities shall be staggered throughout the budget cycle to provide cash flow based on the anticipated operating needs of South Texas College. Market cycle risk will be reduced by diversifying the appropriate maturity structure out over two years.

**Yield:** Attaining a competitive market yield for comparable security-types and portfolio restrictions is the desired objective. The yield of a, rolling three months Treasury bill portfolio shall be the minimum yield objective.



### **Discussion and Action as Necessary on Mesteño Windpower, LLC, Tax Abatement Application, Agreement, and Resolution**

Approval of the Mesteño Windpower, LLC, Tax Abatement Application, Agreement, and Resolution, and action as necessary regarding the terms and exception to the New Capital Investment minimum threshold of \$200 million requirement is requested.

Purpose – Mesteño Windpower, LLC, has submitted an application for tax abatement for their wind powered electric generating facility in Starr County. Approval of the tax abatement application and resolution is needed in order for the College to participate in a tax abatement agreement with a wind power renewable energy company.

Justification – Property Tax Code Chapter 312 authorizes a taxing unit to enter into a tax abatement agreement in order to offer a temporary real property and/or tangible personal property tax abatement for a limited period of time as an inducement for financial investment in the development or redevelopment of certain taxable property. The property tax code requires that a taxing unit establish guidelines and criteria governing tax abatement agreements and approve a resolution to allow the College to participate in tax abatements.

Background – The Board of Trustees adopted the current guidelines and criteria, and resolution electing to participate in Tax Abatement Agreements on November 28, 2017. The College’s Guidelines and Criteria for Granting Tax Abatements are effective for a two-year period from the adoption date. The current New Capital Investment minimum threshold is \$200 million.

Mesteño Windpower, LLC presented the proposed wind power Mesteño Project at the September 11, 2018 Finance, Audit, and Human Resources committee meeting.

The proposed terms presented by Mesteño Windpower, LLC were as follows.

<b>Proposed Terms</b>	
Estimated Value	\$159,800,000
Estimated Megawatts	201.6
Estimated Number of Wind Turbines	56
Length of Tax Abatement	10 Years
Tax Abatement Percentage	75%
Annual Payments in Lieu of Taxes (Year 1 – Year 10)	\$25,805

Under the originally proposed terms, the financial impact was as follows.

<b>Financial Impact – Original Proposal</b>	
<b>Funds Abated:</b>	
Estimated M&O Tax Abated (Year 1 - Year 10)	\$1,290,263
Payments in Lieu of Taxes (PILOT) (Year 1 - Year 10)	\$(258,050)
<b>Funds Abated Less PILOT</b>	<b>\$1,032,213</b>
<b>Funds Collected:</b>	
Estimated M&O Tax Not Abated (Year 1 - Year 10)	\$430,088
Payments in Lieu of Taxes (PILOT) (Year 1 - Year 10)	\$258,050
<b>Total Funds Collected</b>	<b>\$688,138</b>
<b>Difference-Funds Collected and Funds Abated Less PILOT (Year 1 - Year 10)</b>	<b>\$(344,075)</b>
Estimated M&O Tax After Abatement Period (Year 11 -Year 25)	\$1,214,445

The tax abatement proposed by Mesteño Windpower, LLC reflects the following:

- According to Mesteño Windpower, LLC representatives, the proposed terms are based on previous tax abatement project terms accepted by the College and on this particular project's size.
- The New Capital Investment of \$159.8 million does not meet the estimated New Capital Investment minimum threshold of \$200 million per the College's Guidelines and Criteria for Granting Tax Abatements.
- Approval for an exception to the College's guidelines is required from the Board of Trustees because the estimated value of the proposed tax abatement project is below the minimum threshold.
- The PILOT amount represents \$1,280.01 per megawatt. The PILOT amounts for Los Vientos and Rio Bravo were \$1,274.51 and \$1,281.51 per megawatt, respectively.
- The total funds abated exceed the funds collected by the College by \$344,075 during the period of Year 1 through Year 10.

The Committee did not make a recommendation at the September 11, 2018 Finance, Audit, and Human Resources committee meeting.

In negotiating the terms of the proposed tax abatement, the College requested that Mesteño Windpower, LLC include an up-front lump sum scholarship payment in the amount of \$50,000. Under the College's counter proposal, the financial impact is as follows.

<b>Financial Impact – New Terms</b>	
<b>Funds Abated:</b>	
Estimated M&O Tax Abated (Year 1 - Year 10)	\$1,290,263
Payments in Lieu of Taxes (PILOT) (Year 1 - Year 10)	\$(258,050)
<b>Funds Abated Less PILOT</b>	<b>\$1,032,213</b>
<b>Funds Collected:</b>	
Estimated M&O Tax Not Abated (Year 1 - Year 10)	\$430,088
Payments in Lieu of Taxes (PILOT) (Year 1 - Year 10)	\$258,050
Up Front Lump Sum Scholarship Payment	\$50,000
<b>Total Funds Collected</b>	<b>\$738,138</b>
<b>Difference-Funds Collected and Funds Abated Less PILOT (Year 1 - Year 10)</b>	<b>\$(294,075)</b>
Estimated M&O Tax After Abatement Period (Year 11 -Year 25)	\$1,214,445

Mesteño Windpower, LLC has accepted the College's counter proposal that included a \$50,000 up front lump sum scholarship payment.

Mr. Graham Furlong, Managing Director for Duke Energy Renewables Wind, LLC, Evan Horn, Manager Indirect Tax Services - Property Tax for Ernst & Young LLP, and Mr. Jeff Neves, Vice President for Amshore US Wind, LLC attended the Committee meeting to discuss their proposal and answer any questions.

Reviewers – Mr. Jesus Ramirez, South Texas College's Legal Counsel, and Mrs. Mary Elizondo, Vice President for Finance and Administrative Services, have reviewed this item and will be available discuss and provide additional information and address questions by the Board as needed.

Enclosed Documents – The tax abatement resolution, the tax abatement agreement, the tax abatement guidelines, and the tax abatement application follow in the packet for the Board's information and review.

The Finance, Audit, and Human Resources Committee recommended Board approval of the Mesteño Windpower, LLC, Tax Abatement Application, Agreement, and Resolution, and action as necessary regarding the terms and exception to the New Capital Investment minimum threshold of \$200 million requirement as presented.

**Recommendation:**

It is recommended that the Board of Trustees of South Texas College approve and authorize the Mesteño Windpower, LLC, Tax Abatement Application, Agreement, and Resolution, accepting the terms and authorizing the necessary exception to the New Capital Investment minimum threshold of \$200 million requirement as presented.

**The Following Minute Order is proposed for consideration by the Board of Trustees:**

The Board of Trustees approves and authorizes the Mesteño Windpower, LLC, Tax Abatement Application, Agreement, and Resolution, accepting the terms and authorizing the necessary exception to the New Capital Investment minimum threshold of \$200 million requirement as presented.

**Approval Recommended:**

**Shirley A. Reed, M.B.A., Ed.D.**  
**President**

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State of Texas )(
County of Starr and Hidalgo )(
South Texas College )(

A RESOLUTION AND ORDER OF THE BOARD OF TRUSTEES OF SOUTH TEXAS COLLEGE APPROVING TAX ABATEMENT AGREEMENT BETWEEN MESTEÑO WINDPOWER, LLC AND SOUTH TEXAS COLLEGE – STARR COUNTY, TEXAS

Whereas, Starr County, Texas (the “County”) designated the Mesteño Reinvestment Zone No. 1 (“the Zone”) by order of the Commissioner’s Court of Starr County dated August 13, 2018, pursuant to its Guidelines and Criteria for Tax Abatement and Chapter 312 of the Texas Tax Code; and

Whereas, Mesteño WindPower, LLC contemplates making certain improvements to the real property located within the Zone consisting of a wind powered electric power generating facility (the “Wind Power Project”); and

Whereas, the Board of Trustees of South Texas College has elected to become eligible to participate in tax abatements under the terms of the South Texas College Guidelines and Criteria for Granting Tax Abatements, adopted November 28, 2017; and

Whereas, a request for the tax abatement has been submitted to South Texas College and the request meets the requirements of the South Texas College Guidelines and Criteria for Granting Tax Abatement in Reinvestment Zone in Starr County, Texas;

Whereas, Mesteño WindPower, LLC and South Texas College have agreed upon terms of a Tax Abatement Agreement;

NOW THEREFORE, BE IT ORDERED BY THE BOARD OF TRUSTEES OF SOUTH TEXAS COLLEGE:

That the tax abatement agreement in substantially the form attached hereto as Exhibit A (“Tax Abatement Agreement”) and made a part hereof is hereby approved pursuant to the South Texas College Guidelines and Criteria for Granting Tax Abatements; and

That the Chairman of the Board and the Secretary of the Board are hereby authorized to enter into, execute and deliver the Tax Abatement Agreement on behalf of South Texas College.

PASSED AND APPROVED ON THE \_\_\_\_ DAY OF OCTOBER, 2018, at a regular meeting of the Board of Trustees of South Texas College at which a quorum was present and which was held in accordance with the provisions of Texas Government Code Chapter 551.

SOUTH TEXAS COLLEGE

By: \_\_\_\_\_  
Dr. SHIRLEY A. REED, President

ATTEST:

By: \_\_\_\_\_  
Secretary of the  
Board of Trustees

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**Tax Abatement Agreement  
between  
South Texas College and  
Mesteño Windpower, LLC**

*State of Texas*

*County of Starr*

This Tax Abatement Agreement (this “Agreement”) is made and entered into by and between South Texas College (the “College”), acting through its duly elected officers, and Mesteño Windpower, LLC, a Delaware limited liability company (the “Owner”), owner of Eligible Property (as hereinafter defined) to be located on the tract of land within the Mesteño Reinvestment Zone No. 1, more specifically described in Attachment “A” to this Agreement. This Agreement becomes effective upon final signature by both parties.

**I. Authorization**

This Agreement is authorized and its terms governed by Chapter 312 of the Texas Tax Code, as amended, and by the College 2017-2020 Guidelines and Criteria Governing Tax Abatement Agreements (the “Guidelines”), adopted November 28, 2017. The Agreement remains in effect until fulfillment of the obligations described in Paragraph IV (D) herein, unless terminated earlier as provided herein. To the extent the terms of this Agreement do not conform to the requirements of the Guidelines, an exception to Guidelines is intended by adoption hereof.

**II. Definitions**

As used in this Agreement, the following terms shall have the meaning set forth below, and any undefined terms shall be given the definitions provided in the College’s Tax Abatement Guidelines and Criteria.

- A. “Abatement” means the full or partial exemption from ad valorem Maintenance Taxes on property in the Reinvestment Zone No. 1 as provided herein, and in no event will the duration of the Abatement period exceed 10 Calendar Years, commencing on January 1 of the tax year next after the date that College President receives the Certificate of Completion for the Improvements.
- B. “Act” shall mean Chapter 312 of the Texas Tax Code.
- C. “Calendar Year” means each year beginning on January 1 and ending on December 31.
- D. “Certificate” means a letter, provided by the Owner to the College, certifying that Owner has completed construction of the wind power project or any phase thereof described herein (the “Project”), outlining the Improvements and stipulating the overall Turbine Nameplate Capacity of the Project. Upon receipt of the Certificate, and upon reasonable notice to the Owner, the College may inspect the

Site in accordance with this Agreement to determine that the Improvements are in place as certified.

- E. “Certified Appraised Value” means the appraised value, for property tax purposes, of the Facility within Reinvestment Zone No. 1 as certified by the Starr County Appraisal District for each taxable year.
- F. “Eligible Property” means the Facility which has been approved and designated by the College as property eligible for Abatement under the College Tax Abatement Guidelines and Criteria, and this Agreement as described in Attachment A hereto, including: designated new, expanded or modernized buildings and structures; fixed machinery and equipment; Site improvements; related fixed improvements; other tangible items necessary to the operation and administration of the Project or facility; and all other real and tangible personal property permitted by Chapter 312 of the Texas Tax Code and the College Tax Abatement Guidelines and Criteria adopted November 28, 2017. Taxes on Real Property may be abated only to the extent the property’s value for a given year exceeds its value for the year in which the Agreement is executed. Tangible personal property eligible for Abatement shall not include inventory or supplies.
- G. “Facility” means that certain approximately two hundred one and six tenths megawatt (201.6 MW) wind generation facility to be developed in Starr County, Texas by the Owner.
- H. “Force Majeure” means any contingency or cause beyond the reasonable control of the party claiming Force Majeure including, without limitation, acts of God or a public enemy, war, riot, civil commotion, insurrection, governmental or de facto governmental action (unless caused by acts or omissions of such party), fires, explosions, floods, tornadoes, and strikes.
- I. “Improvements” means Eligible Property as defined herein and includes, but is not limited to, any building, structure, or fixture erected on or affixed to the land comprising the Site. Improvements specifically include the Facility, and the Owner’s substation and switching station if located within Reinvestment Zone No. 1.
- J. “Maintenance Taxes” means the College’s maintenance and operations tax and all other taxes or assessments imposed by the College (excluding, however, the College’s debt taxes).
- K. “Owner” means Mesteño Windpower, LLC, a Delaware limited liability company, the entity that owns or holds under fee simple title or one or more leasehold or easement interests in the land comprising the Site and in the Real Property for which Abatement is being granted, and any assignee or successor thereof.
- L. “Real Property” means buildings and structures; Site improvements and related fixed improvements.

- M. “Reinvestment Zone No. 1” means The Mesteño Reinvestment Zone Number One, the reinvestment zone (as that term is defined in Chapter 312 of the Texas Tax Code) created by Starr County Commissioners Court and described in Attachment A to this Agreement.
- N. “Site” means the portion of the Reinvestment Zone No. 1 on which Owner makes the Improvements for which the Abatement is granted hereunder.
- O. “Turbine Nameplate Capacity” means the generating capacity of an individual wind turbine as designated by the manufacturer(s) of the turbines to be constructed as Improvements hereunder and where appropriate may refer to the total or overall generating capacity.

### **III. Improvements in Reinvestment Zone No. 1**

Owner intends to make the following Improvements in consideration for the Abatement set forth herein:

- A. The Owner anticipates constructing Improvements on the Site consisting of a wind power facility with approximately 201.6 megawatts of overall Turbine Nameplate Capacity located in the Reinvestment Zone No. 1 and that upon completion, it will have an estimated appraised value of \$159,800,000.
- B. The Improvements also shall include the Facility and any other property in the Reinvestment Zone No. 1 owned by Owner and meeting the definition of “Eligible Property” that is used to produce wind power and perform other functions related to the production, distribution and transmission of electric power. The College agrees, without limitation, that the wind turbines, towers, transmission lines, substations, operations & maintenance buildings and other related materials and equipment affixed to the Site, Real Property or Eligible Property will constitute Improvements under this Agreement.
- C. Owner anticipates that it will complete construction of the Improvements on or about December 31, 2019.

### **IV. Term and Portion of Tax Abatement; Taxability of Property**

- A. The College and Owner specifically agree and acknowledge that the Facility in the Reinvestment Zone No. 1 shall be taxable in the following ways before and during the Term of this Agreement:
  - 1. Owner’s property not eligible for Abatement, if any, shall be fully taxable at all times;
  - 2. Prior to commencement of the Abatement period designated in Paragraph IV(B)(1), one hundred percent (100%) of property taxes levied on the Certified Appraised Value of real and personal property owned by Owner and located in the Reinvestment Zone No. 1 will be owed payable by Owner;

3. College property taxes on the Certified Appraised Value of Eligible Property shall be abated for the periods and in the amounts provided for by Paragraph IV(B) below; and
4. One Hundred percent (100%) of the Certified Appraised Value of Eligible Property existing in the Reinvestment Zone No. 1 shall be fully taxable after expiration of the Abatement period designated in Paragraph IV(B), including during the remainder of the Term.

B. The College and Owner specifically agree and acknowledge that this Agreement shall provide for tax Abatement of Owner’s property taxes under the conditions set forth herein:

1. There shall be granted and allowed hereunder a property tax abatement on the approved Eligible Property and/or Improvements constructed, expanded, or acquired hereunder on the Site at a rate of seventy-five percent (75%) each year for ten years, commencing on January 1 of the tax year next after the date that College President receives the Certificate of Completion for the Improvements as set forth below.

Abatement Year	Percentage of Annual Abatement Applicable
Year 1	75%
Year 2	75%
Year 3	75%
Year 4	75%
Year 5	75%
Year 6	75%
Year 7	75%
Year 8	75%
Year 9	75%
Year 10	75%

2. The foregoing percentage of property taxes on the Certified Appraised Value of all Eligible Property and/or Improvements approved by the College and described in the Certificate (and actually in place in the Reinvestment Zone No. 1) are abated in the respective period designated above.

C. A portion or all of the Improvements may be eligible for complete or partial exemption, now or in the future, from ad valorem taxes as a result of existing law or future legislation. Should any such existing exemption not have been addressed herein or should any new exemption be proposed or adopted by the Texas Legislature, (a) Owner may request a modification of this Agreement, and (b) College may reconsider the effect of such exemption on its tax revenues, and amend the Agreement accordingly to the extent that the exemption as applied to the Eligible Property would materially reduce the College’s tax benefits as anticipated in this Agreement. This Agreement is not to be automatically

construed as evidence that such future exemptions shall automatically apply to the Improvements.

- D. As partial consideration for the granting of tax abatement in Paragraph IV(B) hereof, the Owner agrees to make the following payments to the College. On December 31 of each year of the first ten years of tax abatement (i.e., commencing with the tax year next after the date that College President receives the Certificate of Completion for the Improvements) the Owner shall pay the College the following payments as annual payment in lieu of abated taxes:

Year 1- 10 - \$25,805.

In the event the amounts due under this Paragraph IV(D) are not paid by December 31 of the year in which they are due, the College shall notify the Owner that such payments are due and owing by January 15 of the following year. Delinquent payments shall accrue penalty and interest as provided in the Texas Tax Code commencing thirty days after receipt of notice of such delinquency from the College.

If Owner provides written full notice to proceed ("FNTTP") to its general contractor for construction of the Project, then, as partial consideration for this Agreement, the Owner agrees to contribute a one-time amount of \$50,000 to the South Texas College General Scholarship Fund; such contribution is due and payable with forty-five (45) days after the date of the FNTTP.

- E. Owner agrees that the Improvements described in Paragraph III hereof, once constructed, will remain in place until at least twenty (20) Calendar Years after the date the Certificate for such Improvements is provided to the College by the Owner ("Term"); provided that nothing herein prevents Owner from replacing equipment or fixtures comprising the Improvements prior to that date, as long as such replacement does not result in a reduction of the Certified Appraised Value of the Improvements. In the event that Owner removes Improvements without replacing them with Improvements of equal or greater value (comprising in the aggregate not more than 10% of all Improvements), the Owner's removal shall not be deemed a default under this Agreement if Owner pays to the College as liquidated damages for such removal from the Abatement in this Agreement, within thirty (30) days after demand, the pro rata portion of taxes relating to such removed Improvements (which otherwise would have been paid to the College through the date of such removal without benefit of a tax abatement) with interest at the statutory rate under the Texas Tax Code, as amended, but without penalty. IN THE EVENT OF A BREACH OF THIS PARAGRAPH IV(E), THE SOLE REMEDY OF THE COLLEGE, AND OWNER'S SOLE LIABILITY, WILL BE FOR OWNER TO PAY TO THE COLLEGE THE FULL AMOUNT OF ACTUAL TAXES ABATED DURING THE YEAR OF DEFAULT UNDER THIS AGREEMENT. IN THE EVENT OF A BREACH OF THIS PARAGRAPH IV(E), ANY TAXES DUE BY OWNER SHALL BE SUBJECT TO ANY AND ALL STATUTORY RIGHTS FOR THE PAYMENT AND COLLECTION OF TAXES IN ACCORDANCE WITH THE TEXAS TAX CODE.

## **V. Representations**

The College and Owner make the following respective representations:

- A. Owner represents and agrees that (i) Owner, its successors and/or assigns, will have a taxable interest with respect to Improvements to be placed on the Site; (ii) construction of the proposed Improvements described in Paragraph III will be performed by the Owner, its successors and/or assigns and/or their contractors or subcontractors, (iii) Owner's, its successors' and assigns' use of the property in the Reinvestment Zone No. 1 is limited to that which is consistent with the general purpose of encouraging development or redevelopment of the area during the period of the Abatement, (iv) all representations made in this Agreement and in the Application for Abatement, if any, are true and correct in all material respects to the best of Owner's knowledge, and (v) Owner will make required filings, if any, by Owner with the Office of the Comptroller of Public Accounts and other governmental entities concerning this Agreement that may be required in the future.
- B. The College represents that (i) this Agreement has been entered into in accordance with Chapter 312 of the Texas Tax Code and the College Tax Abatement Guidelines and Criteria as both exist on the effective date of this Agreement; (ii) no interest in the Improvements or the land on which they are located is held or subleased by an officer of the College or a member of the College Board of Trustees, (iii) the property within the Reinvestment Zone No. 1 is located within the legal boundaries of the College; and (iv) the College has made and will continue to make all required filings with the Office of the Comptroller of Public Accounts and other governmental entities concerning this Agreement.
- C. At least 24 hours prior to Owner issuing the press release relating to the Project announcing the commencement of commercial operation, Owner shall email or fax a copy of such press release to the College. The College shall maintain the confidentiality of any press release and shall not disclose any information in the press release until such time as such information is made public by Owner.
- D. Owner represents and agrees that, if built, the Project will (i) add at least \$159,800,000 to the tax roll of Eligible Property, (ii) create no fewer than five (5) new, permanent, full-time jobs in Starr County, and (iii) lead to a positive net economic benefit to Starr County of at least One Million Dollars (\$1,000,000.00) over the life of this Agreement, computed to include (but not limited to) new sustaining payroll and/or capital improvement.

## **VI. Access to and Inspection of Property by College Employees**

- A. Owner shall allow the College employees or designees of the College access to the Improvements for the purpose of inspecting any Improvements erected to ensure that the same are conforming to the minimum specifications of this Agreement and to ensure that all terms and conditions of this Agreement are being met. All such inspections shall be made only after giving Owner forty-eight

(48) hours' notice and shall be conducted in such a manner as to avoid any unreasonable interference with the construction and/or operation of the Improvements. All such inspections shall be made with one (1) or more representatives of Owner in accordance with all applicable safety standards.

- B. Owner shall, within ninety (90) days of the beginning of each Calendar Year, certify annually to the College its compliance with this Agreement by providing written testament to the same to the College Board of Trustees.

## **VII. Default, Remedies and Limitation of Liability**

- A. No party may terminate this Agreement unless (i) such party provides written notice in accordance with Paragraph X hereof (a "Notice") to the other party specifying a material default in the performance of a material covenant or obligation under this Agreement and (ii) such failure is not (x) excused by the occurrence an event of Force Majeure or (y) cured by the other party within sixty (60) days after Notice thereof, or if such failure cannot be cured within a sixty (60)-day period, the other party shall have such additional time to cure such default as is reasonably necessary as long as such party has commenced remedial action to cure such failure and continued to diligently and timely pursue the completion of such remedial action. Notwithstanding the preceding portions of this paragraph, if any default arises from a violation of law resulting from a change in law, or a change in the interpretation or enforcement of law, by a governmental entity, then such default shall not give rise to the termination of this Agreement so long as the defaulting party acts in accordance with a commercially reasonable plan of action to cure such default prepared by such defaulting party and delivered to the other party. If Owner believes that such termination was improper, Owner may file suit in the proper court challenging such termination. In the event of default which remains uncured after all applicable notice and cure periods, the College may pursue the remedies provided for in Paragraph VII(G) below or the preceding Paragraph IV(E), as applicable.
- B. The College shall not declare a default, and no default will be deemed to have occurred, when the circumstances giving rise to such declaration are the result of Force Majeure.
- C. The Parties shall not deem any default to have occurred in situations involving minor or immaterial (as reasonably determined by the Parties) changes to the description of the Site, minor or immaterial (as reasonably determined by the Parties) changes to the description of the Improvements and/or Eligible Property, or any changes in ownership or in management of Owner or of the Project (so long as Owner or any Related Entity provides notice as provided for herein of such changes to the extent such notice is otherwise required under this Agreement) and so long as any and all successors of any interest whatsoever of Owner in this matter, expressly accept all terms and conditions of this entire Abatement Agreement.
- D. The College shall notify Owner and any Owner lender, tax equity provider, or hedge provider of which the College has notice of any default in writing in the

manner prescribed herein. All contact information for purposes of a notice of default shall be provided to the College Board of Trustees. The notice shall specify the basis for the declaration of default, and Owner shall have the periods of time specified above to cure any default. Any Owner lender of which the College has notice shall have the right to cure any defect or default, including any defect caused by an assignee or contractor of Owner, during the same cure periods provided for Owner under this Agreement.

- E. Owner shall have sixty (60) days from the date of County's notice to cure any default (unless fulfillment of any obligations requires activity over a period of time, in which case performance shall be commenced within sixty (60) days after the actual receipt of notice and such performance shall be diligently continued until the default is cured). The decision whether to cure any such default solely and absolutely belongs to Owner, and no party may compel Owner to cure.
- F. As required by section 312.205 of the Texas Tax Code, if Owner fails to make the Improvements as provided for by this Agreement, the College shall be entitled to cancel the Agreement and all future tax abatements under this Agreement shall be void.
- G. **LIMITATION OF LIABILITY: CANCELLATION OF THE AGREEMENT (RESULTING IN A FORFEITURE OF ANY RIGHT TO ABATEMENT HEREUNDER BEYOND THE CANCELLATION DATE), RECAPTURE OF PROPERTY TAXES ABATED ONLY AS PROVIDED FOR AND ONLY UNDER THE CIRCUMSTANCES DEFINED IN PARAGRAPH VII(D) OF THIS AGREEMENT, AND/OR RECOVERY OF THE AMOUNTS PROVIDED FOR IN PARAGRAPH IV(E) ONLY AS PROVIDED FOR AND ONLY UNDER THE CIRCUMSTANCES DEFINED IN PARAGRAPH IV(E), ALONG WITH ANY REASONABLY INCURRED COURT COSTS AND ATTORNEYS' FEES, SHALL BE THE COLLEGE'S SOLE REMEDY, AND OWNER'S SOLE LIABILITY, IN THE EVENT OWNER FAILS TO TAKE ANY ACTION REQUIRED BY THIS AGREEMENT, INCLUDING ANY FAILURE TO PAY AMOUNTS OWED UNDER THIS AGREEMENT. OWNER AND THE COLLEGE AGREE THAT THE LIMITATIONS CONTAINED IN THIS PARAGRAPH ARE REASONABLE AND REFLECT THE BARGAINED FOR RISK ALLOCATION AGREED TO BY THE PARTIES. IN THE EVENT OF A BREACH OF THIS AGREEMENT, ANY TAXES DUE FROM OWNER SHALL BE SUBJECT TO ANY AND ALL STATUTORY RIGHTS FOR THE PAYMENT AND COLLECTION OF TAXES IN ACCORDANCE WITH THE TEXAS TAX CODE.**
- H. **RECAPTURE.** College shall be entitled to recapture property tax revenue lost as a result of the exercise of remedies under this Agreement. The amount of property tax revenue that may be recaptured is set forth below:
  - (1) If entitled under Article VII(H) to recapture property tax revenue lost as a result of this Agreement, College shall have the right to recapture up to one hundred percent (100%) of taxes already actually abated under this Agreement



(i.e., recapture for prior tax years only – no anticipatory/prospective recapture of future taxes).

(2) If termination occurs during the Term of Abatement, then Owner shall have sixty (60) calendar days from its date of notice of demand from College to recapture under Article VII(H) to pay all recaptured property tax revenues.

(3) Any recapture under this Article VII(H) shall be subject to any and all lawful offsets, settlements, deductions, and credits to which Owner may be entitled.

- I. Owner and College agree that any litigation of any kind whatsoever that is or may be necessary to be filed to protect any interest of any party with any interest herein, arising from or under this Agreement, shall be filed, if at all, and shall only be maintained, exclusively in a court of competent jurisdiction in Starr or Hidalgo County, Texas, and no other legal forum or venue whatsoever. This legal venue stipulation expressly includes the prohibition of removal of any litigation based in whole or in part upon federal statutes, rights, or causes of action. Further, any administrative or legal protest or any other legal challenge procedure(s) permitted by law to be undertaken by Owner in connection with taxes due and owing pursuant to this Abatement Agreement shall not release, delay or relieve Owner from making and meeting any and all additional and other financial commitments, payments and obligations it has agreed to make and is undertaking pursuant to all and other terms of this Abatement Agreement. During the pendency of any suit (including any appeals thereto), Abatement shall remain in effect as though no event of default had occurred and Owner shall continue to pay any disputed amounts to the College; provided, that upon final adjudication of the matter, if Owner is the prevailing party, such disputed amounts, if applicable, shall be returned to Owner.
- J. Any notice of default under this Agreement shall prominently state the following at the top of the notice:

**NOTICE OF DEFAULT UNDER TAX ABATEMENT AGREEMENT**

**YOU ARE HEREBY NOTIFIED OF THE FOLLOWING DEFAULT UNDER YOUR TAX ABATEMENT AGREEMENT WITH THE COLLEGE. FAILURE TO CURE THIS DEFAULT WITHIN SIXTY DAYS OF NOTICE OR OTHERWISE CURE THE DEFAULT WITHIN THE TIME PERIODS PROVIDED BY THE AGREEMENT SHALL RESULT IN TERMINATION OF THE TAX ABATEMENT AGREEMENT AND IF THE DEFAULT INVOLVED FAILURE TO MAKE IMPROVEMENTS UNDER THE AGREEMENT, MAY INCLUDE RECAPTURE OF TAXES ABATED PURSUANT TO THAT AGREEMENT.**

**VIII. Compliance with State and Local Regulations**

Nothing in this Agreement shall be construed to alter or affect the obligations of Owner to comply with any applicable and lawful order, rule, statute or regulation of the College, Starr County, or the State of Texas.

## **IX. Assignment of Agreement**

- A. Owner may assign its rights and responsibilities hereunder; provided however, that Owner shall give College written notice prior to any such assignment.
- B. Any assignment of this Agreement shall require that all conditions and obligations in this Agreement shall apply to and be binding upon assignee. Upon such assignment and assumption, Owner shall have no further rights, duties or obligations under the Agreement to the extent such rights, duties or obligations apply to the interest acquired by the assignee.
- C. No assignment shall be allowed if (a) the College has declared a default hereunder that has not been cured within all applicable notice and cure periods, or (b) the assignee is delinquent in the payment of any amount required under this Agreement or ad valorem taxes owed to the College or any other taxing jurisdiction in Starr County. The parties hereto agree that a transfer of all or a portion of ownership interests in Owner to a third party shall not be considered an assignment under the terms of this Agreement and shall not require any consent of the College. However, Owner shall notify the College President at least 24 hours before the transfer of any ownership interest in Owner.

## **X. Notice**

All notices, demands, or other communications of any type (collectively, "Notices") given shall be given in accordance with this Paragraph. All Notices shall be in writing and delivered, by commercial delivery service, to the office of the person to whom the Notice is directed (provided that that delivery is confirmed by the courier delivery service); by United States Postal Service (USPS), postage prepaid, as a registered or certified item, return receipt requested in a proper wrapper and with proper postage; by recognized overnight delivery service as evidenced by a bill of lading; or by facsimile transmission. Notices delivered by commercial delivery service shall be deemed delivered on receipt or refusal; notices delivered by USPS shall be deemed to have been given upon deposit with the same; facsimile notice shall be effective upon receipt by the sender of an electronic confirmation. Regardless of the method of delivery, in no case shall notice be deemed delivered later than actual receipt. In the event of a notice of default given pursuant to Paragraph VII, such notice shall be given by at least two (2) methods of delivery and consistent with Paragraph VII(F). All Notices shall be mailed or delivered to the following addresses:

To the Owner:                    Mesteño Windpower, LLC  
  c/o Duke Energy Renewables  
  550 South Caldwell St., Suite 600  
  Mailcode: NAS06  
  Charlotte, NC 28202  
  ATTN: Contract Management

With Copies to: Mesteño Windpower, LLC  
c/o Duke Energy Renewables  
550 South Tryon St.  
Charlotte, NC 28202  
ATTN: Deputy General Counsel

To the College: South Texas College Board of Trustees  
3201 West Pecan  
McAllen, Texas 78501  
Attention: Dr. Shirley A. Reed, President

Any party may designate a different address by giving the other party at least ten (10) days written notice in the manner prescribed above.

### **XI. Severability**

In the event any paragraph or other part of this Agreement is held invalid, illegal, factually insufficient, or unconstitutional, the balance of this Agreement shall stand, shall be enforceable and shall be read as if the parties intended at all times to delete said invalid sections or other part. In the event that (i) the term of the Abatement with respect to any property is longer than allowed by law, or (ii) the Abatement applies to a broader classification of property than is allowed by law, then the Abatement shall be valid with respect to the classification of property not deemed overly broad, and for the portion of the term of the Abatement not deemed excessive. Any provision required by the Tax Code to be contained herein that does not appear herein is incorporated herein by reference.

### **XII. Applicable Law**

This Agreement shall be construed under the laws of the State of Texas.

### **XIII. Amendment**

Except as otherwise provided, this Agreement may be modified by the parties hereto upon mutual written consent to include other provisions which could have originally been included in this Agreement or to delete provisions that were not originally necessary to this Agreement pursuant to the procedures set forth in Chapter 312 of the Texas Tax Code.

### **XIV. Guidelines and Criteria**

This Agreement is entered into by the parties consistent with the College Tax Abatement Guidelines and Criteria. To the extent this Agreement modifies any requirement or procedure set forth in the College Tax Abatement Guidelines and Criteria, those Guidelines and Criteria are deemed amended for purposes of this Agreement only.

## **XV. Entire Agreement**

This Agreement contains the entire and integrated Tax Abatement Agreement between the College and Owner, and supersedes any and all other negotiations and agreements, whether written or oral, between the parties. This Agreement has not been executed in reliance upon any representation or promise except those contained herein.

## **XVI. Coordination of Local Hiring and Services**

Owner shall use reasonable commercial efforts to maximize its use of Starr County labor and services and supplies purchased from Starr County businesses in the course of performing under this Agreement.

## **XVII. Provision of Health Insurance**

As of the date this Agreement becomes effective, and until the earlier to occur of (i) the end of the tenth (10th) year of Abatement or (ii) the date this Agreement is terminated as provided herein, Owner shall provide health insurance to its full-time employees working in Starr County. Owner also agrees to use commercially reasonable efforts to require that the prime engineering, procurement and construction contractor working on the Project provides health insurance to its full time employees.

## **XVIII. Attorney Fees**

The Owner agrees to reimburse the College for its reasonable attorneys' fees incurred in the negotiation and preparation of this Agreement, up to a maximum amount of Seven Thousand Five Hundred Dollars (\$7,500).

*(Signature Page Follows)*

IN TESTIMONY OF WHICH, THIS AGREEMENT has been executed by the College as authorized by the College Board of Trustees and executed by the Owner on the respective dates shown below.

**South Texas College**

DATED:      October\_\_\_\_\_, 2018

**South Texas College Board of Trustees**

\_\_\_\_\_  
Paul R. Rodriguez, Chair

\_\_\_\_\_  
Rose Benavidez, Vice Chair

Attest:

\_\_\_\_\_  
Roy de León, Secretary

**Mesteño Windpower, LLC**

By:\_\_\_\_\_

Name:\_\_\_\_\_

Title:\_\_\_\_\_

**Attachment A**

Resolution Designating Reinvestment Zone by Starr County Commissioners Court.

**ORDER OF THE COMMISSIONERS COURT  
OF STARR COUNTY, TEXAS**

**CREATING MESTEÑO REINVESTMENT ZONE NUMBER ONE, FOR  
COMMERCIAL/INDUSTRIAL TAX ABATEMENT IN STARR COUNTY, TEXAS,  
ESTABLISHING THE BOUNDARIES THEREOF, AND PROVIDING FOR AN  
EFFECTIVE DATE**

**PREAMBLE**

*WHEREAS*, the Commissioners Court of Starr County, Texas desires to promote the development or redevelopment of a certain contiguous geographic area within its jurisdiction by the creation of a reinvestment zone as authorized by the Property Redevelopment and Tax Abatement Act, as amended (Texas Property Tax Code § 312.001, *et seq.*), and the Starr County Tax Abatement Guidelines and Criteria (the "Guidelines"); and,

*WHEREAS*, Section 312.401 of the Texas Tax Code permits a County Commissioners Court to designate a reinvestment zone if that designation would contribute to the retention or expansion of primary employment, or attract major investment in the reinvestment zone that would be a benefit to the property to be included in the zone and contribute to the economic development of the County; and,

*WHEREAS*, none of the area, Described in **EXHIBITS 1 and 2**, below, for which application for the creation of a reinvestment zone has been made, is within the taxing jurisdiction of any municipality; and,

*WHEREAS*, on August 13, 2018, a hearing before the Commissioners Court of Starr County, Texas was held, such date being at least seven (7) days after the date of publication of the notice of such public hearing in *The Monitor* and the delivery of written notice to the respective presiding officers of each taxing entity that it includes within its boundaries real property that is to be included in the proposed reinvestment zone; and,

*WHEREAS*, the Commissioners Court of Starr County, Texas at such public hearing, held in accordance with the procedural requirements of Chapter 312, of the Texas Tax Code, and Chapter 551 of the Texas Government Code, invited any interested person to appear and speak for or against the creation of the reinvestment zone and whether all or part of the territory described should be included in the proposed reinvestment zone; and,

*WHEREAS*, the proponents of the reinvestment zone offered evidence, both oral and documentary, in favor of all of the foregoing matters relating to the creation of the reinvestment zone and opponents, if any, of the reinvestment zone appeared to contest the creation of the reinvestment zone; and,

**WHEREAS**, the Starr County Commissioners Court wishes to create a reinvestment zone within the boundaries of Starr County as shown on the map attached as **EXHIBIT 1** and further described by the legal description set forth in **EXHIBIT 2** of this Order;

**NOW THEREFORE, BE IT ORDERED BY THE COMMISSIONERS COURT OF STARR COUNTY, TEXAS:**

**SECTION 1.** That the facts and recitations contained in the preamble of this Order are hereby found and declared to be true and correct.

**SECTION 2.** That the Commissioners Court of Starr County, Texas, after conducting such hearing and having heard such evidence and testimony, has made the following findings and determinations based on the evidence and testimony presented to it:

- (a) That the public hearing on adoption of the *Mesteño Reinvestment Zone Number One* has been properly called, held and conducted and that notice of such hearing has been published as required by law and delivered to the respective presiding officers of the governing bodies of all taxing units overlapping the territory inside the proposed reinvestment zone; and
- (b) That the boundaries of *Mesteño Reinvestment Zone Number One* should be the area depicted in the plat map indicating the boundaries thereof, attached hereto as **EXHIBIT 1**, and further described in the legal description of the boundaries described in **EXHIBIT 2**, both of which are incorporated herein by reference for all intents and purposes; and,
- (c) That creation of *Mesteño Reinvestment Zone Number One* with boundaries as described in **EXHIBITS 1** and **2** will result in benefits to the Starr County, Texas and to land included in the zone and that the improvements sought are feasible and practical; and
- (d) The *Mesteño Reinvestment Zone Number One*, as described and depicted in in **EXHIBITS 1** and **2** meets all of the criteria set forth in Texas Property Tax Code Chapter 312 for the creation of a reinvestment zone as set forth in the Property Redevelopment and Tax Abatement Act, as amended, and the Guidelines, in that it would, as a result of the designation, contribute to the retention or expansion of primary employment or attract major investment in the zone that would be a benefit to the property included in the zone and would contribute to the economic development of Starr County, Texas, and that the entire tract of land is located entirely within an unincorporated area of Starr County, Texas.


**SECTION 3.** That pursuant to the Property Redevelopment and Tax Abatement Act, as amended, and the Guidelines adopted by the Starr County Commissioners Court, the Starr County Commissioners Court hereby creates *Mesteño Reinvestment Zone Number One*, as a reinvestment zone for commercial-industrial tax abatement encompassing only the area within the boundaries described in **EXHIBITS 1 and 2**, and such reinvestment zone is hereby designated and shall hereafter be referred to as *Mesteño Reinvestment Zone Number One*.

**SECTION 4.** *Mesteño Reinvestment Zone Number One* shall take effect on August 16, 2018 and shall remain designated as a commercial-industrial reinvestment zone for a period of five (5) years from such date of designation and may be renewed for an additional five (5) year period thereafter.

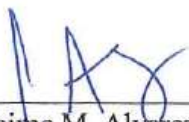
**SECTION 5.** That if any section, paragraph, clause or provision of this Order shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Order.

**SECTION 6.** That it is hereby found, determined and declared that a sufficient notice of the date, hour, place and subject, of the meeting of the Starr County Commissioners Court at which this Order was adopted was posted at a place convenient and readily accessible at all times as required by the Texas Open Government Act, Texas Government Code, Chapter 551, as amended, and that a public hearing was held prior to the designation of such reinvestment zone and that proper notice of the hearing was published in the official newspaper of general circulation within the County, and furthermore, such notice was in fact delivered to the presiding officer of any affected taxing entity as prescribed by the Property Redevelopment and Tax Abatement Act.

PASSED, APPROVED AND ADOPTED on this 16<sup>th</sup> day of August 2018.

  
\_\_\_\_\_  
Hon. Eloy Vera  
County Judge

Date: 08/16/2018

  
\_\_\_\_\_  
Hon. Jaime M. Alvarez  
Commissioner Precinct 1

Date: 08/16/2018





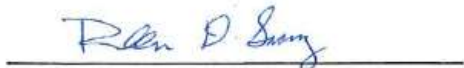
Hon. Raul Peña, III.  
Commissioner Precinct 2

Date: 8-16-18




Hon. Eloy Garza  
Commissioner Precinct 3

Date: 8-16-18



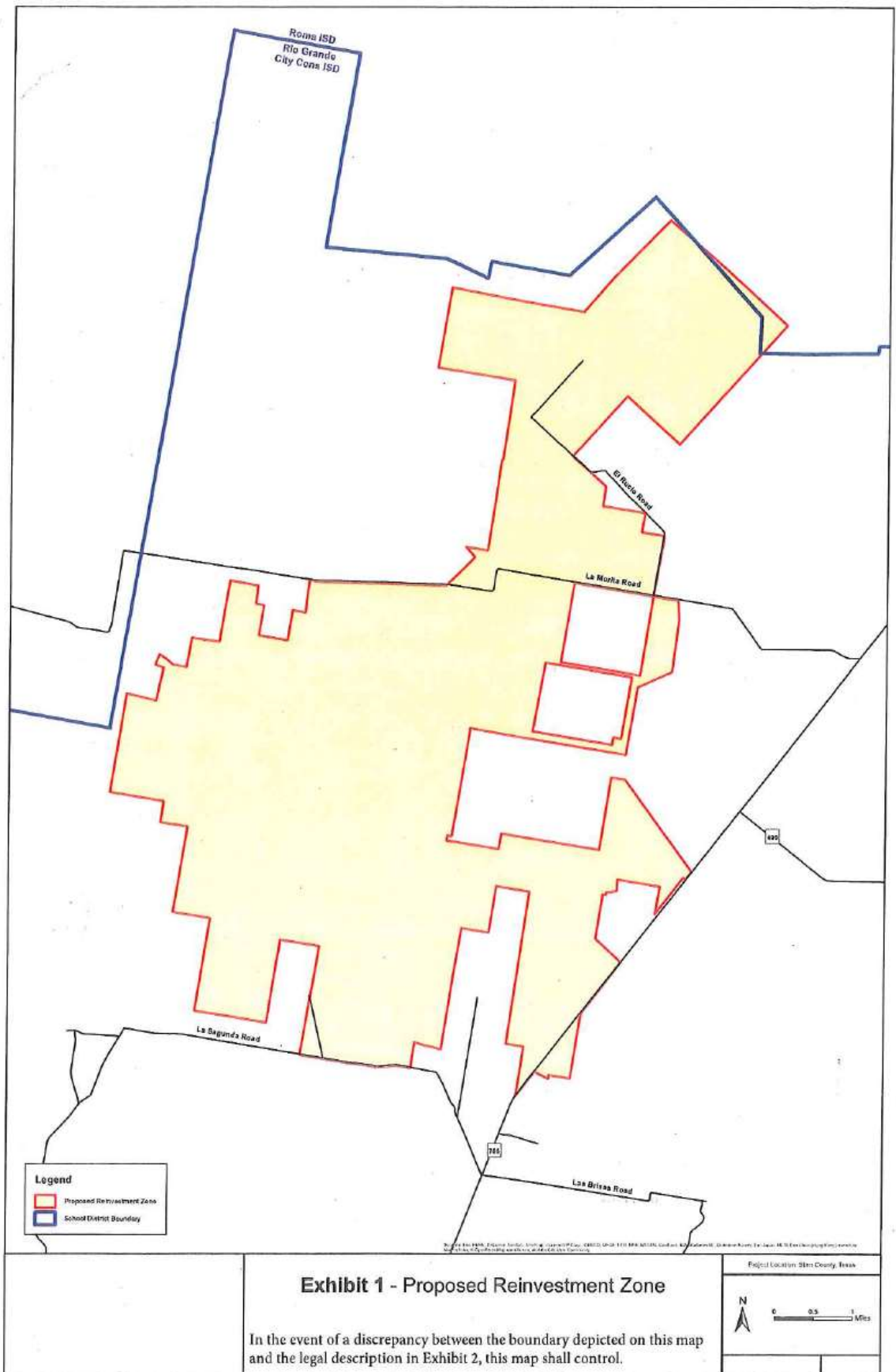
Hon. Ruben D. Saenz  
Commissioner Precinct 4

Date: 8-16-18

ATTESTED:   
Dennis D. Gonzalez, County Clerk

Date: 8-16-2018

[COUNTY SEAL]



## EXHIBIT 2

### Proposed Mestefio Reinvestment Zone Number One

- Section 51 Abstract 710
- Section 767 Abstract 602
- Section 93 Abstract 38
- Section 94 Abstract 806
- Section 95 Abstract 716
- Section 96 Abstract 777
- Section 966 Abstract 1125
- The western part of Section 751 Abstract 1127
- Section 750 Abstract 863, save and except approximately 44 acres in the northeast corner
- Section 90 Abstract 750
- Section 89 Abstract 44, save and except the eastern 1000'
- The southern 500' and northern 200' out of the eastern 1000' of Section 89 Abstract 44
- A 1000' x 1000' area in the Southeast corner of Section 91 Abstract 43, in addition to the southern and eastern 500', and northern 200', out of the remaining part of Section 91 Abstract 43
- All of Section 754 Abstract 751 located west of an existing AEP transmission line"
- Section 627 Abstract 856
- Abstract 154
- Abstract 40
- Section 626 Abstract 996
- Section 628 Abstract 1097
- The southern part of Section 933 Abstract 1083
- The southern part of Section 164 Abstract 1014
- Part of Section 565 (aka Section 265) Abstract 359 west of FM 755
- Section 936 Abstract 1068
- Section 936 Abstract 1162
- Part of the southern part of Section 934 Abstract 1066 west of FM 755
- Part of Section 969 Abstract 1176
- The northern part of Porcion 85 Abstract 148
- Part of Porcion 84 Abstract 184 north of La Sagunada Road
- Part of Porcion 83 Abstract 130 north of La Sagunada Road
- All of Porcion 82 Abstract 179 north of La Sagunada Road
- All of Porcion 81 Abstract 75 north of La Saginada Road
- Part of Porcion 80 Abstract 74 north of La Sagunada Road
- Part of the northern part of Porcion 79 Abstract 66
- Part of the northern part of Porcion 78 Abstract 82



POSTED AT 1:55 O'CLOCK P M

AUG 13 2018

DENNIS G. GONZALEZ, COUNTY CLERK STARR CO. TX BY: Gloria De La Garza



STARR COUNTY COURTHOUSE STARR COUNTY

Rio Grande City Texas 78582

ELOY VERA COUNTY JUDGE

August 13, 2018

DENNIS GONZALEZ COUNTY CLERK

Notice

COUNTY COMMISSIONERS

Notice is hereby given that a Special Commissioners' Court Meeting of the County of Starr will be held at 2:00 P.M. Thursday August 16, 2018 at the County Courthouse Annex in the Starr County Conference Room Suite #211 in Rio Grande City, Texas.

JAIME ALVAREZ PRECINCT NO. 1

RAUL PENA, III PRECINCT NO. 2

ELOY GARZA PRECINCT NO. 3

RUBEN D. SAENZ PRECINCT NO. 4

BOYD CARTER COUNTY AUDITOR

RENE FUENTES SHERIFF

VICTOR CANALES COUNTY ATTORNEY

FERNANDO PENA TREASURER

MA. AMEIDA SALINAS ASSESSOR \* COLLECTOR

OMAR ESCOBAR DISTRICT ATTORNEY

ELOY R. GARCIA DISTRICT CLERK

Agenda

- 1. Calling the meeting to order.
2. Pledge of Allegiance
3. Discussion and possible action to adopt order creating Mesteno Reinvestment Zone Number One for Commercial/Industrial Tax Abatement in Starr County, Texas. Establishing the Boundaries Therefor, and Providing for an effective date.
4. Adjournment

COUNTY COMMISSIONERS' COURT MAY CHOOSE TO MEET IN A CLOSED MEETING (EXECUTIVE SESSION) AS PERMITTED BY THE TEXAS OPEN MEETINGS ACT ON ANY ITEM OF THIS AGENDA DEEMED APPROPRIATE INCLUDING, BUT NOT LIMITED TO CONSULTATION WITH ATTORNEY, DELIBERATIONS ABOUT GIFTS AND DONATIONS AND PERSONNEL MATTERS.

BY ORDER OF THE COUNTY JUDGE:

Dennis Gonzalez, County Clerk, Ex-Officio, Clerk of the Commissioners' Court

Gloria De La Garza

## **Attachment B**

Attached is a description and location of the proposed Eligible Property

### **Description of Eligible Property**

#### **Project Description**

Mesteño Windpower, LLC (Mesteño Windpower) anticipates constructing a wind powered electric generation facility with an operating capacity of approximately 201.6 megawatts. Presently, plans are to install 56 Vestas V136 3.6 megawatt turbines. Additional improvements for the Mesteño Windpower Project will include but are not limited to, towers, foundations, new and improved roads, buildings and offices, meteorological equipment, electrical transmission cables and towers, transformers, electrical substations, and any other equipment necessary to safely operate, maintain, and transmit power to the ERCOT electrical grid.

## Attachment B

### Location of Eligible Property

#### Site Description

The following real property in Starr County, Texas:

- Section 51 Abstract 710
- Section 767 Abstract 602
- Section 93 Abstract 38
- Section 94 Abstract 806
- Section 95 Abstract 716
- Section 96 Abstract 777
- Section 966 Abstract 1125
- The western part of Section 751 Abstract 1127
- Section 750 Abstract 863, save and except approximately 44 acres in the northeast corner
- Section 90 Abstract 750
- Section 89 Abstract 44, save and except the eastern 1000'
- The southern 500' and northern 200' out of the eastern 1000' of Section 89 Abstract 44
- A 1000' x 1000' area in the Southeast corner of Section 91 Abstract 43, in addition to the southern and eastern 500', and northern 200', out of the remaining part of Section 91 Abstract 43
- All of Section 754 Abstract 751 located west of an existing AEP transmission line
- Section 627 Abstract 856
- Abstract 154
- Abstract 40
- Section 626 Abstract 996
- Section 628 Abstract 1097
- The southern part of Section 933 Abstract 1083
- The southern part of Section 164 Abstract 1014
- Part of Section 565 (aka Section 265) Abstract 359 west of FM 755
- Section 936 Abstract 1068
- Section 936 Abstract 1162
- Part of the southern part of Section 934 Abstract 1066 west of FM 755
- Part of Section 969 Abstract 1176
- The northern part of Section 85 Abstract 148
- Part of Section 84 Abstract 184 north of La Sagunada Road
- Part of Section 83 Abstract 130 north of La Sagunada Road
- All of Section 82 Abstract 179 north of La Sagunada Road
- All of Section 81 Abstract 75 north of La Sagunada Road
- Part of Section 80 Abstract 74 north of La Sagunada Road
- Part of the northern part of Section 79 Abstract 66
- Part of the northern part of Section 78 Abstract 82

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**2017 – 2020**

**Guidelines and Criteria Governing  
Tax Abatement Agreements by  
South Texas College**

Adopted by Resolution of the Board of Trustees of South Texas College  
on November 28, 2017



**SOUTH TEXAS COLLEGE  
GUIDELINES AND CRITERIA GOVERNING TAX ABATEMENT AGREEMENTS**

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**SOUTH TEXAS COLLEGE  
GUIDELINES AND CRITERIA  
FOR GRANTING TAX ABATEMENT**

WHEREAS, South Texas College finds that tax abatement provides a valuable economic tool for use by the College and other governmental entities interested in supporting and creating jobs in Hidalgo and Starr Counties;

WHEREAS, South Texas College finds that a tax abatement policy is in the public interest and will contribute to the economic development of Hidalgo and Starr Counties;

WHEREAS, South Texas College has considered playing a limited, but significant, role in the development of substantial renewable energy and scientific investment in South Texas;

WHEREAS, Chapter 312 of the Texas Tax Code, popularly known as the Property Redevelopment and Tax Abatement Act (the “Act”), authorizes junior college districts to join a municipality or a county in offering a temporary real property and/or tangible personal property tax abatement for limited periods of time as an inducement for financial investment in the development or redevelopment of certain taxable property; and

WHEREAS, the Act grants South Texas College great discretion to adopt guidelines and criteria identifying the types of development or redevelopment suitable to the educational and financial goals of the College;

WHEREAS, the Act requires eligible taxing jurisdictions to establish guidelines and criteria as to eligibility for tax abatement agreements prior to granting any future tax abatements, said guidelines and criteria to be unchanged for a two-year period unless amended or repealed by a three-fourths vote of the Board of Trustees;

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of South Texas College that the following Guidelines and Criteria for granting tax abatements be adopted:

**Section 1. Definitions.**

- (a) “Abatement” means the temporary, full or partial exemption from ad valorem maintenance taxes pursuant to the Act by the Counties of Hidalgo and Starr of certain added value to real and personal property in a zone designated for economic development purposes.
- (b) “Act” means Property Tax Code, chapter 312, popularly referred to as the Tax Abatement Act.
- (c) “Added Value” means the increase in the Appraised Value of an Eligible Property as a result of “Expansion” or “Modernization” of an existing facility or construction of a “New Facility.” Added Value does not mean or include “Deferred Maintenance.”

- (d) “Appraised Value” means the appraised value for property tax purposes as determined by a County Appraisal District, subject to the appeal procedures set forth in the Texas Tax Code.
- (e) “Agreement” means a contractual agreement between a property owner and/or lessee in an Eligible Jurisdiction for the purposes of tax abatement. Any Agreement shall be in conformity with these Guidelines and Criteria, including any variance granted under Section 3(g) set out herein. Upon the adoption of a resolution authorizing an Agreement and the execution of same by the parties, the Agreement shall be deemed to embody all of the terms of the Abatement, except, no Agreement shall be deemed to supersede any terms of the Guidelines and Criteria or any requirements or conditions imposed of state law.
- (f) “Base Year Value” means the Appraised Value of Eligible Property as of the date specified in the Agreement.
- (g) “Basic Manufacturing or Service Facility” means buildings and structures, including fixed machinery and equipment used or to be used for the production of renewable energy.
- (h) “College” means South Texas College.
- (i) “Construction Phase” means the period during which a material and substantial improvement of the property occurs which represents a separate and distinct construction operation undertaken for the purpose of erecting the improvements. The Construction Phase ends upon the earliest to occur of the following events:
  - (1) when a certificate of occupancy is issued for the Facility by and appropriate governmental entity;
  - (2) when the Facility has achieved commercial production of a product; provision of a service or start up for production of electrical power; or
  - (3) when the architect or engineer supervising construction issues a certificate of substantial completion, or some similar instrument.

The final determination of the end of the Construction Phase shall be made by the College, in its sole and absolute discretion, based upon the above criteria and such other factors as the College may deem relevant. The determination of the completion of the Construction Phase shall be conclusive, and any judicial review of such determination shall be governed by the substantial evidence rule.
- (j) “County” means Hidalgo County, Texas and/or Starr County, Texas
- (k) “Deferred Maintenance” means improvements necessary for continued operations which do not improve productivity or alter the process technology.

- (l) “Economic Life” means the number of years a property improvement is expected to be in service in a Facility.
- (m) “Eligible Property” means property to which Abatement may be extended to the value of the improvements to real property, including buildings, structures, fixed machinery and equipment, and site improvements, plus that office space and related fixed improvements necessary to the operation and administration of the Facility.
- (n) “Expansion” means the addition of buildings, structures, fixed machinery or equipment for the purposes of increasing capacity.
- (o) “Facility” means property improvements completed or in the process of construction which together comprise an integral whole comprising the project as described in the agreement for temporary tax abatement.
- (p) “Force Majeure” means circumstances beyond the control of Owner which shall include casualty losses, national economic factors, shutdowns due to governmental regulations, strikes, acts of war, and the like.
- (q) “Ineligible Property” The following types of property shall be fully taxable and ineligible for abatement: land; inventories; supplies; tools; furnishings and other forms of movable personal property; vehicles; vessels; aircraft; housing; hotel accommodations; Deferred Maintenance investments; property to be rented or leased except as provided in Section 1(k); improvements to real property which have an economic life of less than 20 years; property owned or used by the State of Texas or its political subdivisions or by any organization owned, operated or directed by a political subdivision of the State of Texas; unless specifically authorized by the Eligible Jurisdiction.
- (r) “Modernization” means the replacement and upgrading of existing facilities which increase the productive input or output, updates the technology or substantially lowers the unit cost of the operation, and extends the economic life of the facilities. Modernization may result from the construction, alteration or installation of buildings, structures, fixed machinery or equipment. It shall not be for the purpose of reconditioning, refurbishing, repairing or completion of Deferred Maintenance.
- (s) “New Capital Investment” means the total value of expenditures capitalized for the Facility on the Owner’s books, prior to depreciation, whether relating to exempt or non-exempt property, including all buildings, structures, site improvements, fixed equipment, intangibles, and pollution control equipment.
- (t) “New Facility” means a property previously undeveloped which is placed into service by means other than or in conjunction with an Expansion or Modernization.
- (u) “Owner” means the owner of a Facility subject to Abatement. If the Facility is constructed on leased property, the owner shall be the party which owns the property subject to Abatement. The other party to the lease shall join in the execution of

Agreement but shall not be obligated to assure performance of the party receiving Abatement.

- (v) “Research and Development” means Owner’s collaboration of research and development with South Texas College to undertake scientific, technical or educational endeavors of alternative energy programs aimed at research and development.

**Section 2. Abatement Authorized.**

- (a) Authorized Facilities. A Facility may be eligible for tax incentives in the form of tax abatement if it is substantially designed and constructed or manufactured for construction or installation, (i) is operated exclusively for the production, of renewable energy, including solar, geothermal, wind and hydro and (ii) the estimated proposed New Capital Investment shall exceed \$200 million. Abatement may be granted for New Facilities and improvements to existing facilities for the purpose of Modernization or Expansion.
- (b) Creation of New Value. Abatement may only be granted for the Added Value of Eligible Property improvements made subject to and listed in an Agreement between the College and the property owner or lessee (if required), subject to such limitations as the College may require. The economic life of the improvements must exceed the term of the Agreement by ten (10) years. An Agreement shall not be entered into unless Owner has provided a certified valuation of the economic life of the improvements and depreciation schedule.
- (c) Period of Abatement. Abatement shall be granted effective with the January 1 valuation date specified in the Agreement. Abatement shall be allowed for a period of up to ten years following the certification of completion of construction; provided that, in no event shall the period of Abatement, not inclusive of the Construction Phase exceed ten (10) years. Prior to the effective date of the tax abatement any improvements under construction should be taxed in full in accordance with the Tax Code
- (d) Abatement Percentage. The percentage of the total tax to be abated (1% to 100%) which is authorized by the College on a case by case basis is the Abatement Percentage.
- (e) Rehabilitation Projects. The \$200 million minimum Added Value or Capital Investment requirement for Abatement shall not apply to Rehabilitation Projects which involve the adaptive reuse of an existing structure or building for a Facility. In order to qualify as a Rehabilitation Project under this provision, the Project must involve a minimum New Capital Investment of at least \$100 million. Any Rehabilitation Project must involve the adaptive reuse of an existing structure or building currently on the property tax rolls so that the Base Year Value associated with the Project will include both the value of the land and the existing improvements. For such Rehabilitation Projects, all Eligible Property in excess of the Base Year Value shall be subject to Abatement. The value of personal property such as furniture and movable equipment (as set out in the Act) shall be considered Ineligible Property.

- (f) Estimated Added Value Requirement. At the time of execution of the Agreement, the Owner shall reasonably estimate the Added Value or Capital Investment projected upon completion of construction of any improvements to real property or tangible personal property in connection with the Facility. This “Estimated Added Value” shall be certified to by Owner and stated in the Agreement.
- (g) Economic Qualification. In order to be eligible for Abatement, the Facility:
  - (1) must create no later than the January 1 following the completion of construction and maintain throughout the remainder of the term of the Agreement the minimum required number of permanent jobs in the District set out in the Agreement;
  - (2) must not adversely affect competition in the local market with established local businesses.
- (h) Taxability. From the commencement of the Abatement period to the end of the Abatement period, taxes shall be payable as follows:
  - (1) The value of Ineligible Property shall be fully taxable and;
  - (2) The Added Value of new Eligible Property (and certain personal property added in connection with a Rehabilitation Project) shall be taxable in the manner described in Section 2(d) above.
- (i) Environmental and Worker Safety Qualifications. In determining whether to grant an Abatement, consideration will be given to compliance by the Facility with all state and federal laws designed to protect human health, welfare and the environment (“environmental laws”) that are applicable to all facilities in the State of Texas owned or operated by the owner of the Facility or lessee, its parent, subsidiaries and, if a joint venture or partnership, every member of the joint venture or partnership (“applicants”). Consideration may also be given to compliance with environmental and worker safety laws by applicants at other facilities within the United States.

### Section 3. **Application.**

- (a) Written Application. Any current or potential owner of taxable property may request Abatement by filing a written application with the President of the College.
- (b) Contents of Application. The application shall consist of a completed application form accompanied by: a general description of the new improvements to be undertaken; a descriptive list of the improvements for which Abatement is requested; a list of the kind, number and location of all proposed improvements of the property; a map and property description; proposed turbine location (if a wind turbine Facility); and a time schedule for undertaking and completing the proposed improvements. In the case of a Modernization or Expansion Project, a statement of the Appraised Value of the Facility, separately stated for real and personal property, shall be given for the tax year immediately preceding the

application. The application form may require such financial and other information as the College or other Eligible Jurisdiction, as applicable, deems appropriate for evaluating the financial capacity and other relevant factors of the applicant.

- (c) Local Employment and Procurement. Owner shall, as part of the Application, provide: (i) a list and description of all component parts and equipment which are included in the construction and/or installation of the Facility, (ii) a list of maintenance and operations personnel or professional services anticipated or required for the operation and maintenance of the Facility on an on-going basis; and (iii) the identify of all persons or firms in Starr County and Hidalgo County, or within 100 miles thereof, with the capability of providing these services (a complete Schedule I and Schedule II).
- (d) Written Notification. Upon receipt of a completed application, the President shall evaluate the application for a determination of the proposed Facility's compliance with these Guidelines.
- (e) Feasibility. After receipt of an application for Abatement, the College shall consider the feasibility and the impact of the proposed Abatement. The study of feasibility shall include, but not be limited to, an estimate of the economic effect of the Abatement of taxes and the benefit to the College and the Facility to be covered by such Abatement.
- (f) No Abatement if Construction has been Completed. No Agreement shall be approved if the application for the Abatement was filed after the completion of construction, alteration or installation of improvements related to the proposed Modernization, Expansion or New Facility.
- (g) Variance. Requests for variance from the provisions of these Guidelines and Criteria may be made in written form; provided, however, that no variance may extend the term of Abatement beyond five (5) years after completion of the Construction Phase. Such requests shall include a complete description of the circumstances explaining why the applicant should be granted a variance. Approval of a request for variance requires a three-fourths (3/4ths) vote of the board of trustees of the College.

#### Section 4. **College Approval.**

- (a) Designation of Zone. An Abatement shall be granted only for Facilities in a zone designated for Abatement under the Act by a County.
- (b) Required Findings. The College must adopt findings that the proposed abatement terms of the proposed Agreement meet the College's Guidelines and Criteria.
- (c) Reservation of Rights. Nothing shall be construed to limit the authority of the College to examine each application for Abatement on a case-by-case basis and determine in its sole and absolute discretion whether or not abatement of the tax on the proposed Facility should be granted; whether or not the Facility will comply with these Guidelines and Criteria; whether it is financially feasible for the College, and whether or not the proposed temporary abatement of taxes will inure to the long-term benefit of the College.

On matters of interpretation of the Tax Code or the Tax Abatement Act, the College may request an Attorney General' Opinion. The College's final determination shall not be subject to judicial review.

**Section 5. Agreement.**

- (a) Contents of Tax Abatement Agreement. The Agreement with the Owner shall include:
- (1) the estimated value to be subject to Abatement and the Base Year Value;
  - (2) the percentage of value to be abated each year as provided in Section 2(d);
  - (3) the commencement date and termination date of Abatement;
  - (4) the proposed use of the Facility, time schedule, map, proposed turbine location, property description and improvements list as provided in the application as required;
  - (5) the contractual obligations in the event of default, delinquent taxes, recapture, administration and assignment as provided in these Guidelines and Criteria or other provisions that may be required for uniformity or by state law;
  - (6) the amount of Added Value as set out in 2(c) and required number of permanent jobs;
  - (7) a requirement that Owner shall certify to the board of trustees of the College on or before April 1 each year that the Owner is in compliance with each applicable term of the agreement;
  - (8) a requirement that the owner or lessee will obtain and maintain all required permits and other authorizations from all local, state and federal agencies with jurisdiction over the licensing or permitting, the design, construction, manufacture and operation of the Facility and for the storage, transport and disposal of waste, if any;
  - (9) a limitation that the uses of the property must be consistent with the general purpose of encouraging development or redevelopment of the zone during the period that property tax exemptions are in effect;
  - (10) provision of access to and authorization to inspect the property by employees or authorized agents of the College to ensure that the improvements or repairs are made according to the specifications and conditions of the agreement; and
  - (11) a provision that the board of trustees of the College may cancel or modify the Agreement if the Owner fails to comply with the Agreement.
- (b) Time of Execution. The Agreement shall normally be executed within 60 days after the applicant has provided all necessary information and documentation.



- (c) Attorney's Fees. In the event any attorney's fees are incurred by the College in the preparation of an Agreement, said fees shall be paid by the applicant upon execution of the Agreement.

#### Section 6. **Recapture.**

- (a) Failure to Commence Operation During Term of Agreement. In the event that the Facility is not completed and does not begin operation as provided in the Agreement, no Abatement shall be given for that tax year, and the full amount of taxes assessed against the property shall be due and payable for that tax year. In the event that the Owner of such a Facility fails to begin operation with the minimum required number of permanent jobs by the next January 1, then the Agreement shall be subject to termination and all abated taxes during the period of construction shall be recaptured and paid within 60 days of such termination. Notwithstanding the foregoing, in the event that the above defaults are due to a Force Majeure condition, the College may grant extensions if the Owner is diligently proceeding to cure such defaults.
- (b) Discontinuance of Operations During Term of Agreement. In the event the Facility is completed and begins operation but subsequently discontinues operations during any four (4) consecutive weeks during the term of the Agreement, for any reason except on a temporary basis due to a Force Majeure condition, the Agreement may be terminated by the College, and all taxes previously abated by virtue of the Agreement during the preceding four years shall be recaptured and paid within 60 days of such termination.
- (c) Delinquent Taxes. In the event that the Owner allows its ad valorem taxes to become delinquent and fails to timely and properly follow the legal procedures for their protest and/or contest, the Agreement shall be subject to termination and so shall the Abatement of the taxes for the tax year of the delinquency. The total taxes assessed without Abatement, for that tax year shall be paid within 60 days from the date of termination.
- (d) Notice of Default. Should the College determine that the Owner is in default according to the terms and conditions of its Agreement, it shall notify the Owner in writing at the address stated in the Agreement that if such is not cured within 60 days from the date of such notice (the "Cure Period"), then the Agreement may be terminated. In the event the Owner fails to cure said default during the Cure Period and the Agreement is terminated, the taxes abated by virtue of the Agreement will be recaptured and paid as provided herein.
- (e) Actual Capital Investment. Should the College determine that the total level of New Capital Investment is lower than provided in the Agreement, the difference between the tax abated and the tax which should have been abated based upon the actual New Capital Investment as determined shall be paid to the taxing agencies within 60 days of notification to the Owner of such determination.
- (f) Reduction in Rollback Tax Rate. If during any year of the period of Abatement with respect to any property any portion of the abated value for the Eligible Property which is added to the current total value of the College is not treated as "new property value" (as

defined in Section 26.012(17) of the Texas Tax Code) for the purpose of establishing the “effective maintenance and operations rate” (as defined in Section 26.012(16) of the Texas Tax Code) in calculating the “rollback tax rate” in accord with Section 26.04(c)(2) of the Texas Tax Code and if the College’s budget calculations indicate that a tax rate in excess of the “rollback tax rate” is required to fund the operations of the College for the succeeding year, then the College shall recapture from the taxpayer a tax in an amount equal to the lesser of the following:

- (1) The amount of the taxes abated for that year by the College with respect to such property.
- (2) The amount obtained by subtracting the rollback tax rate computed without the abated property value being treated as new property value from the rollback tax rate computed with the abated property value being treated as new property value and multiplying the difference by the total Appraised Value of the College.

If the College has granted an Abatement of taxes to more than one taxpayer, then the amount of the recapture calculated in accord with subparagraph (2) above shall be prorated on the basis of the amount of the Abatement with respect to each taxpayer.

All recaptured taxes must be paid within thirty (30) days after notice thereof has been given to the affected taxpayer. Penalties and interest applicable under the Tax Code shall not begin to accrue upon such sum until the first day of the month following such thirty (30) day notice, at which time penalty and interest shall accrue in accord with the laws of the State of Texas.

- (g) Statutory Tax Lien. The amount of tax abated each year under the terms of these Guidelines and the Agreement shall continue to be secured by the statutory tax lien pursuant to Section 32.01 of the Texas Tax Code which shall continue in existence from year to year throughout the entire term of the Agreement or until all taxes, whether assessed or recaptured, are paid in full.
- (h) Automatic Termination. The Agreement shall automatically terminate on and as of the date any of the following events occur: the filing of a petition in bankruptcy by the Owner; or the making by the Owner of an assignment for the benefit of creditors; or if any involuntary petition in bankruptcy or petition for an arrangement pursuant to the federal bankruptcy code is filed against the Owner; or if a receiver is appointed for the business of the Owner. In the event of automatic termination for any of the above reasons, the prior notice of default provisions in subsection (d) above shall not apply. Owner shall immediately notify the College should any of the foregoing events occur.

#### Section 7. **Administration.**

- (a) Annual Assessment. The Starr County Appraisal District or the Hidalgo County Appraisal District, as applicable, shall annually determine the Appraised Value of the real and personal property subject to an Agreement. Each year, the Owner shall furnish the Appraisal District with such information as may be necessary for the Abatement. Once

value has been established, the Appraisal District shall notify the affected jurisdictions which levy taxes of the amount of the Appraised Value and the Abatement. Owner shall, on the anniversary date of the Agreement provide the College the Appraised Values of the Property and a certificate of taxes paid to each jurisdiction.

- (b) Access to Facility. The Agreement shall stipulate that employees and/or designated representatives of the College will have access to the Facility during the term of the Agreement to inspect the Facility to determine if the terms and conditions of the Agreement are being met. All inspections will be made only after giving 24 hours prior notice and will only be conducted in such manner as to not unreasonably interfere with the construction and/or operation of the Facility. All inspections will be made with one or more representatives of the Owner and in accordance with all applicable safety standards.
- (c) Annual Evaluation. Upon completion of construction, the College, individually or in conjunction with other affected jurisdictions, shall annually evaluate each Facility receiving Abatement to ensure compliance with the Agreement and report possible violations of the Agreement.
- (d) Annual Reports. Owner shall certify to the governing body of the College on or before April 1 each year that Owner is in compliance with each applicable term of the Agreement. Additionally, during the initial four years of the term of Abatement, the Owner shall provide to the College approving the Abatement an annual report covering those items listed on Schedule 1 in order to document its efforts to acquire goods and services on a local basis. Such annual report shall be prepared on a calendar year basis and shall be submitted to the College no later than ninety (90) days following the end of each such calendar year. The annual report shall be accompanied by an audit letter prepared by an independent accounting firm which has reviewed the report.
- (e) “Buy Local” Provision. Each recipient of Abatement shall additionally agree to give preference and priority to local manufacturers, suppliers, contractors and labor for the materials, equipment and labor described on Schedule 1, except where not reasonably possible to do so without added expense, substantial inconvenience, or sacrifice in operating efficiency. In any such exceptional cases involving purchases over \$1,000,000 during construction and over \$50,000 during operations, a justification for such purchase shall be included in the annual report. Each such recipient shall further acknowledge that it is a legal and moral obligation of persons receiving Abatement to favor local manufacturers, suppliers, contractors and labor, all other factors being equal. For the purposes of this provision, the terms “materials” and “labor” shall have the meaning set out in Schedule 1. For the purposes of this provision, the term “local” as used to describe manufacturers, suppliers, contractors and labor shall include firms, businesses, and persons who reside in or maintain an office in either Hidalgo County or Starr County. In the event of a breach of the buy-local provision, the percentage of Abatement shall be proportionately reduced equal to the amount the disqualified contract bears to the total construction cost (materials and labor) for the Facility. In the event that Owner contracts the supply and construction of the Facility to an affiliate or other non-local contractor,

Owner shall use commercially reasonable efforts to ensure compliance with this Section by including in such contract a flow-through provision requiring such compliance.

## SCHEDULE I

### “Buy Local” Annual Reports

The following information shall be reported to the College on a calendar-year basis during the first four years of the tax abatement program:

1. Dollar amount spent for materials\* (local).
2. Dollar amount spent for materials\* (total).
3. Dollar amount spent for labor\*\* (local).
4. Dollar amount spent for labor\*\* (total).
5. Number of jobs created in the construction of the Facility (local).
6. Number of jobs created in the construction of the Facility (total).
7. Number of jobs created on a permanent basis (local).
8. Number of jobs created on a permanent basis (total).

\* The term “materials” is defined to include all materials used in excavation, site improvement, demolition, concrete, structural steel, fire proofing, piping, electrical, instruments, paintings and scaffolding, insulation, temporary construction facilities, supplies, equipment rental in construction, small tools and consumables. This term does not include major items of machinery and equipment not readily-available locally.

\*\* The term “labor” is defined to include all labor in connection with the excavation, site improvement, demolition, concrete construction, structural steel, fire proofing, equipment placement, piping, electrical, instruments, painting and scaffolding, insulation, construction services, craft benefits, payroll burdens, and related labor expenses. This term does not include engineering services in connection with the design of the Facility.

The term “local” as used to describe manufacturers, suppliers, contractors and labor shall include firms, businesses, and persons who reside in or maintain an office in either Hidalgo County or Starr County.

## **SCHEDULE II**

### **ADDITIONAL INFORMATION REQUIRED OF APPLICANT FOR TAX ABATEMENT**

#### **Section 1. Eligibility Criteria**

1. To be eligible for consideration by College for a tax abatement under these Guidelines, an Owner of the Facility must meet or exceed all of the criteria described below:

- The Facility must be one that will generate renewable energy;
- The minimum amount of new real and/or personal property capital investment shall exceed \$200 million (at start of project or by year 2017);
- Shall exceed minimum levels of full-time job creation;
- Provide employee and dependent access to health care benefits;
- Provide a minimum living and all-industry wage requirements for new and existing employees at project site;

#### **Section 2. Amount and Terms of Tax Abatement Subject to Additional Commitments**

- 2.1 The amount and term of the tax abatement offered will be dependent upon the Owner's commitment to exceed the minimum eligibility criteria, consideration of other public incentives offered for the same project and the overall benefit to the College and the community.
- 2.2 What resources will the Owner commit to the following:
- (a) Sponsorship of scientific events, teacher research grants to the College; materials and equipment, teaching materials to the College; R&D collaboration with local college;
  - (b) Total number of jobs created and maintained in the area;
  - (c) Number of high-wage jobs.

#### **Section 3. Wage Requirements**

Companies receiving a tax abatement from the College must meet certain minimum wage requirements for all new and existing (i.e., retained) jobs at the project site.

3.1 Living Hourly Wage Requirement: In order to be eligible for a tax abatement, one hundred percent (100%) of the company’s new and existing employees *at the project location* must earn no less than a “living wage” throughout the full term of the Tax Abatement Agreement. This wage is based on the poverty level for a family of four, as determined annually (January) by the U.S. Department of Health and Human Services (HHS). As of January 22, 2015, the living wage requirement is \$11.66 per hour.

3.2 All Industries Median Hourly Wage Requirement: In addition to the “Living Wage” requirement, after one year of initiating full operations at the project location, but not more than two years after execution of the Tax Abatement Agreement with the College, at least seventy percent (70%) of all new and existing employees, with at least one year of full employment with the company at the project location, must earn a cash wage at or exceeding the annual Edinburg, Pharr McAllen Metropolitan Statistical Area (MSA) Median Hourly Wage for All Industries (Companies) for the most recent year available. This wage is compiled by the Bureau of Labor Statistics (BLS) Occupational Employment Survey and published annually by the Texas Workforce Commission (TWC). This wage is updated annually, and for 2014 the current applicable wage is \$11.32 per hour.

High-Wage Jobs: High-wage jobs are either: (1) Qualified professional jobs reported in high-wage industries (e.g., advanced business services, aerospace, life sciences, renewable energy, high-tech/IT); or (2) Jobs for which earnings are above the Starr County average weekly wage (average for the most recent four quarters) as reported quarterly by the Bureau of Labor Statistics (currently \$31,941 in 2014).

3.3 If the company does not meet and maintain these wage requirements for all new and existing employees at the project location, the company will be in default of its Tax Abatement Agreement, which could result in termination of the Agreement and the recapture of all or a portion of the previously abated property taxes.

#### **Section 4. Targeted and Qualifying Industries/Business Activities or Project team**

The majority of the company’s business at the project location must be engaged in one of the following qualifying industries, business activities, or Project team:

Targeted Industries:

- Energy

## **Section 5. Local Assessment: County and Community:**

- 5.1 Describe how has the company's plan been prepared in consultation with the local community, property owners and local political leaders?
- (a) Local Community:
  - (b) Property Owners:
  - (c) Local Political Leaders:
- 5.2 Identify the local, state and federal bodies that have jurisdiction over the design, construction, licensing, regulation and operation of the Facility and here any public records of review of the Facility may be accessed by the College and the public:
- a. Local:
  - b. State:
  - c. Federal:
- 5.3 Outline what processes, if any, were followed for community consultation for the Facility's development.
- 5.4 Is there an Environmental Impact Statement and Clearance required for the Facility? If so, identify where any public records of environmental review may be assessed by the College and members of the public.
- 5.5 If the Facility is a wind farm, did the assessment of the Facility by any governmental agency measure and assess potential environmental noise impacts from wind turbines? If so, please provide copies of any records with the Application.
- 5.6 Identify the Texas agency, if any, which has on-going regulatory authority over the Facility. Describe any approval process which has taken place in connection with locating the Facility.
- 5.7 Please state whether any of the following were considered in the assessment and location of wind turbines, and if so, how any negative impacts have/or will be addressed:
- landscape and visual amenity:
  - noise impacts (have noise guidelines been developed to assess regulate noise):



- health issues (what health issues, if any, have been identified and what guidelines or policies have been adopted to address potential health impacts, if any:
- economic issues, including potential impacts on property values:
- ecological issues, including potential impacts on threatened species:
- decommissioning and rehabilitation:

The College will rely on the review of the applicable County and on state agencies with regulatory responsibility over the compatibility of the Facility site(s) with the surrounding uses, to include noise impacts, visual amenity and ecological issues.

### **Section 6. Life of Facility and Decommissioning**

Include life projections for the Facility, depreciation schedules for income tax purposes and the decommissioning plan. State if the Owner on the Application is a “pass-through” owner or intends to assign its interest in the Facility and the Abatement Agreement, include proposed contractual language that obligates Owner and any future assignee to comply with the decommissioning plan. To assure the College that the Owner, or Owner’s assignee, will perform the decommissioning plan, what financial security, bond or enforceable pledge does the Owner proposed.

### **Section 7. Noise Auditing and compliance:**

Has applicant developed a plan on procedure to undertake compliance monitoring and auditing. If so, please describe and submit relevant documents.

- Does Owner propose to maintain noise monitoring facilities? Will Special audible characteristics such as excessive amplitude modulation (including the van den Berg effect) together with cumulative impacts be considered?
- What noise standards and reporting of noise records have been developed? Does Owner propose to prepare and submit a noise compliance report on a regular basis? If so, to whom? Will Owner make noise compliance reports publicly available.

**EXHIBIT A**

**Application for Tax Abatement**

**SOUTH TEXAS COLLEGE**

Please submit the answers to the following questions and attach any additional pages as needed. Please complete and attach to the application completed Schedules I and II.

Applicant name:

Applicants address and phone number:

Applicant organization:

Type of Business:

Organization address and phone:

Organization Contact:

Contact address and phone:

Proposed project or facility address: **[Need to add address or location]**

1. Provide brief description of project or facility for which tax abatement is sought.

2. Does this property fall under the definition of "Eligible Property" provided in the \_\_\_\_\_ County Guidelines & Criteria?

Yes

No

3. This application is for (choose one):

new plant

Expansion

Modernization

4. Please list all the taxing jurisdictions in which the proposed project or facility is located.

**[Are applications for tax abatement being submitted to all these jurisdictions?]**

5. Please describe the nature and scope of the tax abatement that is sought. What is the total estimated taxable value or total range of taxable values of the project or facility for which abatement is sought?

**[What is the extent of the abatement being requested?]**

**[Does (company) contemplate that the Project will be completed in Phases?]**

6. What will be the total estimated taxable value or total range of taxable values of the project or facility in the first year after the expiration of the abatement?

**[The (amount) represents 5% depreciation over 10 years.]**

7. Please attach information describing how the proposed project or facility meets the minimum Requirement for tax abatement outlined in the Guidelines & Criteria.

See Attachment 1

8. Please attach information on the following aspects of the proposed project or facility:

- (1) current value of land and existing improvements, if any;
- (2) type, value and purpose of proposed improvements;
- (3) productive life of proposed improvements;
- (4) impact of proposed improvements and other expenditures on existing jobs;
- (5) number and type of new jobs, if any, to be created by proposed improvements and expenditures;
- (6) costs to be incurred by Starr County, if any, to provide facilities or services directly resulting from the new improvements;
- (7) types and values of public improvements, if any, to be made by applicant seeking abatement;
- (8) estimation of the amount of ad valorem property taxes to be paid to Starr County after expiration of the abatement agreement;
- (9) the impact on the business opportunities of existing businesses and the attraction of new businesses to the area, if any;
- (10) the overall compatibility with the zoning ordinances and comprehensive plan, if any, for the area;
- (11) whether the applicant's proposed facility or improvement or modernization is an industry which is new to Starr County.

See Attachment 1

9. Please attach the following information to this application:
- (1) A map and description of the property for which abatement is sought;
  - (2) A time schedule for completing the planned improvements; and
  - (3) Basic financial information about yourself and your organization sufficient to enable evaluation of the applicant's financial capacity.

See Attachment 1

10. Please describe the proposed or existing Reinvestment Zone in which this project will be located.

DEGS seeks the County's approval of the Reinvestment Zone attached as Exhibit. The Project will be located in the center portion of the Zone, Although the Project could expand north and northwest into other areas inside the zone boundary shown on the attached Exhibit B.

11. Please attach a copy of the County's approved Tax Abatement Agreement with applicant, or, if not yet approved, a copy of the proposed County's Tax Abatement Agreement.

I attest that the information provided in this application is true and correct to the best of my knowledge.

Applicant Signature:

\_\_\_\_\_  
Authorized Representative

Name of Applicant:

Date of application submission:

**Exhibit A**  
**Legal Description of Reinvestment Zone**  
**Containing Proposed Project**

Please attach a copy of the map of the County's Reinvestment Zone and the location(s) of the facility (ies)

The real property in \_\_\_\_\_ County, being all of the (lots, block/section) in the \_\_\_\_\_.

**Exhibit B**  
**Map of Project Area**

4

Application for Tax Abatement

SOUTH TEXAS COLLEGE

Please submit the answers to the following questions and attach any additional pages as needed. Please complete and attach to the application completed Schedule I.

Applicant name: Mesteno Windpower, LLC

Applicants address and phone number: 550 South Caldwell St. Suite 600  
Charlotte, North Carolina 28202  
(704) 382-1911

Applicant organization: Duke Energy Renewables

Type of Business: Wind Powered Electricity Generation

Organization address and phone: 550 South Caldwell St. Suite 600  
Charlotte, North Carolina 28202

Organization Contact: Graham Furlong

Contact address and phone: 550 South Caldwell St. Suite 600  
Charlotte, North Carolina 28202  
(704) 382-1911

Proposed project or facility address: Starr County, TX

1. Provide brief description of project or facility for which tax abatement is sought.

Mesteno Windpower, LLC anticipates constructing a wind-powered electric generating facility with an operating capacity of approximately 201.6 megawatts. Presently our plans are to install 56 Vestas V136 3.6 megawatt turbines on the property within the "Mesteno Wind" reinvestment zone in Starr County, Texas. Mesteno Windpower, LLC estimates that all 56 turbines are planned to be installed in Starr County.

If granted an abatement pursuant to Texas Tax Code 312, Mesteno Windpower, LLC expects to issue a full notice to proceed for construction in Q4 of 2018 and expects to complete construction within 12 months.

The additional improvements for the Mesteno Windpower Project will include but are not limited to, wind turbines, towers, foundations, new and improved roads, buildings and offices, meteorological equipment, electrical transmission cables and towers, transformers, electrical substations, and any other equipment necessary to safely operate, maintain, and transmit power to the ERCOT electrical grid.



2. Does this property fall under the definition of “eligible property” provided in the Starr County Guidelines & Criteria?

Yes  
 No

3. This application is for (choose one):

New Plant  
 Expansion  
 Modernization

4. Please list all the taxing jurisdictions in which the proposed project or facility is located.

Starr County, Starr County Hospital District, South Texas College District, Rio Grande City Consolidated Independent School District, Starr County FM & FC and Starr County Drainage District. Applications and abatement / limitation agreements have been or are being submitted to the first five (5) of the above named taxing entities.

5. Please describe the nature and scope of the tax abatement that is sought. What is the total estimated taxable value or total range of taxable values of the project or facility for which abatement is sought?

Mesteno Windpower, LLC seeks an abatement of taxes effective for ten (10) full calendar years for the project beginning on January 1 of the next tax year, after the date that the College President and/or the President of the Board of Trustees receives a letter certifying completion of construction of Project, outlining the Improvements included in the Project, and stipulating the overall turbine capacity.

The estimated taxable value of the Project when completed is expected to be \$159,800,000, although the actual value will depend upon annual appraisal conducted by the Starr County Appraisal District and specific decisions to be made by Mesteno Windpower, LLC in the future.

Mesteno Windpower, LLC is seeking a 75% abatement for the full ten (10) year abatement period and will provide an annual Payment In Lieu of Tax (PILOT) of \$128 per Megawatt (MW) during the ten (10) year abatement period, or \$25,805 annually.

Mesteno Windpower, LLC anticipates the project being completed in one (1) phase, beginning in the 4<sup>th</sup> quarter of 2018 (if approved) and finished within twelve (12) months thereafter.

6. What will be the total estimated taxable value or total range of taxable values of the project or facility in the first year after the expiration of the abatement?

Mesteno Windpower, LLC estimates the project will have an estimated taxable value of approximately \$86,070,695 in the first year after expiration of the proposed abatement although the value will be determined by appraisals by the Starr County Appraisal District and other factors. For purposes of estimation, the amount of \$86,070,695 represents a six (6) percent annual depreciation rate of the initial investment at the eleventh (11<sup>th</sup>) year.

7. Please attach information describing how the proposed project or facility meets the minimum Requirement for tax abatement outlined in the Guidelines & Criteria.

See Attachment 1

8. Please attach information on the following aspects of the proposed project or facility:

- (1) current value of land and existing improvements, if any;
- (2) type, value and purpose of proposed improvements;
- (3) productive life of proposed improvements;
- (4) impact of proposed improvements and other expenditures on existing jobs;
- (5) number and type of new jobs, if any, to be created by proposed improvements and expenditures;
- (6) costs to be incurred by Starr County, if any, to provide facilities or services directly resulting from the new improvements;
- (7) types and values of public improvements, if any, to be made by applicant seeking abatement;
- (8) estimation of the amount of ad valorem property taxes to be paid to Starr County after expiration of the abatement agreement;
- (9) the impact on the business opportunities of existing businesses and the attraction of new businesses to the area, if any;
- (10) the overall compatibility with the zoning ordinances and comprehensive plan, if any, for the area;
- (11) whether the applicant's proposed facility or improvement or modernization is an industry which is new to Starr County.

See Attachment 1

9. Please attach the following information to this application:

- (1) A map and description of the property for which abatement is sought;
- (2) A time schedule for completing the planned improvements; and
- (3) Basic financial information about yourself and your organization sufficient to enable evaluation of the applicant's financial capacity.

See Attachment 1

10. Please describe the proposed or existing Reinvestment Zone in which this project will be located.

Mesteno Windpower, LLC is scheduled to present to the Starr County Commissioner's Court on August 13<sup>th</sup>, 2018 to obtain approval for the attached Reinvestment Zone as displayed in Exhibit A.

11. Please attach a copy of the County's approved Tax Abatement Agreement with applicant, or, if not yet approved, a copy of the proposed County's Tax Abatement Agreement.

I attest that the information provided in this application is true and correct to the best of my knowledge.

Applicant Signature:

Christopher M. Fallon  
Authorized Representative

Name of Applicant: CHRIS FALLON

Date of application submission: 8/9/2018

Exhibit A  
Legal Description of Reinvestment Zone  
Containing Proposed Project

- Section 51 Abstract 710
- Section 767 Abstract 602
- Section 93 Abstract 38
- Section 94 Abstract 806
- Section 95 Abstract 716
- Section 96 Abstract 777
- Section 966 Abstract 1125
- The western part of Section 751 Abstract 1127
- Section 750 Abstract 863, save and except approximately 44 acres in the northeast corner
- Section 90 Abstract 750
- Section 89 Abstract 44, save and except the eastern 1000'
- The southern 500' and northern 200' out of the eastern 1000' of Section 89 Abstract 44
- A 1000' x 1000' area in the Southeast corner of Section 91 Abstract 43, in addition to the southern and eastern 500', and northern 200', out of the remaining part of Section 91 Abstract 43
- All of Section 754 Abstract 751 located west of an existing AEP transmission line"
- Section 627 Abstract 856
- Abstract 154
- Abstract 40
- Section 626 Abstract 996
- Section 628 Abstract 1097
- The southern part of Section 933 Abstract 1083
- The southern part of Section 164 Abstract 1014
- Part of Section 565 (aka Section 265) Abstract 359 west of FM 755
- Section 936 Abstract 1068
- Section 936 Abstract 1162
- Part of the southern part of Section 934 Abstract 1066 west of FM 755
- Part of Section 969 Abstract 1176
- The northern part of Section 85 Abstract 148
- Part of Section 84 Abstract 184 north of La Sagunada Road
- Part of Section 83 Abstract 130 north of La Sagunada Road
- All of Section 82 Abstract 179 north of La Sagunada Road
- All of Section 81 Abstract 75 north of La Saginada Road
- Part of Section 80 Abstract 74 north of La Sagunada Road
- Part of the northern part of Section 79 Abstract 66
- Part of the northern part of Section 78 Abstract 82

## Attachment 1

### Question 7: Minimum Requirements

The Project will contribute to the expansion of employment, attract major investment to Starr County, benefit the property on which it is constructed, and contribute to the economic development of the County.

Mesteno Windpower, LLC intends to construct a wind powered electric generating facility with an expected value greater than \$159,800,000 in Starr County. At a minimum, the Project will result in a wind power facility with an estimated 200 megawatt nameplate capacity.

Mesteno Windpower, LLC estimates that installing the wind turbines will create 100 to 150 temporary construction jobs over the course of the project's construction, which is estimated to last twelve months of construction. Mesteno Windpower, LLC further anticipates the creation of an estimated six (6) full-time jobs by the operator of the Project for the operation and maintenance of the Project. Continuing operations and maintenance activities in Starr County will create opportunities for purchase of contracting services and supplies from Starr County businesses. Over the course of construction of the Project, Mesteno Windpower, LLC will make an effort to use local labor and purchase services and materials local businesses where practicable.

The Project will make use of land that is currently used for agricultural and ranching purposes. The location of the Project is remote and not ideal for industrial or commercial development, but is well suited for a wind farm. Without the Project, the land could remain in its current state and would be unlikely to attract new investment to the area.

The wind farm will provide "clean" power to customers served by Mesteno Windpower, LLC. Wind energy creates little or no emissions impacting the environment. The project will provide this clean energy source.

The addition of full-time and contract-related jobs, the purchase of local services, supplies and materials, and the productive use of land to generate revenue and spur investment are examples of the kind of economic benefit that the proposed wind farm will bring to Starr County.

### Question 8: Information about specific aspects of the project

(1) Value of land and existing improvements, if any;

Mesteno Windpower, LLC will be leasing land from the local land owners. Currently, the only existing industrial improvements on the land is meteorological equipment (Met Towers) with an estimated value less than \$50,000.

(2) Type, value and purpose of proposed improvements;

The improvements will consist of a wind power facility, comprised of Mesteno Windpower, LLC project (1 phase) expected to be approximately 201.6 megawatts of nameplate capacity located in the Reinvestment Zone. It is currently anticipated that the wind farm will consist of approximately 56 3.6 megawatt wind turbines.

The improvements are expected to have a value of in excess of \$159,800,000, although the actual value will be determined by an appraisal by the Starr County Appraisal District. This projection regarding the number of turbines is based upon the use of 3.6MW turbines, and over the course of developing the project, Mesteno Windpower, LLC may elect to use another size turbine, or a combination of turbine types, however, the nameplate capacity of the facility is estimated to be 201.6 megawatts. The improvements also shall include any other property in the Reinvestment Zone meeting the contractual definition of "Eligible Property" that will be used to produce wind power and perform other functions related to the production, distribution and transmission of electric power.

(3) Productive life of proposed improvements; The Project is estimated to have a useful life of 25 years.

(4) Impact of proposed improvements and other expenditures on existing jobs; The Project is not expected to negatively affect any existing jobs. Based on Mesteno Windpower, LLC experience with existing wind projects in Texas, Mesteno Windpower, LLC investments in Starr County will create new jobs and result in increased local economic activity.

(5) Number and type of new jobs, if any, to be created by proposed improvements and expenditures; According to preliminary estimates, the direct effect of Mesteno Windpower, LLC's investment will be the creation of approximately 100 to 150 temporary construction jobs in Starr County during the construction phase of the wind power facility, which is estimated to last twelve months. The operations and maintenance of the wind power facility will provide an estimated six (6) full-time jobs.

(6) Cost to be incurred by South Texas College, if any, to provide facilities or services directly resulting from the new improvements; Mesteno Windpower, LLC expects that South Texas College will incur NO new costs as a result of the project.

(7) Types and values of public improvements, if any, to be made by applicant seeking abatement; Because almost all development will take place on private land, Mesteno Windpower, LLC does not anticipate constructing any public improvements other than the possible upgrade of county roads to a level sufficient to support construction needs.

- (8) The amount of ad valorem property taxes to be paid to South Texas College after expiration of the abatement agreement; It is difficult to estimate the exact amount of ad valorem taxes to be paid after expiration of the agreement, given the present uncertainty about future tax rates, appraisals, depreciation schedules, and final figures regarding the taxable value of the wind farm.
- (9) Mesteno Windpower, LLC estimates that at the end of the abatement (yr. 11), based on current tax rates and a value of \$86,070,695, the proposed project would produce \$159,231 in annual property taxes to South Texas College. The College would receive tax revenues during the first 10 years of the abatement in addition to the payments in lieu of taxes and then would receive post-abatement taxes in years 11-25 of the projected full useful life of the project.
- (10) The impact on the business opportunities of existing businesses and the attraction of new businesses to the area, if any; Over the course of construction of the project, Mesteno Windpower, LLC will make an effort to use local businesses to provide services and materials to the Project where practicable. Continuing operations and maintenance activities in Starr County will create opportunities for obtaining services and supplies from County businesses for the duration of the Project. The increased economic activity in Starr County resulting from the development and operation of the Project may result in attraction of new businesses to the area.
- (11) The overall compatibility with the zoning ordinances and comprehensive plan, if any, for the area; Not applicable. Starr County does not have a zoning ordinance or a comprehensive plan.
- (12) Whether the applicant's proposed facility or improvement or modernization is in an industry which is new to Starr County; The Project will contribute to the growth of the wind industry in Starr County and should have significant economic benefits for Starr County.

Question 9 (1): A map and descriptions of the property for which abatement is sought.

Exhibits A and B depict and describe the Project.

Question 9 (2): Time schedule for completing project.

Mesteno Windpower, LLC contemplates that construction will begin no later than Q4 of 2018 and will be completed within 12 months.

Question 9 (3): Basic Financial Information.

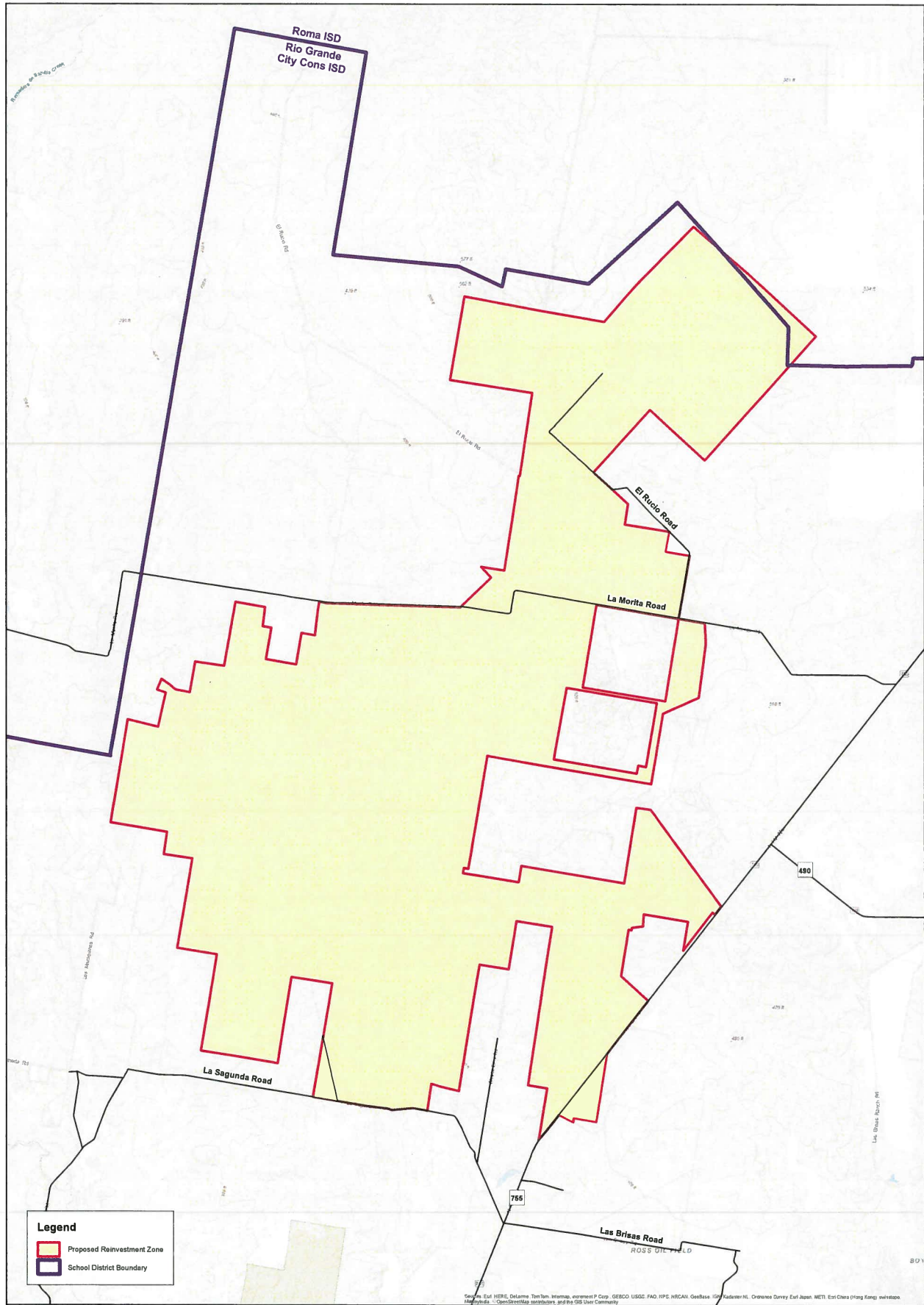
Duke Energy Corporation (Duke Energy) is one of the largest electric power holding companies in the United States. Headquartered in Charlotte, N.C., Duke Energy is a Fortune 250 company traded on the New York Stock Exchange under

the symbol DUK. More information about the company is available at [www.duke-energy.com](http://www.duke-energy.com). Please reference our financials here: <https://www.duke-energy.com/our-company/investors/financials>

Duke Energy Renewables is a subsidiary of Duke Energy Corporation and is a leader in developing innovative wind and solar energy solutions for customers across the country. By developing renewable and clean energy technologies, we're working to reduce our company's environmental footprint. Since 2007, Duke Energy has invested more than \$4 billion to grow our portfolio of wind and solar power projects. We now own and operate about 2,900 megawatts (MW) of renewable energy: 2,300 MW wind power and 600 MW solar power. Learn more at [www.duke-energy.com/our-company/about-us/businesses/renewable-energy](http://www.duke-energy.com/our-company/about-us/businesses/renewable-energy).



Exhibit B  
Map of Project Area



**Legend**

- Proposed Reinvestment Zone
- School District Boundary

1221 South MoPac Expressway, Suite 225  
 Austin, Texas 78746 | 512-222-1125  
 www.energyrenewalpartners.com

**ERP**  
 ENERGY RENEWAL PARTNERS, LLC

**Duke Energy Renewables  
 Mesteño Windpower Project  
 Proposed Reinvestment Zone**

Project Location: Starr County, Texas

Prepared by: B. Richards      Date: 7/28/2018

## **Review and Action as Necessary on Award of Proposal, Purchase, Renewal, Interlocal Agreement, and Release of Contract**

Approval of the following award of proposal, purchase, renewal, interlocal agreement, and release of contract is requested:

### **A. Award**

#### **1) Industrial Supplies, Materials, and Accessories (Award)**

Award the proposal for industrial supplies, materials, and accessories for the period beginning November 25, 2018 through November 24, 2019 with two one-year options to renew, at an estimated amount of \$90,000.00 based on prior year expenditures. The vendors are as follows:

- **Burton Companies** (Weslaco, TX)
- **Industrial Supplier Larey, Inc./dba International Industrial Supply Company** (Brownsville, TX)
- **MSC Industrial Supply Company** (Harlingen, TX)
- **Rex Supply Company** (Pharr, TX)

Purpose - The Institute for Advanced Manufacturing (IAM) and Advanced Manufacturing Technology Program are requesting to purchase industrial supplies, materials, and accessories for student instruction.

Justification and Benefit – The industrial supplies, materials, and accessories included steel rods, aluminum rods, steel rods, and drill rods used in the instruction labs.

Background – Proposal documents were advertised on September 14, 2018 and September 21, 2018 and issued to six (6) vendors. Four (4) responses were received on September 28, 2018 and reviewed by the Purchasing Department.

Funds for this expenditure is budgeted in the IAM and Advanced Manufacturing Technology budgets for FY2018 – 2019.

### **B. Technology Items**

#### **2) Computers, Monitors, Laptops, and Tablets (Purchase)**

Purchase of computers, monitors, laptops, and tablets from the State of Texas Department of Information Resources (DIR) approved vendors **Dell Marketing, LP.** (Dallas, TX), and **Apple, Inc.** (Dallas, TX), and **GovConnection, Inc.** (Rockville, MD) a National Intergovernmental Purchasing Alliance (NIPA) approved vendor, at a total amount of \$79,331.52.

All purchase requests for computers, monitors, laptops, and tablets have been evaluated by Information Technology and the Chief Information Officer. Information Resources does not have refurbished systems available for new hires. Instructional and/or business need

must be clearly identified/justified for any equipment that is 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
  - ⇒ 2 Computers for Technology Support
- Faculty Computers
  - ⇒ 1 Computer for Art Program
  - ⇒ 3 Computers for Computer and Advanced Technologies
  - ⇒ 2 Computers for Kinesiology Program
- Student Computers
  - ⇒ 12 Computers for HSI Grant Academic Affairs
- Staff Laptops
  - ⇒ 1 Laptop for Business Office
  - ⇒ 11 Laptops for Technology Support
  - ⇒ 1 Laptop for Institutional Effectiveness and Assessment
- Faculty Laptops
  - ⇒ 1 Laptop for Medical Information Program
  - ⇒ 4 Laptops for Computer Science Program
- Student Laptops
  - ⇒ 3 Laptops for HSI Grant Academic Affairs
- Student Tablets
  - ⇒ 25 Laptops for Computer and Advanced Technologies
  - ⇒ 1 Laptop for Drama Program
- Staff Monitors
  - ⇒ 42 Monitors for Technology Support

Funds for this expenditure are budgeted in the requesting department budgets for FY 2018 - 2019 as follows: Technology Support, Art, Computer and Advanced Technologies, Kinesiology, HSI Grant Academic Affairs, Business Office, Institutional Effectiveness and Assessment, Medical Information, Drama, and Computer Science.

### **3) Microsoft Campus License Agreement (Renewal)**

Renew the Microsoft Campus License agreement with **Software House International Government Solution, Inc.** (Austin, TX), a State of Texas Department of Information Resources (DIR) approved vendor, for the period beginning November 1, 2018 through October 31, 2019, at a total amount of \$131,513.67.

Purpose – Information Technologies is requesting to purchase a non-perpetual license for Microsoft software that includes a one-year price assurance that includes upgrades for currently used software products and to ensure that all of the College owned computers have copyright compliant software installed. These software licenses are used by students, faculty, and staff for instructional and operational purposes.

Justification and Benefit – The Microsoft Campus License agreement includes the following software: Windows 10 Enterprise Upgrade, Microsoft Office Professional Plus 2016 and Office for Mac 2016, Microsoft Enterprise Client Access License (CAL) Suite, CAL for Lync Server Plus, Office 365 Pro Plus for faculty/staff, Office 365 Pro Plus and Office 365 A1 for students, one hundred (100) MS Windows Server Standard licenses, one hundred sixty-eight (168) MS Windows Server DC Core Licenses, three hundred sixty-four (364) Windows Server Standard Core Licenses, two hundred (200) Microsoft Windows Virtual Desktop Access, and twenty (20) Microsoft Visual Studio Professional with MSDN licenses.

Funds for this expenditure are budgeted in the Information Technology Client Services budget for FY 2018 - 2019.

## **C. Interlocal Agreement**

### **4) Graduation Facility (Lease Agreement)**

Lease the graduation facility from the **City of Hidalgo/ dba State Farm Arena** (Hidalgo, TX) through an interlocal license agreement from May 16, 2019 at 8:00 a.m. through May 19, 2019 at midnight, at an estimate amount of \$38,500.00.

Purpose – The Division of Student Services is requesting an interlocal license agreement for the graduation ceremonies, which will be held on Friday, May 17, 2019 and Saturday, May 18, 2019.

Justification and Benefit – The facility will be used for all the South Texas College May 2019 graduation ceremonies. The cost includes the use of the facility, audio visual equipment, and event personnel.

Funds for this expenditure are budgeted in the Graduation Account budget for FY 2018 – 2019.

**D. Release of Contract**

**5) Food Service – Starr County Campus (Release of Contract)**

Release Cactus Restaurant, the food service contractor at the Starr County Campus, from the contract as of September 27, 2018, as per their request, and authorize the advertisement of a new solicitation for these services.

On September 26, 2018, the College received in writing from Cactus Restaurant, a request to terminate their contract with the College for providing food services at the Starr County Campus Cafeteria as of September 27, 2018.

Background – The Board awarded the contract for food service – Starr County Campus at the January 31, 2017 Board of Trustees meeting for one year with two one-year annual renewals. The first renewal period began February 1, 2018 with an end date of January 31, 2019.

Award	Board Meeting Date	Original Term	Renewal Term
Original	1/31/17	2/1/17 – 1/31/18	2 – one year options
1 <sup>st</sup> Renewal	11/28/17		2/1/18 – 1/31/19

This item has been reviewed by South Texas College legal counsel.

The Finance, Audit, and Human Resources Committee recommended Board approval of the award of proposal, purchase, renewal, interlocal agreement, and release of contract as listed below:

**A. Award**

- 1) **Industrial Supplies, Materials, and Accessories (Award):** award the proposal for industrial supplies, materials, and accessories for the period beginning November 25, 2018 through November 24, 2019 with two one-year options to renew, at an estimated amount of \$90,000.00 based on prior year expenditures. The vendors are as follows:
  - **Burton Companies** (Weslaco, TX)
  - **Industrial Supplier Larey, Inc./dba International Industrial Supply Company** (Brownsville, TX)
  - **MSC Industrial Supply Company** (Harlingen, TX)
  - **Rex Supply Company** (Pharr, TX)

**B. Technology Items**

- 2) **Computers, Monitors, Laptops, and Tablets (Purchase):** purchase computers, monitors, laptops, and tablets from the State of Texas Department of Information

Resources (DIR) approved vendors **Dell Marketing, Inc.** (Dallas, TX) and **Apple, Inc.** (Dallas, TX) and **GovConnection, Inc.** (Rockville, MD) a National Intergovernmental Purchasing Alliance (NIPA) approved vendor, at a total amount of \$79,331.52;

- 3) **Microsoft Campus License Agreement (Renewal):** renew the Microsoft Campus License agreement with **Software House International Government Solution, Inc.** (Austin, TX), a State of Texas Department of Information Resources (DIR) approved vendor, for the period beginning November 1, 2018 through October 31, 2019, at a total amount of \$131,513.67;

### **C. Interlocal Agreement**

- 4) **Graduation Facility (Lease Agreement):** lease the graduation facility from the **City of Hidalgo/ dba State Farm Arena** (Hidalgo, TX) through an interlocal license agreement from May 16, 2019 at 8:00 a.m. through May 19, 2019 at midnight, at an estimate amount of \$38,500.00;

### **D. Release of Contract**

- 5) **Food Service – Starr County Campus (Release of Contract):** release Cactus Restaurant, the food service contractor at the Starr County Campus, from the contract as of September 27, 2018, as per their request, and authorize the advertisement of a new solicitation for these services.

Recommend Action - The total for all award of proposal, purchase, renewal, interlocal agreement, and release of contract is \$339,345.19.

#### **Recommendation:**

It is recommended that the Board of Trustees of South Texas College approve and authorize the award of proposal, purchase, renewal, interlocal agreement, and release of contract in the amount of \$339,345.19 as presented.

#### **The Following Minute Order is proposed for consideration by the Board of Trustees:**

The Board of Trustees approves and authorizes the award of proposal, purchase, renewal, interlocal agreement, and release of contract in the amount of \$339,345.19 as presented.

#### **Approval Recommended:**

**Shirley A. Reed, M.B.A., Ed.D.**  
**President**

## **Review and Action as Necessary on Disposal/Recycle of Technology and Electronic Items with an Original Value of \$5,000 and Over**

Approval to dispose of/recycle technology and electronic items with an original value of \$5,000 and over through the Texas Department of Criminal Justice (TDCJ), a state of Texas agency approved to properly recycle technology and electronic items is requested.

Purpose – The Fixed Asset/Inventory Department requests the disposal/recycle of technology and electronic items to be in compliance with the Environmental Protection Agency (EPA) regulations. TDCJ provides an environmentally sound way to dispose of surplus technology equipment.

Justification – As technology and electronic items become obsolete, out of warranty or not functioning, it is disposed of according to South Texas Board Policy #5135 Disposal of Surplus Property. TDCJ is the method of disposal to comply with all EPA regulations. They will clean data from all systems, recycle systems that can be repaired for inmate training or donation to schools and damaged systems are properly disposed of.

The technology and electronic items are located at the South Texas College, Technology Campus, Receiving Department, 3700 West Military Hwy Building D, McAllen, Texas.

Reviewers – These items have been inspected by the Information Technology, Educational Technologies, and approved by the Vice President for Information Services, Planning and Strategic Initiatives to be disposed after Board approval.

Enclosed Documents - A listing of the technology and electronic items to be disposed/recycled follows in the packet for Board's information and review.

Mary Elizondo, Vice President for Finance and Administrative Services, Dr. David Plummer, Vice President for Information Services, Planning and Strategic Initiatives, and Becky Cavazos, Director of Purchasing, will be present at the October 9, 2018 Finance, Audit, and Human Resources Committee meeting to address any questions by the committee.

The Finance, Audit, and Human Resources Committee recommended Board approval of the disposal/recycling of technology and electronic items with an original value of \$5,000 and over through the Texas Department of Criminal Justice (TDCJ), a State of Texas agency approved to properly recycle technology and electronic items as presented.



**Recommendation:**

It is recommended that the Board of Trustees of South Texas College approve and authorize the disposal/recycling of technology and electronic items with an original value of \$5,000 and over through the Texas Department of Criminal Justice (TDCJ), a State of Texas agency approved to properly recycle technology and electronic items as presented..

**The Following Minute Order is proposed for consideration by the Board of Trustees:**

The Board of Trustees approves and authorizes the disposal/recycling of technology and electronic items with an original value of \$5,000 and over through the Texas Department of Criminal Justice (TDCJ), a State of Texas agency approved to properly recycle technology and electronic items as presented.

**Approval Recommended:**

**Shirley A. Reed, M.B.A., Ed.D.**  
**President**

**SOUTH TEXAS COLLEGE  
TECHNOLOGY AND ELECTRONICS FOR DISPOSAL/RECYCLE VALUED AT \$5,000 AND OVER - List #39  
SEPTEMBER 28, 2018**

Pallet	Qty	Description	Serial Number	Silver Tag	Green Tag	Purchase Date	Ptag	Amount	Net Book Value	Condition
2	1 ea	Telephone PBX Unit (Avaya Uninterruptible Power Supply)	TV121A0666	0000000153		8/31/1993	000001169	\$73,005.34	\$ -	Incomplete
1	1 ea	Dell 2600 Server (Power Edge)	BFG3551	0000009310		7/9/2004	000009892	\$10,347.29	\$ -	Obsolete
2	1 ea	Compaq EVA500 Server	E7577A2AAQFOAA	0000011328		8/31/2004	000010116	\$89,439.32	\$ -	Obsolete
2	1 ea	Cath Sim with Monitor and Power Supply Bundled	54500041626	10160	5000005445	12/9/2004	000010831	\$17,500.00	\$ -	Incomplete
2	1 ea	Extron System 5IP Switcher	0005A6002B41	0000010942		12/15/2004	000012296	\$ 5,207.55	\$ -	Obsolete
2	1 ea	IQ100 Intel Clock Bio-Metric (Finger Sensor)	12126488	20544		12/13/2005	N00012811	\$ 3,977.00	\$ -	Obsolete
2	1 ea	IQ100 Intel Clock Bio-Metric (Finger Sensor)	06143216	26867		12/13/2005	N00012812	\$ 3,977.00	\$ -	Obsolete
2	1 ea	Laerdal Computer System (Hardware & Software)	280VV02060014A	17426		4/7/2006	N00012883	\$10,336.50	\$ -	Incomplete
2	1 ea	Intel IQ1000 Clocks and Ethernet Modules	2130984	21551		6/16/2006	N00014669	\$ 3,977.00	\$ -	Obsolete
29	1 ea	Laerdal Computer System(Hardware & Software)	1Z47691	17479	5000005921	7/4/2006	N00012775	\$10,378.29	\$ -	Obsolete
2	1 ea	Scala Certified Media Player, NEC Blue Fire VC 300	15241	KO-1117500022		8/25/2006	N00014732	\$ 5,865.41	\$ -	Obsolete
30	1 ea	Cisco 3750 Catalyst	CAT1039NLH8	15141		4/12/2007	N00016070	\$ 5,696.71	\$ -	
29	1 ea	Dell Power Edge 2950 Server	89182005290	16095		5/24/2007	N00015571	\$ 5,126.00	\$ -	Obsolete
2	1 ea	Panasonic 6000 ANSI Lumen 3 Chip Projector	SW754002R	13952		3/3/2008	N00016823	\$19,602.27	\$ -	Obsolete
2	1 ea	Panasonic PT D5700 Projector	SH7550066R	13930		5/13/2008	N00016733	\$ 7,757.18	\$ -	Obsolete
2	1 ea	Panasonic PT-D5700 Projector	SH7550025R	13931		5/13/2008	N00016734	\$ 7,757.18	\$ -	Obsolete
1	1 ea	925161 LSCAN Guardian USB w/Laptop	C91SML1	18749		3/10/2010	N00017867	\$ 8,730.00	\$ -	Obsolete
2	1 ea	Cisco 3750 Series Catalyst	FDO1420Z05P	18979		8/13/2010	N00018513	\$ 5,127.30	\$ -	Obsolete
1	1 ea	Refurbished Dell Poweredge R900 (Dell Power Edge R900 Server)	7MFWVN1	20790		8/23/2010	N00018482	\$14,000.00	\$ -	Obsolete
2	1 ea	IQ 1000 Bio Metric Time Clocks	6143217	25854		1/16/2014	N00021529	\$ 4,172.00	\$ 347.85	Obsolete
2	1 ea	IQ 1000 Bio Metric Time Clocks	12135812	17293		1/16/2014	N00021527	\$ 4,172.00	\$ 347.85	Obsolete
2	1 ea	IQ 1000 Bio Metric Time Clocks	12135811	27489		1/16/2014	N00021528	\$ 4,172.00	\$ 347.85	Obsolete
2	1 ea	Intel IQ1000 Clocks and Ethernet Modules		19901		1/16/2014	N00014666	\$ 3,977.00	\$ -	Obsolete

[Green Box] Grant Funded Asset

## **Review and Discussion on Governmental Accounting Standards Board (GASB) 75 Impact, Other Post Employment Benefits Liability**

Administration will review the implementation of new Governmental Accounting Standards Board (GASB) 75 pronouncement in financial statements for fiscal year ending August 31, 2018.

Purpose – To comply with new financial statement pronouncement regarding reporting of other Postemployment Benefits at the employer level and employer proportionate share.

Justification – South Texas College must comply with GASB 75 as an employer offering other postemployment benefits (OPEB) through Employees Retirement Services of Texas (ERS), for the liability related to the postemployment expense for retiring employees. OPEB are benefits other than pensions that the College provides to retirees. For South Texas College the benefits only consist of health insurance.

Background – In June 2015, the GASB approved Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The guidance contained in this Statement changes how governments calculate and report the costs and obligations associated with postemployment benefits other than pensions. It is designed to improve the decision-usefulness of reported pension information and to increase the transparency, consistency, and comparability of benefit information across governments. It is effective for fiscal years beginning on or after June 15, 2017. For the College, this pronouncement is effective for fiscal year 2017-2018.

GASB is the authoritative, standard setting body, which establishes Generally Accepted Accounting Principles (GAAP) for state and local governments.

GASB Statement 75 requires reporting entities to recognize their proportionate share of the net OPEB liability. On September 10, 2018, the State Comptroller of Public Accounts provided the following information regarding ERS and the College's OPEB liability:

Net OPEB Liability Calculation	
ERS' Total Net OPEB Liability as of 8/31/17	\$ 34,073,012,000
South Texas College's Allocation Percentage	0.03884268%
South Texas College's Net OPEB Liability	\$13,234,871

The unrestricted fund balance will decrease by an amount approximately equal to the OPEB liability, estimated to be \$13,234,871.

Board Policy #5350, Unrestricted Fund Balance, requires the College to maintain an unrestricted fund balance sufficient to cover no less than four months of budgeted expenditures. The College will remain in compliance with this Policy, after the GASB 75 OPEB liability and related activity are recorded as follows:

<b>Unrestricted Fund Balance - Reserve Requirement Policy #5350 Unrestricted Fund Balance</b>		
Current Unrestricted Undesignated Fund Balance as of August 31, 2017 (including GASB 75 estimate)	Fiscal Year 2019 Budgeted Unrestricted Expenditures (excluding transfers, contingencies, and other reserves)	Number of Months in Reserve
\$77,885,973	\$182,124,817	5.1 months

Reviewers – Requirements were reviewed by the Vice President for Finance and Administrative Services, and Comptroller.

Dr. Shirley A. Reed, President, and Mary Elizondo, Vice President for Finance and Administrative Services, will be present at the October 30, 2018 Regular Board Meeting to address any questions.

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

## **Review and Acceptance of Internal Audit Report in the Area of Time Keeping System Compliance**

Mr. Khalil Abdullah, Internal Auditor, will attend the Board meeting to discuss the procedures, findings, and recommendations of the internal audit report in the area of Time Keeping System Compliance.

The Internal Audit Report follows in the packet for the Board's review.

The Finance, Audit, and Human Resources Committee reviewed the internal audit report on October 9, 2018. The committee was not asked for a formal recommendation of Board acceptance or other action.

### **Recommendation:**

It is recommended that the Board of Trustees of South Texas College accept the Internal Audit Report in the area of Time Keeping System Compliance as presented.

### **The Following Minute Order is proposed for consideration by the Board of Trustees:**

The Board of Trustees accepts the Internal Audit Report in the area of Time Keeping System Compliance as presented.

### **Approval Recommended:**

**Shirley A. Reed, M.B.A., Ed.D.**  
**President**



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### EXECUTIVE SUMMARY

The Time Keeping System Compliance Audit was included on the Finance, Audit, and Human Resources Committee's approved FY 2018 Audit Plan. The audit included a review of the College's time keeping system including several department's compliance with established controls promulgated by the Business Office.

The objective of the audit was to evaluate the adequacy and effectiveness of internal controls over South Texas College's Time Keeping System.

The scope of the audit includes payroll processes, transactions, and records from May 1, 2017, (the implementation date of the new TimeClock Plus system) through December 31, 2017.

The audit was not designed or intended to be a detailed study of every relevant control system, procedure, or transaction. Accordingly, the opportunities for improvement presented in this report may not be all-inclusive of areas where improvements could be made. The audit generally conformed to guidelines set forth by the Institute of Internal Auditor's Standards and South Texas College's Policy 5460 Internal Audit Function.

Overall, the department established an adequate system of internal controls. The audit identified the following areas where improvement could be made:

- Financial managers failed to timely submit electronic verifications of their employee's timecards;
- Of the financial managers who failed to electronically verify their employees' timecards, hard copy timecards were not retained by the department 75% of the time.
- Access to Banner was held by employees working within the Payroll Office that would allow them access to both create/modify employee files as well as make payroll adjustments.

## **BACKGROUND**

The "TimeForce" timekeeping and attendance system was purchased by the College on December 15, 2005. The system included the license, interface with Banner, project implementation, employee training, and system maintenance. The purpose of the timekeeping and attendance system was to improve the efficiency of collecting employee time and attendance data. The system improved the accuracy of employee information and labor data. This increased reliability, allowed management to make better decisions related to workforce productivity and performance. The system interfaced with Banner and enabled the College to collect real-time information and update payroll records without the use of time sheets, thereby providing better service to employees, account managers and administrators. After using "TimeForce" for approximately 10 years, the College sought to upgrade its time keeping system. The upgrade was deemed necessary in order to keep up with the College's growth and to provide more accurate tracking of hours, to automate manual processes, and to strengthen controls over employee timekeeping. On May 1, 2017 the College purchased a new time keeping system called "TimeClock Plus," (TCP).

All non-exempt, classified, and part-time employees use TCP and are required to log their time by clocking in and clocking out of the system. While exempt employees are not required to use TCP for tracking their working hours, they do utilize the system for requesting leave and to review/approve their employee's hours. Additionally, exempt employees use the system to track instances in which they work less than 40 hours a week. TCP allows detailed reporting on employee attendance, real-time processing, and improved controls which help to prevent employees from manipulating their working hours.

## **AUDIT OBJECTIVE**

The objective of the audit was to evaluate the adequacy and effectiveness of internal controls over South Texas College's Time Keeping System.

## **AUDIT SCOPE & METHODOLOGY**

The scope of the audit includes payroll processes, transactions, and records from May 1, 2017, (the implementation date of the new TimeClock Plus system) through December 31, 2017. To accomplish the audit objective, the auditors performed the following:



- Requested and reviewed the Human Resources Benefits and Payroll Manager responses to the internal control questionnaire;
- Requested and reviewed the Business Office Accounting Group Manager responses to the internal control questionnaire;
- Interviewed management and employees on the department's procedures and existing internal controls;
- Developed processes flowcharts from the Business Office and Human Resources related to their payroll activities;
- Obtained New Hire Process workflow diagrams from both areas performing payroll duties.
- Reviewed the Financial Manager's Handbook, the TimeClock Plus Manager/Supervisor and Employee Manuals in relation to their responsibilities for approving and reviewing their employee's timecards and leave request;
- Requested and reviewed written internal procedures for conducting daily activities for the payroll activity from both departments.

The audit generally conformed to guidelines set forth by the Institute of Internal Auditor's *Standards* and South Texas College's Policy 5460 *Internal Audit Function*.

#### AUDIT RESULTS

##### **Timekeeping System:**

The Business Office has implemented several procedures to assist Financial Managers and employees with adhering to the new system's requirements. For example, the Business Office provides weekly reports that include the following:

- Punch location detailed report;
- Pending time card verification exception summary report provided to both employees and supervisors; and
- Non-compliant employee and supervisor verification report

Additionally, the Business Office distributes a non-compliance report to Financial Managers on the 15<sup>th</sup> of the month that provides details on which supervisor/employees failed to complete a verification from the prior month's activity.

In order to verify compliance with the new timekeeping system, we randomly selected a sample of fifty (50) employees within the audit scope for testing and requested to review the related payroll support documentation. Based on testing we were able to verify the following:

- Employees had an approved notice of employment (NOE) or letter of appointment;
- Adequate documentation was maintained by the departments to support all time changes made to timecards (e.g. Time Adjustment forms);
- All overtime was properly authorized;
- Hours worked matched employee's timecards and that employee salaries agreed to their NOE or letter of appointment.

However, we identified 16 instances in which the manager/supervisor or the employee failed to timely (e.g. within 3 day after the end of pay week) verify their timecard. In such instance, TimeClock Plus procedures requires the financial manager/supervisor to print a hard copy timecard. Specifically, the TimeClock Plus Manager/Supervisor Manual states the following:

“Timecards are due 3 days after the end of the pay week. After the non-exempt employee has verified their timecard, the supervisor will then go in and review & verify the employee's timecard. If the employee did not or was not available to verify the timecard before the deadline, then the supervisor should print the timecard and it should be signed by both the employee and supervisor. This document must be kept for 4 years for non-grant funded employees and 10 years for grant funded employees.”

We followed up with each of the areas that we identified as being required to retain a hard copy of their employees' timecard. We found that in 12 out of 16 (75%) of the instances, the department was unable to demonstrate that they maintain a hard copy of the employees' timecards for each instance in which timely verification was not completed within the system.

**Recommendation:**

1. The Business Office should provide additional training to managers/supervisors related to the timekeeping system requirements, specifically related to the requirement to retain a hard copy employee timecard when either the employee or the supervisor fail to verify within the 3 days after the end of the pay week.

**Management Response:**

Accept audit recommendation as presented

1. The Business Office will continue to offer TimeClock Plus trainings to all employees and supervisors of the College (the payroll and human resources team conducted 79 trainings college-wide through 2017 and 2018) and emphasize the requirement to retain a hard copy of employee timecards.

Additional measures include non-compliance notifications sent to employees, supervisors, Financial Managers, and Vice Presidents on a regular basis.

**Responsible Individual:**

Comptroller

**Responsible Individual:**

Business Office Payroll and Position Control Accounting Group Mgr.

**Implementation Date:**

10/31/2018

**Separation of Duties:**

Establishing proper separation of duties requires that the job responsibilities related to modifying (e.g. adding/removing) employee files and the job duties associated with processing payroll information should be kept separate. No one employee should have the ability to make modifications to employee files and also have access to process payroll adjustments. Best practices require that employees with these separate job responsibilities work within different departments (e.g. Human Resources and Payroll). In order to reduce fraud risk associated to with payroll, it is critical that the College establish appropriate controls over separation of duties.

We interviewed Human Resources' employees responsible for making modifications to employee files. Similarly, we interviewed employees working at the Payroll Office to gain a better understanding of each of their job responsibilities. We requested a list of these employees' system access to Banner as well as their level of access to TimeClock Plus from the Business System Analyst and asked that the Business System Analyst provide details on what types of activities each level of access would grant to the end user.



Based on our review of the employees' system access we found that two (2) employees working in the Payroll Office held similar system access to Banner as the employees working within Human Resources. This access would allow them the opportunity to both modify employee files as well as make payroll adjustments. Each of the employees held Banner access to the following:

- PPAIDEN: BAN\_DEFAULT\_M
- PEAEMPL: BAN\_DEFAULT\_M

This access grants the user the ability to make changes to employee files within Banner. It is important to note that we did not identify any actual abuse of the employees' system access, only that they held access that would be incompatible with their current job responsibilities.

**Recommendation:**

2. Management should review employees' access to Banner and TimeClock Plus to ensure that access to those systems are appropriate given employees' job responsibilities and to ensure that no employees have access that would allow them to make changes to employee files and also allow them the to make payroll adjustments.

**Management Response:**

Accept audit recommendation as presented

2. The Business Office and Department of Human Resources are in the process of conducting a comprehensive review of all employees' banner access related to Finance and Human Resources payroll forms/processes. This review will be conducted on an annual basis.

The process will enhance the strong internal controls that are in place to detect and prevent unauthorized modifications to employee records.

**Responsible Individual:**

Comptroller

**Responsible Individual:**

Director of Human Resources

**Implementation Date:**

9/30/2018



### CONCLUSION

Overall it was determined that an adequate system of internal controls was established with respect to the Colleges Time Keeping System. Opportunities exist to strengthen internal controls by ensuring that both Financial Managers and employees timely verify their timecards and that hard copy timecards are printed, signed, and retained within the department in accordance with the TimeClock Plus Manager/Supervisor Manual. Lastly, employees' access to TimeClock Plus and Banner should be segregated based on employees' job responsibilities and employees should not have the ability to make changes to employee files while also having the ability to make payroll adjustments.

A handwritten signature in blue ink, appearing to read "Khalil M. Abdullah".

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Khalil M. Abdullah CPA, CIA, CGAP, MAcc  
Internal Auditor

10/4/2018  
Date

## **Review and Action as Necessary on 2013 Bond Construction Program Warranty Items Action Plan**

College staff from Finance and Administrative Services and Facilities Planning and Construction have prepared a list outlining warranty items to be addressed for the 2013 Bond Construction Program Warranty Items Action Plan.

Broaddus & Associates will be asked to provide updates for each warranty item. The Facilities Committee will be asked to review and recommend action as necessary to the Board.

The Committee packet includes the Warranty Items Action Plan as developed and maintained by administration.

*Campus Specific Warranty Items:*

1. Starr County Campus - Thermal Plant Vault Water Issue
2. Regional Center for Public Safety Excellence – Parking and Site Improvements Asphalt failures at Cityscape drives

The Facilities Committee will be asked to recommend Board action as necessary for the warranty items.

**2013 Bond Construction Program Warranty Items - Action Plan**  
**October 9, 2018 Facilities Committee Meeting**  
*as of October 25, 2018*

#	Description of Issues	Responsible Parties	Status	Due Date		Resolution / Action Item
<i><b>Starr County Campus</b></i>						
1	Thermal Plant - Vault Water Issues	Sigma HN, Siemens, and D. Wilson	Pending	8/31/2018 10/31/2018	<p>5/14/18: Notified contractor and engineer of first rain event with pictures showing how the vault was completely submerged underwater</p> <p>6/25/18: Warranty request issued for this item after a second rain event occurred which caused the vault to become fully submerged underwater</p> <p>6/25/18: Contractor sent an email stating that this item is not considered as a warranty item and attached a quote to make the necessary repairs in the amount of \$6,760</p> <p>7/09/18: Contractor requested for the owner to provide a response to an RFI on how to proceed.</p> <p>7/26/18: STC sent an email to Broaddus asking for status on this item. Broaddus responded by stating that 2 of the 7 items were an existing condition and it required owner action, if desired, to relocate existing down spouts and provide a form of drainage to divert the water away from the vault</p> <p>7/29/18: STC responded that college should not be responsible for any cost associated to remediate the issue and that any necessary modifications should have been the responsibility of the design professional. This item should potentially be considered as a design and/or construction error.</p> <p>8/08/18: Engineer of record (SIGMA HN Engineers,) responded to Broaddus &amp; Associates' email stating information on what needs to be done to resolve the issue.</p> <p>8/08/2018: Broaddus &amp; Associates forwarded Engineer's response to the CM@R and to the Controls subcontractor.</p> <p>8/8/2018: D. Wilson subcontractors have responded to the Engineer's response clarifying controls.</p> <p>8/9/2018: Awaiting response from D. Wilson regarding water infiltration into the vault.</p> <p>8/21/2018(Weekly Meeting): B&amp;A reported that D. Wilson is correcting this item</p> <p>8/28/2018: B&amp;A to verify with engineers that corrective work is complete.</p> <p>9/26/2018 (Board Meeting): B&amp;A reported to the Board that Sigma HN Engineers had verified that the vault was still not properly sealed. D. Wilson will need to seal vault as per the contract document. College staff had submitted a second warranty request to repair the vault.</p> <p>10/2/2018:D.Wilson has made a third attempt to properly seal the vault but based on FPC staff observations, water is still entering the vault.</p> <p><i>10/16/2018: B&amp;A is working with Sigma HN Engineers on the status of an acceptable remediation. B&amp;A has not received a further comment from D. Wilson.</i></p>	<i>B&amp;A will provide an update at the October 30, 2018 Board meeting.</i>
<i><b>Regional Center for Public Safety Excellence Center</b></i>						
2	RCPSE PSI- Asphalt failures at Cityscape drives	Noble Texas Builders	Pending	8/27/2018 10/31/2018	<p>7/10/2018: Site visit noted that cracks were on asphalt paving</p> <p>7/19/2018: B&amp;A instructed College staff to issue a warranty request for the asphalt cracks</p> <p>7/24/2018: B&amp;A provided College staff with email from Dannenbaum for the College to engage the services of a forensic engineer to verify the cause of the asphalt and substrate failures. Dannenbaum would also be requesting a fee adjustment for this work..</p> <p>8/1/2018 (Weekly Meeting-conference call): B&amp;A informed the College that the area was under water during the recent rain events and may have been the cause of the failures.</p> <p>8/7/2018 (Weekly Meeting): B&amp;A stated that the work was still under warranty and Noble Texas Builders would be repairing the damage</p> <p>8/21/2018(Weekly Meeting): B&amp;A reported that the Dannenbaum and Noble Texas Builders are inspecting the site and the engineer will be providing any directives as necessary.</p> <p>8/28/2018(Board Meeting): B&amp;A will request Geotechnical Testing of the asphalt drives to verify existing conditions and provide recommendations to the engineer as necessary. Noble Texas Builders will be providing an asphaltic coating over the current crack repairs</p> <p>9/26/2018(Board Meeting);B&amp;A updated the Board that Dannenbaum a letter recommending forensic testing to be done by the Geotechnical &amp; Material testing lab, Raba-Kistner, inc.. B&amp;A has contacted Raba-Kistner for a proposal to do the recommended testing.</p> <p>10/2/2018; B&amp;A met with Raba-Kister, Inc. on Tuesday and requested a proposal to conduct an assessment of the asphalt and base material of the existing cityscape drives.</p> <p><i>10/16/2018; B&amp;A had provided the proposal from Raba-Kistner, Inc. and the College has prepared a requisition. B&amp;A has also contacted Dannenbaum to perform the topographic survey as recommended by Raba-Kistner, Inc.</i></p>	<i>B&amp;A will provide an update at the October 30, 2018 Board meeting.</i>

## **Review and Recommend Action on U.S. Fish and Wildlife Service, Texas Parks and Wildlife Department, Phase I Planning - Target Range Program Grant**

The South Texas College Board of Trustees is asked to accept and authorize the use of a *Phase I Planning* grant from the Texas Parks and Wildlife Department (TPWD), with funding from the US Fish and Wildlife Services (USFWS), in the amount of \$307,219. This Phase I Planning grant will fund 75% of the cost of engineering and architectural fees, as well as costs associated with an environmental assessment as required by the NEPA (National Environmental Policy Act) for this grant program.

The TPWD has indicated that South Texas College should anticipate receiving official award notification early November. The award period will be for no less than six months and no more than twelve months. This grant will serve as the foundation for the construction of the target range that was included in South Texas College’s Master Plan for the Regional Center for Public Safety Excellence. This grant has a 25% match requirement, which equals \$102,406 to be funded by South Texas College for a total of \$409,625 in funding to complete Phase I.

Upon completion of Phase I and approval of required environmental compliance from the USFWS, South Texas College will be eligible for a Target Range Program grant in the amount of \$2,447,382 for the construction of a 12-lane covered target range.

This grant is aligned to Strategic Direction #5 Collaboration, by advancing mutually beneficial community and educational partnerships in the planning phase with the TPWD for the construction of a covered target range that was included in the college’s Master Plan for the Regional Center for Public Safety Excellence.

The total budget to design and construct the target range is \$4,035,376. The grant award would total \$2,754,601, which provides 75% of the eligible costs for federal funding. Eligible costs include 100% of the design and 90% of the construction costs.

The College would be responsible to fund the remaining balance of \$1,280,775.

### **Proposed Budget**

<b><u>Costs</u></b>	<b><u>Target Range Grant Program</u></b>	<b><u>South Texas College</u></b>	<b><u>Total</u></b>
<b>Phase I Planning:</b>	\$307,219	\$102,406	<b>\$409,625</b>
<b>Phase II Construction:</b>	\$2,447,382	\$1,178,369	<b>\$3,625,751</b>
<b>Planning + Construction:</b>	<b>\$2,754,601</b>	<b>\$1,280,775</b>	<b>\$4,035,376</b>



## **Purpose of the Target Range at the South Texas College Regional Center for Public Safety Excellence**

South Texas College proposes to construct a safe, well-managed, state-of-the art indoor target range that is accessible to the public and that will promote hunter education, including training of students and instructors and enhancement of the public's knowledge and proficiency in the use of firearms. The college will provide online and face-to-face hunter education approved by TPWD, and plans to offer other educational activities and events related to the areas of gun safety, hunting and shooting.

## **Proposed Target Range Facility**

The initial concept for a target range at the Regional Center for Public Safety Excellence was designed as a high quality 10 lane target range with state-of-the art equipment. The TPWD funding will enable the college to construct a 12-lane target range state-of-the-art target range with the following specifications:

- A 13,300 sq. ft. indoor target range, compliant with state and federal environmental and safety requirements
- 12 shooting lanes, including 50 yard and 25-yard shooting lanes
- Floor to ceiling engineering to protect users, provide acoustic dampening, and minimize lead contamination
- Target and range controls to offer custom training programs

This range will be the most technically advanced and user-friendly indoor target range in this region of the state of Texas.

## **Proposed Scope of Target Range Program Grant Activity**

The target range will be utilized for hunter education, including training of students, instructors, and the public in the use of firearms. The TPWD will support South Texas College with instruction and instructional materials in Hunter Education at no cost to the college. The college has also requested 10% of the target range access exclusively for the College's Law Enforcement Academy, the College Department of Public Safety, and any other law enforcement activity. College students, staff, faculty and other members of the public may access the range 90% of its hours of operation.

## **Proposed Schedules for Public Access and Hunter Education**

The proposed hours of operation are organized to accommodate access for law enforcement activity and the public. The target range schedule includes a total of 49 hours of weekly operation, with 44 public access hours, and 5 hours exclusively for the College's Law Enforcement Academy, the College Department of Public Safety and other law enforcement activity. Administration estimates that five hours per week with 12 lanes are sufficient to accommodate the training needs of the Law Enforcement Academy, South Texas College police officers, and other law enforcement agencies.

**\*Public Schedule**

<u>Day(s)</u>	<u>Times</u>	<u>Number of Hours</u>
Sunday	1:00 p.m. – 6 p.m.	5 hours
Tuesday	12:00 p.m. – 9 p.m.	9 hours
Wednesday	12:00 p.m. – 9 p.m.	9 hours
Thursday	12:00 p.m. – 9 p.m.	9 hours
Saturday	9:00 a.m. – 9:00 p.m.	<u>12 hours</u>
		<b>44 hours</b>

*\*Students, faculty, staff and any other community members may use the range as members of the public.*

**\*\*College Law Enforcement Schedule**

<u>Day(s)</u>	<u>Times</u>	<u>Number of Hours</u>
Monday	8:00 a.m. – 1:00 p.m.	5 hours

*\*\*access exclusively for the College's Law Enforcement Academy, the College Department of Public Safety, and any other law enforcement activity*

**Projected Revenue**

Upon completion of Phase I Planning and meeting environmental assessment compliance requirements, South Texas College will be eligible for a Phase II construction grant.

South Texas College, and TPWD would then enter into a 25-year term agreement, which includes the provision that the college would be responsible for the range operation and maintenance.

College administration has identified potential expert consultants to conduct a Market Analysis for the target range. Additionally, college administrators are developing a Business Plan for the Regional Center for Public Safety Excellence. The Business Plan will include a fee structure for range use.

Fees will generate revenue to offset operating and maintenance costs. College administrators have preliminarily based estimated numbers of target range users to calculate projected revenue on data from a national Hispanic Market Study for firearms and shooting sports published by the National Shooting Sports Foundation, but these figures will be updated in the Business Plan once a Market Analysis has been completed.

### National Shooting Sports Foundation Hispanic Market Study & Projected Number of Range Users

In 2015, the National Shooting Sports Foundation published a report titled *A Hispanic Market Study: Firearms and the Shooting Sports* that provides relevant data and information from a study of Hispanics 21 years and older. This report states that:

- 18% of Hispanics own a firearm;
- An additional 25% would like to own a firearm in the future;
- 32% of Hispanics participate in firearms related activity (shooting, hunting, etc.)

Demographic data for Hidalgo County for individuals 18 years and over were used to estimate the population of community members likely to use the range if constructed.

#### Hidalgo County Demographic Profile

- The total population estimate, July 1, 2017 is 860,661
- The population is majority Hispanic (92.2%)
- Age 18 and over population in Hidalgo County is 576,471

Data Source: US Census Bureau Quickfacts Hidalgo County (July 1, 2017) Retrieved from

<https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=CF>

	<b>NSSF Hispanic Market Study Findings</b>	<b>Hidalgo County Estimates for individuals 18 years and over (576,471)</b>
<b>Population of Hispanic firearm owners</b>	18% of Hispanics	103,765
<b>Interest in owning a firearm in the future</b>	25% of Hispanics	144,118
<b>Population among firearm owners, (18% of total population), that shoot at an organized shooting range</b>	<b>42% of Hispanic firearm owners</b>	<b>43,581</b>

It is estimated that 103,765 Hispanics in Hidalgo County own firearms, and that another 144,118 of adults ages 18 and over are interested in owning a firearm in the future. If forty-two percent of Hispanic firearm owners in Hidalgo County are interested in shooting at an organized facility, this would equate to approximately 43,581 persons. If around twenty-five percent of those individuals were to visit the proposed target range at least once per year, that could yield a conservative minimum of 11,250 hours of range usage in that year. This assumes a single one-hour visit per individual, and administration expects a much higher estimated public usage once a market analysis is completed.

Currently, the target range is scheduled to be in operation 5 days a week during the 52 weeks of the year (260 days minus 35 days for holidays and college closings) for a total of 225 days. Using the conservative minimum estimate of 11,250 members of the public using the range for one hour each year, during the 225 days of public access per year, this yields an estimated minimum of 50 hours of daily public use, across twelve shooting lanes. The projected revenue from daily use fees from adults, as shown below, is based on this estimate.

### **Projected Revenue from Annual Membership Fees**

Administration proposes establishing annual individual memberships at \$125. Members would be allowed to use the range during public hours at a reduced cost. The estimated revenue from 600 annual memberships is \$75,000.

### **Projected Revenue from Annual Hourly Use Fees (Adults & Youth)**

A comparison of fees charged by local indoor target ranges is shown below.

- Hole in the Wall, McAllen - \$15.00 per hour range fee.
- Shooters Alley, Mission - \$15.00 per hour range fee.

The proposed state of the art target range would also charge a \$15.00 per hour range fee and offer advanced equipment over that currently offered in the area, drawing gun owners to the facility.

Non-members would be permitted to use the range at an hourly fee of \$15.00/hour for users age 12 and over. The estimated revenue from adults' hourly use fees is \$168,750. Children under 11 would require close adult supervision, and a fee of \$8.00/hour would be charged for their use. The estimated revenue from youth hourly use fees is \$18,000, and the total revenue projected each year from hourly range fees is \$186,750.

### **Projected Revenue from Face-to-Face Hunter Education**

Under Texas law, all hunters are required to take a one-time Hunter Education course; hunters born prior to September 2, 1971 are exempt from this requirement.

The TPWD Target Range Program would require South Texas College to provide Hunter Education, to include online training at no fee to participants and fee based face-to-face training. Online training also requires a 4-hour minimum "field day" component, which includes live-fire and other skill based activities, which could be completed at the College's target range.

South Texas College would charge a fee of \$10 per student for face-to-face training and estimates that approximately 15 students would attend each class and at least 8 classes would be offered annually. The estimated annual revenue for hunter education is \$1,600.

### **Projected Revenue for Firearm Safety Training**

This grant will support the purpose of the TPWD Target Range Program, which includes building partnerships with our community and promoting public safety. South Texas

College will offer at least 12 firearm safety classes annually with approximately 15 students per class at a cost of \$40 per student. The estimated annual revenue is \$7,200.

**Projected Revenue from Club Use Fees (4H, FFA, Scouts, etc.)**

Clubs would be able to reserve the range for 2 hours at a cost of \$200 for up to 15 students. We estimated that at least six agreements would be established with clubs, such as 4H and FFA clubs, Scouts, etc. The estimated annual revenue from club fees is \$1,200.

**Projected Revenue from Event Fees**

South Texas College will outreach to the public and will host events at the Target Range that will promote the safe use of firearms, particularly to females. The college will annually schedule a Target Range Women’s Day, a Female Firearms Safety Day, and other events for the diverse population in the communities of south Texas. A fee of \$20 per person with at least 25 participants per event will be assessed. The estimated annual revenue from event fees is \$2,000.

**Revenue from Law Enforcement**

Law enforcement agencies may lease the range to conduct mandatory qualifications and training sessions at a cost of \$1,000 per 5-hour training block. South Texas College estimates approximately 5 contracts will be established annually, which would generate \$20,000 in revenue from law enforcement.

**Projected Annual Revenue**

<b>Revenue from Public Access</b>		
<b>Annual Membership</b>	\$125 * 600 members	\$75,000
<b>Adult User Hourly Use Fee</b>	11,250 hours per year x \$15.00 (50 hours of daily usage x 225 days per year)	\$168,750
<b>Age 11 and under Hourly Use Fee</b>	2,250 hours per year x \$8.00 (10 hours of daily youth usage x 225 days per year)	\$18,000
<b>Face-to-Face Hunter Education</b>	\$10 / student @ 20 students per class (*8 classes)	\$1,600
<b>Firearm Safety Training</b>	\$40 / student @ 15 students per class (*12 classes)	\$7,200
<b>Club Use Fee (4H, FFA, Scouts, etc.)</b>	\$200 for up to 15 students (*6 clubs) for 2 hours	\$1,200
<b>Event Fees</b>	\$20 / person @ 25 participants (*4 events)	\$2,000
<b>Public Use Revenue</b>		<b>\$273,750</b>
<b>Revenue from Law Enforcement</b>		
<b>Target Range Reservations (Mandatory Officer Qualifications and Training Sessions)</b>	\$1,000 / 5-hour training block	<b>\$20,000</b>
<b>Total Revenue:</b>		<b>\$293,750</b>

### Operating & Maintenance Costs

Providing a public target range would require the addition of a full time Range Safety Officer to oversee public use, membership, maintenance, and scheduling of the target range. The proposed schedule would provide for 44 hours of oversight at the range by a Range Safety Officer. The Range Safety Officer will closely monitor all public use of the target range, and will be responsible to respond to any unsafe or otherwise questionable practices. The Range Safety Officer will be authorized to exercise his or her judgement to prohibit any individual from use of the target range. Appeals to any decision of the Range Safety Officer would be made through the South Texas College Department of Public Safety, and a process would be developed accordingly.

Additionally, the College would create a Training and Event Coordinator position to coordinate training and events in the areas of hunter education, firearm safety, and hunting and shooting club activity.

#### Personnel Cost Estimate

Range Safety Officer	Salary	\$47,380
	Benefits	\$14,214
	4 hours weekly over time	<u>\$6,120</u>
	Subtotal:	\$67,714
Training and Event Coordinator	Salary	\$46,000
	Benefits	<u>\$13,800</u>
	Subtotal:	\$59,800

**Personnel Cost Total: \$127,514**

#### Standard Maintenance and Operations Cost Estimate

South Texas College has developed a cost analysis for the use of facilities. This cost has been determined to be \$13.89 per sq. ft. annually and includes the following expenses:

- |               |             |             |
|---------------|-------------|-------------|
| • Operations  | • Insurance | • P&C       |
| • Maintenance | • Contracts | • Leases    |
| • Custodial   | • IT/Tele   | • S&R       |
| • Utilities   | • Police    | • Personnel |
| • Grounds     | • Safety    |             |

#### Lead Removal Cost Estimate (4 times per year)

A consultant contracted by the College Planning and Construction Department determined that the average cost of removing a barrel of lead from a target range is \$125.00 per service. The average number of removals per year is four.

**Maintenance & HEPA Filter Replacement Cost Estimate**

The average cost of replacing HEPA (High Efficiency Particulate Air) filters and normal target range maintenance is \$5,000 annually.

**Additional Insurance Cost Estimates**

South Texas College is protected from general liability claims through sovereign immunity. Research is being conducted to determine if additional insurance should be obtained.

<u>M &amp; O Cost Line Item</u>	<u>Note</u>	<u>Estimated Cost</u>
Standard Maintenance & Operations	13,300 sq. ft. x \$13.89	\$184,737
Lead removal	4 removals @ \$125.00	\$500.00
Maintenance & HEPA Filter Replacement	Annual cost	\$5,000
<b>Total Maintenance &amp; Operations Cost</b>		<b>\$190,237</b>

**Total Estimated Costs**

The total annual cost to operate the proposed state-of-the-art target range is estimated at \$317,751. This includes an annual personnel cost of \$127,514 and an annual maintenance & operation cost of \$190,237, including lead removal and HEPA filter replacement.

Personnel Cost	\$127,514
Maintenance & Operations Cost	<u>\$190,237</u>
<b>Total Projected Costs</b>	<b>\$317,751</b>

**Summary of Revenue & Operating & Maintenance Costs**

The total projected annual revenue is estimated conservatively at \$293,750, which includes revenue from public access and from law enforcement training partners.

The total projected annual cost is estimated at \$317,751.

The projected costs and revenue may result in the need for additional operating funds in the amount of approximately \$24,001 to cover first year start-up costs. This may decrease over time with outreach and marketing through the college's Department of Public Relations and Marketing that will work in coordination with the Regional Center for Public Safety Excellence.

Projected Revenue	\$293,750
Projected Costs	<u>- \$317,751</u>
<b>Estimated Shortfall:</b>	<b>- \$24,001</b>

**Presenters**

Mr. Paul Varville, Chief Administrator of the Department of Public Safety and Dr. Virginia Champion, Director for Grant Development, Compliance and Management will present at the Board meeting to discuss the grant and the proposed facility and programs.

The Facilities Committee reviewed a presentation on a comprehensive planning and construction grant proposal. Due to questions raised at the meeting, the committee did not recommend Board action, and asked administration and legal counsel to address those issues and bring a proposal to the Board for consideration.

While there are ongoing discussions to resolve potential liability insurance issues, administration has narrowed the request to the planning portion of the grant, which would be ready for award by the TPWD in early November. Should the Board authorize the acceptance of this grant and the use of matching funds by the College, administration would continue working with the College's legal counsel and the TPWD legal counsel to resolve any pending questions prior to the grant award.

**Recommendation:**

It is recommended that the Board of Trustees of South Texas College accept the U.S. Fish and Wildlife Service, Texas Parks and Wildlife Department, Phase I Planning - Target Range Program Grant in the amount of \$307,219 (75% of costs) and approve a 25% cash match from South Texas College in the amount of \$102,406 for total project costs in the amount of \$409,625, as presented.

**The Following Minute Order is proposed for consideration by the Board of Trustees:**

The Board of Trustees accepts the U.S. Fish and Wildlife Service, Texas Parks and Wildlife Department, Phase I Planning - Target Range Program Grant in the amount of \$307,219 (75% of costs) and approves a 25% cash match from South Texas College in the amount of \$102,406 for total project costs in the amount of \$409,625, as presented.

**Approval Recommended:**

**Shirley A. Reed, M.B.A., Ed.D.**  
**President**



## **Review and Action as Necessary on Contracting Engineering Services for the Demolition of Dr. Casso Property**

Approval to contract civil engineering services for the demolition of the Dr. Casso property is requested.

### **Purpose**

The procurement of an engineer will provide for civil engineering services necessary for the demolition of the Dr. Casso property.

### **Justification**

The procurement of a civil engineer will allow for the engineer to work with staff to prepare all necessary design development drawings and specifications in preparation for the construction documents phase using college design standards as well as all applicable codes and ordinances. Construction documents will then be issued for solicitation of construction proposals for the proper demolition of the property. Once received, construction proposals will be evaluated and submitted to the Board of Trustees with a recommendation to award a demolition contract.

### **Background**

The Dr. Casso property was purchased on November 21, 2002. The southern portion of the property had been occupied by the Dr. Casso family until July 2018 as part of the real estate contract with the College. The northern portion of the property has been used by the College as part of its current building and site facilities. The College has now taken full occupancy of the property and is prepared to demolish the existing residence and its site improvements. The College will be including this remaining property in any future plans for facility improvements as appropriate and approved by the Board.

### **Funding Source**

Funds for these expenditures are available in the unexpended construction budget for FY 2018-2019.

### **Reviewers**

The Requests for Qualifications have been reviewed by staff from the Facilities Planning and Construction, Operations and Maintenance, and Purchasing departments.

### **Enclosed Documents**

Site plan of the Dr. Casso Property is enclosed. The evaluation team members completed evaluations for the firms and prepared the enclosed scoring and ranking summary.

Due to time constraints, the Facilities Committee took no action on this item, and it is presented for Board consideration without a recommendation from that committee.

**Recommendation:**

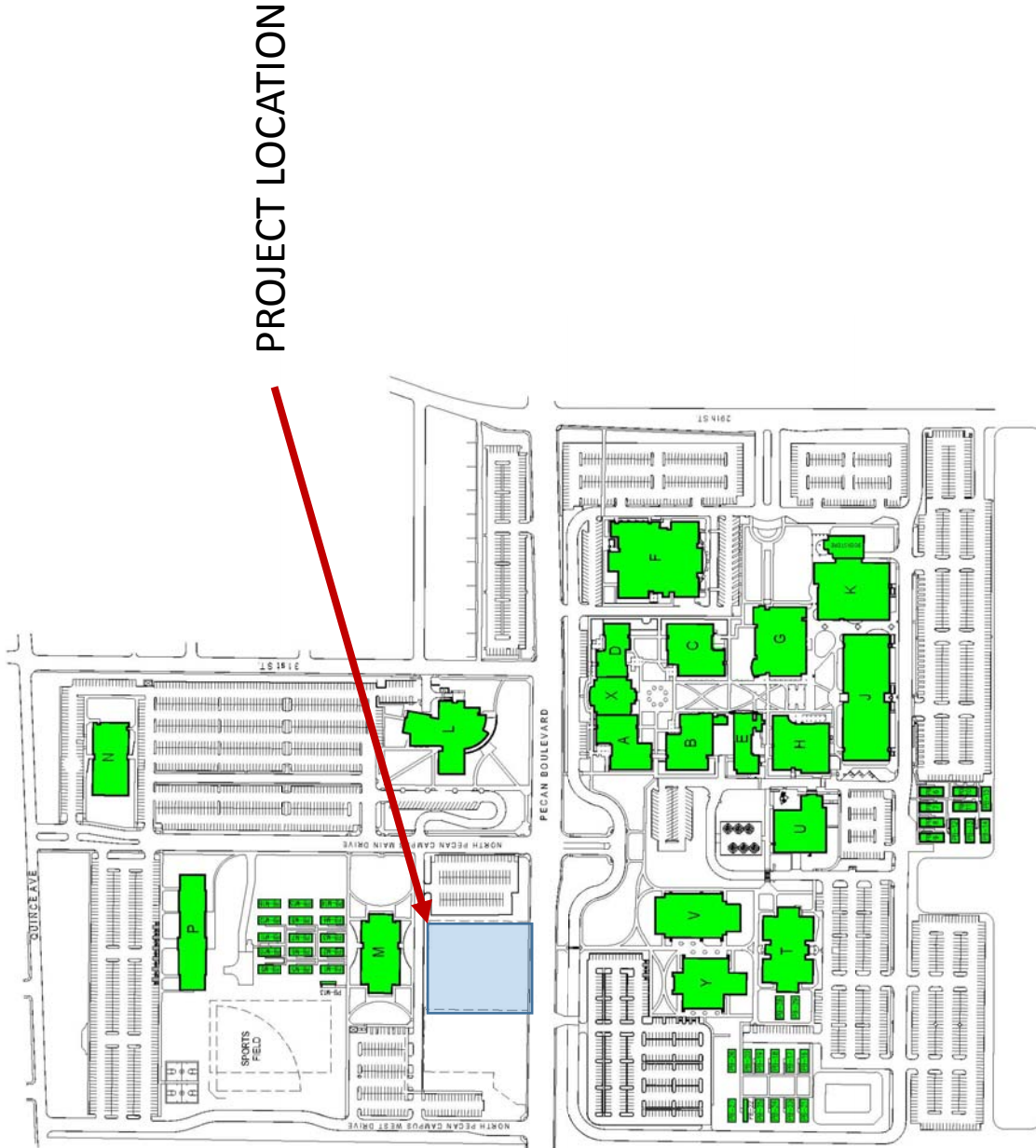
It is recommended that the Board of Trustees of South Texas College approve and authorize contracting engineering services with Perez Consulting Engineers, LLC for civil engineering services for the demolition of the Dr. Casso property project as presented.

**The Following Minute Order is proposed for consideration by the Board of Trustees:**

The Board of Trustees approves and authorizes contracting engineering services with Perez Consulting Engineers, LLC for civil engineering services for the demolition of the Dr. Casso property project as presented.

**Approval Recommended:**

**Shirley A. Reed, M.B.A., Ed.D.**  
**President**



# SITE MAP



EXTERIOR VIEW

**SOUTH TEXAS COLLEGE  
CIVIL ENGINEERING SERVICES FOR DEMOLITION OF CASSO PROPERTY  
PROJECT NO. 18-19-1014**

<b>VENDOR</b>	Perez Consulting Engineers, LLC.
<b>ADDRESS</b>	808 Dallas Ave
<b>CITY/STATE/ZIP</b>	McAllen, TX 78501
<b>PHONE</b>	956-631-4482
<b>CONTACT</b>	J. David Perez
<b>3.1 Statement of Interest</b>	
<b>3.1.1 Statement of Interest for Project</b>	Stated they are very interested in assisting STC with the demolition of the Casso Property. Having worked with STC, they are familiar with the procedures for a smooth project design and construction.
<b>3.1.2 History and Statistics of Firm</b>	- Established in 1991 - Located in McAllen, TX - Principal has been providing services since 1976
<b>3.1.3 Narrative describing the design team's unique qualifications and specialized design experience as it relates to the project</b>	Pointed to the firm's experience throughout the Rio Grande Valley area in various aspects of services. Provided an example of the type of work already provided to the STC previously.
<b>3.1.4 Statement of Availability and Commitment</b>	Indicated that they are involved in other work, but is approx. 85% complete. They can assign a project engineer as soon as awarded and can add personnel as workload increases.
<b>3.2 Prime Firm</b>	
<b>3.2.1 Resumes of Principals and Key Members</b>	Included resumes for the following staff: - Jorge D. Perez, P.E., R.P.L.S - J. David Perez, P.E. - Rene Gonzalez, P.E. - Alfonso A. Gonzalez, P.E.
<b>3.2.2 Project Assignments and Lines of Authority</b>	Listed key Personnel and each role that they play within the company. Indicated the percentage of time the principal-in-charge will be involved as well as project manager and assistant project manager.
<b>3.2.3 Prime Firm proximity and meeting availability</b>	Firm has stated that they are less than 10 minutes away from Pecan Campus which makes them readily available for scheduled and unplanned meetings.
<b>3.2.4 Describe any litigation the prime firm is currently involved in which could affect the firm's ability to provide professional services to South Texas College</b>	Firm states they are not involved in any litigation.
<b>3.3 Project Team</b>	
<b>3.3.1 Organization chart with Role of Prime Firm and each consultants firm</b>	Included organizational chart showing prime firm and employee roles.
<b>3.4 Representative Projects</b>	
<b>3.4.1 Minimum of 5 projects firm has worked on</b>	- South Texas College - STC Nursing & Allied Health Center - UTRGV - Lamar Parking Lot - South Texas College - Northeast Parking Lot (\$414,913.10) - South Texas College - North Pecan Campus Infrastructure Improvements Project (\$3 Million) - PSJA ISD - T-STEM Early College & Football Stadium Parking Lot (\$1,800/parking space)
<b>3.5 References</b>	
<b>3.5.1 References for five projects</b>	- South Texas College - UTRGV - PSJA ISD
<b>3.6 Project Execution</b>	
<b>3.6.1 Willingness and ability to expedite services. Ability to supplement production.</b>	Stated the firm's understanding of the growth of STC's student population and recent drainage issues call for Fast-Track Engineering. Provided a detailed summary of the firm's tasks and schedules for the project.
<b>TOTAL EVALUATION POINTS</b>	574.4
<b>RANKING</b>	1

**SOUTH TEXAS COLLEGE  
CIVIL ENGINEERING SERVICES FOR DEMOLITION OF CASSO PROPERTY  
PROJECT NO. 18-19-1014  
EVALUATION SUMMARY**

<b>VENDOR</b>	Perez Consulting Engineers, LLC.	
<b>ADDRESS</b>	808 Dallas Ave	
<b>CITY/STATE/ZIP</b>	McAllen, TX 78501	
<b>PHONE</b>	956-631-4482	
<b>CONTACT</b>	J. David Perez	
<b>3.1 Statement of Interest (up to 100 points)</b>		
3.1.1 Statement of interest on projects	96	95.4
3.1.2 Firm History including credentials	93	
3.1.3 Narrative describing the design team's unique qualifications and specialized design experience as it relates to the project	98	
3.1.4 Availability and commitment of firm and its principal(s), its consultants and key professionals	95	
	95	
<b>3.2 Prime Firm (up to 100 points)</b>		
3.2.1 Resumes giving the experience and expertise principles and key members for the prime firm that will be involved in the project(s), including their experience with similar projects and the number of years with the prime firm	98	96.2
	95	
3.2.2 Proposed project assignments, lines of authority, and communication for principals and key professional members of the prime firm that will be involved in the project(s). Indicate the estimated percent of time these individuals will be involved in the project(s).	98	
3.2.3 Prime Firm proximity and meeting availability	95	
3.2.4 Describe any litigation the prime firm is currently involved in which could affect the firm's ability to provide professional services to STC.	95	
<b>3.3 Project Team (up to 100 points)</b>		
3.3.1 Organizational chart showing, the roles of the prime firm and each consultant firm or individual included. --Identify the consultant and provide a brief history about the consultant --Describe the consultant's proposed role in the project and its related project experience --List a project(s) that the prime firm and the consultant have worked together on during the last five years --Provide a statement of the consultant's availability for the projects(s) --Provide resumes giving the experience and expertise of principals and key professional members for the consultant who will be assigned to the projects(s)	98	96
3.3.2 provide an organizational chart showing the roles of the prime firm and each specialized consultant firm(s) or individual(s) to be included if any. --Identify the consultant and provide a brief history about the consultant and their area of design expertise --Describe the consultant's proposed role in the project --List (3) projects the consultant has worked on during the last 5 years which best describe the firm's design expertise --List a project(s) that the prime firm and the specialized consultant have worked together on during the last 5 years --Provide a statement of the consultant's availability for the project --Provide resumes giving the experience and expertise of principals and key professionals members for the consultant who will be assigned to the project	95	
	98	
	95	
	94	
<b>3.4 Representative Projects (up to 100 points)</b>		
3.4.1 Specific data on 5 projects the prime firm provided or is providing professional services in an educational setting --Project name and location; Project Owner and contact information; Project construction cost; Project size in gross square feet; Date project was started and completed; Professional services prime firm provided for the project; Project manager; Project architect; Project designer; Names of consultant firms and their expertise	89	92.4
	95	
	98	
	90	
	90	
<b>3.5 Five References (up to 100 points)</b>		
3.5.1 Provide references for 5 projects, other than STC, listed in response to Part four, 3.4.1. The references shall include: --Owner's name, Owner's representative who served as the day-to-day liaison during planning, design, and construction of the project, and the Owner representative's telephone number and email address	98	97.4
	100	
	99	
	95	
	95	
<b>3.6 Project Execution (up to 100 points)</b>		
3.6.1 Provide information as part of submission response to assure that Architectural firm is willing and able to expedite design services and construction administration for the project. Please provide insight if Architect is intending to supplement production capability in order to meet schedule demands.	97	97
	100	
	98	
	95	
	95	
<b>TOTAL EVALUATION POINTS</b>	574.4	
<b>RANKING</b>	1	

## **Review and Action as Necessary on Contracting Architectural Services for the Mid Valley Campus Student Services Renovation and Thermal Plant Renovation**

Approval to contract architect design services to prepare plans for the Mid Valley Campus Student Services Renovation and Thermal Plant Renovation project is requested.

### **Purpose**

Upon the completion of renovations under the 2013 Bond Construction Program, two locations at the Mid Valley Campus can now be refurbished, as included in the Capital Improvement Projects plan:

- Student Services Building: The former cashier, admission, and quiet room areas will be redesigned for use by Veterans, Career Placement, and Cashier Departments.
- Thermal Plant – The previous chiller enclosure will be retrofitted for use as a storage facility.

Architectural design services are necessary for design and construction administration services for the Mid Valley Campus Student Services Renovation and Thermal Plant Renovation project. The design scope of work includes, but is not limited to, design, analysis, preparation of plans and specifications, permit applications, construction administration, and inspection of the project.

### **Background**

On September 10, 2018, South Texas College began soliciting for architectural design services for the purpose of selecting a firm to prepare the necessary plans and specifications for the Mid Valley Campus Student Services Renovation and Thermal Plant Renovation project. A total of twenty-two (22) firms received a copy of the RFQ and a total of seven (7) firms submitted their responses on September 25, 2018.

### **Funding Source**

Funds are budgeted in the Unexpended Construction Plant Fund budget for fiscal year 2018-2019.

### **Reviewers**

The proposals have been reviewed by College staff from the Facilities Planning & Construction, Maintenance & Operations, and Purchasing departments.

### **Enclosed Documents**

Site plans indicating the location of the proposed Mid Valley Campus Student Services Renovation and Thermal Plant Renovation are enclosed. The evaluation team members completed evaluations for the firms and prepared the enclosed scoring and ranking summary.

Due to time constraints, the Facilities Committee took no action on this item, and it is presented for Board consideration without a recommendation from that committee.

**Recommendation:**

It is recommended that the Board of Trustees of South Texas College approve and authorize contracting architectural design services with Rike Ogden Figueroa Alex Architects, Inc. for preparation of plans and specifications for the Mid Valley Campus Student Services Renovation and Thermal Plant Renovation project as presented.

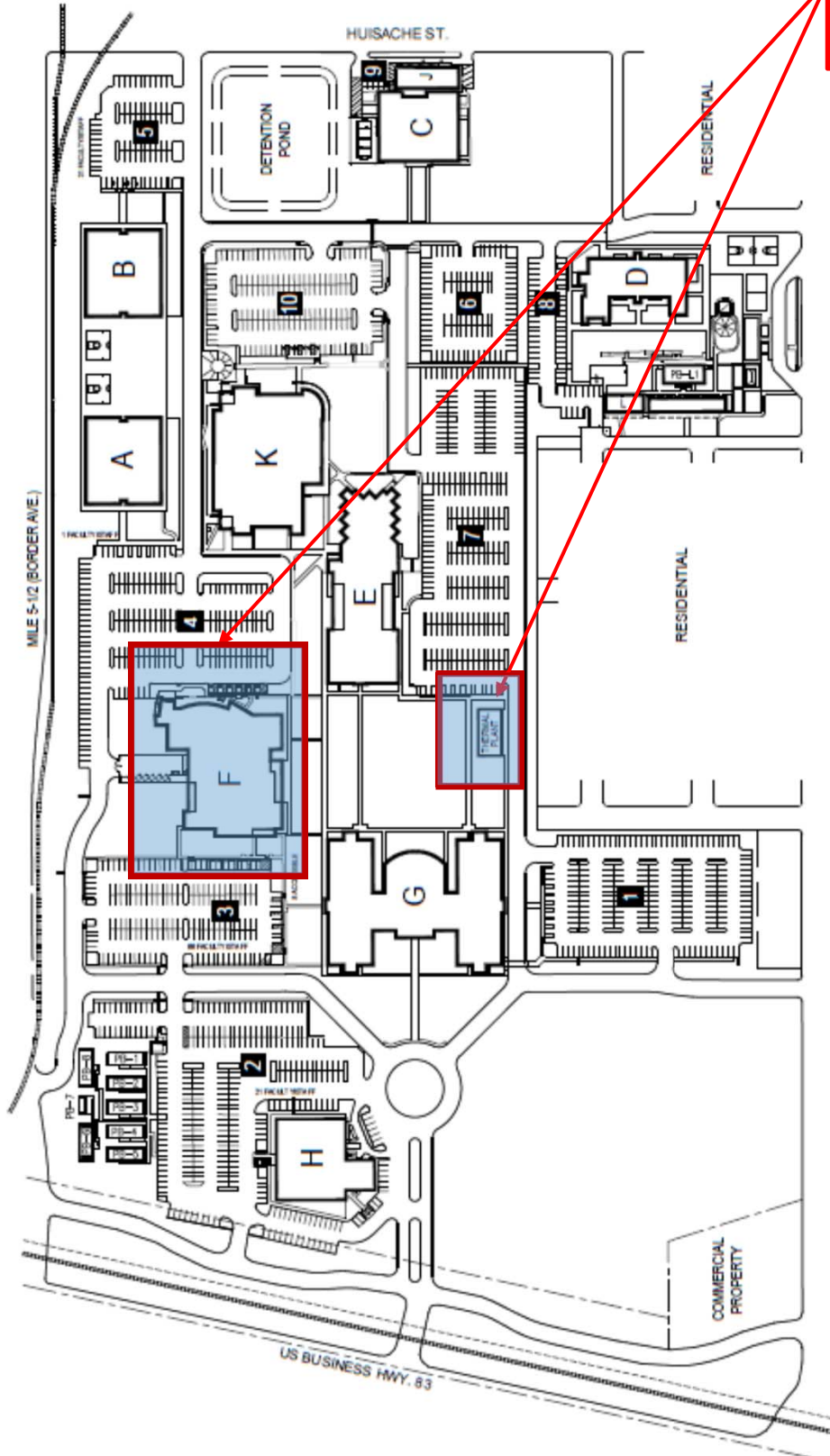
**The Following Minute Order is proposed for consideration by the Board of Trustees:**

The Board of Trustees approves and authorizes architectural design services with Rike Ogden Figueroa Alex Architects, Inc. for preparation of plans and specifications for the Mid Valley Campus Student Services Renovation and Thermal Plant Renovation project as presented.

**Approval Recommended:**

**Shirley A. Reed, M.B.A., Ed.D.**  
**President**

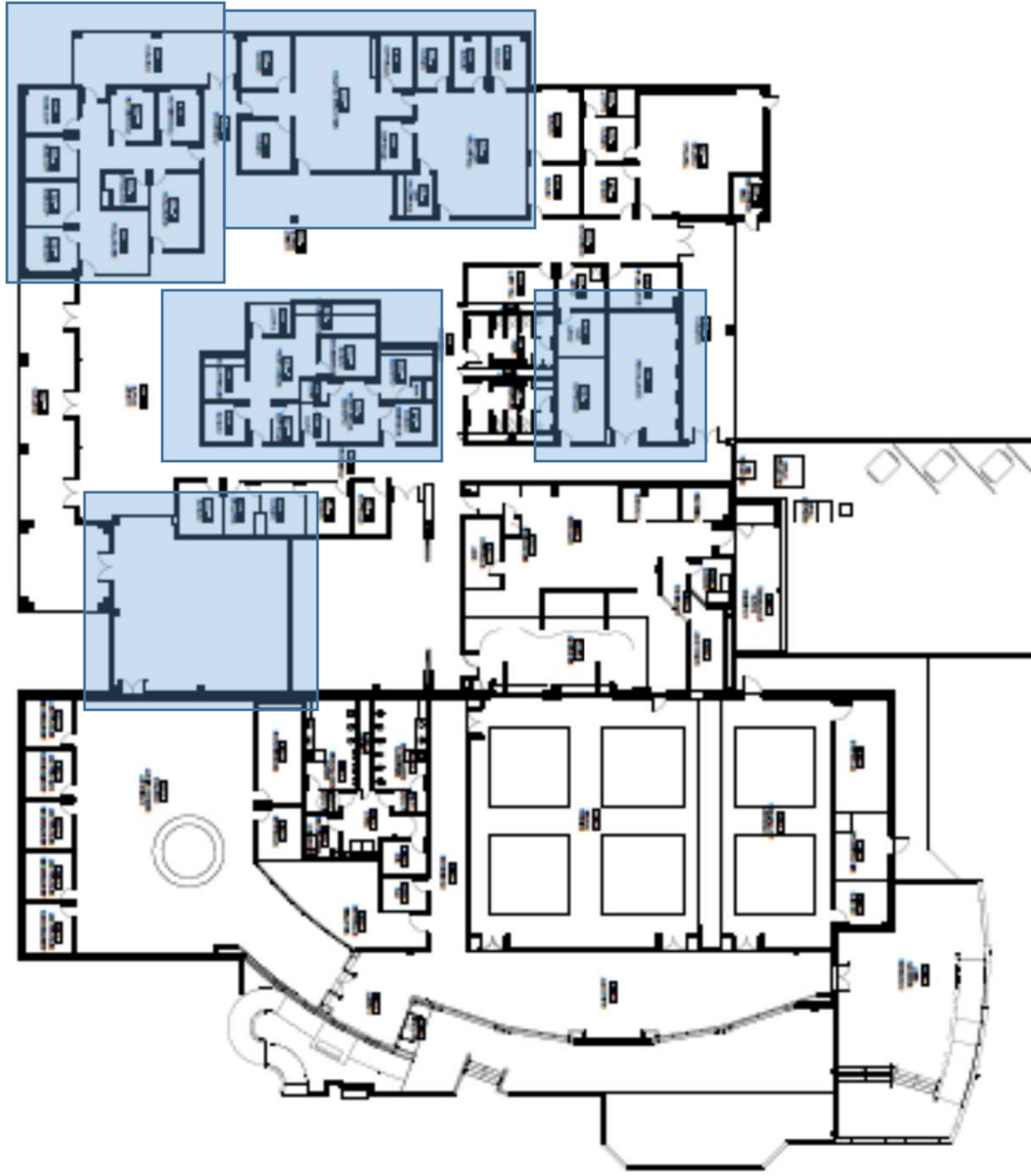




Project Site


 SOUTH TEXAS COLLEGE  
**MID VALLEY CAMPUS**   
**1** PARKING LOT NUMBER

AREAS THAT NEED REMODELING



STUDENT SERVICES BUILDING F  
FLOOR PLAN



❖ Existing Student Services Building “F”



❖ Existing Thermal Plant

**SOUTH TEXAS COLLEGE  
ARCHITECTURAL SERVICES - MID VALLEY CAMPUS BUILDING F RENOVATION & THERMAL PLANT REPURPOSING  
PROJECT NO. 18-19-1018**

<b>VENDOR</b>	Alvarado Architects & Associates, Inc.	goERO International, LLC. / dba ERO Architects	Gignac & Associates, LLP.	Milnet Architectural Services, PLLC.	Negrete & Kolar Architects, LLP.	Rike Ogden Figueroa Alex Architects, Inc.	The Warren Group Architects, Inc.
<b>ADDRESS</b>	307 S Main St	300 S 8th St	3700 N 10th St	608 S 12th St	204 E Stubbs St	1007 Walnut Ave	1801 S 2nd St Ste 330
<b>CITY/STATE/ZIP</b>	Donna, TX 78537	McAllen, TX 78501	McAllen, TX 78504	McAllen, TX 78501	Edinburg, TX 78539	McAllen, TX 78501	McAllen, TX 78503
<b>PHONE</b>	956-274-7046	956-655-4655	956-686-0100	956-688-5656	512-461-8810	956-686-7771	956-994-1900
<b>FAX</b>			956-622-7313				
<b>CONTACT</b>	Erasmus Eli Alvarado III	Eli R. Ochoa	Raymond Gignac	Rodolfo R. Molina, Jr.	David Negrete	Luis A. Figueroa	Laura N. Warren
<b>3.1 Statement of Interest</b>							
<b>3.1.1 Statement of Interest for Project</b>	Indicated they are committed to establishing a long term partnership. Pointed out that their team members have prior experience working in South Texas and know all the	Firm listed previous renovation projects they have worked on for STC and look forward to serving the college again.	Pointed out their expertise with state-of-the-art educational spaces. Indicated that sustainable design is a regular practice for the firm.	The company pointed out their experience working with the college and indicated that the company specializes in renovation projects.	Indicated that over 60% of the firm's work has been in "transforming, modernizing, rehabilitation, or adding to existing facilities."	The firm cited the previous work they have provided for STC and stated their confidence in the ability to continue providing excellent service.	Pointed to the current work being provided to STC and welcome the opportunity to continue providing services.
<b>3.1.2 History and Statistics of Firm</b>	-Firm founded in 1991 - Pointed out 25+ years of experience	- Created in 2001 - Headquartered in McAllen, TX - Professional staff of 26 includes 2 licensed architects and 4 licensed engineers	- Offices in Corpus Christi, Harlingen and McAllen - Established in 1988	- Established in 2000 - Pointed out experience in educational design and renovation projects. - Pointed out the 34+ years experience of principal	- Offices in Austin and Edinburg - Principal has 30+ years experience - Established in 2003	- Established in 1949 in McAllen - Maintain offices in McAllen	- Established in 2004 - Offices in McAllen and Austin
<b>3.1.3 Narrative describing the design team's unique qualifications and specialized design experience as it relates to the project</b>	Stated that firm offers multiple services within a single source, which allows increased flexibility to react quickly to a variety of options and considerations.	Presented the following aspects of the firm's experience: -Collaborative/Holistic Approach -Higher Education Experience -Cultural Design -Problem-Solving Design -Technical Accuracy and Speed	Pointed out the firm's experience with educational facilities. Cited the firm's design of facilities in the Rio Grande Valley and their familiarity with geotechnical and civil engineering firms and their understanding of local codes and ordinances.	Firm listed the following items: -Prior Experience with STC -Renovations of Functioning Buildings -BIM Experience -Budget Conscious -"More Attentive Service"	Pointed out the collaboration with Half Associates for 18 years in building conversions.	Cited the firm's familiarity with food service programs and equipment by providing these types of facilities in schools.	Indicated that the firm is known state-wide for educational and research facility design.
<b>3.1.4 Statement of Availability and Commitment</b>	Indicated their team is ready to begin work on the project immediately and ready to provide the proposed staff within this submittal and any other resources necessary to perform architectural services to this project.	Indicated all key principles and staff are available and committed to lead and manage the proposed STC projects.	Stated that they will commit the work force necessary to complete project within the designated schedule.	State that they do not pursue projects unless certain of capabilities to produce on or ahead of schedule. Indicated that staff are immediately available for the project.	Indicated that the firm will commit to having the staff available according to the schedules determined.	Indicated the immediate availability to provide services and the active participation by the key team members of the firm.	Indicated their commitment to allocate the best members of the staff to STC projects.
<b>3.2 Prime Firm</b>							
<b>3.2.1 Resumes of Principals and Key Members</b>	Included resumes for the following: - Erasmo D. Alvarado, Jr - President -Erasmus Eli Alvarado, III - Vice-President -Pedro G. Ayala - Associate -Mario Garza, Jr - Project Manager	Included resumes for the following: - Eli R. Ochoa, Project Manager - Maria O. Scurry, Project Architect - Gabriel H. Herrera, Production Lead - Roberto Pruneda, Design & Visualization - Jose L. Rios, Associate Architect - Manuel Zamora, Associate Architect - Sergio Castillo, BIM Specialist - Jerry Garcia, Manager - Patricia M. Rendon, Associate Architect	Included resumes for the following staff: - Raymond Gignac, Principal-In-Charge/Project Director - Rolando Garza, Architectural Design Manager - Carolyn James, Interior Designer - Nicholas Gignac, Associate AIA - Juan Mujica, Project Manager - David Majda, Construction Administrator - Ana Salas-Luksa, Architectural Associate	Included resumes for the following staff: - Rodolfo R. Molina, Jr. - President	Included resumes for the following staff: - David N. Negrete, Principal Partner - Andres L Mata, Jr., Project Manager - Esteban Zamora, Project Designer - Bruce W. Menke, Project Manager - Jason T. George, Architect Project Manager	Included resumes for the following: - Luis A. Figueroa - Principal - Manuel Hinojosa - Principal - Humberto Rodriguez - Principal - Miguel Martinez, Intern Architect	Included resumes for the following staff: - Laura Nassri Warren - President/Principal - Andrina De Anda - Associate Architect Director - Natanael Perez - Senior Project Manager - Maritza Cardenas - Senior Project Manager - Crystal Chavez - Project Manager - Nicole Reyman - Architectural Intern
<b>3.2.2 Project Assignments and Lines of Authority</b>	Duties and time assignments for each staff member were included.	Duties and time assignments for each staff member were included.	Lines of authority and project assignments were not included.	Listed four staff, including the president, who will be involved. Pointed out a range in time commitment by each staff member, but the range varied widely.	Lines of authority are indicated in an organization chart. Indicate that all team members will, at some point, dedicate 100% of time to project.	Indicated duties and time assignments for the key team members.	Duties and time assignments for firm staff and staff from consultant firms are summarized in a table. Time assignments for most of the staff range from 40% to 80%.
<b>3.2.3 Prime Firm proximity and meeting availability</b>	Firm is located in Donna, TX which is only 10 minutes away from the STC Mid Valley Campus.	Indicated that the firm is 2.6 miles away from the Pecan Campus.	Indicated they are located in McAllen, TX a 10 minute drive from STC campus and will be very accessible for meeting throughout the entire project.	Indicated that the firm is approximately 21 minutes from the Mid Valley Campus.	Firm is located within 11 miles of the work site.	Indicated that he firm is 23 miles away from the Mid Valley Campus.	Firm is located in McAllen and is about 18 minutes from STC Mid Valley Campus..

**SOUTH TEXAS COLLEGE  
ARCHITECTURAL SERVICES - MID VALLEY CAMPUS BUILDING F RENOVATION & THERMAL PLANT REPURPOSING  
PROJECT NO. 18-19-1018**

VENDOR	Alvarado Architects & Associates, Inc.	goERO International, LLC. / dba ERO Architects	Gignac & Associates, LLP.	Milnet Architectural Services, PLLC.	Negrete & Kolar Architects, LLP.	Rike Ogen Figueroa Alex Architects, Inc.	The Warren Group Architects, Inc.
<b>3.2.5 Describe any litigation the prime firm is currently involved in which could affect the firm's ability to provide professional services to STC</b>	Indicated that the firm is not involved in any litigation.	Indicated that the firm is not involved in any litigation.	Currently, involved in one case, but indicated it will not affect ability to provide services to STC.	Indicated that the firm is not involved in any litigation.	Indicated that the firm is not involved in any litigation.	Indicated that the firm is not involved in any litigation that would affect its ability to provide services to STC.	Indicated that firm has not been involved in litigation disputes.
<b>3.3 Project Team</b>							
<b>3.3.1 Organization chart with Role of Prime Firm and each consultants firm</b>	Included organization chart which showed the following consultants: - M Garcia Engineering - Chanin Engineering - Jones*DBR	Included organizational chart showing the prime firm and the following consultants: - Half Associates, Inc.	Firm did not respond to this item.	Included organizational chart showing prime firm and the following consultants: - DBR Engineering - MEP Engineer - Solorio, Inc. - Structural Engineer - Civil Engineer - As designated by Owner	Included organizational chart showing prime firm and the following consultants: - HALFF Associates - MEP & Structural Engineering	Included organizational chart showing prime firm and the following consultants: - M. Garcia Engineering - Civil Engineering - Chanin Engineering - Structural - Trinity Engineering - MEP	Included organizational chart showing prime firm and the following consultants: - Solorio - Structural - DBR Engineering - MEP Engineer
<b>3.4 Representative Projects</b>							
<b>3.4.1 Minimum of 5 projects firm has worked on</b>	- South Texas College - Pecan Plaza Police Department Headquarters Renovation (\$864,000) - UTB Texas Southmost College - Oliveira Library Interior Renovations (\$1,700,000) - Texas A&M University at Kingsville - BES 100 Interiors Modifications (\$368,000) - Laredo Community College - Second Campus (\$35,000,000)	- South Texas College- Nursing and Allied Health Professions Expansion Phase I (\$16,037,087) - South Texas College - Repurposing of Mid Valley Campus Building C into new Health Professions Labs, instructional space and Monitoring rooms (\$2,020,012) - UTRGV- Repurposing the UTRGV Edinburg Campus bookstore into a new School for Social Work and Occupational Therapy (\$2,289,490) - South Texas College - Pecan Campus Student Services Building Modifications (\$402,960) - UTRGV - BookBee Building Renovation (\$79,590,679)	- Del Mar College - Emerging Technology Expansion (\$8 million) - Robstown ISD - High School Additions & Renovations (\$11.3 million) - University of Texas - Bay Education Center & Laboratory (\$1.2 million) - La Joya ISD - Juarez Lincoln High School with C.A.T.E. Labs & Kitchen (\$57.3 million) - Corpus Christi ISD - Veterans Memorial High School with Science and C.A.T.E Labs & Kitchen (\$93,204,494)	- Texas State Technical College - Engineering Center - Phase II - (\$3,400,000) - PSJA ISD - Daniel Ramirez Elementary School (\$12,747,800) - Edinburg CISD - Robert Vela HS - New Science Wing Addition & Renovations - (\$9,727,637) - Brooks County ISD - Falfurrias High School - Phase I & II Renovations (\$9,958,322) - Edinburg CISD - Barrientes MS - Fine Arts Addition (\$3,752,899)	- UTRGV - Health Services Center (\$1,580,000) - McAllen Transnational Intelligence - Anti Gang Center (\$2,500,000) - UTRGV Marialice Shary Shivers (MASS) Administration building Interior Renovations (\$2,345,000) - General Services Administration - ICE Big Spring Area Office (\$5,200,000) - Edinburg CISD - Central Administration Building and Network Operating & IT Training Center (\$10,200,000)	- South Texas College - Mid Valley Student Service Building Expansion (\$2,500,000) - Harlingen ISD - Harlingen School of Health Professions (\$15,319,400) - PSJA ISD - High School Stadium Renovations Phase I, II, III (\$9,828,955) - PSJA ISD - Zeferino Farias Elementary School (\$10,358,911) - PSJA ISD - Southwest Early College High School (\$45,000,000) - Valley View ISD - Valley View Early College (\$15,608,800) - UTRGV - HCEBL- Additional Office for SOM and Health Affairs (\$1,201,949.62)	- South Texas College - Student Activities and Cafeteria Building (\$6,897,227) - UTRGV-DHR - Multi-Disciplinary Medical Research Facility (\$36,000,000) - City of McAllen - McAllen Miller International Airport Renovations and Additions (\$26,000,000) - Mission EDC - CEED Mission Economic Development Corporation (\$3,602,638) - Juan Diego Academy - Juan Diego Academy Catholic Regional High School, Gymnasium Building & Campus Master Plan (\$1,719,000)
<b>3.5 References</b>							
<b>3.5.1 References for five projects</b>	- Taft ISD - Weslaco ISD - Mission CISD - UTRGV - Texas State Technical College - Texas Southmost College	- UTRGV - Texas State Technical College - UTRGV - Brownsville - Austin Community College - Harlingen CISD	- Del Mar College - City of Corpus Christi - PSJA ISD - Corpus Christi ISD - La Joya ISD	- Brooks County ISD - Edinburg CISD - Pharr-San Juan-Alamo ISD - Texas State Technical College - City of McAllen	- UT-Rio Grande Valley - Edinburg CISD - Washington Alliance Capital - City of McAllen - City of Edinburg	- Edinburg CISD - Harlingen ISD - La Villa ISD - PSJA ISD - Roma ISD	-UTRGV - Cantu Construction & Development Company - McAllen Miller International Airport Renovations and Additions - Mission Center for Education and Economic Development - South Texas College - Juan Diego Academy
<b>3.6 Project Execution</b>							
<b>3.6.1 Willingness and ability to expedite services. Ability to supplement production.</b>	Stated that they have implemented step-by-step procedures to ensure a project stays on schedule. Will work closely with Owner to ensure project timelines are met. Will supplement production capability to meet schedule demands, if necessary.	Indicated willingness and ability to expedite services and construction administration for projects. Stated their extensive experience in accelerating project schedules to meet school year calendars and minimize the time students are exposed to construction.	Indicated they are willing and able to expedite design services and construction administration. Provided very detailed project approach process and part of it addresses timely completion of project.	Stated their ability to complete projects on short timelines. Indicated they have completed most of their larger projects and are ready for a new design challenge.	Indicated that they will assign staff as needed to meet STC's goals. Stated that firm is currently underutilized and fully capable of undertaking the services to meet the College's needs.	Indicated that firm is committed to immediate and thorough response to the project. Stated that in house staff in the Rio Grande Valley is able to provide all production.	Stated that staff can be assigned to the project immediately. Are able and committed to begin work on your project the moment we receive notice of award. Indicated that team has no need to supplement production capability as they are able to provide services through all phases of the project.
<b>Total Evaluation Points</b>	557.50	560.17	470.50	561.00	560.50	562.50	559.83
<b>Ranking</b>	6	4	7	2	3	1	5

**SOUTH TEXAS COLLEGE  
ARCHITECTURAL SERVICES - MID VALLEY CAMPUS BUILDING F RENOVATION & THERMAL PLANT REPURPOSING  
PROJECT NO. 18-19-1018  
EVALUATION SUMMARY**

VENDOR	Alvarado Architects & Associates, Inc.	goERO International, LLC./dba ERO Architects	Gignac & Associates, LLP.	Milnet Architectural Services, PLLC.	Negrete & Kolar Architects, LLP.	Rike Ogden Figueroa Alex Architects, Inc.	The Warren Group Architects, Inc.								
ADDRESS	307 S Main St	300 S 8th St	3700 N 10th St	608 S 12th St	204 E Stubbs St	1007 Walnut Ave	1801 S 2nd St Ste 330								
CITY/STATE/ZIP	Donna, TX 78537	McAllen, TX 78501	McAllen, TX 78504	McAllen, TX 78501	Edinburg, TX 78539	McAllen, TX 78501	McAllen, TX 78503								
PHONE	956-274-7046	956-655-4655	956-686-0100	956-688-5656	512-461-8810	956-686-7771	956-994-1900								
FAX			956-622-7313												
CONTACT	Erasmus Eli Alvarado III	Eli R. Ochoa	Raymond Gignac	Rodolfo R. Molina, Jr.	David Negrete	Luis A. Figueroa	Laura N. Warren								
<b>3.1 Statement of Interest (up to 100 points)</b>															
3.1.1 Statement of interest on projects including a narrative describing the prime firm's unique qualifications	90	93.17	90	94.50	90	92.83	85	93.17	90	93.50	85	93.50	90	94.17	
	93		95		93		95		93		94		93		
3.1.2 Firm History including credentials	93		94		92		95		91		95		95		95
3.1.3 Narrative describing the design team's unique qualifications and specialized design experience as it relates to the project	90		94		94		90		94		94		94		94
3.1.4 Availability and commitment of firm and its principal(s) and key professionals	95		96		96		96		95		95		95		95
	98	98	92	98	98	98	98	98	98	98	98	98	98	98	
<b>3.2 Prime Firm (up to 100 points)</b>															
3.2.1 Resumes giving the experience and expertise principles and key members for the prime firm that will be involved in the project(s), including their experience with similar projects and the number of years with the prime firm	90	93.67	95	93.67	85	93.50	90	93.67	90	93.17	85	93.33	90	94.00	
	93		88		95		95		94		95		93		
3.2.2 Proposed project assignments, lines of authority, and communication for principals and key professional members of the prime firm that will be involved in the project(s). Indicate the estimated percent of time these individuals will be involved in the project(s).	94		93		92		95		93		94		92		
3.2.3 Prime Firm proximity and meeting availability	92		92		93		90		93		93		94		
3.2.5 Describe any litigation the prime firm is currently involved in which could affect the firm's ability to provide professional services to STC	96		95		97		97		94		96		96		
	97	99	99	99	95	95	97	99	99	99	97	99	99	99	
<b>3.3 Project Team (up to 100 points)</b>															
3.3.1 Organizational chart showing, the roles of the prime firm and each consultant firm or individual included. --Identify the consultant and provide a brief history about the consultant --Describe the consultant's proposed role in the project and its related project experience --List a project(s) that the prime firm and the consultant have worked together on during the last five years --Provide a statement of the consultant's availability for the project(s) --Provide resumes giving the experience and expertise of principals and key professional members for the consultant who will be assigned to the project(s)	85	91.67	90	92.00	0	0.00	85	92.67	85	91.67	90	93.83	88	93.33	
	93		88		0		93		92		93		93		
3.3.2 provide an organizational chart showing the roles of the prime firm and each specialized consultant firm(s) or individual(s) to be included if any. --Identify the consultant and provide a brief history about the consultant and their area of design expertise --Describe the consultant's proposed role in the project --List (3) projects the consultant has worked on during the last 5 years which best describe the firm's design expertise --List a project(s) that the prime firm and the specialized consultant have worked together on during the last 5 years --Provide a statement of the consultant's availability for the project --Provide resumes giving the experience and expertise of principals and key professionals members for the consultant who will be assigned to the project	90		90		0		91		91		94		92		
	92		90		0		92		92		94		92		
	95		96		0		97		94		97		96		
	95	98	0	98	96	95	99								
<b>3.4 Representative Projects (up to 100 points)</b>															
3.4.1 Specific data on 5 projects the prime firm provided or is providing professional services in an educational setting --Project name and location; Project Owner and contact information; Project construction cost; Project size in gross square feet; Date project was started and completed; Professional services prime firm provided for the project; Project manager; Project architect; Project designer; Names of consultant firms and their expertise	90	92.33	90	92.33	95	94.83	95	95.33	90	94.67	90	93.33	90	92.17	
	93		88		95		95		95		91		91		
	90		90		93		95		95		94		90		
	94		93		90		93		93		93		92		
	97		94		98		97		97		94		95		
	90	99	98	98	97	98	95								
<b>3.5 Five References (up to 100 points)</b>															
3.5.1 Provide references for 5 projects, other than STC, listed in response to Part four, 3.4.1. The references shall include: --Owner's name, Owner's representative who served as the day-to-day liaison during planning, design, and construction of the project, and the Owner representative's telephone number and email address	90	95.17	90	95.17	88	94.67	80	91.17	90	95.00	90	93.83	88	93.50	
	94		97		98		93		95		91		93		
	95		93		92		90		95		93		93		
	96		95		95		88		96		94		94		
	97		97		98		98		97		96		95		
	99	99	97	97	98	99	98								
<b>3.6 Project Execution (up to 100 points)</b>															
3.6.1 Provide information as part of submission response to assure that Architectural firm is willing and able to expedite design services and construction administration for the project. Please provide insight if Architect is intending to supplement production capability in order to meet schedule demands.	80	91.50	85	92.50	90	94.67	90	95.00	85	92.50	85	94.67	85	92.67	
	89		88		95		96		88		96		91		
	95		95		95		95		95		95		95		
	92		93		97		93		94		97		92		
	96		97		96		97		96		96		96		
	97	97	95	99	97	99	97								
<b>TOTAL EVALUATION POINTS</b>	557.50	560.17	470.50	561.00	560.50	562.50	559.83								
<b>RANKING</b>	6	4	7	2	3	1	5								

Note: The value of zero (0) indicates no response from the vendor.

## Review and Action as Necessary on Contracting Construction Services for the Mid Valley Campus Childcare Center Canopy Replacement

Approval to contract construction services for the Mid Valley Campus Childcare Center Canopy Replacement project is requested.

### Purpose

The procurement of a contractor will provide for construction services necessary for the Mid Valley Campus Childcare Center Canopy Replacement project.

### Background

The Mid Valley Campus Childcare Center Canopy Replacement project has been approved as part of the Renewals and Replacements Fund projects. The canopy to be replaced is part of the existing building purchased from Weslaco ISD which was built over 30 years ago and in need of replacement. A new metal canopy is proposed to match the adjacent canopies that have been previously installed.

Staff from the Facilities Planning and Construction and Purchasing Departments prepared and issued the necessary plans and specifications for the solicitation of competitive sealed proposals for this phase.

Solicitation of competitive sealed proposals for this project began on September 10, 2018. A total of nine (9) sets of construction documents were issued to general contractors and a total of five (5) proposals were received on September 25, 2018.

<b>Timeline for Solicitation of Competitive Sealed Proposals</b>	
September 10, 2018	Solicitation of competitive sealed proposals began.
September 25, 2018	Five (5) proposals were received.

College staff reviewed and evaluated the competitive sealed proposal and recommend Tri-Gen Construction, LLC as the highest ranked in the amount of \$42,010.

### Funding Source

<b>Source of Funding</b>	<b>Amount Budgeted</b>	<b>Highest Ranked Proposal Tri-Gen Construction, LLC</b>	<b>Budget Variance</b>
Renewal and Replacement Plant Fund	\$60,000	\$42,010	\$17,990
<b>Total Amount</b>	<b>\$60,000</b>	<b>\$42,010</b>	<b>\$17,990</b>



Funds are budgeted in the Renewal and Replacement Plant Fund budget for fiscal year 2018-2019.

**Reviewers**

The proposals have been reviewed by College staff from the Facilities Planning & Construction, Maintenance & Operations, and Purchasing departments.

**Enclosed Documents**

Staff evaluated the proposal and prepared the enclosed proposal summary. It is recommended that the top ranked contractor be recommended for Board approval.

Due to time constraints, the Facilities Committee took no action on this item, and it is presented for Board consideration without a recommendation from that committee.

**Recommendation:**

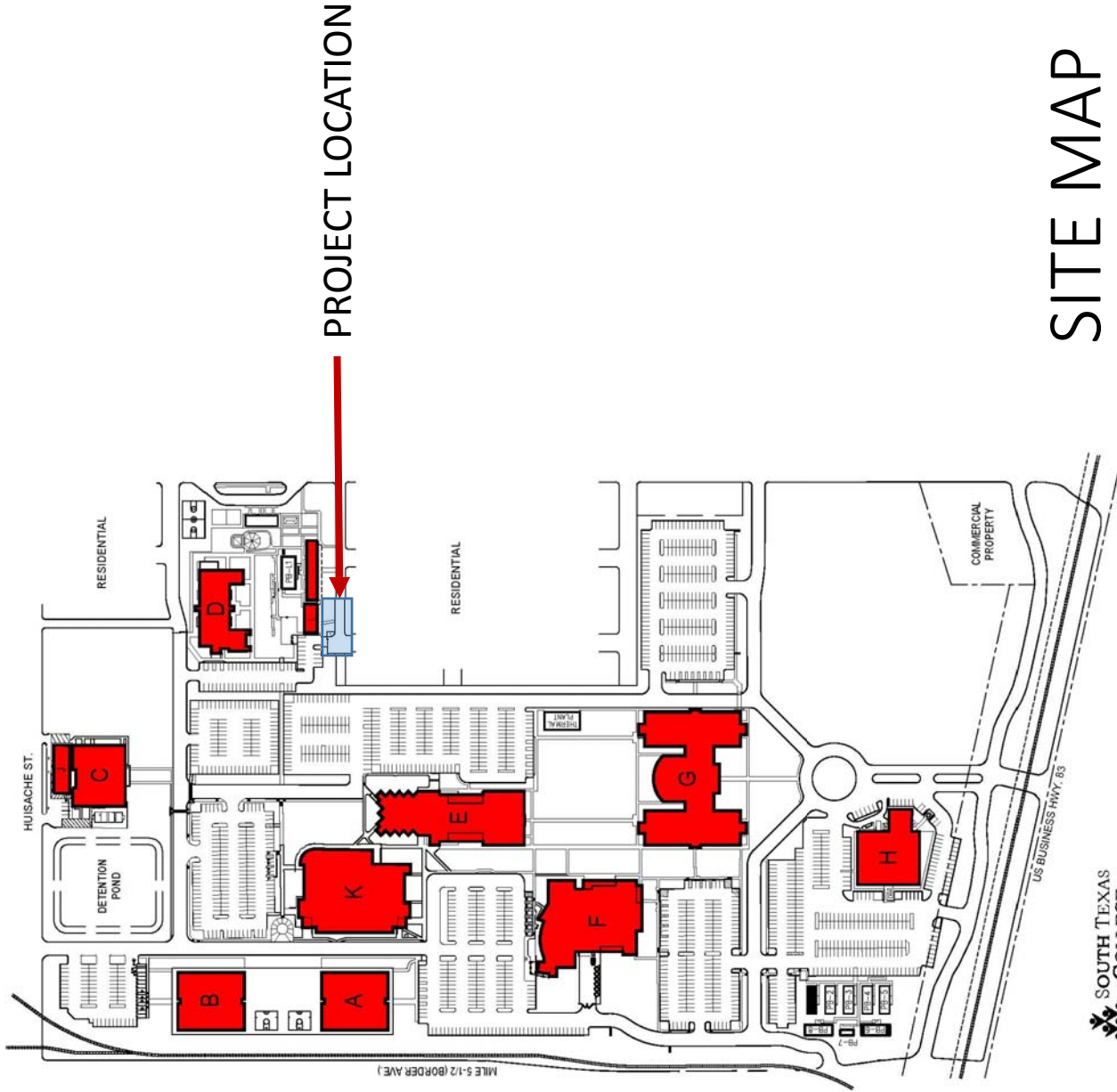
It is recommended that the Board of Trustees of South Texas College approve and authorize contracting construction services with Tri-Gen Construction, LLC in the amount of \$42,010 for the Mid Valley Campus Childcare Center Canopy Replacement project as presented.

**The Following Minute Order is proposed for consideration by the Board of Trustees:**

The Board of Trustees approves and authorizes contracting construction services with Tri-Gen Construction, LLC in the amount of \$42,010 for the Mid Valley Campus Childcare Center Canopy Replacement project as presented.

**Approval Recommended:**

**Shirley A. Reed, M.B.A., Ed.D.**  
**President**



# SITE MAP





## EXTERIOR VIEWS

**SOUTH TEXAS COLLEGE  
MID VALLEY CAMPUS - CHILD CARE DEVELOPMENT CENTER - CANOPY REPLACEMENT  
PROJECT NO. RFP 18-19-1019**

<b>NAME</b>	<b>Golden Key Construction Services</b>	<b>Herrcon, LLC.</b>	<b>NM Contracting, LLC.</b>	<b>RG Enterprises, LLC. / dba G&amp;G Contractors</b>	<b>Tri-Gen Construction, LLC.</b>	
<b>ADDRESS</b>	3409 S Jackson Rd	1333 E Jasmine Ave	2022 Orchid Ave	711 E Wisconsin Rd	2900 N Texas Blvd Ste 201	
<b>CITY/STATE/ZIP</b>	Pharr, TX 78577	McAllen, TX 78501	McAllen, TX 78504	Edinburg, TX 78539	Weslaco, TX 78599	
<b>PHONE</b>	956-393-0960	956-330-5566	956-631-5667	956-283-7040	956-447-1048	
<b>FAX</b>			956-627-3959	956-259-8046	956-447-2003	
<b>CONTACT</b>	Raul Acuirre	Gilbert Herrera	Noel Munoz	Rene Garza	Juan Gonzalez	
<b>#</b>	<b>Proposed</b>	<b>Proposed</b>	<b>Proposed</b>	<b>Proposed</b>	<b>Proposed</b>	
1	Base Bid: Mid Valley Campus - Child Development Center - Canopy Replacement	\$ 100,000.00	\$ 41,920.00	\$ 63,900.00	\$ 71,300.00	\$ 42,010.00
2	Bid Bond Provided	Yes	Yes	Yes	Yes	
3	Begin Work Within	10 Days	10 Days	10 Days	15 Days	
4	Completion of Work Within	45 Calendar Days	75 Calendar Days	90 Calendar Days	50 Calendar Days	
<b>TOTAL AMOUNT PROPOSED</b>		\$ 100,000.00	\$ 41,920.00	\$ 63,900.00	\$ 71,300.00	\$ 42,010.00
<b>TOTAL EVALUATION POINTS</b>		41.25	82.83	69.87	69.81	89.63
<b>RANKING</b>		5	2	3	4	1

**SOUTH TEXAS COLLEGE  
MD VALLEY CAMPUS - CHILD CARE DEVELOPMENT CENTER- CANOPY REPLACEMENT  
PROJECT NO. 18-19-1019  
EVALUATION SUMMARY**

<b>VENDOR</b>		Golden Key Construction Services	Herrcon, LLC.	NM Contracting, LLC.	RG Enterprises, LLC. / dba G&G Contractors	Tri-Gen Construction, LLC.					
<b>ADDRESS</b>		3409 S Jackson Rd	1333 E Jasmine Ave	2022 Orchid Ave	711 E Wisconsin Rd	2900 N Texas Blvd Ste 201					
<b>CITY/STATE/ZIP</b>		Pharr, TX 78577	McAllen, TX 78501	McAllen, TX 78504	Edinburg, TX 78539	Weslaco, TX 78599					
<b>PHONE</b>		956-393-0960	956-330-5566	956-631-5667	956-283-7040	956-447-1048					
<b>FAX</b>				956-627-3959	956-259-8046	956-447-2003					
<b>CONTACT</b>		Raul Acuirre	Gilbert Herrera	Noel Munoz	Rene Garza	Juan Gonzalez					
1	The Respondent's price proposal. (up to 45 points)	18.85	18.85	45	45	29.52	29.52	26.46	26.46	44.91	44.91
		18.85		45		29.52		26.46		44.91	
		18.85		45		29.52		26.46		44.91	
		18.85		45		29.52		26.48		44.91	
		18.85		45		29.52		26.46		44.91	
2	The Respondent's experience and reputation. (up to 10 points)	7	6.2	9	8.1	8	7.6	9	8.4	9	8.7
		6		7		7		8			
		6		9		7		9		9	
		6		7.5		8		9		9.5	
		6		8		8		8		8	
3	The quality of the Respondent's goods or services. (up to 10 points)	4	3.2	8	7.7	8	7.2	9	8	8	8.2
		2		7		6		7		8	
		3		8		7		8		8	
		3		8.5		8		8		9.5	
		4		7		7		8		7.5	
4	The Respondent's safety record (up to 5 points)	0	0.6	4	3.4	4.5	3.8	4.5	4	3	3.3
		1		3		3		3			
		0		4		3.5		4		4	
		2		3		4		4.5		4.5	
		0		3		4		4		2	
5	The Respondent's proposed personnel. (up to 8 points)	3	2.2	5	4.4	7	6.3	7	6.8	6	6.5
		3		5		6		7		7	
		0		6		5		6		6	
		2		3		7		7		7.5	
		3		3		6.5		7		6	
6	The Respondent's financial capability in relation to the size and the scope of the project. (up to 9 points)	3	2.6	6	5.2	8.5	7.5	8	8	7	7.5
		2		5		7		8		8	
		3		6		7		8		7	
		2		5		8		8		8.5	
		3		4		7		8		7	
7	The Respondent's organization and approach to the project. (up to 6 points)	0	0.6	4	4.5	4	4.1	4	4.3	4.5	4.6
		1		4		4		4		5	
		0		5		4		4		5	
		2		5		5		5.5		4	
		0		4.5		3.5		4		4.5	
8	The Respondent's time frame for completing the project. (up to 7 points)	7	7	4.53	4.53	3.85	3.85	3.85	3.85	5.92	5.92
		7		4.53		3.85		3.85		5.92	
		7		4.53		3.85		3.85		5.92	
		7		4.53		3.85		3.85		5.92	
		7		4.53		3.85		3.85		5.92	
<b>TOTAL EVALUATION POINTS</b>		41.25	82.83	69.87	69.81	89.63					
<b>RANKING</b>		5	2	3	4	1					

## **Review and Action as Necessary on Contracting Construction Services for the Technology Campus Building B Concrete Floor Repairs**

Approval to contract construction services for the Technology Campus Advanced Technical Careers (ATC) Building B Concrete Floor Repairs project is requested.

### **Purpose**

The procurement of a contractor will provide for construction services necessary for the Technology Campus ATC Building B Concrete Floor Repairs project.

### **Background**

The Technology Campus ATC Building B Concrete Floor Repairs project has been approved as part of the Renewals and Replacements Fund projects. The existing southeast portion the Technology Campus ATC Building B has experienced a shift in the concrete floor and foundation system. The portion of the building that has shifted was a previous addition to the main building prior to when the College took ownership from the City of McAllen. This shift has caused the floor to be uneven and cracks have appeared on the walls and ceiling at the expansion joint where the two structures are adjoined.

CLH Engineering, Inc. was contracted to provide an analysis of the existing structure and provide engineering drawings to provide structural reinforcement as necessary. CLH Engineering, Inc. prepared and issued the necessary plans and specifications for the solicitation of competitive sealed proposals for this phase.

Solicitation of competitive sealed proposals for this project began on August 14, 2018. A total of nine (9) sets of construction documents were issued to general contractors & plan rooms and a total of four (4) proposals were received on August 28, 2018.

<b>Timeline for Solicitation of Competitive Sealed Proposals</b>	
August 14, 2018	Solicitation of competitive sealed proposals began.
August 28, 2018	Four (4) proposals were received.

College staff reviewed and evaluated the competitive sealed proposal and recommend 5 Star GC Construction, LLC as the highest ranked in the amount of \$64,300.

**Funding Source**

<b>Source of Funding</b>	<b>Amount Budgeted</b>	<b>Highest Ranked Proposal 5 Star GC Construction, LLC</b>	<b>Budget Variance</b>
Renewal and Replacement Plant Fund	\$400,000	\$64,300	\$335,700
<b>Total Amount</b>	<b>\$400,000</b>	<b>\$64,300</b>	<b>\$335,700</b>

Funds are budgeted in the Renewal and Replacement Plant Fund budget for fiscal year 2018-2019. The recommended construction proposal is far less than budgeted since it only includes the costs for work to level the building. Separate costs for repairing the ceilings, walls, and floors in the interior spaces are not included. The additional repair costs will be performed in a separate proposal process. In addition, when the budgets were developed, staff was not sure on the method the engineer would recommend to perform the floor leveling repairs.

**Reviewers**

The proposals have been reviewed by College staff from the Facilities Planning & Construction, Maintenance & Operations, and Purchasing departments.

**Enclosed Documents**

Staff evaluated the proposal and prepared the enclosed proposal summary. It is recommended that the top ranked contractor be recommended for Board approval.

Due to time constraints, the Facilities Committee took no action on this item, and it is presented for Board consideration without a recommendation from that committee.

**Recommendation:**

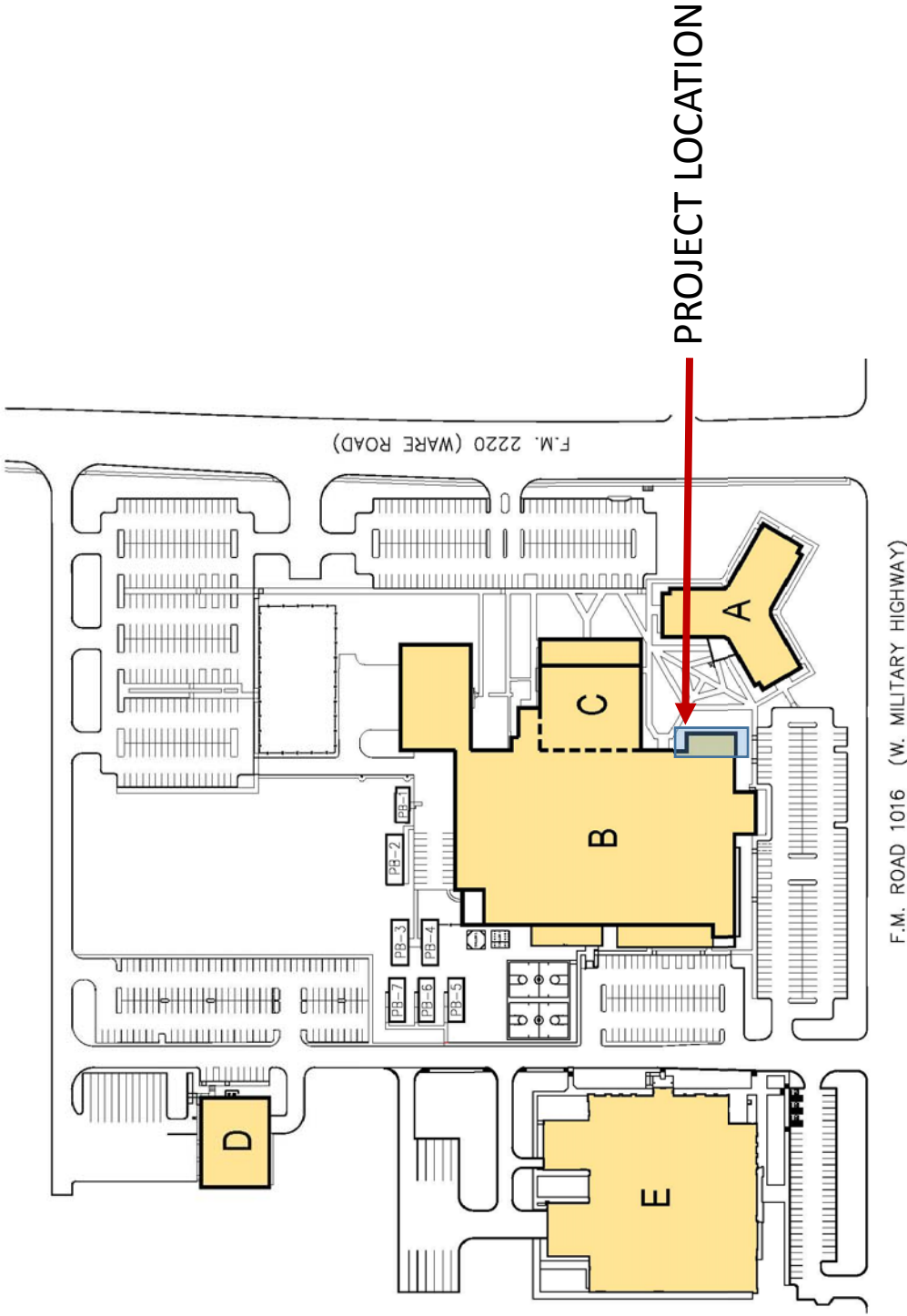
It is recommended that the Board of Trustees of South Texas College approve and authorize contracting construction services with 5 Star GC Construction, LLC in the amount of \$64,300 for the Technology Campus ATC Building B Concrete Floor Repairs project as presented.

**The Following Minute Order is proposed for consideration by the Board of Trustees:**

The Board of Trustees approves and authorizes contracting construction services with 5 Star GC Construction, LLC in the amount of \$64,300 for the Technology Campus ATC Building B Concrete Floor Repairs project as presented.

**Approval Recommended:**

**Shirley A. Reed, M.B.A., Ed.D.**  
**President**



**TECHNOLOGY CAMPUS** 

**SITE MAP**





# EXTERIOR VIEW

**SOUTH TEXAS COLLEGE  
TECHNOLOGY CAMPUS - BUILDING B CONCRETE FLOOR  
PROJECT NO. RFP 18-19-1016**

<b>NAME</b>		Bougambillias Construction, LLC.	5 Star GC Construction, LLC.	J Pena Construction	RG Enterprises, LLC./ dba G&G Contractors
<b>ADDRESS</b>		1775 Central Blvd Ste B	3209 Melody Ln	5808 N 23rd St	711 E Wisconsin Rd
<b>CITY/STATE/ZIP</b>		Brownsville, TX 78520	Mission, TX 78574	McAllen, TX 78504	Edinburg, TX 78539
<b>PHONE</b>		956-541-1390	956-867-5040	956-971-8705	956-283-7040
<b>FAX</b>		956-541-1925	956-599-9055		956-259-8046
<b>CONTACT</b>		Miguel A. Cisneros	Alan Oakley	Jose Pena	Rene Garza
<b>#</b>	<b>Description</b>	<b>Proposed</b>	<b>Proposed</b>	<b>Proposed</b>	<b>Proposed</b>
1	Base Bid: Technology Campus - Building B Concrete Floor	\$ 162,250.00	\$ 64,300.00	\$ 116,850.00	\$ 92,000.00
2	Bid Bond Provided	Yes	Yes	Yes	Yes
3	Begin Work Within	10 Days	10 Days	10 Days	45 Days
4	Completion of Work Within	60 Calendar Days	40 Calendar Days	60 Calendar Days	45 Calendar Days
<b>TOTAL AMOUNT PROPOSED</b>		\$ 162,250.00	\$ 64,300.00	\$ 116,850.00	\$ 92,000.00
<b>TOTAL EVALUATION POINTS</b>		59.9	93	67.15	73.9
<b>RANKING</b>		4	1	3	2

**SOUTH TEXAS COLLEGE  
TECHNOLOGY CAMPUS - BUILDING B CONCRETE FLOOR  
PROJECT NO. 18-19-1016  
EVALUATION SUMMARY**

<b>VENDOR</b>		Bougambillias Construction, LLC.	5 Star GC Construction, LLC.	J Pena Construction	RG Enterprises, LLC./ dba G&G Contractors				
<b>ADDRESS</b>		1775 Central Blvd Ste B	3209 Melody Ln	5808 N 23rd St	711 E Wisconsin Rd				
<b>CITY/STATE/ZIP</b>		Brownsville, TX 78520	Mission, TX 78574	McAllen, TX 78504	Edinburg, TX 78539				
<b>PHONE</b>		956-541-1390	956-867-5040	956-971-8705	956-283-7040				
<b>FAX</b>		956-541-1925	956-599-9055		956-259-8046				
<b>CONTACT</b>		Miguel A. Cisneros	Alan Oakley	Jose Pena	Rene Garza				
1	The Respondent's price proposal. (up to 45 points)	18	18	45	45	24.75	24.75	31.5	31.5
		18		45		24.75		31.5	
		18		45		24.75		31.5	
		18		45		24.75		31.5	
		18		45		24.75		31.5	
2	The Respondent's experience and reputation. (up to 10 points)	7	8	8	8.8	7	7.6	7	8.4
		8		9		8		9	
		9		9		8		9	
		7		9		7		8	
		9		9		8		9	
3	The quality of the Respondent's goods or services. (up to 10 points)	8	8	8	8.6	7	8.2	7	7.6
		8		9		9		8.5	
		9		8		8		8	
		7		9		8		6	
		8		9		9		8.5	
4	The Respondent's safety record (up to 5 points)	3	3.3	3	3.6	4	3.6	3	3.6
		2.5		3.5		4		4	
		4		4		4		3	
		3		4		2		4	
		4		3.5		4		4	
5	The Respondent's proposed personnel. (up to 8 points)	6	6.6	7	7	6	6.4	6	6.2
		7		7		6		7	
		7		7		7		6	
		7		7		6		5	
		6		7		7		7	
6	The Respondent's financial capability in relation to the size and the scope of the project. (up to 9 points)	6	6	8	7.9	6	5.8	8	7.7
		6		8.5		6		8.5	
		5		8		5		7	
		6		7		5		8	
		7		8		7		7	
7	The Respondent's organization and approach to the project. (up to 6 points)	4	4	5	5.1	5	4.8	4	4.2
		3		5.5		5		5	
		5		6		4		5	
		4		4		5		3	
		4		5		5		4	
8	The Respondent's time frame for completing the project. (up to 7 points)	6	6	7	7	6	6	4.7	4.7
		6		7		6		4.7	
		6		7		6		4.7	
		6		7		6		4.7	
		6		7		6		4.7	
<b>TOTAL EVALUATION POINTS</b>		59.9	93	67.15	73.9				
<b>RANKING</b>		4	1	3	2				

### **Update on Status of Non-Bond Construction Projects**

The Facilities Planning and Construction staff prepared the attached design and construction update. This update summarizes the status of each capital improvement project currently in progress. Mary Elizondo and Rick de la Garza will be present to respond to questions and address concerns of the committee.

CONSTRUCTION PROJECTS PROGRESS REPORT - October 4, 2018

Project number	PROJECT DESCRIPTION	Project Development			Design Phase			Solicitation of Proposals		Construction Phase					Project Manager	Architect/Engineer	Contractor
		Project Development	Board approval of A/E	Contract Negotiations	Concept Development	Schematic Approval	30%	60%	95%	100%	Solicit of Proposals	Approve Contractor	Construction Start	30%			
<b>Pecan Campus</b>																	
15-1-R03	Pecan - Arbor Brick Columns Repair & Replacement (RR)		N/A	N/A	N/A	N/A	N/A	N/A	N/A						David	N/A	
16-1-014	Pecan - Sand Volleyball Courts		N/A	N/A	N/A	N/A	N/A	N/A	N/A						David		
	Pecan - Building A Renovation		N/A	N/A	N/A	N/A	N/A	N/A	N/A						Robert	FPC	M&O
	Pecan - Athletic Field Fence Enclosure		N/A	N/A	N/A	N/A	N/A	N/A	N/A						David	FPC/Charlin Engineering	
	Pecan - Building D Renovation		N/A	N/A	N/A	N/A	N/A	N/A	N/A						Robert	EGV Architects	
	Pecan - Building H Cafeteria Renovations		N/A	N/A	N/A	N/A	N/A	N/A	N/A						Robert	EGV Architects	
	Pecan - Demolition of Dr. Casso Property		N/A	N/A	N/A	N/A	N/A	N/A	N/A						Martin	TBD	
<b>Pecan Plaza</b>																	
15-1-003	Pecan Plaza - Emergency Generator and Wiring		N/A	N/A	N/A	N/A	N/A	N/A	N/A						Sam	DBR Engineering	McDonald Municipal and Industrial
18-1-008	Pecan Plaza - Building C 2601 Test Site Renovations		N/A	N/A	N/A	N/A	N/A	N/A	N/A						Robert	M&O	
<b>Mid Valley Campus</b>																	
16-2-R06	MV - Building B Carpet Replacement (RR)		N/A	N/A	N/A	N/A	N/A	N/A	N/A						Sam		
16-2-R08	MV - Childcare Canopy Replacement (RR)		N/A	N/A	N/A	N/A	N/A	N/A	N/A						Sam		TBD
16-2-005) R09	MV - Resurfacing Parking Lot #3 (RR)														Sam	PCE	
	MV - Thermal Plant Renovation														Sam		
	MV - Resurfacing Northwest Drive (RR)														Sam	PCE	
	MV - Covered Walkway for Bus Drop Off (RR)														Sam		
	MV - Student Services Renovation														Sam		
<b>Technology Campus</b>																	
15-3-R03	TC - Building B Repair Concrete Floor Mechanical Room (RR)		N/A	N/A	N/A	N/A	N/A	N/A	N/A						David	CLH Engineering	TBD
15-3-R03	TC - Building B Concrete Floor Repairs (RR)		N/A	N/A	N/A	N/A	N/A	N/A	N/A						David	CLH Engineering	TBD
16-2-R13	TC - Building B Domestic Fire Sprinkler Lines (RR)		N/A	N/A	N/A	N/A	N/A	N/A	N/A						Sam	Half Associates	G&G Contractors
	TC - Shipping and Receiving Building D Office Renovation		N/A	N/A	N/A	N/A	N/A	N/A	N/A						Robert		
<b>Nursing and Allied Health Campus</b>																	
	NAH - Student Success Center Renovation														Sam	Boullinghouse Simpson Gates Architects	TBD
<b>Starr County Campus</b>																	
15-5-045	Starr - Building E & J Crisis Mgr Center Generator														Sam	DBR Engineering	McDonald Municipal and Industrial
	Starr - Student Services Renovation																
<b>Regional Center for Public Safety Excellence</b>																	
	RCPSE - Signage														Robert	FPC	Monument Signs
	RCPSE - Chiller Relocation															M&O	
<b>District Wide Improvements</b>																	
13-6-003	DW - Automatic Doors Phase III		N/A	N/A	N/A	N/A	N/A	N/A	N/A						Robert	Elfos Engineering	TBD
14-6-R014	DW - Marker Boards Replacement (RR)		N/A	N/A	N/A	N/A	N/A	N/A	N/A						Sam	N/A	TBD
14-6-R015	DW - Irrigation System Controls Upgrade (RR)		N/A	N/A	N/A	N/A	N/A	N/A	N/A						Sam	M&O	TBD
15-6-R01	DW - Fire Alarm Panel Replacement/Upgrades (RR)		N/A	N/A	N/A	N/A	N/A	N/A	N/A						Sam	M&O	TBD
	DW - Interior LED Lighting Ph 1 (RR)		N/A	N/A	N/A	N/A	N/A	N/A	N/A						Sam	M&O	TBD
15-6-001	DW - Outdoor Furniture		N/A	N/A	N/A	N/A	N/A	N/A	N/A						Sam	N/A	TBD
15-6-002	DW - Directional Signage		N/A	N/A	N/A	N/A	N/A	N/A	N/A						David	N/A	TBD

CONSTRUCTION PROJECTS PROGRESS REPORT - October 4, 2018																							
Project number	PROJECT DESCRIPTION	Project Development				Design Phase				Solicitation of Proposals			Construction Phase			Project Manager	Architect/Engineer	Contractor					
		Project Development	Board approval of A/E	Contract Negotiations	Concept Development	30%	60%	95%	100%	Solicit of Proposals	Approve Contractor	Construction Start	30%	50%	75%				95% Substantial Comp	100%	Final Completion		
16-0-R19	DW - Walkway LED Lighting Upgrade Ph I (RR)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Solicit of Proposals	Approve Contractor	Construction Start	30%	50%	75%	95% Substantial Comp	100%	Final Completion	Rick	M&O	TBD
18-0-R12	DW - FOCUS on Active Learning (RR)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Robert	M&O	TBD
	DW - Interior Controls Upgrade (RR)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Rick	M&O	TBD
	DW - Flooring Replacement (RR)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Rick	N/A	TBD
	DW - Restroom Fixtures Replacement & Upgrade (RR)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Rick	M&O	TBD
	DW - Water Heater Replacement & Upgrade (RR)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Rick	M&O	TBD
	DW - Door Access Controls Replacement (RR)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Rick	M&O	TBD
	DW - HVAC Upgrades (RR)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Rick	M&O	TBD
	DW - Water Pump Stations (RR)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Rick	M&O	TBD

For FY 2018-19, 26 non-bond projects are currently in progress, 2 project(s) completed and 51 pending start up - 79 Total

# Status of Non-Bond Construction Projects in Progress October 2018

Project	% Complete	Date to Complete	Current Activity	Original Budget	Contract Amount	Comparison to Budget	Amount Paid	Contract Balance
<b>Pecan Campus</b>								
Arbor Brick Columns Repair and Replacement	5%	December 2018	1. Construction Phase 2. Bidding in Progress	\$ 20,000.00	TBD	TBD	\$ -	TBD
Sand Volleyball Courts	20%	November 2018	1. Design Phase 2. Design in Progress	\$ 50,000.00	TBD	TBD	\$ -	TBD
Pecan Plaza Police Department Emergency Generator	95%	October 2018	1. Construction Phase 2. Construction in Progress	\$ 400,000.00	TBD	\$ 213,324.00	\$ 177,342.20	\$ 9,333.80
Building D Renovations	5%	December 2018	1. Design Phase 2. Design in Progress	\$ 18,000.00	TBD	TBD	\$ -	TBD
Building H Renovations	5%	January 2019	1. Design Phase 2. Design in Progress	\$ 60,000.00	TBD	TBD	\$ -	TBD
<b>Pecan Campus Total</b>				<b>\$ 773,000.00</b>	<b>\$ 33,513.00</b>	<b>\$ 224,811.00</b>	<b>\$ 211,830.20</b>	<b>\$ 8,358.80</b>
<b>Mid Valley Campus Total</b>								
Childcare Canopy Replacement (RR)	100%	October 2018	1. Project Development 2. Design in Progress	\$ 3,000.00	TBD	TBD	\$ -	TBD
Covered Walkway for Bus Drop Off	5%	December 2018	1. Project Development 2. Design in Progress	\$ 5,000.00	TBD	TBD	\$ -	TBD
<b>Mid Valley Campus Total</b>				<b>\$ 73,000.00</b>	<b>\$ 73,872.00</b>	<b>\$ 65,000.00</b>	<b>\$ 73,872.00</b>	<b>\$ -</b>

Project	% Complete	Date to Complete	Current Activity	Original Budget	Contract Amount	Comparison to Budget	Amount Paid	Contract Balance
<b>Technology Campus</b>								
Repair Concrete Floor Mechanical Room	5%	November 2018	1. Construction Phase 2. Construction in Progress	\$ 30,000.00		\$ -	\$ -	\$ -
Building B Concrete Floor Repairs	100%	October 2018	1. Construction Phase 2. Bidding in Progress	\$ 10,000.00		\$ -	\$ -	\$ -
Building B Domestic/Fire Sprinkler Lines	35%	November 2018	1. Construction Phase 2. Construction in Progress	\$ 900,000.00	\$ 638,935.00	\$ 261,065.00	\$ 42,143.52	\$ 596,791.48
<b>Technology Campus Total</b>				<b>\$ 985,000.00</b>	<b>\$ 652,128.13</b>	<b>\$ 282,871.87</b>	<b>\$ 55,336.65</b>	<b>\$ 596,791.48</b>
<b>Nursing and Allied Health Campus</b>								
Student Success Center Renovation	5%	November 2018	1. Design Phase 2. Design in Progress	\$ 11,000.00	\$ 11,000.00	\$ 11,000.00	\$ -	TBD
<b>Nursing and Allied Health Campus Total</b>				<b>\$ 11,000.00</b>	<b>\$ 11,000.00</b>	<b>\$ 11,000.00</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Starr County Campus</b>								
Bldg E & J Crisis Management Center with Generator	95%	October 2018	1. Construction Phase 2. Construction in Progress	\$ 400,000.00	\$ 285,493.00	\$ 142,207.00	\$ 241,103.35	\$ 44,389.65
<b>Starr County Campus Total</b>				<b>\$ 450,000.00</b>	<b>\$ 332,143.00</b>	<b>\$ 145,557.00</b>	<b>\$ 263,903.35</b>	<b>\$ 68,239.65</b>



Project	% Complete	Date to Complete	Current Activity	Original Budget	Contract Amount	Comparison to Budget	Amount Paid	Contract Balance
<b>District Wide</b>								
Automatic Doors Phase III	5%	August 2018	1. Construction Phase 2. Construction in Progress	\$ 65,000.00	\$	\$ -	\$ -	\$ -
Marker Boards Replacement	20%	October 2018	1. Project Development 2. Design in Progress	\$ 200,000.00	\$	\$ -	\$ -	\$ -
Irrigation System Controls Upgrade (RR)	5%	December 2018	1. Project Development 2. Design in Progress	\$ 70,000.00	TBD	TBD	\$ -	TBD
Fire Alarm Panel Replacement / Upgrades (RR)	5%	August 2018	1. Project Development 2. Design in Progress	\$ 180,000.00	TBD	TBD	\$ -	TBD
Outdoor Furniture	60%	December 2018	1. Construction Phase 2. Construction in Progress	\$ 250,000.00	\$	\$ -	\$ -	\$ -
Directional Signage Updates	95%	July 2018	1. Construction Phase 2. Bidding in Progress	\$ 25,000.00	TBD	TBD	\$ -	TBD
Walkway LED Lighting Upgrade	5%	August 2018	1. Project Development 2. Design in Progress	\$ 35,000.00	TBD	TBD	\$ 10,687.50	TBD
FOCUS on Active Learning (RR)	5%	July 2018	1. Project Development 2. Design in Progress	\$ 30,000.00	\$	\$ 676.90	\$ 676.90	\$ -
Interior Controls Upgrade (RR)	5%	August 2018	1. Project Development 2. Design in Progress	\$ 75,000.00	TBD	TBD	\$ -	TBD
Flooring Replacement Phase I (RR)	5%	July 2018	1. Project Development 2. Design in Progress	\$ 500,000.00	TBD	TBD	\$ 22,323.23	TBD
Restroom Fixtures Replacement & Upgrade	5%	August 2018	1. Project Development 2. Design in Progress	\$ 25,000.00	\$	\$ 4,047.68	\$ 4,047.68	\$ -
Water Heater Replacement & Upgrade	5%	August 2018	1. Project Development 2. Design in Progress	\$ 20,000.00	\$	\$ 13,372.47	\$ 3,532.63	\$ 13,372.47

Project	% Complete	Date to Complete	Current Activity	Original Budget	Contract Amount	Comparison to Budget	Amount Paid	Contract Balance
Door Access Controls Replacement (RR)	5%	August 2018	1. Project Development 2. Design in Progress	\$ 30,000.00	TBD	TBD	\$ -	TBD
HVAC Upgrades (RR)	5%	August 2018	1. Project Development 2. Design in Progress	\$ 100,000.00	\$ 13,372.47	\$ 86,627.53	\$ 21,464.85	\$ (8,092.38)
Water Pump Stations (RR)	5%	August 2018	1. Project Development 2. Design in Progress	\$ 25,000.00	TBD	TBD	\$ -	TBD
Exterior Lighting Upgrade (RR)	5%	August 2018	1. Project Development 2. Design in Progress	\$ 250,000.00	TBD	TBD	\$ -	TBD
<b>District Wide Total</b>				<b>\$ 1,880,000.00</b>	<b>\$ 62,811.40</b>	<b>\$ 105,561.07</b>	<b>\$ 62,732.79</b>	<b>\$ 36,621.97</b>
<b>Non-Bond Construction Project Total</b>				<b>\$ 4,172,000.00</b>	<b>\$ 1,165,467.53</b>	<b>\$ 834,800.94</b>	<b>\$ 667,674.99</b>	<b>\$ 710,011.90</b>
<b>For FY 2018 - 2019, 27 non-bond projects are currently in progress, 0 has been completed and 52 pending start up - 79 Total</b>								

## **Consideration and Approval of Checks and Financial Reports**

Board action is requested to approve the checks for release and the financial reports for the month of September 2018. The approval is for checks submitted for release in the amount greater than \$125,000.00 and checks in the amount greater than \$25,000.00 that were released as authorized by Board Policy No. 5610.

Mrs. Mary Elizondo, Vice President for Finance and Administrative Services, will provide a review of the Financial Report for the month of **September 2018**, and will respond to questions posed by the Board.

The checks and the financial reports submitted for approval are included in the Board packet under separate cover.

### **Recommendation:**

It is recommended that the Board of Trustees approve and authorize the submitted checks for release in an amount over \$125,000.00, the checks that were released as authorized by Board Policy #5610, and the financial reports submitted for the month of September 2018.

### **The following Minute Order is proposed for consideration by the Board of Trustees:**

The Board of Trustees of South Texas College approves and authorizes the submitted checks for release in an amount over \$125,000.00, the checks that were released as authorized by Board Policy #5610, and the financial reports submitted for the month of September 2018.

### **Approval Recommended:**

**Shirley A. Reed, M.B.A., Ed.D.**  
**President**

### **Consideration and Approval of Checks and Financial Reports**

The Checks and the Financial Reports presented for approval are included in the Board Packet under SEPARATE COVER:

- A. Release of Checks for \$25,000.00 to less than \$125,000.00 Released Prior to Board Approval for September 2018
- B. Release of Checks for \$125,000.00 and Above Board of Trustees Approval Required for September 2018
- C. Release of Checks for \$125,000.00 and Above Released Prior to Board Approval (Policy 5610) for September 2018
- D. Release of Construction Fund Checks for September 2018
- E. Quarterly Investment Report for September 2018
- F. Summary of Revenue for September 2018
- G. Summary of State Appropriations Income for September 2018
- H. Summary of Property Tax Income for September 2018
- I. Summary of Expenditures by Classification for September 2018
- J. Summary of Expenditures by Function for September 2018
- K. Summary of Auxiliary Fund Revenues and Expenditures for September 2018
- L. Summary of Grant Revenues and Expenditures, September 2018
- M. Summary of Bid Solicitations
- N. Check Register for September 2018

## **FINANCIAL REPORTS**

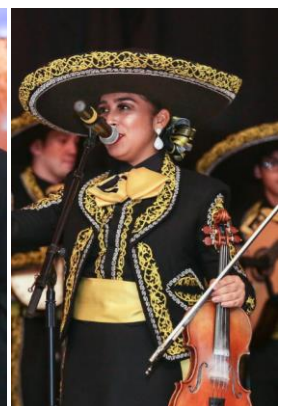
**The Financial Reports are provided under separate cover.**



The 13<sup>th</sup> annual A Night With The Stars gala was held on October 11<sup>th</sup> at the Corinthian Special Event Center. The gala was a tribute to star supporters of education and benefited the Valley Scholars Program.

The Valley Scholars Program was established in 1997 to recognize and promote academic excellence by providing financial assistance, academic support services, mentoring, and leadership development to academically gifted and highly motivated students from Hidalgo and Starr counties. The Program provides a foundation that empowers students to excel in their academic achievements and to become leaders that will make significant contributions to their communities. The event recognized 11 Valley Scholars Alumni who have been employed at STC over 10 years in various levels and assignments including direct wage, part-time, adjunct, and full-time.

Currently, Class 22 includes 49 students from 14 different high schools. Over the past twenty-two years, the program has helped more than 920 students. All net proceeds from “A Night with the Stars” will benefit Valley Scholars Program scholarships.





A Town Hall Meeting was held with Senator Eddie Lucio Jr on Thursday, October 18<sup>th</sup> at the Pecan Campus Student Union. Senator Lucio provided a presentation to students, faculty and staff that highlighted the power of voting and its impact on economic development in the Rio Grande Valley.

Senator Lucio presented a gavel to the Student Government Association of South Texas College.

Members of the Student Government Association engaged in a Q&A with Senator Lucio regarding job opportunities, expansion of mass transportation, and the economic climate.

South Texas College and El Instituto de Estudios Superiores collaborated to host the 6th Annual New Innovations, New Opportunities Conference (INNO) held on Friday, September 28<sup>th</sup>. The conference featured a panel of experts from the public who discussed the skills needed to make students more competitive in the labor market and attract business. Speakers included Julian Alvarez, from the Texas Workforce Commission, Dr. Daniel King, Superintendent of PSJA ISD, and Blake Hastings of the Dallas Federal Reserve.



Registration for Spring 2019 semester has officially begun with the Office of Admissions and Records encouraging students to register early and avoid the lines and have early pick on the classes they need.

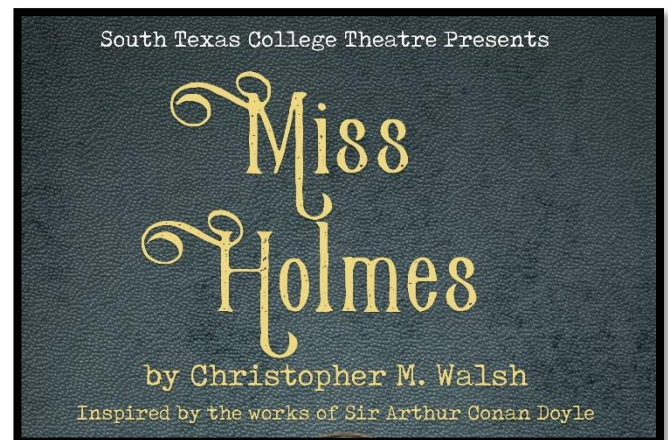
In partnership with RGV Focus, South Texas College held a Super Saturday Event on October 13<sup>th</sup> at Pecan, Mid Valley and Starr County campuses to provide free one-on-one assistance to students needing to complete their federal (FAFSA) and state (TAFSA) applications for financial aid. The event also included campus tours, information on STC programs, and financial literacy workshops.



In recognition of October being Breast Cancer Awareness month, the Office of Student Activities & Wellness held informational tables to provide resources and materials on early detection, education and support services for Breast Cancer.

The South Texas College Theatre kicked off its 2018-2019 season with Christopher M. Walsh's play, Miss Holmes, inspired by the works of Sir Arthur Conan Doyle. Miss Holmes is a "fan fiction" which re-examines the Victorian world of Holmes and Watson by exploring the added obstacles faced by these two iconic characters if they were women.

The production ran from Oct. 18<sup>th</sup> through the 20<sup>th</sup> and included a matinee on Oct. 21<sup>st</sup>. Performances took place at STC's Copper Center for Communication Arts Black Box Studio Theatre.



The Office of Student Activities & Wellness held Voter Registration Drive events at the Pecan Campus on September 25<sup>th</sup> to provide information on registration and encourage students to vote.





The University Relations, Transfer and Articulation Center held a Fall 2018 College Fair at the Pecan, Mid Valley, and Starr County Campuses from October 15<sup>th</sup> through the 17<sup>th</sup>. Students were provided transfer information and a list of available programs the universities in attendance have to offer. Participating universities included Texas A&M University, Our Lady of the Lake University, University of Texas at Austin, and University of Texas Rio Grande Valley.

On Saturday, October 13<sup>th</sup> several South Texas College students participated in the South Texas Challenge hosted by Texas A&M University – Kingsville. Other institutions in attendance included Texas A&M - Corpus Christi and the University of Texas Rio Grande Valley. STC students represented the college with enthusiasm and great pride and were awarded with the Spirit Boot prize.



The South Texas College Library hosted an art talk and reception on October 17<sup>th</sup> of the exhibit *Marcando el Relampago* by Tina Fuentes. Tina Fuentes a Professor at Texas Tech University and a visual artist, working predominately in painting, drawing, and printmaking. This collaborative exhibition presented insights into lighting- a dynamic component of our planet's weather systems. The exhibit will be on display August 27<sup>th</sup> through October 17<sup>th</sup>.

October is National Cyber Security Awareness Month, an annual campaign to raise awareness about the importance of cybersecurity. The Pecan and Starr County Campus Libraries held presentations on available resources to stay safe and secure online. National Cyber Security Awareness Month (NCSAM) is designed to engage and educate public and private sector partners through events and initiatives to raise awareness about the importance of cybersecurity, provide them with the tools and resources needed to stay safe online, and increase the resiliency of the Nation in the event of a cyber-incident.





## LUNCH N' LEARN SERIES

✦ Top 10 Workplace Issues

Topics include: Absenteeism, Communication Problems, Sexual Misconduct, Accountability, etc...

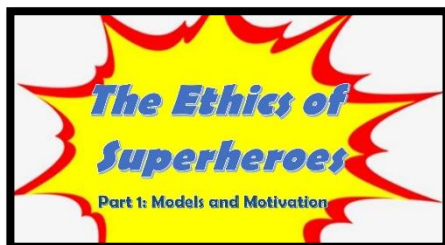
The Office of Human Resources presented the Fall 2018 Lunch N' Learn Series. Employees were provided with need-to-know information regarding Top 10 Workplace Issues. Two events were hosted at each South Texas College campus.

Occupational Therapy Assistant students from STC's Nursing and Allied Health Division celebrated National Backpack Awareness Day by teaching others how to properly choose, pack, lift, and carry various types of bags.

Occupational therapists and occupational therapy assistants help people across the lifespan participate in the things they want and need to do through the therapeutic use of everyday activities.



The Department of History and Philosophy presented several talks throughout the month including:



- The Ethics of Superheroes by Dr. Aaron Wilson, Assistant Professor of Philosophy, who made a case for superheroes as moral role models. Superheroes are often shown tackling real problems, and while their feats might be beyond the abilities of any individual person, they are often not beyond our collective abilities.



- The Moral Foundations of Corporations by Dr. Steven Scarlet, University of Baltimore, and Dr. Andres Ochoa from South Texas College. In this talk, Dr. Scarlet and Dr. Ochoa argued that corporations have moral purposes at their foundation and that the purpose of corporation is the respect and promotion of human rights.

The English Department presented Novel Ideas discussion events to examine how some of the great works of literature remain relevant today. Some of the works discussed include A Clockwork Orange, The Catcher in the Rye, and The Scarlet Letter.



South Texas College's Mid-Valley Campus Library Art Gallery presented "Hydrogen, Oxygen, Carbon," an exhibition featuring charcoal drawings by Luis Corpus, Art Instructor at South Texas College. This exhibit marked the opening of the newly renovated Library Art Gallery at the Mid-Valley Campus and began Monday, October 8 and will be on view through December 1, 2018.

## LUIS CORPUS HYDROGEN, OXYGEN, CARBON



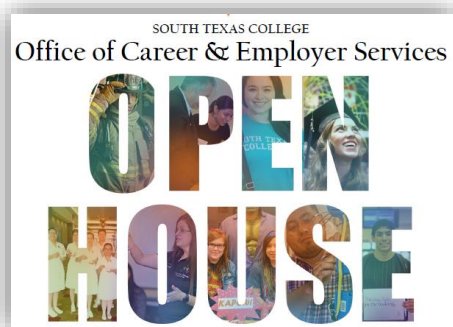
This current body of work by Luis Corpus, uses a symbolic medium of handmade charcoal from branches and water from the Rio Grande

River. He creates portraits of students using these materials, attempting to express a cultural identity whose dual nature does not handily offer itself to absolutes.



The Department of Public Safety hosted an Emergency Response training on October 9<sup>th</sup> at the Pecan Campus Cooper Center. All building responders, faculty and Staff were invited to attend. The event reviewed CPR, active shooter and bomb threats, and discussed how safety and security can be improved both at work and at home.

The STC Advanced Manufacturing Technology Department and South Texas Manufacturing Association hosted Manufacturing Day at the Technology Campus. The event provided information on Manufacturing, highlighted success stories, included interactive activities and demos on 3D printers and CNC Machining.



The Office of Career & Employer Services held an Open House to showcase their new space at the Pecan Campus, provide information on their services, and introduce staff. Local community partners & businesses friends were invited to attend and learn about all that Career & Employer Services has to offer.

The South Texas College Child Development & Early Childhood Department hosted a Child Care & Early Childhood Conference on October 20, 2018 at the Mid Valley Campus. Early childhood professionals from across the Valley were invited to attend and participate in discussions including Observing for International Lesson Planning, and Hands on Lesson Planning.



## DISABILITY AWARENESS DAY

### FALL 2018 HEALTH FAIR



The Counseling and Student Disability Services Department hosted a Fall 2018 Health Fair- Disability Awareness Day on October 10, 2018 at the Pecan Campus. The Fair aimed to inform and connect students, faculty, and staff with a variety of disability, health and related community resources.

The department also held National Depression Screening Day on October 11<sup>TH</sup> in conjunction with Mental Illness Awareness Week. An informational table was available and anonymous screening was provided. National Depression Screening Day began as an effort to reach individuals across the nation with important mental health education and connect them with support services.

- Participated in a meeting to review open forum comments for the Search Committee for the Dean of Institutional Research, Effectiveness, and Strategic Planning.
- Attended the Guided Pathways Institute planning session meeting in support of South Texas College's participation in the Texas Pathways Project – Institute #5. South Texas College is one of 12 colleges that was selected to participate in the Texas Pathways Project. The Texas Pathways Model is an integrated, system-wide approach to student success based on intentionally designed, clear, coherent and structured educational experiences, informed by available evidence, that guide each student effectively and efficiently from the selection of their high school degree program to her/his point of postsecondary entry through to attainment of high-quality credentials and careers with value in the labor market. South Texas College will be utilizing this model to determine how we can strengthen our own educational pathways.

- Met with Mary Elizondo, Vice President for Finance and Administrative Services, to review the budget and long term strategies for the Food Services Department.
- Met with Dr. Virginia Champion, Director of Grant Development, Management and Compliance, Mary Elizondo, Vice President for Finance and Administrative Services, and Mrs. Wanda Garza, Executive Officer for External Affairs, to review and address the concerns regarding the proposal for a Target Range Grant with the Texas Parks and Wildlife Department.
- Attended the McAllen Citizens League Political Forum on September 27th at the Salvation Army. Candidates who participated were: Richard Cortez and Jane Cross, candidates for Hidalgo County Judge and Bobby Guerra and Hilda De Shazo, candidates for District 41 State Representatives. The League's forum format allowed each candidate 3-minute opening comments. After all candidates have spoken, questions from league members were asked.
- Met with the Search Committee for the Executive Assistant to the President position throughout the month to review prospective candidates and coordinate interviews.
- Participated in a webinar hosted by American Institutes for Research (AIR). During the webinar, AIR shared a summary of the comments they received on the draft report for Phase II of the dual credit study during the public comment period. AIR also shared recommendations based on study findings.
- Met with Mary Elizondo, Vice President for Finance and Administrative Services, to review and discuss management responses to the Time Keeping System Compliance audit report conducted by the Internal Audits Office.
- Met with Frank Almaraz, Chief Executive Officer of Workforce Solutions to review and expand opportunities for South Texas College to work collaboratively with Workforce Solutions.
- Participated in a conference call with Mike Reeser, Chancellor of Texas State Technical College System, to discuss the interest of City of Pharr Mayor Hernandez and PSJA ISD Superintendent Dr. King to construct a \$40 million TSTC Campus in Pharr.
- Joined Juan Carlos Aguirre, Dean of Continuing, Professional & Workforce Education, on a conference call with Benjamin Wright, Chief of Staff, Office of State Representative Ryan Guillen, to discuss Reformed High School Equivalency Funding as a priority in the upcoming Legislative Session to better assist the marginalized masses living in our service area.
- Met with City of Pharr Mayor Ambrosio Hernandez to discuss his interest and negative consequences of bringing a TSTC Campus to Pharr that would duplicate STC programs.

- Participated in a conference call with the Texas Association of Community Colleges (TACC) Legislative Committee meeting to review the current positions by TACC, the joint TACC/THECB Statement on Dual Credit, and discuss the overview on Interim House and Senate Hearings on Transfer and Dual Credit for the 85th Legislature.
- Met with City of McAllen Mayor Jim Darling and Keith Patridge, President of McAllen EDC, to discuss options for developing a Maker Space Concept in McAllen and the opportunity to expand Pre-apprenticeship opportunities in partnership between McAllen ISD and South Texas College.
- Provided Welcome Remarks at the 5th annual College for all Conference hosted by the Pharr-San Juan-Alamo Independent School District. The College for all Conference featured over 60 sessions which included: Establishing and Scaling Early College High Schools “To and Through” College, The Role of Higher Education Partnerships, Back-on-Track to College, and Empowering Parents: A Two Generation Approach to College Success.
- Attended the 13<sup>th</sup> annual Night with the Stars event and introduced select South Texas College employees who were former Valley Scholars students and who have been employed with the college for over 10 years. The 13<sup>th</sup> annual Night with the Stars raised \$78,113 in net proceeds to benefit the Valley Scholars Program.
- Attended the Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) Federal Competitive Grant Press Conference by Vanguard Academy. Vanguard Academy was awarded a 2018-2019 GEAR UP grant and held a press conference to recognize partnering organizations, including South Texas College. The grant total obtained by this award is the highest state and federal grant ever received in the history of Vanguard Academy which totals to \$10.6 Million. Vanguard Academy was only one of eight other educational institutions in the State to be selected for this grant and the one of only two charter schools in the nation.
- Presented the College Mission, Philosophy & Points of Pride to the 23 new faculty and staff participating in the Jaguar Academy. The Jaguar Academy engages new employees beyond the standard first day orientation and helps them connect to South Texas College’s Comprehensive Mission and to become part of the STC Family. The Academy focused on providing guidance, support, and instilling confidence in new employees as they adapt to their roles at the College.
- Dr. David Plummer, Vice President for Information Services, Planning & Strategic Initiatives, and I met with Mr. Filex Ortiz, Chairman, Founder, and CEO of Viridis Learning Inc. Mr. Ortiz provided information on the current projects Viridis is involved in with community colleges in Texas. Viridis is a skills based platform that enables workforce agencies, higher education, their students and employers to collaborate and create a pathway from education to employment in the middle skilled jobs category.

- Introduced Senator Lucio at the October 18th Town Hall Meeting at the Pecan Campus Student Union. Senator Lucio's presentation highlighted the power of voting and its impact on economic development in the Rio Grande Valley. Members from the Student Government Association from Starr County, Mid Valley and Pecan Campuses organized and hosted the event.
- Participated in mandatory Title IX Training titled Legal Updates for Title IX and Related Laws presented by Sandra K. Schuster, J.D., from the Association of Title IX Administrators. All South Texas College Executive staff, Administrators, and Supervisors were required to attend.
- Presented award to recipients of the Making a Difference in Student Success and Retention (MADISSAR) Institutional Grant. Institutional Funds are set aside to support innovative initiatives designed to improve student success and completion.
- Met with Dr. Steve Johnson, Chancellor, and Dwayne A. Grant, Community Relations Manager, from Western Governors University Texas regarding recruitment strategies and future partnerships to energize increased enrollment at Western Governors University.
- Attended the ACCT Leadership Congress from October 24th through the 26th. More than 2,000 trustees, presidents, chancellors, government officials, foundation representatives, and experts exchanged critical information and ideas on successful new models, innovations, programs, and actively networked with community college leaders from across the country.
- Attended a SACSCOC Leadership team meeting in preparation for the 2021 Reaffirmation. An update on the progress of the compliance writing was presented and the timeline for submission was discussed.
- Coordinated the agendas and back-up materials for the Facilities, Education and Workforce Development, and Finance and Human Resources Committees, as well as the October 30, 2018 Regular Board meeting.
- Continue to meet with South Texas College's President's Cabinet to:
  - facilitate administrative planning on a weekly basis;
  - review and address issues of concern;
  - formulate strategic direction and problem solving; and
  - provide communication and feedback among the President and the Vice Presidents
- Continue to meet with South Texas College's President's Administrative Staff. The purpose of the President's Administrative Staff is to communicate information to all administrative staff and to provide the opportunity for discussion on areas of concern regarding the leadership and strategic direction for the College.

- Continue to meet with the College's Vice Presidents, Administrators, Planning and Development Council, Coordinated Operations Council, and other Councils to address immediate concerns and issues facing the College. Topics covered from September 25 to October 29, 2018 included:
  - Discussion of Spring 2019 Enrollment Marketing Strategies
  - Review and Discussion of Hiring Manual
  - Discussion of Compliance Concerns with Timekeeping System
  - Discussion of Former NAFTA now USMCA and Economic Consequences for the Region
  - Discussion of SWOT Results From Professional Development Day
  - Discussion of Strategies to Identify Recruitment Priorities
  - Discussion of Student Enrollment Revenue Projections and Year to Date Revenue Projections
  - Review and Discussion of Proposed Key Performance Indicators
  - Review and Discussion of Dual Credit Programs Overview & Dual Credit Taskforce Research Sub-committee Report on Student Performance
  - Review and Discussion of Proposed Revisions to Policy 3232: Dual Credit Student Eligibility Requirements
  - Review and Discussion of Independent Dual Credit Student Summary Report
  - Review and Discussion of Funding Available for New Construction and Capital Improvement Projects
  - Review and Discussion of Criteria for Determining New Facility Needs
  - Continued Discussion of Pecan Campus Library Project
  - Review and Prioritization of CIP Construction Projects
  - Review and Discussion of Future Facility Needs
  - Discussion of Legislative Requirement that Dual Credit MOUs on or after September 1, 2018 include specific elements and reference to Statewide Dual Credit Goals
  - Discussion of Coordinating Board Texas Core Curriculum Assessment Report
  - Discussion of Enrollment Trends from Comparison of Sections Report (Post Census Day)
  - Discussion of RGV Focus- Partner Self Reflection
  - Discussion of TJC Promise Program
  - Discussion of Time Clock Reporting of Off Campus Travel for Exempt and Non-Exempt Personnel
  - Discussion of Community College Innovation Survey
  - Update on California's New Approach to Developmental Education
  - Discussion of Texas College Readiness based on SAT and ACT Scores
  - Discussion of Revised Traditional Enrollment Assumptions
  - Discussion of Student Enrollment Revenue Projections and Year to Date Revenue Projections
  - Discussion of Strategies to Identify Recruitment Priorities
  - Discussion of SWOT Results From Professional Development Day
  - Discussion of Process and Accountability for Verifying Faculty Credentials
  - Discussion of Adjacent Property for Sale:
    - Feldman's
    - Ivy Terrace Apartments
  - Insight into Follow- up Secret Shopper Inquires
  - Discussion on Accountability for Non SACS Accreditation
    - Who is responsible?
    - How do we access compliance?



- Continued Discussion on Enrollment Strategies and Projections
- Invited to Attend Texas A&M Grand Opening and Dedication- Thursday, October 25, 2018 at 2:00pm
- Enrollment Update for Spring 2019
- Continued Discussion of Enrollment Projections
- Review and Discussion of Possible SEM Consulting Proposal
  - Traditional Enrollment
  - Matriculation of Dual Credit
  - Impact of Dual and Traditional Enrollment
- Discussion of Crosswalk from TSTC to STC Technical Programs
- Discussion of Proposed Policy 4820: Employment of Non-Exempt Employees as Adjunct Faculty
- Review and Discussion of Proposed Revisions to Policy 3232: Dual Credit Student Eligibility Requirements
- Review and Discussion of Recognition of Scholastic Achievement for Dual Credit Students

## Announcements

### A. Next Meetings:

- Tuesday, November 6, 2018
  - 3:30 p.m. – Education and Workforce Development Committee Meeting
  - 4:30 p.m. – Facilities Committee Meeting
  - 5:30 p.m. – Finance, Audit, and Human Resources Committee Meeting
- Tuesday, November 27, 2018
  - 5:30 p.m. – Regular Board Meeting

### B. Other Announcements:

- South Texas College will be closed Thursday, November 22 – Sunday, November 25, 2018 in observance of Thanksgiving.
- The December 2018 Graduation Ceremonies will be held on Saturday, December 1, 2018 at the State Farm Arena in Hidalgo, Texas.
- South Texas College will be closed Monday, December 17, 2018 – Wednesday, January 2, 2019 in observance of Winter Break.