

South Texas College
Board of Trustees
Finance, Audit, and Human Resources Committee
Ann Richards Administration Building Board Room
Pecan Campus, McAllen, Texas
Tuesday, January 14, 2020 @ 5:30 p.m.

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

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**Approval of December 3, 2019 Finance, Audit, and Human Resources Committee
Minutes**

The Minutes for the Finance, Audit, and Human Resources Committee Meeting of December 3, 2019 are presented for Committee approval.

**South Texas College
Board of Trustees
Finance, Audit, and Human Resources Committee
Ann Richards Administration Building Board Room
Pecan Campus, McAllen, Texas
Tuesday, December 3, 2019 @ 5:30 p.m.**

Minutes

The Finance, Audit, and Human Resources Committee Meeting was held on Tuesday, December 3, 2019 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. Roy de León presiding.

Members present: Mr. Roy de León, Ms. Rose Benavidez, Mr. Paul R. Rodriguez, and Mr. Rene Guajardo

Other Trustees Present: Mr. Gary Gurwitz

Members absent: None

Also present: Dr. Shirley A. Reed, Mrs. Mary Elizondo, Dr. David Plummer, Mr. Matthew Hebbard, Ms. Myriam Lopez, Mrs. Becky Cavazos, Mr. Mike Carranza, Ms. Katarina Bugariu, Ms. Laura Requena, Mr. Aaron Rios, and Mr. Andrew Fish.

**Approval of November 12, 2019 Finance, Audit, and Human Resources
Committee Minutes**

Upon a motion by Mr. Paul R. Rodriguez and a second by Ms. Rose Benavidez, the Minutes for the Finance, Audit, and Human Resources Committee Meeting of November 12, 2019 were approved as written. The motion carried.

Update on Status of Fiscal Year 2019 Financial Audit

Mr. Aaron Rios, Partner with Carr, Riggs & Ingram, LLC, reviewed the status of the Comprehensive Annual Financial Report for the Fiscal Years Ended August 31, 2019 and 2018 with the Committee and responded to questions from the Committee members.

A draft of the Comprehensive Annual Financial Report for the Fiscal Years Ended August 31, 2019 and 2018 was included under separate cover.

Mr. Rios noted that his firm audited the following specific sections of the Comprehensive Annual Financial Report:

- Financial Statements
- Federal Awards
- State Awards

For each of these three areas, Mr. Rios provided Carr, Riggs & Ingram, LLC's issuance of an unmodified opinion statement, which is the highest statement provided by an auditor. Mr. Rios clarified that this specifically meant that the audit determined that the College's financial report presented the facts fairly, and that there were no significant deficiencies or material weaknesses in the College's procedures or controls.

Mr. Rios complimented the Business Office staff that worked closely with his team, providing them with the materials and evidence they needed to accurately and effectively audit the College's financial reporting.

The Fiscal Year 2019 Financial Audit would be presented at the December 10, 2019 Board Meeting for review and approval.

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

Review and Recommend Action on Purchases and Renewals

Approval of the following purchases and renewals will be requested at the December 10, 2019 Board meeting.

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

Upon a motion by Ms. Rose Benavidez and a second by Mr. Paul R. Rodriguez, the Finance, Audit, and Human Resources Committee recommended Board approval of the purchases and renewals as listed below:

A. Purchases and Renewal (A-a Instructional Items)

- 1) Automated Tablet Packager System (Purchase):** purchase an automated tablet packager system from **Parata Systems** (Durham, NC), a sole source vendor, at a total amount of \$124,245.00;
- 2) Clinical Skills Manikins (Purchase):** purchase clinical skills manikins from **DiaMedical USA Equipment, LLC**. (West Bloomfield, MI), The Interlocal Purchasing System (TIPS) approved vendor, at a total amount of \$105,950.00;

A. Purchases and Renewal (A-b. Non-Instructional Item)

3) Signs, Banners, and Related Products (Renewal): renew the signs, banners, and related products contracts for the period beginning February 1, 2020 through January 31, 2021, at an estimated amount of \$50,000.00 which is based on prior year expenditures. The vendors are as follows:

- **FedEx Office** (McAllen, TX)
- **Huntington Sky Production/ dba Fastsigns** (McAllen, TX)
- **The Sign Depot** (McAllen, TX)

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

4) Information Technology Consultant Services Agreements (Purchase): purchase information technology consultant services agreements from **Ellucian Company, LP.** (Fairfax, VA), through Texas A & M University – Corpus Christi (Corpus Christi, TX) acting by and through the State of Texas Department of Information Resources (DIR) for Texas Connection Consortium (TCC), for the period beginning September 1, 2019 through August 31, 2020, at an estimated amount of \$47,918.00;

5) On-Demand Subscription Library (Renewal): renew an on-demand subscription library from **Ellucian Company, LP.** (Fairfax, VA) through Texas A & M University – Corpus Christi (Corpus Christi, TX) acting by and through the State of Texas Department of Information Resources (DIR) for Texas Connection Consortium (TCC), for the period beginning October 1, 2019 through September 30, 2020, at an estimated amount of \$28,470.00.

Recommend Action - The total for all purchases and renewals was \$356,583.00.

The motion carried.

Review and Recommend Action to Revise Policy #4216: Harassment, Discrimination, and Sexual Misconduct

Approval to revise Policy #4216: Discrimination, Harassment, and Sexual Misconduct will be requested at the December 10, 2019 Board meeting.

Purpose – The proposed policy revisions updated the current policy, which was last revised by the Board in August 2019.

Justification – The request for the revision to the policy was necessary for the following reasons:

- To remove “Licensed” and/or “Professional Licensed”. There are no requirements under the state or federal government that require a Professional Licensed Counselor to attend individuals with an inquiry or compliant under Title IX provisions.

- To replace the Title IX Deputy Coordinator for Human Resources with Laura Requena, Interim Director of Human Resources.

Background – Policy #4216: Harassment, Discrimination, and Sexual Misconduct, was approved by the Board of Trustees on May 26, 2015, and was amended in December 2015, April 2016, April 2018, and August 2019.

The College's Title IX Team, consisting of the Title IX Coordinator, Deputy Title IX Coordinators, and Title IX Investigators, was continually monitoring updates to the Title IX requirements as issued by the Department of Education and investigation outcomes from current court cases.

Reviewers – The revised policy was reviewed by staff, the Title IX Committee, and President's Cabinet.

Enclosed Documents - The revised policy was provided in the packet for the Committee's review and information.

The additions to the policy were highlighted in yellow and the deletions were designated with a red strikeout.

Upon a motion by Mr. Paul R. Rodriguez and a second by Ms. Rose Benavidez, the Finance, Audit, and Human Resources Committee recommended Board approval to revise Policy #4216: Harassment, Discrimination, and Sexual Misconduct, as presented and which supersedes any previously adopted Board policy. The motion carried.

Review and Recommend Action to Revise Policy #4904: Employee Complaint Procedure

Approval to revise Policy #4904: *Employee Complaint Procedure* will be requested at the December 10, 2019 Board meeting.

Purpose – The proposed policy revisions updated the current policy, which was last revised by the Board in 2016.

Justification – Policy #4904: Employee Complaint Procedure was previously presented at the November 12, 2019 Finance, Audit, and Human Resources Committee meeting where the Committee suggested an employee procedure form as an Exhibit.

Administration included the changes requested by the Committee and also additional changes provided by South Texas College legal counsel for personnel issues, Mr. Jose Guerrero.

On November 20, 2019, Management met with a member of the Board of Trustees to continue to review the policy and, as a result, the policy was updated and is being presented to the Committee with revisions highlighted in blue.

The request for the revision to the policy was necessary for the following reasons:

- To remove the language regarding that the absence of a written notice within the prescribed time period would be a denial of the employee's grievance.
- Increase the number of days a written notice to the employee is required from 10 to 20 working days.
- To clarify when in Level Two a complaint may be presented to the Vice President and to the President.
- To clarify the steps involved in submitting a complaint.
- To include an Employee Complaint Procedure Form.

Background – South Texas College created Policy #4904: *Employee Complaint Procedure* on November 22, 2016.

Reviewers – The revised policy was reviewed by staff, the President's Cabinet, President's Administrative staff, and by Planning and Development Council (PDC) staff. A preliminary review was completed by South Texas College legal counsel for personnel issues, Mr. Jose Guerrero, and a final review was still pending.

Enclosed Documents - The revised policy and the Employee Complaint Procedure form were provided in the packet for the Committee's review and information.

The additions to the policy were highlighted in yellow and the deletions were designated with a red strikeout. Language that was revised since the Committee's review was highlighted in blue.

Upon a motion by Mr. Rene Guajardo and a second by Ms. Rose Benavidez, the Finance, Audit, and Human Resources Committee recommended Board approval to revise Policy #4904: *Employee Complaint Procedure* as presented and which supersedes any previously adopted Board policy. The motion carried.

Review and Recommend Action on 2019 Tax Roll/Tax Levy for Hidalgo and Starr Counties

Approval of the 2019 Tax Roll/Tax Levy for Hidalgo and Starr Counties will be requested at the December 10, 2019 Board meeting.

Purpose – The Hidalgo County Tax Assessor-Collector and the Starr County Tax Assessor-Collector provided the 2019 Tax Roll Totals for approval by the College's governing body.

Justification - The 2019 Tax Roll/Tax Levy for Hidalgo and Starr Counties required approval from the governing body in order to be in compliance with Section 26.09 Item (e) of the Property Tax Code, which reads:

“The assessor shall enter the amount of tax determined as provided by this section in the appraisal roll and submit it to the governing body of the unit for approval. The appraisal roll with amounts of tax entered as approved by the governing body constitutes the unit's tax roll.”

Background - Mr. Pablo “Paul” Villarreal, Jr., RTA, Assessor-Collector of Hidalgo County, and Ms. Maria Amedia Salinas, TAC, Assessor-Collector of Starr County, entered the amount of tax determined as provided by Section 26.09 Item (e) of the Property Tax Code and submitted to South Texas College the tax roll/tax levy totaling \$68,722,111.38.

The tax rolls for Tax Year 2018 and 2019 were as follows:

	<u>Hidalgo County</u>	<u>Starr County</u>	<u>Total</u>
2018	\$63,236,679.08	\$4,058,100.49	\$67,294,779.57
2019	<u>64,711,985.97</u>	<u>4,010,125.41</u>	<u>68,722,111.38</u>
Increase/(Decrease)	<u>\$1,475,306.89</u>	<u>(\$47,975.08)</u>	<u>\$1,427,331.81</u>

Enclosed Documents - The 2019 Tax Roll Totals documents from each county were provided in the packet for the Committee's information and review.

Mr. Paul R. Rodriguez asked about the decreased levy for Starr County. Ms. Rose Benavidez noted that the reduction in energy pricing had significantly impacted the county's levy, but was also partially off-set by increased economic development and investment in renewable energy. Ms. Benavidez noted that she would verify this before the Board took action on the proposed tax levy.

Upon a motion by Mr. Paul R. Rodriguez and a second by Ms. Rose Benavidez, the Finance, Audit, and Human Resources Committee recommended Board approval of the 2019 Tax Roll/Tax Levy for Hidalgo and Starr Counties as presented. The motion carried.

Review and Recommend Action on Appraisal District Allocated Cost Payments for Hidalgo and Starr Counties

Approval to process payments to the Hidalgo County Appraisal District and Starr County Appraisal District for allocated cost, as described below, will be requested at the December 10, 2019 Board meeting.

Purpose – The Hidalgo County Appraisal District and the Starr County Appraisal District perform property valuation assessments for taxes imposed during the tax year. The College's allocated cost for property valuation services was provided annually.

Justification - The Hidalgo County Appraisal District and Starr County Appraisal District were considered a sole source and the College and other taxing entities were required to use their services to determine the assessed valuation of properties.

Background - Each year the chief appraiser prepares a proposed budget for the operations of the appraisal district for the following tax year. The County's Appraiser submits copies of the budget to each taxing unit participating in the district and an estimate of the amount of the budget that will be allocated to each taxing unit.

Texas Property Tax Code Chapter 6 Section 6.06 (d) Appraisal District Budget and Financing indicates that the cost was allocated as follows: "Each taxing unit participating in the district was allocated a portion of the amount of the budget equal to the proportion that the total dollar amount of property taxes imposed in the district by the unit for the tax year in which the budget proposal is prepared bears to the sum of the total dollar amount of property taxes imposed in the district by each participating unit for that year."

Each taxing unit pays its allocation in four equal payments.

The Tax Year 2019 estimated allocations, per the District's budgets, were \$649,780.00 for Hidalgo County Appraisal District and \$111,265.26 for Starr County Appraisal District, for a total of \$761,045.26. The first quarterly invoice was due by December 31, 2019 for Starr County and by February 2, 2020 for Hidalgo County.

The Tax Year 2019 allocations changed from the Tax Year 2018 allocations as follows:

	<u>Hidalgo County</u>	<u>Starr County</u>	<u>Total</u>
2018	\$621,038.00	\$128,917.35	\$749,955.35
2019	<u>649,780.00</u>	<u>111,265.26</u>	<u>761,045.26</u>
Increase/(Decrease)	<u>\$ 28,742.00</u>	<u>\$(17,652.09)</u>	<u>\$11,089.91</u>

The changes were based on the new year budgets of each Appraisal District.

The budget for Hidalgo County increased by \$524,170 from \$8,703,876 to \$9,228,046 and the budget for Starr County decreased by \$193,020 from \$1,718,898 to \$1,525,878.

Funding Source – Funds for these expenditures were budgeted in the Hidalgo Appraisal/Collection Fee budget and the Starr Appraisal/Collection Fee budget for FY 2019-2020.

Enclosed Documents – The 2020 allocation payments for Tax Year 2019 were provided in the packet for the Committee's information and review.

Upon a motion by Ms. Rose Benavidez and a second by Mr. Paul R. Rodriguez, the Finance, Audit, and Human Resources Committee recommended Board approval of the payments to the Hidalgo County Appraisal District and the Starr County Appraisal District for the allocated cost as stated in the Texas Property Tax Code, Chapter 6, Section 6.06 (e) and as presented. The motion carried.

Update on Unrestricted Fund Balance Reserve Level

Mary Elizondo, Vice President for Finance and Administrative Services, provided an update on the Unrestricted Fund Balance reserve level as of August 31, 2019.

On August 27, 2019, the Board was advised of the potential impact of the implementation of GASB Statement No. 75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, on the College's ability to meet the minimum required fund balance reserve level of four months per Board Policy #5350: Unrestricted Fund Balance. The Board approved the policy on November 26, 2013.

Purpose – Administration updated the Committee regarding the impact on the Unrestricted Fund Balance by the GASB 68, Accounting and Financial Reporting for Pension, and GASB 75 requirements.

Justification – Board Policy #5350: Unrestricted Fund Balance states that "The College shall maintain an unrestricted fund balance sufficient to cover no less than four months of budgeted expenditures, unless the Board of Trustees approves the use, transfer, or designation of fund balance, and a plan to restore the fund balance to the minimum amount."

Background – In fiscal year 2018, the Employees Retirement System (ERS) GASB 75 allocation methodology calculated each entity's liability based on the contributions related to retirees. Due to the College's limited number of retirees, this methodology had a lesser impact on South Texas College than many other public entities.

In fiscal year 2019, the GASB 75 liability allocation between entities methodology changed and is based on employer contributions related to both active employees and retirees, which had a significant impact on the College's net Other Postemployment Benefits liability balance

and related entries, causing additional expenses to be recorded and negatively impact the Unrestricted Fund Balance.

In addition, the College implemented GASB Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions*, in fiscal year 2015 which pertains to a cost-sharing multiple-employer defined benefit pension plan that has a special funding situation administered by the Teacher Retirement System of Texas (TRS).

Based on the preliminary annual financial report, the unrestricted fund balance at August 31, 2019, was sufficient to cover four months of budgeted expenditures and was therefore in compliance with Board Policy #5350. The number of months of expenditures in reserve as of August 31, 2018 was five months. The reduction from five months to four months in reserve level, was as a result of the net effect on Unrestricted Fund Balance of \$21,738,172, due to GASB 75 and GASB 68. The College would continue to monitor the fund balance reserve level through the year.

Enclosed Documents – Board Policy #5350: Unrestricted Fund Balance was provided in the packet for the Committee's information and review.

The Committee acknowledged the report from Mrs. Mary Elizondo. Mr. Paul R. Rodriguez noted that this was adequate notice of compliance to the Committee, and thereby to the trustees generally. He noted that unless there was a change in compliance status or some significant change in the TRS implementation of GASB 68 and GASB 75, no further updates were needed for the Board.

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

Adjournment

There being no further business to discuss, the Finance, Audit, and Human Resources Committee Meeting of the South Texas College Board of Trustees adjourned at 6:10 p.m.

I certify that the foregoing are the true and correct Minutes of the December 3, 2019 Finance, Audit, and Human Resources Committee Meeting of the South Texas College Board of Trustees.

Mr. Roy de León
Committee Chair

Review and Action as Necessary on Renewal Agreement with Access Esperanza Clinics on Outpatient Clinic at the Mid Valley Campus

Approval of renewal agreement with Access Esperanza Clinics on outpatient clinic at the Mid Valley Campus starting on February 1, 2020 to January 31, 2021, with a yearly review and renewal of services will be requested at the January 28, 2020 Board meeting.

Purpose – The Access Esperanza Clinics at the Mid Valley Campus is to provide students, faculty, and staff easy access to healthcare education, affordable, and high-quality preventive health care at no cost or at very low cost.

Justification – The outpatient clinic at the Mid Valley Campus will offer preventive health care services for the Mid Valley students, 18 years of age and older, which will be convenient for easy student access for health services and a healthy lifestyle. The clinic will also serve faculty and staff, in addition to students.

Students, faculty, and staff would have access to following services:

- health screening services, testing, and basic management for diabetes, high cholesterol, and high blood pressure
- urinary tract infection testing and treatment
- cancer screening exams both men and women
- HIV screening test
- sexually transmitted infections testing and treatment
- pregnancy testing and educational instruction
- health care education
- community referral for complex medical treatment and social services

Current Terms

- The clinic is available to all South Texas College students 18 years of age and older, and is open one day per week, unless the demand is greater. Students below the age of 18 are referred to another clinic as appropriate. The clinic also serves faculty and staff, in addition to students.
- Access Esperanza Clinics covers all clinical and staffing costs and operates the clinic. South Texas College promotes the clinic's availability and provides two adjacent classrooms as the clinic site.
- The clinic uses classrooms 211 and 213 at the Mid Valley Campus Nursing and Allied Health Building B and are charged a monthly facility use rate of \$0.50 per square feet. The charge is based on two classrooms of 672 square feet each, for a total monthly charge of \$672.00 and a total annual charge of \$8,064.00. The Nursing and Allied Health Building B is located in the North West corner of the campus.

Renewal Terms Requested by Access Esperanza Clinics

Access Esperanza Clinics did not request any changes to the lease agreement.

The goal of Access Esperanza Clinics was to serve 200 students, but only 48 students received services during both Spring and Fall 2019. Access Esperanza Clinics has noted several concerns among students, including problems finding the clinic locations, which are set apart on the campus from their classrooms. Other students report privacy concerns, stating that they do not want to be seen by their peers when visiting the clinic. Additionally, they have postponed clinics where only one or two students were on the schedule, or advised those students to visit the Weslaco Clinic instead. Access Esperanza Clinics has reported an increase in STC students visiting the Weslaco clinic across town from the campus.

Working with Mid Valley Campus administration, Access Esperanza Clinics has increased promotions focused on wellness and diabetes screening. Clinic staff have conducted campus outreach, including classroom presentations and participation at campus events, and have partnered with student groups.

In an effort to increase participation, Access Esperanza Clinics is ready to commit to another year, and is requesting the continuation of the following outreach and awareness efforts for Spring 2020:

- Host an open house the first week of classes
- Co-host an event with Student Engagement (brand awareness)
- Update clinic flyers to focus more on diabetes testing and management services
- Give presentations to the student leadership and the Student Ambassador groups and encourage members to distribute clinic flyers
- Promote clinic on campus TV screens
- Promote clinic to students, faculty, and staff at the Pecan campus
- Give more class presentations (core classes)

Background - The Board awarded the contract to enter into an agreement with Access Esperanza Clinics at the September 19, 2017 Board of Trustees meeting for one year with a yearly review and renewal of services. The renewal period will be for February 1, 2020 to January 31, 2021.

Award	Board Meeting Date	Original Term	Renewal Term
Original	9/19/17	2/01/18 – 1/31/19	
Renewal	01/29/19		2/01/19 – 1/31/20
Renewal	01/28/20		2/01/20 – 1/31/21

Reviewers – The renewal agreement with Access Esperanza Clinics was reviewed by Mary Elizondo, Vice President for Finance and Administrative Services, Purchasing Department staff, and previously by South Texas College's legal counsel.

Enclosed Documents – The items below follow in the packet for the Committee's information and review:

1. Draft Lease Agreement prepared by administration from South Texas College
2. Exhibit A - STC Facility Use Charges Schedule
3. Exhibit B - Collaboration Letter from Access Esperanza Clinics
4. Exhibit C – Exhibit to the Agreement
5. Exhibit D – Statement of Confidentiality Acknowledgment Statement

Patricio Gonzales, Chief Executive Officer (CEO) from Access Esperanza Clinics, will be present at the January 14, 2020 Finance, Audit, and Human Resources Committee meeting to address any questions by the committee.

It is requested that the Finance, Audit, and Human Resources committee recommend for Board approval at the January 28, 2020 Board meeting, on renewal of agreement with Access Esperanza Clinics on outpatient clinic at the Mid Valley Campus starting on February 1, 2020 to January 31, 2021, with a yearly review and renewal of services as presented.

**AGREEMENT
BETWEEN ACCESS ESPERANZA CLINICS INC. AND
SOUTH TEXAS COLLEGE**

This Agreement is made this 1st day of February, ~~2019~~2020, by and between Access Esperanza Clinics Inc., a Texas nonprofit corporation, hereinafter referred to as "Access Esperanza Clinics" or "Lessee", and SOUTH TEXAS COLLEGE, a political subdivision of the State of Texas, hereinafter referred to as "STC", "the College" or "Lessor", each a "Party" and collectively "Parties".

WHEREAS, Access Esperanza Clinics desires to enter into a lease agreement ("Agreement") with STC at its Mid Valley Campus, located at 400 North Border Ave, Weslaco, TX 78596;

WHEREAS, Access Esperanza Clinics and STC have agreed it will be mutually beneficial to both parties to lease such real property on the terms and conditions herein contained;

NOW THEREFORE, in consideration of the foregoing and the following, Access Esperanza Clinics and STC hereby agree as follows:

ARTICLE 1 - LEASE

1.01. Lease. For and in consideration of the rents, covenants, and promises herein contained to be kept, performed, and observed by Lessee, Lessor does hereby lease and demise to Lessee and Lessee does hereby rent and accept from Lessor, lease space located in Weslaco, TX, Mid Valley Campus, comprising an area of 1,344 square feet in the Nursing Allied Health Building B and more particularly described in Exhibit A, which is attached hereto and made a part hereof for all purposes (hereinafter referred to as the "Leased Premises").

ARTICLE 2 – TERM AND TERMINATION

2.01. Term. This Lease shall be for a term (the "Term"), commencing on February 1, 2019 and ending on January 31, 2020-2021 (the "Termination Date"), unless sooner terminated as provided herein.

2.02. Termination without Cause. This Agreement may be terminated by either Party upon sixty (60) days' written notice to the other Party.

2.03. Termination for Default. This Agreement may be terminated for default pursuant

to Article 14 herein.

2.04 Notice of Termination. Notice of termination by a Party shall be delivered to the other Party pursuant to Article 18 herein.

ARTICLE 3 – RENT

3.01. Rent. Lessee agrees to pay Lessor a monthly rental of one dollar (\$0.50) per square foot. The rental shall be paid in advance on or before the first day of each month. The rent will be prorated for the first month accordingly (depending on the number of days of the month).

ARTICLE 4 – UTILITIES

4.01. Utilities. Lessor shall pay or cause to be paid all charges for heat, gas, electricity and trash removal and Lessor shall pay or cause to be paid all charges for water and sewer. Lessee shall not be responsible for any utility charges used in and about the Leased Premises during the term of this Agreement. Utilities are included as part of space usage fees.

4.02. Services. Utilities and custodial services at the facilities used by Lessee shall be provided by Lessor at the same level as for all other Lessor facilities. Lessor makes no guarantee that utilities or custodial services will be without interruption at any time during the term of this Agreement.

ARTICLE 5 – RENOVATIONS, IMPROVEMENTS & FIXTURES

5.01. Renovations & Improvements. Lessee shall not make any alterations, additions, or improvements to the Leased Premises without the prior written consent of Lessor. Any and all plans for any improvements to the Leased Premises shall be submitted for approval to Lessor in writing.

5.02. Furniture, Fixtures and Equipment. Subject to review and approval by Lessor, Lessee shall, as necessary to carry out its purposes set forth under this Agreement, have the right to install shelves, temporary office partitions, machinery, equipment, or other fixtures, in, on or about the Leased Premises, provided that Lessee complies with all applicable governmental laws, ordinances, codes and regulations regarding such fixtures. Lessee has the right to remove such fixtures at the termination of this Agreement. Lessee shall repair, at its own expense, any damage to the Leased Premises cause by the removal of fixtures.

5.03. Use of Lessor Furniture. Lessor agrees to lend desks, tables, and chairs to Lessee with the express condition that said items be returned to STC upon termination of this Agreement.

5.04. Ownership of Improvements & Fixtures. It is expressly understood and agreed that, during the term of this Lease any and all buildings, improvements and fixtures, of whatsoever nature at any time constructed, placed, or maintained on any part of the Leased Premises, if not removed by Lessee on or before the date of termination of the Agreement, shall become the property of Lessor.

ARTICLE 6 – PERMITTED USE OF LEASED PREMISES AND OTHER SERVICES

6.01. Permitted Use. Lessee may use the Leased Premises exclusively for the purpose for which Lessee has been organized and as described in Exhibit B, which will be primarily for the provision of individualized preventative health care and wellness education to South Texas College students of eighteen years and older and College employees.

6.02. Keys. Lessor will provide Lessee a set of key(s) to the Leased Premises. Upon termination of the Lease Agreement, key(s) shall be returned to the South Texas College Director of Facilities Operations and Maintenance or College of Facilities Operations and Maintenance designee.

6.03. Access to Campus Parking. Lessee employees will have access to campus parking with an appropriate parking permit. Six parking permits will be issued to Lessee's employees by the STC Department of Public Safety. Parking fines will be assessed if the Lessee employee does not display the appropriate parking permit and fines may be issued for parking and moving traffic violations.

6.04. Food Services. Lessee employees will have access to Lessor's on-campus cafeteria facilities for the purchase of food and beverages.

6.05. Emergency Notification System. Lessee's employees will be included in the Lessor's Emergency Notification System upon Lessee providing the Lessor's Information Technology Department with the Lessee's employees' email addresses, preferred email addresses, and cell phone numbers.

6.06. Public Safety Law Enforcement and Security Services. The STC Department of Public Safety is a public police department and will respond to Lessee's employees on the same basis as it does to STC employees and students.

ARTICLE 7 – MAINTENANCE & CUSTODIAL SERVICES

7.01. Maintenance. Lessor agrees to maintain and repair, at the Lessor's expense, any portion/part of the Leased Premises as may be needed to continue the intended use of the Leased Premises under this Agreement other than repairs for damages deemed to have been caused through unreasonable abuse by Lessee and/or its associated occupants. If caused through unreasonable abuse by Lessee, the results of such damage will be repaired by Lessor to conform to the condition of the premises on the commencement date of the lease, but those reasonable costs of repairs will be reimbursed to the Lessor by the Lessee.

7.02. Custodial. Lessor agrees to provide usual custodial services for any portion of the Leased Premises as may be needed to continue the intended use of the Leased Premises under this Agreement, subject to the exception for care and disposal of medical waste, as described in Section 7.03.

7.03. Clean Medical Waste. Lessee agrees to clean, sanitize, and disinfect the space and provide and dispose all of medical and lab supplies and waste as required. Lessee shall comply with the required Texas Commission of Environmental Quality (TCEQ)/United States Environmental Protection Agency (EPA) Waste Guidelines.

ARTICLE 8 – TECHNOLOGY & COMMUNICATIONS

8.01. Technology & Communications. Lessor agrees to provide a telephone and local area telephone/fax connectivity at Lessor's expense. Lessee will provide internet connectivity at Lessee's expense. At its cost, Lessee may add the necessary lines and cables required for internet connection within the leased space. Lessor will not provide any computer software, hardware, or equipment, such as, but not limited to, laptops, desktops, scanners, or copiers, etc. Lessor agrees to post contact information, including the telephone number for the Lessee, on its official webpage.

ARTICLE 9 – SIGNS

9.01. Signs. Subject to the written approval of Lessor, and to the extent necessary under the terms of this Agreement and subject to applicable laws, ordinances and regulations, Lessee shall have the right to install signs on the Leased Premises, with prior approval from Lessor. Lessee must remove all signs at the termination of this Agreement and repair any damage resulting from the erection or removal of the signs.

ARTICLE 10 – LESSEE'S PERSONAL PROPERTY INSURANCE

10.01. Insurance. Lessee shall maintain all insurance for Lessee's personal property located within the Leased Premises and Lessee covenants and agrees that Lessor shall have no responsibility for damage or destruction of Lessee's personal property located

within the Leased Premises except for damage caused by the Lessor's sole negligence.

ARTICLE 11 – LIABILITY INSURANCE AND INDEMNIFICATION

11.01. Liability Insurance. (a) The parties acknowledge that Lessor's liability to Lessee's officers, employees and third parties for negligent acts of Lessor is limited by the Texas Tort Claims Act. Lessor shall, during the term of the Lease, provide and maintain insurance in sufficient amounts to cover Lessor's liability, if any. Lessee shall, during the term of the Lease provide and maintain in force during the term of this Agreement liability insurance in the amounts deemed adequate by Lessee. A copy of the Certificate of Insurance must be presented to the Lessor. (See Exhibit C to Lease between Access Esperanza Clinics and South Texas College.)

ARTICLE 12 – NOTICE OF DAMAGE

12.01. Notice of Damage. If the Leased Premises, or any structures or improvements on the Leased Premises, should be damaged or destroyed by fire, tornado, or other casualty, Lessee shall give immediate written notice of the damage or destruction to Lessor, including a description of the damage and, as far as known to Lessee, the cause of the damage.

ARTICLE 13 – DAMAGE OR DESTRUCTION

13.01. Damage or Destruction. If the building on the Leased Premises should be totally destroyed by fire, tornado, or other casualty, or if it should be so damaged that rebuilding or repairs cannot reasonably be completed within thirty (30) working days from the date of the occurrence of the damage, this Agreement, at the option of either party, shall terminate, effective as of the date of said occurrence.

ARTICLE 14 – DEFAULT

14.01. Default by Lessee. If Lessee shall remain in default under any condition of this Agreement for a period of thirty (30) days after written notice from Lessor, Lessor may at its option, upon notice to Lessee, terminate this Agreement.

14.02. Default by Lessor. If Lessor shall remain in default under any condition of this Agreement for a period of thirty (30) days after written notice from Lessee, Lessee may at its option, upon notice to Lessor, terminate this Agreement.

ARTICLE 15 – OPERATIONS AND SERVICES PROVIDED BY LESSEE

15.01. Operations and Services provided by Lessee. Operations and Services provided by Lessee are included as Exhibit B.

15.02. Services. Lessee shall provide preventive health care services exclusively for students enrolled at South Texas College's Mid-Valley Campus at Weslaco, Texas and employees employed by South Texas College.

- a) Lessee will follow Lessor's board approved academic calendar including the beginning and ending of semesters and holidays.
- b) The preventive health services shall be provided free of charge for Medicaid-qualifying students and employees. Lessee will charge and report its services to Medicaid.

15.03. Required License(s) and Credential(s). Lessor requires Lessee to possess required license(s), certification(s), and credential(s) to operate and provide services at Lessor's premises, and to prominently display such licenses, certifications and credentials. Lessee agrees to employ only individuals with the required licenses, certifications or credentials to perform the medical services being provided.

ARTICLE 16 – CONDUCT AND COMPLAINT CASES, INCLUDING TITLE IX

16.01. Title IX Statement. Title IX of the Education Amendments 1972 (20 U.S.C. Section 1681, et seq.) and its implementing regulations, 34 C.F.R. Part 106 (Title IX), state, "No person in the United States shall, on the basis of sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any education program or activity receiving Federal financial assistance."

16.02. Conduct and Complaint Cases, Including Title IX. Lessee and Lessor will cooperate and collaborate in addressing conduct cases and complaints, including Title IX, involving Lessee patients and employees and Lessor students, faculty, staff, and/or property.

16.03. Communication, Coordination, and Collaboration

- a) **Confidentiality.** All services provided by Lessee to patients will be kept confidential except for the following circumstances:
 - i. If the patient wants information shared with the College or campus security, campus or local law enforcement, the Lessee must obtain consent for release of the information. When

releases of information are required, it will be written, informed, and reasonably promptly handled.

- ii. Lessee will engage in a good faith presentation of the remedial support Lessor and their agents may provide to a patient who has experienced any form of sexual based unwelcome conduct and will encourage patient to report the conduct to Lessor or allow Lessee to present such information. The support provided by Lessor may include academic assistance and adjustments, counseling and other customized support. Additionally, Lessee agrees to provide all patients experiencing unwelcome sexual misconduct with Lessor's Resource Brochure outlining on-campus support and reporting protocol.
- iii. Lessee will report to Lessor when the student or employee being treated poses an imminent risk of harm to self or others, or reveals that he/she is at an imminent risk of harm.
- iv. Lessor agrees to maintain and provide to Lessee a current list of the names of all entities whom Lessor allows to access the space leased by Lessee and their reason for access, (ex. "custodial staff"). This does not apply to patients receiving treatment. Lessor will ensure that everyone whom Lessor allows to access the Mid-Valley Campus space leased by Lessee will sign and abide by the Statement of Confidentiality agreement (South Texas/Access Esperanza Clinics Statement of Confidentiality Acknowledgement Statement) (attached as Exhibit D). Lessor agrees to provide to Lessee a copy of those signed statements within 14 days of their signature.

b) Trainings. Lessee is required to participate in all identified trainings provided by Lessor related to Title IX and sexual misconduct, including but not limited to dating violence, discrimination, domestic violence, harassment, intimate partner abuse, sexual harassment, sexual violence, stalking, and retaliation. The Parties agree to keep each other informed about current trends and patterns in sexual assault both on and off campus.

c) Lessor Resources and Support Services. Lessee agrees to provide patients the informational resources and materials provided by Lessor related to Title IX and sexual misconduct, including but not limited to dating violence, discrimination, domestic violence, harassment, intimate partner abuse, sexual harassment, sexual violence, stalking, and retaliation. Lessee also agrees to provide patients information regarding Lessor's Counseling and Support Services and other resources available, including academic support and assistance.

d) Aggregate Non-Personally Identifiable Data. Lessee agrees to provide

aggregate non-personally identifiable data, as permitted by law and as requested by Lessor, to the Title IX Coordinator related to incidents of sexual misconduct and other reportable offenses to include in its annual Clery Act security report and to help the college identify patterns or systemic problems related to sexual violence. Once this Agreement becomes effective, the data must be submitted the first of every month, beginning with March 1, 2019. The data should include number of patients with cases involving sexual misconduct, the location of the violation (i.e. on or off campus), the nature of each violation, the gender of the parties (that is, how many victims identified as female, how many as male, how many accused were identified as female, how many as male). This information should be provided in aggregate form so that the information is not linkable to a specific individual.

- e) **Lessor's Department of Public Safety.** To the extent allowed and as required by law and Lessor policy, Lessee agrees to promptly share information about crimes that may pose an imminent serious threat to the health and safety of a member or members of campus or near-campus communities, as is necessary to facilitate the issuance of Clery Act requirements on timely warnings, emergency notifications, and the legally mandatory reporting of crime statistics.

- f) **Title IX Staff Contact Information.**

Title IX Coordinator

Mary Elizondo, MBA, CPA, CFE, CGMA

Vice President for Finance and Administrative Services

3201 West Pecan Blvd. X224

McAllen, Texas 78501

956-872-3558

marye@southtexascollege.edu

Title IX Deputy Coordinator

Brenda J. Balderaz

Director of Human Resources

2501 West Pecan Blvd.

McAllen, TX 78501

956-872-5057

brendajb@southtexascollege.edu

Title IX Deputy Coordinator

Janette Garcia

Institutional Equity Manager
3201 West Pecan Blvd. X 223
McAllen, TX 7801
3201 West Pecan Blvd.
956-872-2307
jgarcia_3213@southtexascollege.edu

Title IX Deputy Coordinator

Santa E. Pena

Director of Counseling
3201 West Pecan Blvd. K2.900
McAllen, Texas 78573
956-872-2140
santaep@southtexascollege.edu

Title IX Deputy Coordinator

Paul Varville

Chief Administrator for Department Public Safety and Regional Center for
Public Safety Excellence
2509 West Pecan Blvd.
McAllen, TX 78501
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pbvarvil@southtexascollege.edu

Title IX Deputy Coordinator

Laura Requena

Interim Director of Human Resources
2501 West Pecan Blvd.
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Title IX Deputy Coordinator

Elizabeth G. Trevino

Police Sergeant
2509 West Pecan Blvd.
McAllen, Texas 78573
956-872-3889
etrev116@southtexascollege.edu

ARTICLE 17 – REPRESENTATIONS

17.01. Representation of Agency. Lessee will provide medical services to identified students enrolled at South Texas College and College employees as described in the attached Exhibit B. Lessee is not an agent of the College and may not represent itself as an agent of the College.

17.02. Employees of Lessee. Individuals employed by Lessee, whether to provide medical services or perform administrative tasks, are not employees of the College and may not represent themselves as employees of the College. There is no agency relationship between the College and employees of Lessee.

ARTICLE 18 - NOTICE

18.01. Notice. Except as may be otherwise specifically provided in this Agreement, all notices, demands, requests or communications required or permitted hereunder shall be in writing and shall either be (i) personally delivered against a written receipt, or (ii) addressed to the parties at the addresses set forth below, or (iii) at such other addresses as may have been specified by written notice delivered in accordance herewith:

If to Lessor: South Texas College
 Attention: Dr. Shirley A. Reed, President
 3201 West Pecan Blvd.
 McAllen, Texas 78501

If to Lessee: Access Esperanza Clinics
 Attention: Mr. Patricio Gonzales, CEO
 916 E. Hackberry Ave, Suite A
 McAllen, Texas 78501

ARTICLE 19 - MISCELLANEOUS

19.01 Transferability. Neither Party may transfer or assign this Agreement, in whole or in part, without the prior written consent of the other Party.

19.02 Entire Agreement. This Agreement constitutes the entire agreement and understanding of the parties with respect to the matters contained herein and supersedes all prior agreements and contracts.

19.03 Governing Law and Venue. This Agreement shall be governed by, and interpreted in accordance with, the laws of the State of Texas. Hidalgo County, Texas, shall be the sole and exclusive venue for any litigation, special proceeding or other proceeding as between the parties that may be brought under, or arises out of, this Agreement.

19.04. Cumulative Remedies. All rights and remedies of Lessor and Lessee under this Agreement shall be cumulative, and none shall exclude any other right or remedy provided by law or by any other provision of this Agreement. All such rights and remedies may be exercised and enforced concurrently and whenever, and as often, as occasion for their exercise arises.

19.05. Waiver of Breach. A waiver by either Lessor or Lessee of a breach or default of any provision under this Agreement by the other Party shall not constitute a continuing waiver or a waiver of any subsequent breach or default.

19.06. Responsibility for Negligence and Third Party Claims. To the extent authorized by the laws and Constitution of the State of Texas, each Party to this Agreement shall be responsible for damages to persons or property resulting from negligence on the part of its employees, agents, or officers. Neither Party assumes any responsibility to the other Party for the consequences of any act or commission of any person, firm, or other entity not a party to this Agreement.

IN WITNESS WHEREOF, Lessor and Lessee approve the execution of this Lease Agreement by a motion duly made, seconded, and adopted by the appropriate governing bodies thereof.

SOUTH TEXAS COLLEGE

By: _____
Dr. Shirley A. Reed, President

ACCESS ESPERANZA CLINICS INC.

By: _____
Mr. Patricio Gonzales, CEO

Access Esperanza Clinics

Exhibit A

STC Facility Use Charges Schedule

Space	Size (sf)	Number of Classrooms/Labs	Monthly Utilization Factor (%)	Monthly Rental Rate (\$/sq)	Monthly Rental Cost (\$)	Number of Months	Annual Rental Cost (\$)
Classroom*	672	1	100%	\$ 0.50	\$ 336.00	12	\$ 4,032.00
Classroom *	672	1	100%	\$ 0.50	\$ 336.00	12	\$ 4,032.00
Total Utilized Space	1,344	2			\$ 672.00		\$ 8,064.00

***Notes:**

Mid Valley Campus-Building B, Room 211 and Room 213



916 E. Hackberry Ave, McAllen, TX 78501 | 956.688.3700
www.AccessClinics.org | Patricio.Gonzales@AccessClinics.org

Campus Clinic Collaboration

Access Esperanza Clinics, Inc. and South Texas College

Contact Information

Access Esperanza Clinics, Inc.

916 E. Hackberry Ave, Suite A, McAllen, TX 78501

O: 956.688.3700 | F: 956.618.3718

Website: www.AccessClinics.org

Patricio Gonzales, MSSW-LMSW - patricio.gonzales@accessclinics.org

Mission Statement

The mission of Access Esperanza Clinics Inc. (AEC) is to provide education, advocacy, and affordable high-quality health care to ensure all individuals in our community can access sexual and reproductive health care services.

Since its founding by members of the First United Methodist Church in 1964, AEC has championed its mission of helping low-income women stay healthy and prevent unplanned pregnancies, improving quality of life in the community. AEC aspires to continue this trajectory and expand its efforts to prevent chronic illness. AEC operates as an independent 501(c)(3) non-profit organization and qualifies as a state health program provider to serve low-income women, men, and teens.

Agency Overview

Continuing the founders' legacy, AEC operates five health clinics in Hidalgo County, including the Rev. English Clinic in McAllen, the Rev. Galloway Clinic in Mission, and clinics in Edinburg, Weslaco, and San Juan. Clinics are expected to serve at least 15,000 people during 2020.

AEC's typical clinic patient is Latina, in her mid-20s, who lives at or below the federal poverty level. She comes to the clinic for reproductive life planning, mainly to prevent unplanned pregnancies. Most patients are uninsured and report AEC as their only health care provider.

Nurse practitioners and physician assistants provide day-to-day patient care. Services focus on family planning and preventive health care, including physical exams, clinical exams for the breast, cervix, and testes, and testing and treatment for STIs. A full range of contraceptives, including long acting reversible contraceptives, are available at each clinic site. AEC's expanded family planning program offers preventive wellness screenings that include testing and basic

management for diabetes, high cholesterol, and hypertension. Over 95 percent of clients qualify for state or federal family planning programs and pay little or nothing for their care.

The local medical community strongly supports AEC. Ob-Gyn Dr. Fernando Otero volunteers as the agency's Medical Director, overseeing clinical protocols and providing colposcopy services. Surgeon Dr. Fredricka Borland evaluates patients with suspicious breast masses.

AEC's award-winning community education programs promote family planning and healthy lifestyles and will reach 18,000 people by the end of 2020. Promotora community health workers participate in over 150 community fairs annually and conduct weekly outreach at WIC centers, colleges, community centers, and social service agencies. Small group discussions or "platicas" are held in homes and at social service agencies to teach healthy life habits. Family communication workshops are held several times each year to help parents and their children or teens learn about growing up and healthy lifestyles.

AEC supports a university student organization at the University of Texas Rio Grande Valley that meets each week for training on family planning and healthy relationship issues. The group promotes healthy relationships to over 1,000 students a year through campus outreach and awareness events.

Primary program funding comes from the federal Title X program contracted through the Women's Health and Family Planning Association of Texas, the state's Healthy Texas Women program, and the Texas Family Planning Program. The agency is also supported through private foundations grants, Medicaid, private insurance, and private pay patient fees.

Project Need

Preventive healthcare, education, and timely management are important to maintaining good health, especially for younger individuals. According to a 2015 Institute of Medicine and National Research Council report, young adulthood - ages 18 to 26 - is a critical developmental period during which lifestyle choices can have implications on future employment, financial security, health, and well-being. Freshly independent, young adults must manage new responsibilities that can lead to neglecting healthy lifestyle choices. These challenges coupled with high local rates of diabetes put young adults in this community at especially high risk for chronic diseases.

There is a tremendous need for affordable healthcare services in this community. The Texas Department of State Health Services' 2013 report shows a higher prevalence of prediabetes and diabetes in Hidalgo County compared to the state, which puts local residents at greater risk for complications of diabetes along with cardiovascular disease and stroke. Unfortunately many people in this community cannot afford the care they need. According to the 2011 U.S. Census,

Hidalgo County has the highest rate of uninsured adults of any urban county in the U.S. This high rate along with the county's chronically high 30 percent plus poverty rate (U.S. Census) creates serious barriers for people needing care.

A wide body of evidence indicates when women can plan their pregnancies, they have safer births, are healthier, have healthier children, stay in school longer, and get better paying jobs. Making family planning available and accessible is good public policy. According to the Guttmacher Institute, a leading reproductive health researcher, every \$1 invested in public programs to help low-income women prevent unplanned pregnancies, saves taxpayers \$7 in Medicaid-paid births and associated costs (as of 2010).

The need for family planning services in Hidalgo County is great. The Guttmacher Institute estimated in 2014 that only one in three women in Hidalgo County needing family planning had access to care. This includes lack of access for pregnancy prevention, preventive health screenings, and STI testing and treatment. These services are especially important to college students. The National Campaign to Prevent Teen and Unplanned Pregnancy reports that 61 percent of college students in their 20s who have a child after enrolling in a community college drop out before finishing a degree or credential.

Project Description

This project will continue hosting a preventive health clinic at the STC campus in Weslaco to help students live healthier lives and achieve their educational goals. The part-time clinic will open one day a week during the school's spring and summer semesters and will be available to students ages 18 and older, along with STC faculty and staff.

Clinic services will focus on preventive health and wellness, with an eye on early detection of chronic diseases. The clinic will offer many of the same preventive health services currently provided at AEC's full-time Weslaco clinic. Patients needing full physical exams or more invasive procedures will be referred to AEC's other clinics.

Campus Clinic Services:

- General health assessment

- Birth control instruction and method supplies

- Limited to birth control pill, patch, ring, shot, over-the-counter methods, and Plan B

- Lipids panel testing

- Includes diabetes, cholesterol, triglycerides testing

- A1C diabetes testing (reflects average blood sugar level several weeks prior)

- Basic management of diabetes, high cholesterol, and hypertension

- Diet and nutrition counseling

- Initial and basic prescription medication as medically indicated

STD testing and treatment

Testing for chlamydia, gonorrhea, syphilis, herpes, HPV

Treatment for chlamydia, gonorrhea, syphilis, herpes, HPV (treatment plan)

HIV rapid testing (results in minutes), confirmatory testing (results in five days)

Referrals for treatment

Urinary tract infection (UTI) treatment

Pregnancy testing

Working under the agency's Medical Director, Dr. Fernando Otero, the campus clinic will utilize nurse practitioners and physician assistants to conduct patient assessments and make diagnoses. The project will establish a Class D pharmacy on site to dispense medications, including contraceptives, directly through the clinic. Clinicians will write prescriptions for medications not available through the clinic's pharmacy.

AEC maintains a referral network for patients needing health and social services outside of the scope of its clinics. The campus clinic will utilize STC as a primary referral source. Clinic staff will work with STC staff on the availability of services, especially counseling services.

The majority of students are expected to qualify for free clinic services through AEC's governmental grants, including the federal Title X program, the state's Healthy Texas Women program, and the Texas Family Planning Program. To be eligible for free services, students must be Texas residents, uninsured, age 64 or younger, and have a household income of 250 percent or less of the federal poverty level (\$2,603 a month for family household size of one). U.S. citizenship, legal residency, and gender will not be barriers to free services. The clinic will also accept payment for services through Medicaid, private insurance, and private fees.

The clinic requires at two rooms that are secured and dedicated to the project, along with close access to restrooms. One room will be used for intake and initial counseling, and the second would work as space for the clinician to conduct assessments. AEC has secured internet access in the rooms with an outside vendor. AEC staff will continue to coordinate custodial services, clinic signage, and on-campus promotion with STC staff.

This Campus Clinic Collaboration eliminates many barriers STC students currently face when needing basic healthcare services. The clinic gives students regular access to preventive health care at no or very low cost to them allowing students to maintain good health and be able to continue their education.

EXHIBIT C TO AGREEMENT BETWEEN ACCESS ESPERANZA CLINICS AND SOUTH TEXAS COLLEGE

I. Insurance

1.1 Coverages

Access Esperanza Clinics Inc. ("Clinic") shall purchase and maintain during the duration of this Agreement, and after this Agreement as provided in Section 1.1(c) below, the following insurance coverages:

- (a) Worker's Compensation or accidental disability and employers liability coverage with minimum limits of liability at \$500,000 for damages due to bodily injuries either by accident or disease occurring to Clinic's employees, agents, servants or professional staff as a result of this Agreement.
- (b) General Liability covering Clinic's agents, employees and servants for bodily injury, personal injury or property damage claims arising out of the premises, products or activities of Clinic or its employees with minimum limits of liability of **\$1,000,000** per occurrence and **\$3,000,000** annual aggregate.
- (c) Professional Liability covering Clinic's agents, employees and servants for bodily and personal injury claims arising out of the Clinic's activities for the rendering or failure to render care by professional staff, Clinic or its agents, employees and servants with minimum limits of liability of **\$1,000,000** per occurrence and **\$3,000,000** aggregate. In the event such coverage is through a "claims made" policy and is either cancelled, replaced or non-renewed, Clinic shall obtain and maintain extended coverage ("tail") insurance covering occurrences during the effective period expiration or earlier termination of this Agreement.
- (d) Automobile liability covering Clinic's agents, employees and servants for bodily injury resulting from operation of motorized vehicles with minimum limits of \$1,000,000 per occurrence and \$3,000,000 annual aggregate.
- (e) Cyber liability insurance for data breaches covering Clinic's agents,

employees, and servants with minimum limits of \$1,000,000.

II. Certificate

2.1 Certificate Required

Clinic shall provide South Texas College (“College”) with current certificates of insurance or renewal of insurance for all policies required under Section 1.1 during the term of this Agreement so that College has evidence of required insurance being effective at all times.

III. Compensation

3.1 No Compensation

College will not be charged for any services performed by Clinic.

IV. Additional Obligations

4.1 Notification of Claims

Clinic agrees to notify College as soon as reasonably practicable, of any occurrence, liability, judgment, claim, or other matter arising out of any allegedly intentional act, negligence, medical or professional malpractice, or other act or omission of Clinic or its employees or agents in connection with the provision of services or representatives or warranties hereunder regarding the Clinic’s services at the College’s Weslaco campus.

4.2 Corporate Compliance

Clinic represents and warrants that it, its employees and providers at the Clinic will conduct their activities in full compliance with applicable state, local, and federal law including the Medicare/Medicaid Anti-Fraud and Abuse Laws and the Texas Medical Practice Act and Health & Safety Code. Notwithstanding any

unanticipated effect of any of the provisions herein, the Clinic and its staff will conduct themselves in a manner not to constitute a violation of Medicare/Medicaid Anti-Fraud and Abuse Law or Texas Medical Practice Act and Health & Safety Code provisions.

4.3 Compliance with Applicable Health Care Law

The Clinic will at all times comply with applicable state, local and federal laws, including, but not limited to, the “Stark” law (42 U.S.C. § 1395nn), the Anti-Fraud and Abuse Statute (42 U.S.C. § 1320a-7b(b)), the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”), and the Texas Patient Non-Solicitation Law (Texas Occ. Code Ann. § 102.001) and this Agreement shall be construed in accord with applicable The Joint Commission standards.

4.4 Compliance with Law as to Use of Leased Premises

The Clinic (i.e. the Lessee) shall comply with all laws, orders, ordinances, and other public requirements now or hereafter pertaining to Lessee’s use of the Leased Premises. The College (i.e. the Lessor) shall comply with all laws, orders, ordinances, and other public requirements now or hereafter affecting the Leased Premises (the clinic held at the College’s Weslaco campus).

4.5 Compliance with STC Regulations

Clinic’s employees will abide by all applicable rules of conduct applicable to South Texas College employees, staff, and students regarding the use of and access to common areas on the South Texas College Weslaco campus.

V. Records and Information

5.1 Patient Information

Clinic warrants and covenants to College that neither Clinic nor any Clinic staff shall disclose to any third party, except where permitted or required by law, any confidential information, including patient or medical record information regarding Clinic’s patients, and Clinic and Clinic’s staff shall comply with all federal and state laws and regulations, and all rules, regulations, and policies of Clinic and its medical staff, regarding the confidentiality of such information. Clinic acknowledges that in receiving or otherwise dealing with any records or

information from patients receiving treatment of alcohol or drug abuse, Clinic and all Clinic employees are fully bound by the provisions of the federal regulations governing Confidentiality for Alcohol and Drug Abuse Patient Records (42 C.F.R. Part, as amended from time to time) as well as any state laws that govern HIV/AIDS and mental health treatment. In addition, Clinic warrants and covenants to College that, if necessary, Clinic and all Clinic staff will resist judicial proceedings and efforts to obtain access to such records or information except such access as is expressly permitted by the aforementioned federal regulations and/or Texas law.

5.2 HIPAA Requirements

Clinic agrees to comply with the Health Insurance Portability and Accountability Act of 1996, as codified at 42 U.S.C. § 1320d ("HIPAA") and any current and future regulations promulgated thereunder including without limitation the federal privacy regulations contained in 45 C.F.R. Parts 160 and 164 (the "Federal Privacy Regulations"), the federal security standards contained in 45 C.F.R. Part 142 (the "Federal Security Regulations"), and the federal standards for electronic transactions contained in 45 C.F.R. Parts 160 and 162, all collectively referred to herein as "HIPAA Requirements." Clinic agrees not to use or further disclose any Protected Health Information (as defined in 45 C.F.R. Section 164.501) or Individually Identifiable Health Information (as defined in 42 U.S.C. Section 1320d), other than as permitted by HIPAA Requirements and the terms of this Agreement.

VI.

Term and Termination

6.1 Provisions Surviving Termination

The obligations of the parties relating to hold harmless, compliance with federal and state law and regulations, non-disclosure of and maintaining confidential information, access to records, and all other obligations that by their very nature are usually and customarily enforceable after the termination of an agreement shall survive the termination of this Agreement.

VII. MISCELLANEOUS

7.4 Public Safety Law Enforcement and Security Services

Lessor's Public Safety and Law Enforcement and Security Services will:

- i. Assist in contacting the appropriate jurisdiction to obtain a protective order, and provide assistance with issuance of criminal protective orders, as appropriate;
- ii. Enforce any protective orders on Lessor's campuses;
- iii. Provide assistance in issuing no-contact restrictions, if requested through a complaint alleging sexual assault, dating violence, domestic violence, and/or stalking;
- iv. Provide the Lessor's All Hazards Emergency Plan outline for use by Lessee's employees. Lessee's employees will be integrated into the plan.



Facilities Operations & Maintenance

3201 W. Pecan McAllen, TX 78502-9701

PH: (956) 872-2556 FAX: (956) 872-3464

South Texas College / Access Esperanza Clinics Statement of Confidentiality Acknowledgment Statement

As a College employee, my job duties require me to conduct maintenance at the Access Esperanza Clinic Inc. (the "Clinic") and therefore come in contact with Clinic correspondence, records, and other documents, all of which I have been instructed are confidential and contain sensitive, health, or other private information.

I understand and acknowledge the importance of the confidential nature of the information which I may observe.

I acknowledge that I have been advised by my supervisor, and I agree, that as a condition of my employment, or continued employment, I will not open any folder, file or container where files or documents are kept and will not obtain and will not reveal to any person any information of a confidential nature as herein described of which I may become aware during my course of employment with South Texas College. Confidential information includes information concerning any Clinic employee, student, staff, faculty, or administrative personnel.

For purposes of this acknowledgement, official communications and statements which are presumed to be confidential, include, but are not limited to the following:

1. Communications and statements regarding student body health issues;
2. Other communications and statements made in the furtherance of official College business dealing with sensitive topics which would lead one to reasonably believe that the matters in question are intended to be kept private.

I acknowledge that the presumption of confidentiality may only be overcome by express instruction from senior College administrative or executive staff.

I further understand and agree to abide by all state and federal statutes and laws, which protect the confidentiality of information, related to students'

records held by educational agencies, specifically including, but not limited to, Texas Public Information Act Sections 552.026 and 552.114, the Family Education Rights and Privacy Act (FERPA) (20 U.S.C. § 1232g; 34 CFR Part 99), and the Red Flags Rule.

I further acknowledge that I have been advised that I shall refrain from releasing and/or otherwise disseminating any confidential information, and that prior to releasing information which I suspect might be confidential and protected information, I will seek instructions from any immediate supervisor and obtain my immediate supervisor's written permission to release such information prior to doing so.

I further acknowledge that I have been advised that improper release and/or dissemination of confidential information may create civil and criminal liability for South Texas College and/or me. I further acknowledge that I have been advised that failure to comply with this agreement by improperly disclosing confidential information may subject me to disciplinary action, which might result in the termination of my employment.

I acknowledge that I have understood the foregoing, (and if I speak Spanish and not English) it has been explained to me in Spanish).

Employee Name: _____

Employee Signature: _____

Employee ID#: A _____

Date: _____

Review and Recommend Action on Award of Proposal, Purchases, and Renewal

Approval of the following award of proposal, purchases and renewal will be requested at the January 28, 2020 Board meeting.

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

A. Award of Proposal

B. Purchases and Renewal

a. Non-Instructional Item

b. Technology Items

A. Award of Proposal

1) Business Skills Training Services (Award)

Award the proposal for business skills training services for the period beginning February 1, 2020 through January 31, 2021 with two one-year options to renew. The vendors are as follows:

Vendor	Course Rates	STC Commission	Courses
Leadership Empowerment Group (Mercedes, TX) (New)	Full Day - \$2,000 Half Day - \$1,000 ***** Materials Included		Leadership: Executive, Nurse, Teacher, Parent, Student, Business, and Etiquette; Written Communication, Oral Communication, Customer Service, Organizational Skills, CPR, Conflict Management, Sexual Harassment, Strategic Planning, etc.
World-Class Training (Brownsville TX)	\$300 per hour Minimum - Half Day ***** Materials Included	\$18 per instructional hour	Communication, Human Resources, Leadership, Management/Supervisory, Self-Management, Technical Skills, Office Support, Business Writing, Customer Service, etc.

Purpose – The Office of Continuing Professional and Workforce Education is requesting proposals for corporate and business skills training services to serve the community and College.

Justification and Benefit – The business skills training services provide the development of skills used in corporate and business workplace settings. These trainings are to be provided to staff of client firms through the College's Department of Continuing Professional and

Workforce Education. The proposal award to each vendor will be based upon the services provided, pricing, and availability to provide required services.

If the proposal by Leadership Empowerment Group is awarded, the South Texas College Continuing and Professional Workforce Education team would be responsible for registration and other administrative duties. The College would then receive a thirty (30) percent service fee, based upon tuition, for this administrative service. The College has used their services to a limited expense and this recovery of charge has been accessed and collected in the past.

Background – Proposal documents were advertised on November 11, 2019 through November 18, 2019 and issued to seven (7) vendors. Two (2) responses were received on November 26, 2019 which were reviewed by the Office of Continuing Professional and Workforce Education and Purchasing Department.

B. Purchases and Renewal (B-a. Non – Instructional Item)

2) Content Marketing Services (Purchase)

Purchase content marketing services from **Aperture Content Marketing (ACM)** (Oak Park, MI), a sole source vendor, at a total amount of \$84,693.66.

Purpose – The Office of Public Relations and Marketing is requesting to purchase content marketing services which streamlines the creation, printing and strategic distribution of two magazines, Career Focus and College Focus. The enrollment driven, turnkey platform will give Public Relations and Marketing staff access to an edition builder, a production team, an online edition microsite and an online library of customizable articles to be used for print, web, and social media platforms. These services will strategically target households of traditional and non-traditional students, to build positive perceptions in the community and drive enrollment.

Justification - With more and more higher education institutions in the market recruiting students, this will bolster and elevate South Texas College's current efforts to reach households with traditional and non-traditional students with a more streamlined, strategic and cost-effective approach.

Content Marketing will help shift perceptions about community colleges and play a vital role in overcoming enrollment declines with publication of well-crafted and well researched content. Online platform will provide for more innovative and efficient approach versus manual, less efficient process currently in place.

Public Relations and Marketing will have the ability to:

- Target adult learners with Career Focus magazine (mailout to non-traditional age households), released in the Spring 2020
- Target traditional students with College Focus magazine (mailout to household ages 11-17), released in the Fall 2020
- Work with a single vendor for printing, postage, and distribution, with greater reach

- Commit Public Relations and Marketing staff members to other priority project requests
- Have access to hundreds of carefully researched, enrollment-driven articles, and infographics
- Work collaboratively as a team on a platform, with real time updates
- Showcase all or select content electronically

Funds for this expenditure are budgeted in the Public Relations and Marketing budget for FY 2019 – 2020.

B. Purchases and Renewal (B-b. Technology Items)

3) Computers, Laptops, and Tablets (Purchase)

Purchase of computers, laptops, and tablets from the State of Texas Department of Information Resources (DIR) approved vendors **Dell Marketing, LP.** (Dallas, TX) and **Apple, Inc.** (Dallas, TX), at a total amount of \$69,767.98.

All purchase requests for computers, laptops, and tablets have been evaluated by the Information Technology and the Chief Information Officer. Information Technology 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:

- Student Computers
 - ⇒ 68 Computers for Computer Science Program
- Staff Computers
 - ⇒ 2 Computers for Purchasing Department
 - ⇒ 3 Computers for Facilities Planning and Construction
 - ⇒ 3 Computers for Custodial Department
- Student Laptops
 - ⇒ 13 Laptops for Information Technology Program
 - ⇒ 12 Laptops for Developmental Math Program

- Staff Laptops
⇒ 4 Laptops for Safety and Security Department
- Staff Tablets
⇒ 2 Tablets for Educational Technologies

Funds for these expenditures are budgeted in the requesting department budgets for FY 2020 - 2021 as follows: Computer Science, Purchasing Department, Facilities Planning and Construction, Custodial Department, Information Technology, Developmental Math Program, Safety and Security, and Educational Technologies.

4) Network Equipment (Purchase)

Purchase network equipment from **Insight Public Sector** (Tempe, AZ/McAllen, TX), a State of Texas Department of Information Resources (DIR) approved vendor, at a total amount of \$364,733.15.

Purpose – Information Technology is requesting the purchase of the following network equipment: network switches (50), access points (20), uninterruptible power supplies (UPS) (48), and desktop phones (270). This equipment will replace end of life and out of support equipment district wide.

Justification and Benefit – The network switches provide network connectivity to our different buildings as well as to connect security cameras for surveillance. The access points provide wireless connectivity to students, faculty and staff district wide. The UPS are used to prevent data loss on network devices due to power outages, power surges, and power spikes. The desktop phones will be used to replace existing outdated office phones. This equipment will be installed district wide to support College's day to day operation.

Funds for this expenditure are budgeted in the Systems and Networking budget for FY 2019 – 2020.

5) Red Hat Licenses Maintenance and Support Agreement (Renewal)

Renew the Red Hat licenses maintenance and support agreement with **Netsync Network Solutions** (Houston, TX), a State of Texas Department of Information Resources (DIR) approved vendor, for the period beginning February 27, 2020 through February 26, 2021, at a total amount of \$82,962.06.

Purpose – Information Technology is requesting to renew the college wide Red Hat licenses maintenance and support agreement for two thousand one hundred eighteen (2,118) licenses. This renewal will provide one-year support and maintenance to the servers running on Red Hat software.

Justification and Benefit – The support provides critical updates and patches to mitigate security risks along with support for the servers running the Red Hat software. The servers running on Red Hat provides support to applications such as Banner and Jagnet serving the students, faculty, and staff district wide.

Funds for this expenditure are budgeted in Systems and Networking budget for FY 2019 - 2020.

Recommendation:

It is requested that the Finance, Audit, and Human Resources Committee recommend for Board approval at the January 28, 2020 Board meeting the award of proposal, purchases, and renewal as listed below:

A. Award of Proposal

B. Purchases and Renewal

a. Non-Instructional Item

b. Technology Items

A. Award of Proposal

- 1) Business Skills Training Services:** award the proposal for business skills training services for the period beginning February 1, 2020 through January 31, 2021 with two one-year options to renew. The vendors are as follows:

Vendor	Course Rates	STC Commission	Courses
Leadership Empowerment Group (Mercedes, TX) (New)	Full Day - \$2,000 Half Day - \$1,000 ***** Materials Included		Leadership: Executive, Nurse, Teacher, Parent, Student, Business, and Etiquette. Written Communication, Oral Communication, Customer Service, Organizational Skills, CPR, Conflict Management, Sexual Harassment, Strategic Planning, etc.
World-Class Training (Brownsville TX)	\$300 per hour Minimum - Half Day ***** Materials Included	\$18 per instructional hour	Communication, Human Resources, Leadership, Management/Supervisory, Self-Management, Technical Skills, Office Support, Business Writing, Customer Service, etc.

B. Purchases and Renewal (B-a. Non-Instructional Item)

- 2) Content Marketing Services (Purchase):** purchase content marketing services from **Aperture Content Marketing (ACM)** (Oak Park, MI), a sole source vendor, at a total amount of \$84,693.66;

B. Purchases and Renewal (B-b. Technology Items)

- 3) Computers, Laptops, and Tablets (Purchase):** purchase computers, 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), at a total amount of \$69,767.98;

- 4) **Network Equipment (Purchase):** purchase network equipment from **Insight Public Sector** (Tempe, AZ/McAllen, TX), a State of Texas Department of Information Resources (DIR) approved vendor, at a total amount of \$364,733.15;
- 5) **Red Hat Licenses Maintenance and Support Agreement (Renewal):** renew the Red Hat licenses maintenance and support agreement with **Netsync Network Solutions** (Houston, TX), a State of Texas Department of Information Resources (DIR) approved vendor, for the period beginning February 27, 2020 through February 26, 2021, at a total amount of \$82,962.06.

Recommend Action - The total for all award of proposal, purchases, and renewal is \$602,156.85.

SOUTH TEXAS COLLEGE
1. BUSINESS SKILLS TRAINING SERVICES
PROJECT NO. 19-20-1027

VENDOR		Leadership Empowerment Group	World-Class Training
ADDRESS		805 S Missouri	P O Box 4046
CITY/STATE/ZIP		Mercedes, TX 78570	Brownsville, TX 78523
PHONE		956-565-2425	956-504-9287
FAX		956-565-2570	956-504-9863
CONTACT		Barbara Baggerly-Hinojosa	Martha A. Valdez
#	Description	Proposed	Proposed
1	Number of years in Business	9 Years	20 Years
2	Type of Operation	Partnership	Partnership
3	Number of Employees	11	3
4	Annual Sales Volume	\$ 300,000.00	\$ 321,000.00
5	STC Commission		\$18.00 per instructional hour
6	Hourly Rate	Full Day: \$2,000 Half Day: \$1,000 Pricing includes consultant fee, training materials, participant packets, and manipulatives for activities.	\$300 per hour minimum order: \$1,200 (half day)
7	Program Format	Courses are designed as 8-hour or 4-hour modules	1-4 hours (half day); 5-8 hours (full day)
8	Number of Participants		Varies depending on program topic; WCT will recommend a min/max number of participants depending on program topic
9	Geographic Coverage		Domestic only (State of Texas)
10	Travel & Expenses		
11	Instructional/Training Materials	Written materials made available for students, participant packets, Pre/Post-Test, hands-on materials, and a Textbook.	Participant handouts (binder or spiral bound booklet)
Price Escalation			
2nd Year		Not Provided	\$330 per hour
3rd Year		Not Provided	\$360 per hour
TOTAL RANKING POINTS		90	84.55
RANKING		1	2

SOUTH TEXAS COLLEGE
1. BUSINESS SKILLS TRAINING SERVICES
PROJECT NO. 19-20-1027
EVALUATION SUMMARY

VENDOR		Leadership Empowerment Group		World-Class Training	
ADDRESS		805 S Missouri		P O Box 4046	
CITY/STATE/ZIP		Mercedes, TX 78570		Brownsville, TX 78523	
PHONE		956-565-2425		956-504-9287	
FAX		956-565-2570		956-504-9863	
CONTACT		Barbara Baggerly-Hinojosa		Martha A. Valdez	
1	The respondent's financial proposal. -Cost of courses -Commission to College (up to 40 points)	40	40	33.3	33.3
		40		33.3	
		40		33.3	
		40		33.3	
2	The respondent's experience and reputation. (up to 15 points)	14	13.75	14	14.25
		14		14	
		13		15	
		14		14	
3	The extent to which the goods and/or services meet the College's needs. (up to 15 points)	13	14	13	14.25
		13		14	
		15		15	
		15		15	
4	The respondent's success rate for clients for the services provided. (up to 10 points)	8	8.75	9	9
		8		8	
		10		10	
		9		9	
5	The quality of the respondent's proposal, including the responsiveness to requirements and adequacy of information provided. (up to 10 points)	8	8.75	8	8.75
		8		8	
		10		10	
		9		9	
6	The vendor's past relationship with the College. (up to 5 points)	4	4.75	5	5
		5		5	
		5		5	
		5		5	
7	The impact on the ability of the College to comply with laws and rules relating to Historically Underutilized Businesses. (up to 5 points)	0	0	0	0
		0		0	
		0		0	
		0		0	
TOTAL EVALUATION POINTS		90		84.55	
RANKING		1		2	

SOUTH TEXAS COLLEGE
2. CONTENT MARKETING SERVICES

NAME			Aperture Content Marketing (ACM)	
ADDRESS			25900 Greenfield Rd #402	
CITY/STATE/ZIP			Oak Park, MI 48237	
PHONE			855-572-2955	
CONTACT			Sheila Leburg	
#	Qty	Description	Unit Price	Extension
1	1	CareerFocus Traditional Tabloid Magazine 16 page - Professional Services Size: 10 3/4 x 13 1/4 Quantity: 165,000 Office Copies - Quantity: 5,000	\$ 40,475.00	\$ 40,475.00
2	1	Postage for saturation mail Quantity: 160,000	\$ 15,680.20	\$ 15,680.20
3	1	Shipping and Handling	\$ 3,845.20	\$ 3,845.20
4	1	College Focus Standard Magazine 16 page - Professional Services Size: 8 3/8 x 10 7/8 Quantity: 33,000 Office Copies - Quantity: 5,000	\$ 16,895.00	\$ 16,895.00
5	1	List Purchase for Addressed Mail Quantity: 28,000	\$ 1,481.65	\$ 1,481.65
6	1	Postage for Address Mail Quantity: 28,000	\$ 5,880.00	\$ 5,880.00
7	1	InkJet of Addressed Mail	\$ 900.00	\$ 900.00
8	1	Shipping and Handling	\$ 1,089.04	\$ 1,089.04
9	1	Discount	\$ (1,552.43)	\$ (1,552.43)
TOTAL AMOUNT			\$ 84,693.66	

SOUTH TEXAS COLLEGE
3. DISTRICT WIDE TECHNOLOGY REQUEST
JANUARY 28, 2020

COMPUTERS					
#	Qty	Description	Unit Price	Extension	Requesting Department
1	36	Computer 3060 MT, i5-8400 Processor, 500GB Hard Drive, 8GB Memory	\$720.00	\$ 25,920.00	Computer Science Program - Saeed Molki
		Intel Integrated Graphics, 22" Monitors, Warranty			Replacement of out of warranty systems for student lab
2	32	Computer 3060 MT, i5-8400 Processor, 500GB Hard Drive, 8GB Memory	\$720.00	\$ 23,040.00	Computer Science Program - Saeed Molki
		Intel Integrated Graphics, 22" Monitors, Warranty			Replacement of out of warranty systems for student lab
3	2	Precision 5820 Tower XCTO Base, Intel Xeon W-2133,	\$1,510.00	\$ 3,020.00	Purchasing Department - Becky Cavazos
		8GB Memory, 256GB Hard Drive, 22" Monitors, Warranty			Replacement of out of warranty systems for dept staff
4	3	Precision 5820 Tower XCTO Base, Intel Xeon W-2133,	\$1,303.86	\$ 3,911.58	Facility Planning & Construction Department - Rick De La Garza
		8GB Memory, 256GB Hard Drive, Warranty			Replacement of out of warranty systems for dept staff
5	1	Computer 3060 MT, i5-8400 Processor, 500GB Hard Drive, 8GB Memory	\$720.00	\$ 720.00	Custodial Department - Luis Silva
		Intel Integrated Graphics, 22" Monitors, Warranty			New system for dept staff
6	2	Computer 3060 MT, i5-8400 Processor, 500GB Hard Drive, 8GB Memory	\$705.00	\$ 1,410.00	Custodial Department - Luis Silva
		Intel Integrated Graphics, 20" Monitors, Warranty			New systems for dept staff
		COMPUTER TOTAL		\$ 58,021.58	
LAPTOPS					
7	4	Laptop Latitude 5400 CTO Base, Intel Core i5-8265U, 256GB Hard Drive	\$813.10	\$ 3,252.40	Safety & Security Department - Ruben Suarez
		Battery, 8GB Memory, Intel UHD 620 Graphics, Warranty			New systems for dept staff
8	13	Chromebook 3400, Intel Celeron N4000 Processor, 32GB Hard Drive	\$290.00	\$ 3,770.00	Information Technology Program - Adolfo Lozano
		4GB Memory, Keyboard, Google Chrome Licenses, Warranty			New systems for student lab
9	12	Chromebook 3400, Intel Celeron N4000 Processor, 32GB Hard Drive	\$290.00	\$ 3,480.00	Developmental Math Program - Pablo Cortez
		4GB Memory, Keyboard, Google Chrome Licenses, Warranty			New systems for student lab
		LAPTOP TOTAL		\$ 10,502.40	

SOUTH TEXAS COLLEGE
3. DISTRICT WIDE TECHNOLOGY REQUEST
JANUARY 28, 2020

TABLETS					
#	Qty	Description	Unit Price	Extension	Requesting Department
10	1	Apple iPad mini Wi-Fi 64GB - Space Gray	\$379.00	\$ 379.00	Educational Technologies - Dr. Marie Evans
		Apple Care Warranty			New system for dept staff
11	1	Apple 11 inch iPad Pro Wi-Fi 64GB - Space Gray	\$865.00	\$ 865.00	Educational Technologies - Dr. Marie Evans
		Apple Pencil, Apple Care Warranty			New system for dept staff
		TABLET TOTAL		\$ 1,244.00	
		COMPUTERS/LAPTOPS/TABLETS - TOTAL		\$ 69,767.98	

SOUTH TEXAS COLLEGE
4. NETWORK EQUIPMENT

NAME			Insight Public Sector	
ADDRESS			6820 S Harl Ave	
CITY/STATE/ZIP			Tempe, AZ 85283	
LOCAL ADDRESS			2712 N McColl Rd McAllen, TX	
PHONE			956-465-8080	
FAX			630-295-7881	
CONTACT			Darak Weaver	
#	Qty	Description	Unit Price	Extension
1	30	Catalyst 9200 48-port PoE+, Network Essentials	\$ 2,458.60	\$ 73,758.00
2	30	C9200 Cisco DNA Essentials, 48-Port Term Licenses	\$0.00	\$ -
3	30	C9200 Cisco DNA Essentials, 48-Port - 3 Year Term License	\$ 425.60	\$ 12,768.00
4	30	Catalyst 9200 4 x 10G Network Module	\$ 760.00	\$ 22,800.00
5	30	1KW AC Config 6 Power Supply - Secondary Power Supply	\$ 718.20	\$ 21,546.00
6	30	C9200 Network Essentials, 48-port license	\$0.00	\$ -
7	60	North America AC Type A Power Cable	\$0.00	\$ -
8	60	Catalyst 9200 Stack Module	\$0.00	\$ -
9	30	50CM Type 4 Stacking Cable	\$0.00	\$ -
10	30	Network Plug-n-Play Connect for zero-touch device deployment	\$0.00	\$ -
11	30	Cisco Catalyst 9200 Stack Module	\$ 498.75	\$ 14,962.50
12	10	Catalyst 9200 48-port PoE+, Network Essentials	\$ 2,458.60	\$ 24,586.00
13	10	C9200 Cisco DNA Essentials, 48-Port Term Licenses	\$0.00	\$ -
14	10	C9200 Cisco DNA Essentials, 48-Port - 3 Year Term License	\$ 425.60	\$ 4,256.00
15	10	Catalyst 9200 4 x 10G Network Module	\$ 760.00	\$ 7,600.00
16	10	1KW AC Config 6 Power Supply - Secondary Power Supply	\$ 718.20	\$ 7,182.00

SOUTH TEXAS COLLEGE
4. NETWORK EQUIPMENT

NAME			Insight Public Sector	
#	Qty	Description	Unit Price	Extension
17	10	C9200 Network Essentials, 48-port license	\$0.00	\$ -
18	20	North America AC Type A Power Cable	\$0.00	\$ -
19	10	Network Plug-n-Play Connect for zero-touch device deployment	\$0.00	\$ -
20	10	Cisco Catalyst 3560-CX 12 Port PoE IP Base	\$ 924.16	\$ 9,241.60
21	10	Power Retainer Clip For 3560-C, 2960-C and 2960-L Switches	\$0.00	\$ -
22	10	C3560CX DNA Advantage, 12-port Term License	\$0.00	\$ -
23	10	C3560CX DNA Advantage, 12-port, 3 Year Term License	\$ 266.00	\$ 2,660.00
24	10	North America AC Type A Power Cable	\$0.00	\$ -
25	30	Cisco GLC-LH-SMD Compatible TAA Compliant 1000Base-LX SFP Transceiver (SMF, 1310nm, 10km, LC, DOM) (DIR-TSO-4343)	\$ 47.62	\$ 1,428.60
26	70	Cisco Unified SIP Phone 3905. Charcoal, Standard Handset	\$ 37.62	\$ 2,633.40
27	200	Cisco IP Phone 8811 Series	\$ 169.10	\$ 33,820.00
28	30	Handset cord for 7900 series phone	\$ 1.90	\$ 57.00
29	20	802.11ac W2 AP w/CA; 4x4:3; Mod; Int Ant; mGig B Domain	\$ 726.56	\$ 14,531.20
30	20	802.11 AP Low Profile Mounting Bracket (Default)	\$0.00	\$ -
31	20	Cisco Aironet 3800 Series CAPWAP Software Image	\$0.00	\$ -
32	20	Ceiling Grid Clip for Aironet Aps - Recessed Mount (Default)	\$0.00	\$ -
33	20	Cisco DNA Subscription OPTOUT for AIR3800	\$0.00	\$ -
34	15	SmartPro 120V 750V 600W Line-Interactive Sine Wave UPS, 1U Rackmount, Network Management Card Options, USB, DB9 Serial	\$ 372.41	\$ 5,586.15

SOUTH TEXAS COLLEGE
4. NETWORK EQUIPMENT

NAME			Insight Public Sector	
#	Qty	Description	Unit Price	Extension
35	5	SmartPro 120V 1kVA 800W Line-Interactive Sine Wave UPS, 1U Rack, Network Card Options, USB, DB9, 6 Outlets	\$ 467.62	\$ 2,338.10
36	40	SmartPro 120V 2.2kVA 1.92kW Line-Interactive Sine Wave UPS, 2U Rack/Tower, Extended Run, Pre-Installed WEBCARDLX Network Interface, LCD Display, USB, DB9 Serial	\$ 1,033.55	\$ 41,342.00
37	10	SmartOnline 200-240V 10kVA 9kW Double-Conversion UPS, 6U, Extended Run, Network Card Slot, USB, DB9, Switch, Hardwire	\$ 3,870.88	\$ 38,708.80
38	20	External 240V 3U Rack/Tower Battery Pack Enclosure + DC Cabling for select UPS Systems (BP240V10RT3U)	\$ 969.76	\$ 19,395.20
39	10	SNMP Management Accessory Card, SmartPro or SmartOnline UPS Systems	\$ 190.22	\$ 1,902.20
40	10	Web Management Accessory Card	\$ 163.04	\$ 1,630.40
41	12	10 Training credit. Expires in 1 yr. Team Captain required	\$0.00	\$0.00
42	1	Cisco DNA Starter Kit - For Customer Production or Lab Use	\$0.00	\$0.00
43	1	Cisco DNA Center Appliance (Gen 2) - 44 Core	\$0.00	\$0.00
44	1	Cisco DNA Center SW 1.3	\$0.00	\$0.00
45	2	Power Cord, 125VAC 13A NEMA 5-15 Plug, North America	\$0.00	\$0.00
46	2	2.1 GHz 6152/140W 22C/30.25MB Cache/DDR42666MHz	\$0.00	\$0.00
47	8	32GB DDR4-2666-MHz RDIMM/PC4-21300/dual rank/x4/1.2v	\$0.00	\$0.00
48	1	Intel X710-DA2 dual-port 10G SFP+NIC	\$0.00	\$0.00
49	2	Cisco UCS 770W AC Power Supply for Rack Server	\$0.00	\$0.00
50	1	64GB SD Card for UCS Servers	\$0.00	\$0.00

SOUTH TEXAS COLLEGE
4. NETWORK EQUIPMENT

NAME			Insight Public Sector	
#	Qty	Description	Unit Price	Extension
51	8	1.9TB 2.5 inch Enterprise Value 6G SATA SSD	\$0.00	\$0.00
52	1	Trusted Platform Module 2.0 for UCS servers	\$0.00	\$0.00
53	1	Cisco 12G Modular RAID controller with 2GB cache	\$0.00	\$0.00
54	1	Mini Storage Carrier for SD (holds up to 2)	\$0.00	\$0.00
55	2	480 GB 2.5 inch Enterprise Value 6G SATA SSD	\$0.00	\$0.00
56	1	Intel X710 quad-port 10G SFP+NIC	\$0.00	\$0.00
57	2	10GBASE-CU SFP+ Cable 5 Meter	\$0.00	\$0.00
58	1	Catalyst 9300 24-port UPOE, Network Advantage	\$0.00	\$0.00
59	1	C9300 Network Advantage, 24-port license UNIVERSAL	\$0.00	\$0.00
60	1	1100W AC 80+ platinum Config 1 Power Supply	\$0.00	\$0.00
61	2	North America AC Type A Power Cable	\$0.00	\$0.00
62	1	1100W AC 80+ platinum Config 1 Secondary Power Supply	\$0.00	\$0.00
63	1	No SSD Card Selected	\$0.00	\$0.00
64	1	50CM Type 1 Stacking Cable	\$0.00	\$0.00
65	1	Catalyst Stack Power Cable 30 CM	\$0.00	\$0.00
66	1	C9300 24-Port DNA-Premier License	\$0.00	\$0.00
67	1	C9300 DNA Premier, 24-Port, 3 Year Term License	\$0.00	\$0.00
68	25	ISE BASE Term License	\$0.00	\$0.00
69	25	ISE BASE Tracker Term 3Y	\$0.00	\$0.00
70	25	ISE PLS Term License	\$0.00	\$0.00

SOUTH TEXAS COLLEGE
4. NETWORK EQUIPMENT

NAME			Insight Public Sector	
#	Qty	Description	Unit Price	Extension
71	25	ISE PLS Tracker Term 3Y	\$0.00	\$0.00
72	100	StealthWatch 1 FPS Term License	\$0.00	\$0.00
73	100	ISE BASE Tracker Term 3Y	\$0.00	\$0.00
74	1	Prime Infrastructure Lifecycle & Assurance Term - Smart Lic	\$0.00	\$0.00
75	1	PI Dev Lic for Lifecycle & Assurance Term 3Y	\$0.00	\$0.00
76	1	Catalyst 9300 8 x 10GE Network Module	\$0.00	\$0.00
77	1	Network Plug-n-Play Connect for zero-touch device deployment	\$0.00	\$0.00
78	2	Cisco Catalyst 9120AX Series	\$0.00	\$0.00
79	2	Capwap software for Catalyst 9120AX	\$0.00	\$0.00
80	2	802.11 AP Low Profile Mounting Bracket (Default)	\$0.00	\$0.00
81	2	Ceiling Grid Clip for Aironet Aps - Recessed Mount (Default)	\$0.00	\$0.00
82	2	Aironet AP License Term Licenses For Tracking	\$0.00	\$0.00
83	2	C9120AX CISCO DNA Advantage 3 Year Term Licenses	\$0.00	\$0.00
84	2	Aironet CISCO DNA Advantage Term Licenses	\$0.00	\$0.00
85	2	Aironet CISCO DNA Advantage Term Licenses	\$0.00	\$0.00
86	2	Aironet AP License Term Licenses	\$0.00	\$0.00
87	2	Aironet AP License 3 Year Term License	\$0.00	\$0.00
88	2	Prime AP Term Licenses	\$0.00	\$0.00
89	2	PI Dev Lic for Lifecycle & Assurance Term 3Y	\$0.00	\$0.00
90	2	Aironet AP License Term Licenses	\$0.00	\$0.00

SOUTH TEXAS COLLEGE
4. NETWORK EQUIPMENT

NAME			Insight Public Sector	
#	Qty	Description	Unit Price	Extension
91	2	Aironet CISCO DNA Advantage 3 Year Term Licenses	\$0.00	\$0.00
92	2	AIR CISCO DNA Perpetual Network Stack	\$0.00	\$0.00
93	2	Cisco DNA Spaces Extend Option for Cisco DNA 1Yr Term	\$0.00	\$0.00
94	2	Cisco DNA Spaces Extend Option for Cisco DNA 3Yr	\$0.00	\$0.00
95	2	Network Plug-n-Play Connect for zero-touch device deployment	\$0.00	\$0.00
96	1	Cisco 3504 Wireless Controller	\$0.00	\$0.00
97	1	Cisco 3504 Wireless Controller SW Rel. 8.5	\$0.00	\$0.00
98	1	AC Power Cord, Type C5, US, Canada	\$0.00	\$0.00
99	1	3504 Wireless Controller Rack Mount Tray	\$0.00	\$0.00
100	1	Cisco 3504 Wireless Controller Power Supply	\$0.00	\$0.00
101	1	Cisco ISE Virtual Machine Small	\$0.00	\$0.00
102	1	Cisco Aironet 1800 Series Network Sensor (USA Only)	\$0.00	\$0.00
103	1	Cisco 1800S Active Sensor Software Image	\$0.00	\$0.00
104	1	AP1800 Power over Ethernet with 1G Ethernet module	\$0.00	\$0.00
105	1	AP1800 Series Mounting Bracket	\$0.00	\$0.00
106	1	Serial RJ45 to 4-pin TTL console adapter	\$0.00	\$0.00
107	1	Aironet CISCO DNA Endpoing Term Licenses	\$0.00	\$0.00
108	1	Aironet CISCO DNA Device Endpoint 3 Year Term License	\$0.00	\$0.00
TOTAL AMOUNT			\$	364,733.15

SOUTH TEXAS COLLEGE
5. RED HAT LICENSES MAINTENANCE AND SUPPORT AGREEMENT

NAME			Netsync Network Solutions	
ADDRESS			2500 W Loop S Ste 410/510	
CITY/STATE/ZIP			Houston, TX 77027	
PHONE			713-218-5000	
CONTACT			Becky Reinis	
#	Qty	Description	Unit Price	Extension
1	2,118	Red Hat 2020 Renewal - Enterprise Linux Academic Site Subscription with Smart Management + Satellite, Premium Period: 2/27/20 - 2/26/21	\$ 39.17	\$ 82,962.06
TOTAL AMOUNT			\$ 82,962.06	

Discussion and Action as Necessary on External Auditor Services

Approval to renew the contract with Carr, Riggs & Ingram, LLC. (McAllen, TX) for the external auditor services for the fiscal year ending August 31, 2020 will be requested at the January 28, 2020 Board meeting.

Purpose – The external auditor services contract renewal is requested to perform the College's annual financial audit and issue an opinion on the financial statements prepared by the College Business Office staff. The audited Comprehensive Annual Financial Report (CAFR) must be submitted annually to the Texas Higher Education Coordinating Board by December 31st.

Justification – The Vice President for Finance and Administrative Services and the Comptroller are requesting the contract renewal for external auditors to start the interim audit work related to the financial audit prior to fiscal year end.

Background - The Board awarded the contract for the external auditor services at the April 24, 2017 Board of Trustees meeting for one year with four one-year annual renewals. The third renewal period will be for the fiscal year ending August 31, 2020 for the audit of Fiscal Year 2019 - 2020.

Award	Board Meeting Date	Original Term	Renewal Term	Audit Period
Original	4/24/2017	4/25/17- 12/31/17	4 – one year options	9/01/16 – 8/31/17
1 st Renewal	2/27/2018		1/1/18 – 12/31/18	9/01/17 – 8/31/18
2 nd Renewal	1/29/2019		1/1/19 – 12/31/19	9/01/18 – 8/31/19
3 rd Renewal	1/28/2020		1/1/20 – 12/31/20	9/01/19 – 8/31/20

The total amount paid in FY 2018 and FY 2019, was \$141,000 and \$138,000, respectively.

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

Funding Source - Expenditures are budgeted in the Audit Services budget for FY 2019 - 2020 budget and FY 2020 - 2021 pending Board approval of the budget.

It is requested that the Finance, Audit, and Human Resources Committee recommend for Board approval at the January 28, 2020 Board meeting to take action as necessary regarding the contract with Carr, Riggs, & Ingram, LLC. for the external auditor services at a cost of approximately \$140,000.00 for the fiscal year ending August 31, 2020 as presented.

Review and Discussion of Internal Audit Report in the Area of Financial Aid

Mr. Khalil Abdullah, Internal Auditor, will be attending the Committee meeting to discuss the procedures, findings, and recommendations of the internal audit report in the area of Financial Aid.

The Internal Audit Report follows in the packet for the Committee's review.

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

OFFICE OF INTERNAL AUDITS
FINANCIAL AID AUDIT REPORT



**SOUTH TEXAS
COLLEGE**

JANUARY 7, 2020



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EXECUTIVE SUMMARY

The Financial Aid Audit was included on the Finance, Audit, and Human Resources Committee's approved FY 2019 Audit Plan. The audit included a review of Student Financial Service's controls over financial aid awards from the State as well as progress made on implementing management's stated corrective actions related to 2 findings detailed in the FY 2018 Comprehensive Annual Financial Report.

The objective of the audit is to evaluate the adequacy and effectiveness of internal controls designed to provide management with a reasonable assurance of compliance with financial aid awards from the State and to determine whether appropriate corrective actions were taken related to issues identified in the 2018 Comprehensive Annual Financial Report (e.g. Finding 2018-1 and Finding 2018-2).

The scope of the audit included activity from September 1, 2015 – June 30, 2019. The audit was not designed nor intended to be a detailed study of every relevant control system, procedure, or transaction. Accordingly, any 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, South Texas College's Student Financial Services and Admissions and Records departments established an adequate systems of internal controls over financial aid awards from the State and reporting student information to the National Student Clearinghouse.

Over the course of the audit we observed the following:

- Effective controls related to ensuring student eligibility requirements are met related to TEOG awards;
- Updated procedures to ensure compliance with TAC §22.260(b)(4) and (TEC) §56.407;
- Appropriate corrective actions taken by management to resolve *Finding 2018-1 & 2018-2*

Additionally, the audit identified the following area where improvements could be made:

- The Handbook of Operating Procedures was not updated to reflect recent changes in Admission and Records processes related to transmitting reports to the National Student Clearinghouse.

BACKGROUND

South Texas College's Student Financial Services department is committed to helping students attain their education goals by providing quality assistance in addressing their financial needs. The primary source of financial aid from the Texas Higher Education Coordinating Board is the Texas Education Opportunity Grant (TEOG). The purpose of TEOG is to provide financial aid to students enrolled in a Texas public two-year college and who demonstrate a financial need. The total TEOG financial aid for fiscal year 2017 and 2018 accounted for 79% and 76% respectively of the total amounts awarded from the Coordinating Board. For fiscal year 2018 the initial and renewal year financial aid from the TEOG amounted to \$2,585,404.

In completing last year's financial audit, external auditors from Carr, Riggs & Ingram LLC identified 2 issues. The first issue (e.g. Finding 2018-1) was related to the completeness of enrollment reports sent to the National Student Clearinghouse, and the second issue (e.g. Finding 2018-2) was related to incorrectly utilizing Pell grant funds for matching purposes (e.g. instances when TEOG fails to cover all of a recipient's tuition and fees).

AUDIT OBJECTIVE

The objective of the audit is to evaluate the adequacy and effectiveness of internal controls designed to provide management with a reasonable assurance of compliance with financial aid awards from the State and to determine whether appropriate corrective actions were taken related to issues identified in the 2018 Comprehensive Annual Financial Report (e.g. Finding 2018-1 and Finding 2018-2).

AUDIT SCOPE & METHODOLOGY

The scope of the audit included activity from September 1, 2015 – May 31, 2019. To accomplish the audit objective, the internal auditors performed the following:

- Reviewed the external auditor's financial report or CAFR related to Financial Aid (e.g. Schedule F);
- Reviewed student eligibility requirements for the Texas Education Opportunity Grant Program (TEOG) for initial and renewal year awards;
- Reviewed Student Financial Services' Handbook of Operating Procedures sections 4.2 and 4.3 on internal controls;

- Reviewed Texas Administrative Code (TAC) §22.260(b)(4);
- Reviewed Texas Education Code (TEC) §56.407 (f-g);
- Reviewed National Student Clearinghouse (NSC) Audit Guide;

The audit generally conformed to guidelines set forth by the Institute of Internal Auditor's *Standards* and South Texas College's Manual of Policy 5460 *Internal Audit Function*.

AUDIT RESULTS

TEOG Eligibility

To receive an initial year award through the Texas Education Opportunity Grant (TEOG) program a student must meet several eligibility requirements. We randomly selected a sample of 25 initial year recipients within the audit scope and tested to verify that each of the selected students met all TEOG eligibility requirements. To receive TEOG funds in a renewal year, students must meet similar eligibility requirements to initial year recipients as well as maintain satisfactory academic progress. To verify that students also met renewal year eligibility requirements we selected an additional 25 students that received a renewal year TEOG award and tested those students against the TEOG renewal year eligibility requirements. Based on our testing we determined that all of the students within our sample met the TEOG eligibility requirements. No exceptions were noted in this area.

Other State Awards

The College receives several other awards from the state such as the Nursing Innovation Grant, Texas Workforce Commission, Accelerate Texas-Mentor College, etc. Many of these awards are not processed by Student Financial Services (SFS). Any awards paid to students as financial aid without SFS's knowledge could impact the student's cost of attendance (COA) and Expected Family Contribution (EFC) calculations resulting in an over-award. In order to confirm that other awards were not being provided to students as financial aid without SFS's knowledge, we requested responses from each of the departments/offices responsible for overseeing awards not processed by SFS. We received confirmations from each of the departments stating that either no part of these awards was provided to students as financial aid or that the students were instructed to go through SFS to receive further instructions on how to receive the funds related to financial aid. No exceptions were noted in this area.

Verification of Management's Corrective Actions to address the External Audit's Finding 2018-1: Compliance with Enrollment Reporting Requirements presented in the FY 2018 Comprehensive Annual Financial Report:

The National Student Clearinghouse (NSC) is a nonprofit organization established in 1993 that is widely considered a trusted source for higher education enrollment and degree verifications. NSC serves as a single point of contact for the collection and timely exchange of accurate and comprehensive enrollment, degree, and certificate records on behalf of 3,600+ participating institutions of higher education. In completing the FY 2018 financial audit, external auditors found that 3 out of a sample of 40 (7.5%) students was not reported to the NSC.

The Director of Student Records and Registrar indicated in her response to finding 2018-1 that changes would be implemented to their existing procedures to ensure that the circumstances which led to the issue were resolved. Upon further inquiry and review of support provided by the department, we determined that the Admissions and Records department changed their procedures related to the frequency of reports sent to the NSC. We requested to review the updated procedures, however we were informed that while the new process was in place, the changes to the procedures were not formally documented in the department's Handbook of Operating Procedures.

Recommendation:

1. The Handbook of Operating Procedures should be updated to reflect recent adjustments put into practice within the department related to the frequency of enrollment report submissions to the National Student Clearinghouse.

Management Response:

Accept audit recommendation as presented

1. Management agrees with the recommendation and the following action has been taken. The National Student Clearinghouse enrollment and graduate reporting process and timelines have been added to the Handbook of Operating Procedures manual.

Responsible Individual:

Dir. of Student Records and Registrar

Implementation Date:

7/23/2019

Management stated that during the time period which led to the issue, the department had several employees absent. In response, Admissions and Records sought to hire a Graduation Analyst on 6/18/2018 to assist with ensuring that report deadlines were met. We were able to confirm through Human Resources that the Graduation Analyst was hired to work in the department and tasked with assisting in the submission of student enrollment reports to NSC.

Additionally, we selected a sample of 50 students with recent changes in their enrollment status to verify that they were included in the reports distributed to NSC. We compared the student information from our sample to the enrollment status listed on the NSC website. Based on our testing we were able to verify that all of the students selected in our sample were appropriately included in the reports sent to NSC. No exceptions were noted in this area.

Verification of Management's Corrective Actions to address the External Audit's Finding 2018-2 Compliance with Matching Requirements presented in the FY 2018 Comprehensive Annual Financial Report:

In completing last year's financial audit, external auditors also found that South Texas College used Pell grant funds to cover student's tuition and fees in excess of the student's TEOG award. Texas Administrative Code (TAC) 22.260 (b) (4) states that "An approved institution may not charge a person receiving a TEOG award through that institution, an amount of tuition and required fees in excess of the amount of the TEOG award received by the person. If an institution's tuition and fee charge exceeds the TEOG award amount, it may address the shortfall in one of two ways:

- a) It may use other available sources of financial aid, other than a loan or Pell grant to cover any difference in the amount of a TEOG award and the student's actual amount of tuition and required fees at the institution; or
- b) It may waive the excess charges for the student. However, if a waiver is used, the institution may not report the recipient's tuition and fees in a way that would increase the general revenue appropriations to the institution."

In an interview with the Director of Financial Services, we discovered that the practice of using Pell grant funds for matching (e.g. to pay a student's remaining balance of tuition and fees not fully covered by their TEOG award) was previously allowed by the state and that the regulations requiring the use of funds other than a loan or Pell did not go into effect until sometime around FY 2016. At the time management was unaware of the change and incorrectly continued to use money from student's Pell grant for matching. The application of Pell awards for matching purposes

caused a group of students to be impacted and receive less of their total eligible award in FY 2016, 2017 and 2018. In order to correct for this, Financial Aid utilized The Texas Public Education Grant (TPEG) or institutional funds as a source for matching rather than funds from Pell. Once the TPEG matching funds were awarded, checks were disbursed to each of the impacted students in FY 2016, 2017 and 2018. Details of the total number of impacted students from FY 2016 – 2018 are provided in the table below:

Semester	Num. of TEOG Awards	Num. of Under Matched	Amt.
Fall 2015	911	473	\$102,852.70
Spring 2016	795	391	\$93,585.20
Fall 2016	1038	569	\$128,881.40
Spring 2017	836	474	\$109,801.59
Fall 2017	1051	574	\$122,290.75
Spring 2018	857	478	\$116,261.25
Total	5488	2959	\$673,672.89

Student Financial Services no longer uses Pell awards for matching and the department's new procedures require matching funds be paid from an allowable source of financial aid under TAC 22.206 (e.g. TPEG).

In order to verify that management has effectively implemented their stated corrective actions, we selected a sample of 60 students from FY 2016 – 2018 whose tuition and fee charges exceeded their TEOG award. We verified through the system (e.g. Banner) that each student's shortfall was covered by an available source of financial aid other than loans or Pell grant (e.g. TPEG). We then verified that the students in our sample received a disbursement check from the College that agreed to the amount shown in Banner. The Business Office was able to provide us with check stubs for each of the students selected in our test and we were able to verify that the amount of the checks tied to the information presented in Banner.

We also tested a sample of 40 students that received a TEOG award during fiscal year 2019 to verify that the new procedure for utilizing TPEG funds for matching was implemented. For each of the students within our sample that required matching funds, we were able to verify that TPEG funds were used in accordance with the department's new procedures. Based on our testing we

determined that the College's new procedures comply with Texas Administrative Code (TAC) §22.260 (b) (4) and Texas Education Code §56.407. No exceptions were noted in this area.

The corrective action plan from the College's Director of Student Financial Services indicated that changes would be made to their existing procedures. We requested to review the updated procedures. Management provided us section 8.3 of the Handbook of Operating Procedures which detailed the department's new procedures for awarding TEOG funds including details to utilize TPEG funds in instances where a student's TEOG funds fail to cover all tuition and fee charges. The related procedure manual was last updated on 12/6/2018. No exceptions were noted in this area.

CONCLUSION

Overall it was determined that Student Financial Services and Admissions and Records established an adequate system of internal controls over State Awards and ensuring that student information is reported timely to the National Student Clearinghouse. Opportunities exist to strengthen internal controls related to ensuring that recent changes to department procedures are formally documented in the Handbook of Operating Procedures manual.



Khalil M. Abdullah CPA, CIA, CGAP, MAcc
Internal Auditor

1/7/2020



Jose Luis Silva CIA, CFE, CGAP
Staff Audit Specialist

1/7/2020

Discussion and Action as Necessary on Terra-Gen Development Company, LLC, Tax Abatement Agreements

- A. Buenos Aires Windpower, LLC
- B. Monte Cristo Windpower, LLC
- C. La Joya Windpower, LLC
- D. West Willacy Windpower, LLC (Monte Alto)

Mary Elizondo will provide an update at the meeting on the Terra-Gen Development Company, LLC, Tax Abatement Agreements and will address any questions from the Committee.

On May 30, 2019, the Board of Trustees authorized an offer to Terra-Gen with the following terms:

- 50% tax abatement for each of the four projects for a period not to exceed ten years
- A lump sum payment to the College of \$30,000 per project for scholarships
- A \$10,000 Payment in Lieu of Taxation (PILOT) to the College per project for each of the ten years of the abatement period

On November 6, 2019, Terra-Gen accepted the terms as authorized by the Board on May 30, 2019. The Terra-Gen letter follows in the packet for the Committee's reference.

Terra-Gen has requested revisions to the Agreements that were approved by the Board of Trustees on November 26, 2019 regarding the date of payments of the scholarships as follows:

Terms	Project	Current Agreement Approved on 11/26/19	Revisions Requested by Terra-Gen
Scholarship Contribution Due Date	a. Buenos Aires Windpower, LLC b. Monte Cristo Windpower, LLC c. La Joya Windpower, LLC d. West Willacy Windpower, LLC	Payable at execution of the tax abatement agreement. November 26, 2019 November 26, 2019 November 26, 2019 November 26, 2019	Payable at commencement of construction. June 30, 2021 June 30, 2021 December 30, 2020 December 30, 2020

Enclosed Documents – The Terra-Gen Development Company, LLC Tax Abatement Acceptance Letter and the tax abatement agreement pages with requested revisions for the four projects follow in the packet for the Committee's information and review.

It is requested that the Finance, Audit, and Human Resources Committee recommend action as necessary on Terra-Gen tax abatement agreements.

November 6, 2019

Ms. Mary Elizondo
South Texas College - Business Office
3200 W. Pecan, Bldg. N
McAllen, TX 78501

Re: Terra Gen LLC Tax Abatement Proposal for the Monte Alto Windpower, Buenos Aires Windpower, Monte Cristo Windpower and La Joya Windpower Projects.

Dear Ms. Elizondo:

We would once again like to thank the South Texas College Board of Trustees for consideration of Terra Gen wind project request for tax abatement on the above referenced projects.

On Thursday, May 30th the South Texas College Board of Trustees received a final Committee recommendation to approve the proposal of the four wind projects for a 50% abatement to include a \$30,000 scholarship contribution per project and a \$10,000 per year payment in lieu of taxes. In approving the Committee recommendation, the Board further authorized Dr. Reed and administrative staff to prepare the agreement to be approved by the Board at a future date. *(Please note: our reference to the above is taken from the STC Board Meeting video of May 30th at the 1:02 hour mark.)*

This letter is intended to affirm and officially accept the Board offer to be included in the agreement draft we have been working on with legal counsel since July. We sincerely apologize for our tardy response during the summer as these items do require corporate review and approval. However, we are encouraged and excited we are nearing a final draft for Board approval very soon.

Please do not hesitate to call or notify our local representative Robert Pena should you have any questions or concerns.

Sincerely,



Milt Howard, VP Development
Terra Gen, LLC

Tax Abatement Agreement
between
South Texas College and
Buenos Aires Windpower, LLC

State of Texas

County of Hidalgo

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 Buenos Aires Windpower, LLC, a Texas limited liability company (the “Owner”) as owner of Eligible Property (as hereinafter defined) to be located on the tract of land within the Hidalgo County Enterprise Zone more specifically described in Attachment A to this Agreement. This Agreement becomes effective upon final execution by both parties (the “Effective Date”).

I. Authorization

This Agreement is authorized and its terms governed by Chapter 312 of the Texas Tax Code, as amended, and by the College’s Tax Abatement Guidelines and Criteria, 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.

II. Definitions

As used in this Agreement, the following terms shall have the meanings set forth below, and any undefined terms shall be given the meanings provided in the Owner’s Application for Chapter 312 Tax Abatement Agreement, a copy of which is attached hereto as Exhibit A, and the College’s Tax Abatement Guidelines and Criteria, as applicable

- A. “Abatement” means the full or partial abatement from ad valorem Maintenance Taxes levied by the College on property in an Enterprise Zone as provided herein, commencing on the date of Final Completion of Construction of the Eligible Property and in no event will the duration of the Abatement period exceed 10 years.
- 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

- D. As partial consideration for granting tax abatement in Paragraph IV(B) hereof, the Owner agrees to make an initial contribution in the amount of \$30,000, to be used by the College for student scholarships, payable ~~on the date of execution hereof~~ **at commencement of construction**. Owner shall pay the College the sum of \$10,000 and a like amount each year thereafter payable on or before December 31st thereafter for a total sum of \$100,000.

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. A continuing breach hereunder may subject Owner to a default.

In consideration of the Owner's performance of its obligations under this Agreement, the College agrees that the Owner shall receive a tax abatement relative to the Added Value of the Eligible Property located on the Site based on the percentage amounts set out in Exhibit B attached hereto during the Incentive Period for the College's Maintenance and Operation's ad valorem taxes. The tax abatement does not apply to the College's interest and sinking fund tax. The PILOT amount shall be paid in ANNUAL installments no later than December 31, of each Operational Year during the abatement period (the "**PILOT Payments**").

- E. Owner agrees, warrants and represents 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 (comprising in the aggregate amount of more than 5% of all Improvements), the Owner's removal shall not be deemed a default under this Agreement if Owner pays to the College liquidated damages for such removal (a) within thirty (30) days after demand, amounts equal to the pro rata portion of maintenance and debt taxes relating to such removed Improvements which otherwise would have been paid to the College through the date of such removal without the benefit of a tax abatement, and (b) during the remaining term of the abatement period, payable by Owner and recoupable by College, an amount equal to the maintenance and debt taxes which would otherwise be payable to College on the projected Residual Value of the Property less the Removed Improvements at the maintenance and debt rates then in effect on the date of the removal of Improvements. Notwithstanding the amendment to address the reduction in taxable value, College may assert its right to recoup abatements based on the lesser residual value of the Eligible Property after the abatement period. IN THE EVENT OF A BREACH OF THIS PARAGRAPH IV(E), THE SOLE REMEDY OF THE COLLEGE, AND OWNER'S SOLE LIABILITY,

Tax Abatement Agreement
between
South Texas College and
Monte Cristo Windpower, LLC

State of Texas

County of Hidalgo

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 Monte Cristo Windpower, LLC, a Texas limited liability company (the “Owner”) as owner of Eligible Property (as hereinafter defined) to be located on the tract of land within the Hidalgo County Enterprise Zone more specifically described in Attachment A to this Agreement. This Agreement becomes effective upon final execution by both parties (the “Effective Date”).

I. Authorization

This Agreement is authorized and its terms governed by Chapter 312 of the Texas Tax Code, as amended, and by the College’s Tax Abatement Guidelines and Criteria, 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.

II. Definitions

As used in this Agreement, the following terms shall have the meanings set forth below, and any undefined terms shall be given the meanings provided in the Owner’s Application for Chapter 312 Tax Abatement Agreement, a copy of which is attached hereto as Exhibit A, and the College’s Tax Abatement Guidelines and Criteria, as applicable

- A. “Abatement” means the full or partial abatement from ad valorem Maintenance Taxes levied by the College on property in an Enterprise Zone as provided herein, commencing on the date of Final Completion of Construction of the Eligible Property and in no event will the duration of the Abatement period exceed 10 years.
- 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

- D. As partial consideration for granting tax abatement in Paragraph IV(B) hereof, the Owner agrees to make an initial contribution in the amount of \$30,000, to be used by the College for student scholarships, payable ~~on the date of execution hereof~~ **at commencement of construction**. Owner shall pay the College the sum of \$10,000 and a like amount each year thereafter payable on or before December 31st thereafter for a total sum of \$100,000.

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. A continuing breach hereunder may subject Owner to a default.

In consideration of the Owner's performance of its obligations under this Agreement, the College agrees that the Owner shall receive a tax abatement relative to the Added Value of the Eligible Property located on the Site based on the percentage amounts set out in Exhibit B attached hereto during the Incentive Period for the College's Maintenance and Operation's ad valorem taxes. The tax abatement does not apply to the College's interest and sinking fund tax. The PILOT amount shall be paid in ANNUAL installments no later than December 31, of each Operational Year during the abatement period (the "**PILOT Payments**").

- E. Owner agrees, warrants and represents 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 (comprising in the aggregate amount of more than 5% of all Improvements), the Owner's removal shall not be deemed a default under this Agreement if Owner pays to the College liquidated damages for such removal (a) within thirty (30) days after demand, amounts equal to the pro rata portion of maintenance and debt taxes relating to such removed Improvements which otherwise would have been paid to the College through the date of such removal without the benefit of a tax abatement, and (b) during the remaining term of the abatement period, payable by Owner and recoupable by College, an amount equal to the maintenance and debt taxes which would otherwise be payable to College on the projected Residual Value of the Property less the Removed Improvements at the maintenance and debt rates then in effect on the date of the removal of Improvements. Notwithstanding the amendment to address the reduction in taxable value, College may assert its right to recoup abatements based on the lesser residual value of the Eligible Property after the abatement period. IN THE EVENT OF A BREACH OF THIS PARAGRAPH IV(E), THE SOLE REMEDY OF THE COLLEGE, AND OWNER'S SOLE LIABILITY,

Tax Abatement Agreement
between
South Texas College and
La Joya Windpower, LLC

State of Texas

County of Hidalgo

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 La Joya Windpower, LLC, a Texas limited liability company (the “Owner”) as owner of Eligible Property (as hereinafter defined) to be located on the tract of land within the Hidalgo County Enterprise Zone more specifically described in Attachment A to this Agreement. This Agreement becomes effective upon final execution by both parties (the “Effective Date”).

I. Authorization

This Agreement is authorized and its terms governed by Chapter 312 of the Texas Tax Code, as amended, and by the College’s Tax Abatement Guidelines and Criteria, 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.

II. Definitions

As used in this Agreement, the following terms shall have the meanings set forth below, and any undefined terms shall be given the meanings provided in the Owner’s Application for Chapter 312 Tax Abatement Agreement, a copy of which is attached hereto as Exhibit A, and the College’s Tax Abatement Guidelines and Criteria, as applicable

- A. “Abatement” means the full or partial abatement from ad valorem Maintenance Taxes levied by the College on property in an Enterprise Zone as provided herein, commencing on the date of Final Completion of Construction of the Eligible Property and in no event will the duration of the Abatement period exceed 10 years.
- 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

- D. As partial consideration for granting tax abatement in Paragraph IV(B) hereof, the Owner agrees to make an initial contribution in the amount of \$30,000, to be used by the College for student scholarships, payable ~~on the date of execution hereof~~ *at commencement of construction*. Owner shall pay the College the sum of \$10,000 and a like amount each year thereafter payable on or before December 31st thereafter for a total sum of \$100,000.

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. A continuing breach hereunder may subject Owner to a default.

In consideration of the Owner's performance of its obligations under this Agreement, the College agrees that the Owner shall receive a tax abatement relative to the Added Value of the Eligible Property located on the Site based on the percentage amounts set out in Exhibit B attached hereto during the Incentive Period for the College's Maintenance and Operation's ad valorem taxes. The tax abatement does not apply to the College's interest and sinking fund tax. The PILOT amount shall be paid in ANNUAL installments no later than December 31, of each Operational Year during the abatement period (the "**PILOT Payments**").

- E. Owner agrees, warrants and represents 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 (comprising in the aggregate amount of more than 5% of all Improvements), the Owner's removal shall not be deemed a default under this Agreement if Owner pays to the College liquidated damages for such removal (a) within thirty (30) days after demand, amounts equal to the pro rata portion of maintenance and debt taxes relating to such removed Improvements which otherwise would have been paid to the College through the date of such removal without the benefit of a tax abatement, and (b) during the remaining term of the abatement period, payable by Owner and recoupable by College, an amount equal to the maintenance and debt taxes which would otherwise be payable to College on the projected Residual Value of the Property less the Removed Improvements at the maintenance and debt rates then in effect on the date of the removal of Improvements. Notwithstanding the amendment to address the reduction in taxable value, College may assert its right to recoup abatements based on the lesser residual value of the Eligible Property after the abatement period. IN THE EVENT OF A BREACH OF THIS PARAGRAPH IV(E), THE SOLE REMEDY OF THE COLLEGE, AND OWNER'S SOLE LIABILITY,

Tax Abatement Agreement
between
South Texas College and
Monte Alto Windpower, LLC

State of Texas

County of Hidalgo

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 Monte Alto Windpower, LLC, a Texas limited liability company (the “Owner”) as owner of Eligible Property (as hereinafter defined) to be located on the tract of land within the Hidalgo County Enterprise Zone more specifically described in Attachment A to this Agreement. This Agreement becomes effective upon final execution by both parties (the “Effective Date”).

I. Authorization

This Agreement is authorized and its terms governed by Chapter 312 of the Texas Tax Code, as amended, and by the College’s Tax Abatement Guidelines and Criteria, 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.

II. Definitions

As used in this Agreement, the following terms shall have the meanings set forth below, and any undefined terms shall be given the meanings provided in the Owner’s Application for Chapter 312 Tax Abatement Agreement, a copy of which is attached hereto as Exhibit A, and the College’s Tax Abatement Guidelines and Criteria, as applicable

- A. “Abatement” means the full or partial abatement from ad valorem Maintenance Taxes levied by the College on property in an Enterprise Zone as provided herein, commencing on the date of Final Completion of Construction of the Eligible Property and in no event will the duration of the Abatement period exceed 10 years.
- 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

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