

South Texas College
Board of Trustees
Finance, Audit, and Human Resources Committee
Ann Richards Administration Building Board Room
Pecan Campus, McAllen, Texas
Tuesday, May 12, 2020 @ 5:30 p.m.

Agenda

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

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**Approval of March 10, 2020 and March 31, 2020 Finance, Audit, and Human Resources
Committee Minutes**

The Minutes for the Finance, Audit, and Human Resources Committee Meetings of March 10, 2020 and March 31, 2020 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, March 10, 2020 @ 5:30 p.m.**

Minutes

The Finance, Audit, and Human Resources Committee Meeting was held on Tuesday, March 10, 2020 in the Ann Richards Administration Building Board Room at the Pecan Campus in McAllen, Texas. The meeting commenced at 5:40 p.m. with Mr. Roy de León presiding.

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

Other Trustees Present: Mr. Gary Gurwitz and Dr. Alejo Salinas, Jr.

Members absent: None

Also present: Dr. Shirley A. Reed, Mr. Jesus Ramirez, Mrs. Mary Elizondo, Dr. Anahid Petrosian, Mr. Matthew Hebbard, Mr. George McCaleb, Mr. Frank Jason Gutierrez, Mr. Robert Cuellar, Mrs. Laura Requena, Mrs. Becky Cavazos, Ms. Erika Rodriguez, Mrs. Kelly Salazar, and Mr. Andrew Fish.

**Approval of February 11, 2020 Finance, Audit, and Human Resources Committee
Minutes**

Upon a motion by Mr. Paul R. Rodriguez and a second by Mr. Rene Guajardo, the Finance, Audit, and Human Resources Committee approved the Minutes for the Finance, Audit, and Human Resources Committee Meeting of February 11, 2020 as written. The motion carried.

**Discussion and Action as Necessary on Starr County Tax Resale Private Bid and
Resolution Authorizing Tax Resale Bid**

Approval of a Starr County Tax Resale Private Bid and the Resolution Authorizing the Tax Resale Bid was requested.

Purpose – The law office of Linebarger Goggan Blair & Sampson, LLP requested consideration and possible action on the tax resale private bid for one (1) property in Starr County.

Justification – The Texas Property Tax Code requires approval from all taxing entities for the resale of a property for an amount that is less than the appraised value on a resale auction.

Background - On October 17, 2019, Linebarger Goggan Blair & Sampson, LLP received a Private Bid from the City of Roma for one (1) struck off property located within Starr County and it is presented for consideration.

Linebarger Goggan Blair & Sampson, LLP submitted the analysis of the bid received for the Board of Trustees' consideration. The total amount the College would receive for this property was \$317.82.

In accordance with Texas Tax Code Sec. 34.05(i), any private bid received must have the approval of all taxing entities. As of the publication of the Finance, Audit, and Human Resources Committee packet, the private bid had been approved by Starr County and Roma ISD.

Enclosed Documents - The Resolution Authorizing the Tax Resale, a list of the bid, the legal description of the property, as well as the amount of the bid, the South Texas College amount, and the Analysis of the Bid Received were provided in the packet for the Committee's information and review.

Mrs. Kelly Salazar from Linebarger Goggan Blair & Sampson, LLP attended at the meeting to address any questions by the committee.

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 Starr County Tax Resale Private Bid and the Resolution Authorizing the Tax Resale to Linebarger Goggan Blair & Sampson, LLP as presented. The motion carried.

Review and Recommend Action on Award of Proposals, Purchases, and Renewals

Approval of the following award of proposals, purchases, and renewals will be requested at the March 31, 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:

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 award of proposals, purchases, and renewals as listed below:

A. Award of Proposals

- 1) Asset Management, Chemical Inventory, and Inspection Software System (Award):** award the proposal for the asset management, chemical inventory, and inspection software system to **SafetyStratus, Inc.** (Plano, TX) (New), for the period

beginning April 1, 2020 through March 31, 2021 with two one-year options to renew, at an estimated amount of \$20,000.00;

- 2) Food and Related Non-Food Products (Award):** award the proposal for food and related non-food products for the period beginning April 27, 2020 through April 26, 2021 with two one-year options to renew, at an estimated amount of \$400,000.00, which is based on prior year history. The vendors are as follows:

- **Ben E. Keith Company** (Fort Worth, TX)
- **Devin Distributing & Packaging, Inc.** (McAllen, TX)
- **Labatt Food Service** (Harlingen, TX)
- **Sysco Central Texas, Inc.** (Brownsville TX)

B. Purchases and Renewals (B-a. Instructional Item)

- 3) Instructional Trainers (Purchase):** purchase instructional trainers from **Technical Laboratory Systems, Inc.** (Houston, TX), a Choice Partners Cooperative approved vendor, at a total amount of \$100,200.00;

B. Purchases and Renewal (B-b. Non-Instructional Items)

- 4) Building Moving Services (Renewal):** renew the building moving services contract with **Zuniga's House Mover, LLC.** (San Juan, TX), for the period beginning May 1, 2020 through April 30, 2021, at an estimated amount of \$50,000.00;
- 5) Engineering Services – Geotechnical and Materials Testing (Renewal):** renew the engineering services – geotechnical and materials testing contracts, for the period beginning May 22, 2020 through May 21, 2021 with the following vendors:
- a. **Millennium Engineers Groups, Inc.** (Pharr, TX)
 - b. **Raba Kistner, Inc.** (McAllen, TX)
 - c. **Terracon Consultants, Inc.** (Pharr, TX)

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

- 6) Computers, Laptops, Monitors, and Printers (Purchase):** purchase computers, laptops, monitors, and printers from the State of Texas Department of Information Resources (DIR) approved vendors **Dell Marketing, LP.** (Dallas, TX), **Apple, Inc.** (Dallas, TX), and **CRC** (McAllen, TX), at a total amount of \$113,530.00;
- 7) Adobe License Subscription Agreement (Renewal/Purchase):** renew/purchase the Adobe license subscription agreement with **Software House International (SHI) Government Solutions, Inc.** (Austin, TX), a State of Texas Department of Information Resources (DIR) and/or Texas Association of School Boards – Buyboard approved vendor, for the period beginning April 4, 2020 through April 3, 2021, at an estimated amount of \$84,000.00;

Recommend Action - The total for all award of proposals, purchases, and renewals was \$767,730.00.

The motion carried.

Review and Discussion of FY 2020 – 2021 Budget Development

Mary Elizondo, Vice President for Finance and Administrative Services, presented on the FY 2020 – 2021 Budget Development for the Committee's review and discussion.

Purpose – As part of the budget planning process, the College evaluated the revenue and expenditure budget considerations influencing the preparation of the FY 2020 – 2021 budget.

Justification – The budget planning process is an integral part of strategic planning that is preceded by sound planning and effectively aligns the budget with the College's programs and activities. The revenue and expenditure budget development considerations affect the projected available resources, determine the planned expenditures, and have a direct impact on the budget allocations for the FY 2020 – 2021 budget.

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

Reviewers –The FY 2020 – 2021 Budget Development was reviewed by the Budget Committee and by the President's Cabinet.

Enclosed Documents – The FY 2020 – 2021 Budget Development PowerPoint Presentation was provided in the packet for the Committee's review and information.

Mrs. Mary Elizondo, Vice President for Finance and Administrative Services, presented the FY 2020 – 2021 Budget Development at the March 10, 2020 Finance, Audit, and Human Resources Committee meeting and addressed questions by the committee.

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

Review and Recommend Action on Firm for Delinquent Tax Collection Services for Hidalgo County and Starr County

Approval to award a contract for delinquent tax collection services for Hidalgo and Starr Counties at a fee based on the amount of delinquent tax, penalty, and interest collected for the period of May 1, 2020 through April 30, 2021, with two (2) one-year renewal options,

contingent on all terms and conditions remaining the same, would be requested at the March 31, 2020 Board meeting.

Purpose – The delinquent tax collection services contract with Linebarger Goggan Blair & Sampson, LLP expires on April 30, 2020. Approval to approve a firm for the contract for delinquent tax collection services is needed in order to provide collection services for delinquent property taxes that are owed to the College.

Justification - Property Tax Code Section 6.30 (c) states that the governing body of a taxing unit may contract with any competent attorney to represent the unit to enforce the collection of delinquent taxes. The attorney's compensation is set in the contract, but the total amount of compensation provided may not exceed 20 percent of the amount of delinquent tax, penalty, and interest collected. The Board of Trustees previously approved a 15 percent penalty fee.

Background - The contract for delinquent tax collection services was awarded to Linebarger Goggan Blair & Sampson, LLP at the January 31, 2017 Board meeting for the period ending April 30, 2018 with two (2) one-year renewal options. At the January 30, 2018 meeting, the Board approved the first of the two (2) one-year renewal options for the period beginning May 1, 2018 through April 30, 2019. The last of the two (2) one-year renewal options for the period of May 1, 2019 through April 30, 2020 was reviewed and approved by the Board at the January 29, 2019 meeting.

A request for proposals for delinquent tax collection services was advertised February 3, 2020 and February 10, 2020, and two (2) requests for proposals were emailed to delinquent tax collection firms.

On February 21, 2020, the College received responses from Linebarger Goggan Blair & Sampson, LLP. and Perdue Brandon Fielder Collins & Mott, LLP.

In February 2014, the Finance, Audit, and Human Resources Committee reviewed the responding firms' evaluations and presentations from each firm. All Board Members were invited to attend the Committee Meeting to review the presentations, but only the Committee voted on the recommendation.

Funding Source – The delinquent tax collection services fee was paid to the delinquent tax attorney from the delinquent tax collection revenues from Hidalgo County and Starr County.

Enclosed Documents - A Proposal Summary and Evaluation prepared by staff, a Summary of Cumulative Delinquent Tax Levy Collections by Fiscal Year, and a Summary Total Tax Levy Uncollected was provided in the packet for the Committee's information and review.

On March 10, 2020, the Finance, Audit, and Human Resources Committee invited both responding firms to present to a special called Finance, Audit, and Human Resources Committee scheduled for 4:30 p.m. on March 31, 2020.

No action was taken.

**Review and Recommend Action on Resolution to Impose an Additional
Penalty for Collection of Delinquent Taxes as Authorized Under Section
33.07 of the Texas Property Tax Code for Delinquent Tax Attorney
Compensation**

Approval of the Resolution to impose an additional penalty for collection of delinquent taxes as authorized under Section 33.07 of the Texas Property Tax Code for delinquent tax attorney compensation will be requested at the March 31, 2020 Board meeting.

Purpose – A resolution authorizing the College to levy a penalty to the delinquent 2019 district taxes is needed in order to recover the cost of delinquent tax attorney fees and expenses for the collection of delinquent taxes, penalty, and interest, which will remain delinquent on July 1, 2020.

Justification – Board action will be necessary on the Resolution previously prepared by legal counsel to approve the penalty for the attorney compensation for the collection cost of delinquent taxes for Hidalgo County and Starr County collection services.

According to Section 6.30 (c), Attorneys Representing Taxing Units, of the Texas Property Tax Code, the total amount of the contracted attorney's compensation may not exceed 20% of the amount of delinquent tax, penalty, and interest collected.

Background – The Resolution to impose an additional penalty for the collection of delinquent taxes outstanding through tax year 2018 was approved by the Board on January 29, 2019.

Enclosed Documents – The Resolution to be completed with the delinquent tax attorney firm awarded for the collection of Delinquent Taxes was provided in the packet for your review and information.

Because the additional penalty for the collection of delinquent taxes would be based upon the agreement with any firm contracted for delinquent tax collection services, the Committee refrained from taking action to recommend the proposed Resolution. No action was taken.

Discussion and Action as Necessary on Interlocal Agreement for Policy Management Services between South Texas College and Texas Association of School Boards

Approval on interlocal agreement for policy management services between South Texas College and Texas Association of School Boards will be requested at the March 31, 2020 Board meeting.

Mary Elizondo, Vice President for Finance and Administrative Services, presented on an interlocal agreement with the Texas Association of School Boards (TASB) for policy management services to maintain a legally sound policy manual for the College.

Purpose –The College had maintained a Board Policy Manual since its inception and was considering entering into an interlocal agreement with TASB policy management services to produce a comprehensive and current policy manual that would include legal and local provisions and updates for the College.

Justification – The College administration proposed entering into an interlocal agreement with TASB to provide policy manual maintenance and update services. TASB policy services' mission is to assist members with timely, expert, and economical development and updating of Board Policy. TASB is a voluntary, non-profit, statewide educational association that provides legal expertise and comprehensive policy development and maintenance responsive to the needs of Texas community colleges and school districts.

College administration proposed entering into an interlocal agreement with TASB due to the various benefits including, but not limited to, the following:

- Continuous Monitoring of Legal Landscape
 - ⇒ TASB initiates semiannual updates and ensures policies follow the latest compliance requirements from state and federal law regulations, SACSCOC requirements, the Texas Higher Education Board, Attorney General Opinions, and Case Laws.
 - ⇒ TASB continually monitors changes in the legal landscape and prepares recommended revisions to the policy manual when changes are warranted, eliminating inefficient and outdated policies.
- Policy Development and Management
 - ⇒ The goal of localizing a college's policy manual is to produce a comprehensive, current, and legally sound policy manual for use by the board and administration.
 - ⇒ TASB has in-house attorneys dedicated to policy development for community colleges.
 - ⇒ TASB converts the policies to a standard template.
 - ⇒ TASB prepares both legal and local policies. Legal policies include all applicable laws, and local policies include requirements specific to the College, as requested.
 - ⇒ TASB maintains local board policy manuals under Community College Services.

- ⇒ Updates are uniquely tailored to the individual college.
- ⇒ Assists in completing college-initiated policy development initiatives.
- ⇒ Quick and easy access to board policy manual published on the Policy On-Line tool.
- Development of Local and Legal policies
 - ⇒ TASB divide policies into legal policies, which summarize the law on a topic, and local policies, which outline local board mandates regarding governance issues.
 - ⇒ TASB prepares local policies that are unique and consistent with College practices. This provides the college the opportunity to incorporate provisions that are in accordance with the College mission, vision, and Board of Trustee's preferences.
- Legal Policies contain citations to the statutes, rules, and case law governing a particular topic. They are compiled by TASB Community College Services to provide the legal framework for key areas of the college operations. (Appendix A)
- Local Policies are needed in several specific circumstances, such as to respond to a legal requirement to adopt a policy, reduce potential legal risk by mandating consistent practices across the college or clarify administrative authority for managing college operations.
- Streamline of Policy Management Process
 - ⇒ Professional resources to supplement staff working on the policy management process.
 - ⇒ Policy review cycle and timely updates.
 - ⇒ Staff solely designated to maintain, manage, track and keep abreast of all the changes made to federal and state regulations.
 - ⇒ Reduction in the timeframe for completing updates and revisions.
 - ⇒ Proactive preparation of policy manual updates.
 - ⇒ Conversion of all policies to a standardize policy template with consistent well define language.

Background – TASB is a voluntary, non-profit, statewide educational association. TASB was established in 1949 with two main goals:

- To share information through publications and training to help Texas board members serve their communities more effectively.
- To speak with a unified voice to decision-makers to chart the best future for Texas public schools.

TASB represented the largest group of publicly elected officials in the state that serves more than 5.4 million Texas students. TASB members include the following:

- 1,025 Texas school districts (TASB provides 99% of ISD a customized policy manual services)

- 20 regional education service centers
- 50 community colleges
- 19 central appraisal districts
- 133 shared service arrangements

Thirty-five out of fifty or 70% of Texas Community Colleges had their policy manual maintained by TASB. (Appendix B) The College staff contacted five (5) Community Colleges currently utilizing TASB's Policy Management Services to request information regarding their experience in implementing and maintaining such services. The comments received were highly favorable in every regard.

Each Texas Legislative session results in house and senate bills that require new or revised policies. After each legislative session, TASB prepares new and revised policies as applicable and provides them to each community college using their services. In addition, to the Texas Legislature, Congress, the U.S. Department of Education, the Texas Higher Education Coordinating Board, and the courts may issue decisions that impact Board policies.

TASB provides a policy development process that is consistent to guarantee the College's policy manual stays updated consistent with college practices.

TASB policy consultants are policy experts with access to attorneys that are assigned to a college to provide individualized service-based on the unique characteristics of each college. The consultant will:

- Answer policy questions;
- Consult via telephone and e-mail;
- Provide sample policies;
- Draft policy language and revisions that meet legal requirements and local needs while ensuring internal consistency within the manual; and
- Prepares drafts for presentation to the board.

A policy consultant with access to attorneys that are assigned to each college to provide individualized services can help identify areas of concern the administration might not have considered, point out inconsistencies or redundancies with other policies in the manual, and help administrators determine what should be addressed by board policy, and the appropriate code for each new policy.

Entering into an interlocal agreement with TASB would provide the College with an opportunity to strengthen the current policy management process. The policy manual under TASB would continue to adhere to the College's vision, mission, and core values for the continued commitment of excellence.

Funding Source – Funds for this expenditure were funded in the Accountability, Risk, and Compliance budget for FY 2019 – FY 2020.

Reviewers –The TASB Policy Management Services were reviewed by the President's Administrative Staff and by the President's Cabinet.

Enclosed Documents – A PowerPoint Presentation and the TASB Legal Policies on Student Rights and Responsibilities Student Expression and Freedom From Discrimination, Harassment, and Retaliation were provided in the packet for your review and information.

Dr. Reed, President, and Mary Elizondo, Vice President for Finance and Administrative Services, attended the March 10, 2020 Finance, Audit and Human Resources Committee meeting to address any questions by the committee.

Mr. Rene Guajardo and Dr. Alejo Salinas, Jr. had each worked with TASB Policy Management Services, and both affirmed that the services provided were of excellent quality.

Upon a motion by Mr. Rene Guajardo and a second by Ms. Rose Benavidez, the Finance, Audit, and Human Resources Committee recommended Board approval of the interlocal agreement for policy management services between South Texas College and Texas Association of School Boards as presented. The motion carried.

Discussion and Action as Necessary on Potential Refunding of the Series 2014 Bonds and Series 2015 Bonds

College Administration was monitoring the bond market and interest rates to determine whether refunding of the Series 2014 Bonds and Series 2015 Bonds would provide a savings to the College and the taxpayers.

In light of the current bond market and interest rates, the College could have the opportunity to issue taxable bonds to refund outstanding bonds and produce a savings.

Dr. Reed, President, and Mary Elizondo, Vice President for Finance and Administrative Services, attended the March 10, 2020 Finance, Audit and Human Resources Committee meeting to review potential refunding and to address any questions by the committee.

Mr. Paul R. Rodriguez noted that Estrada Hinojosa had recommended that the market might provide a good opportunity for the College to pursue a bond refunding strategy. Mr. Rodriguez recommended that administration and the Board consider a strategy to allow a bond refunding when the market conditions were right.

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 action as necessary to pursue the potential refunding of the Series 2014 Bonds and Series 2015 Bonds as presented. The motion carried.

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 6:39 p.m.

I certify that the foregoing are the true and correct Minutes of the March 10, 2020 Finance, Audit, and Human Resources Committee Meeting of the South Texas College Board of Trustees.

Mr. Roy de León

**South Texas College
Board of Trustees
Finance, Audit, and Human Resources Committee
Special Meeting
Ann Richards Administration Building Board Room
Pecan Campus, McAllen, Texas
Tuesday, March 31, 2020 @ 4:30 p.m.**

Minutes

The Finance, Audit, and Human Resources Committee Meeting was held on Tuesday, March 31, 2020 in the Ann Richards Administration Building Board Room at the Pecan Campus in McAllen, Texas. The meeting commenced at 4:30 p.m. with Mr. Roy de León presiding.

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

Other Trustees Present: Mrs. Victoria Cantú, Mr. Gary Gurwitz, and Dr. Alejo Salinas, Jr.

Members absent: None

Also present: Dr. Shirley A. Reed, Mr. Jesus Ramirez, Mrs. Mary Elizondo, Ms. Lucy Canales, Mr. John David Franz, Mrs. Kelly Salazar, Mr. Gonzalo Villagomez, Hiram Gutierrez, Ms. Thelma Banduch, and Mr. Andrew Fish.

**Presentation and Interview of Firms for Delinquent Tax Collection
Services for Hidalgo County and Starr County**

At the March 10, 2020 Finance, Audit, and Human Resources Committee meeting, the Committee requested to interview the firms that submitted proposals for Delinquent Tax Collection Services and for them to provide a 15-minute presentation followed by questions from the Board members.

All Board members were invited to the special Committee meeting, so all members would have the opportunity to participate in the presentations and interviews with both firms.

The Presentation and Interview Schedule, the Summary of Proposals, the Staff Evaluation, and the Proposal Criteria follow in the packet for the Committee's review and information.

- Linebarger, Goggan, Blair, and Sampson, LLP presented and was interviewed.
- Purdue, Brandon presented and was interviewed second.

Review and Recommend Action on Firm for Delinquent Tax Collection Services for Hidalgo County and Starr County

Approval of action as necessary to award a contract for delinquent tax collection services for Hidalgo and Starr Counties for the period of May 1, 2020 through April 30, 2021, with two (2) one-year renewal options, and at a fee based on the amount of delinquent tax, penalty, and interest collected will be requested at the March 31, 2020 Board meeting

Purpose – The delinquent tax collection services contract with Linebarger Goggan Blair & Sampson, LLP expires on April 30, 2020. Approval to contract with a firm for delinquent tax collection services is needed in order to provide collection services for delinquent property taxes that are owed to the College.

Justification - Property Tax Code Section 6.30 (c) states that the governing body of a taxing unit may contract with any competent attorney to represent the unit to enforce the collection of delinquent taxes. The attorney's compensation is set in the contract, but the total amount of compensation provided may not exceed 20 percent of the amount of delinquent tax, penalty, and interest collected. The Board of Trustees previously approved a 15 percent penalty fee.

Background - The contract for delinquent tax collection services was awarded to Linebarger Goggan Blair & Sampson, LLP at the January 31, 2017 Board meeting for the period ending April 30, 2018 with two (2) one-year renewal options. At the January 30, 2018 meeting, the Board approved the first of the two (2) one-year renewal options for the period beginning May 1, 2018 through April 30, 2019. The last of the two (2) one-year renewal options for the period of May 1, 2019 through April 30, 2020 was reviewed and approved by the Board at the January 29, 2019 meeting.

A request for proposals for delinquent tax collection services was advertised February 3, 2020 and February 10, 2020, and two (2) requests for proposals were emailed to delinquent tax collection firms.

On February 21, 2020, the College received responses from Linebarger Goggan Blair & Sampson, LLP and Perdue Brandon Fielder Collins & Mott, LLP.

On March 10, 2020, the Finance, Audit, and Human Resources Committee invited both firms to present to a Finance, Audit, and Human Resources Special Committee meeting on Tuesday, March 31, 2020, and to respond to questions from the trustees.

Legal counsel advised the College must consider the staff evaluation, presentations by the firms, and responses to questions by both firms while selecting a firm for the contract award.

Funding Source – Delinquent tax collection services fee for Hidalgo County is paid to the delinquent tax attorney from the delinquent tax collections, which include the delinquent tax

fee collected from the taxpayers, and Starr County deducts the fee from the delinquent total tax collections submitted to the College.

Enclosed Documents – A summary of Public Notice Requirements was provided in the packet for the Committee's information and review.

The Committee considered the evaluation of proposals, each firms' presentation, and the interviews in considering its recommendation for Board action. The Committee determined that the fee identified in the proposal, which would not be assessed to the College, was not a significant consideration for the recommendation.

Upon a motion by Mr. Paul R. Rodriguez and a second by Ms. Rose Benavidez, the Finance, Audit, and Human Resources Special Committee recommended Board approval to award a contract for delinquent tax collection services for Hidalgo and Starr Counties to Linebarger, Goggan, Blair, and Sampson, LLP, from May 1, 2020 through April 30, 2021, with two one-year options to renew, contingent on all terms and conditions remaining the same, as presented and with no regard to fees.

The Committee voted in favor of the motion, with Mr. Rene Guajardo abstaining from the vote. The motion carried.

Adjournment

There being no further business to discuss, the Finance, Audit, and Human Resources Committee Meeting of the South Texas College Board of Trustees adjourned at 5:27 p.m.

I certify that the foregoing are the true and correct Minutes of the March 31, 2020 Finance, Audit, and Human Resources Committee Special Meeting of the South Texas College Board of Trustees.

Mr. Roy de León

Review and Recommend Action on Purchase and Renewals

Approval of the following purchase and renewals will be requested at the May 26, 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. Purchase and Renewals

a. Non-Instructional Items

b. Technology Item

A. Purchase and Renewals

a. Non – Instructional Items

1) Mail Services (Renewal)

Renew the mail services contract with **Upper Valley Mail Services, LLP.** (McAllen, TX), for the period beginning September 1, 2020 through August 31, 2021, at an estimated amount of \$70,000.00.

Purpose – Mail Services is requesting to renew the contract for the following services: barcoding all envelopes/packages, postage on all envelopes/packages, pre-sorting of mail, pick up of mail daily and deliver mail to the McAllen post office.

Justification and Benefit – With these services, the College will receive lower postage rates for all outgoing mail. Since the service provider is able to group mail with the same zip code and bundle it with other entities, the College saves on postage. EVALUATED AS HIGH PRIORITY AND SHOULD NOT BE POSTPONED.

Background – The Board awarded the contract for mail services at the July 24, 2018 Board of Trustees meeting for one year with two one-year annual renewals. The last renewal period beginning September 1, 2020 and ends August 31, 2021.

Award	Board Meeting Date	Original Term	Renewal Term
Original	7/24/18	9/1/18 – 8/31/19	2 – one-year options
1 st Renewal	7/23/19		9/1/19 – 8/31/20
2 nd Renewal	5/26/20		9/1/20 – 8/31/21

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

Funds for this expenditure are budgeted in the Postage budget for FY 2020 - 2021, pending Board approval of the budget.

2) Pest Control Services (Renewal)

Renew the pest control services contract with **Bug Works Termite & Pest Control Company** (McAllen, TX), for the period beginning September 1, 2020 through August 31, 2021, at an estimated amount of \$18,719.00.

Purpose – Facilities Operations and Maintenance is requesting to renew the district wide pest control services, which will be scheduled throughout the year for all South Texas College campuses and centers.

Justification and Benefit – The pest control services include the monthly service at all six (6) cafeterias and warehouse, quarterly pest control service and annual termite and flea service for all buildings throughout the College district. EVALUATED AS HIGH PRIORITY AND SHOULD NOT BE POSTPONED.

Background – The awarded the contract for pest control services at the August 28, 2018 Board of Trustees meeting for one year with two one-year annual renewals. The last renewal period begins on September 1, 2020 and ends August 31, 2021.

Award	Board Meeting Date	Original Term	Renewal Term
Original	8/28/18	9/1/18 – 8/31/19	2 – one-year options
1 st Renewal	8/27/19		9/1/19 – 8/31/20
2 nd Renewal	5/26/20		9/1/20 – 8/31/21

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

Funds for this expenditure are budgeted in the Facilities Maintenance budget for FY 2020 - 2021, pending Board approval of the budget.

3) Telephone Services (Renewal)

Renew the telephone services contract with **Smartcom Telephone, LLC.** (McAllen, TX), for the period beginning June 21, 2020 through June 20, 2021, at an estimated monthly amount of \$5,700.00 and an estimated annual amount of \$68,400.00.

Purpose – Information Technology is requesting to renew the telephone services for all South Texas College campuses for a one-year period.

Justification and Benefit - All campuses require telephone service, which includes local and long-distance services, 1-800 services, plain old telephone service (POTS) lines for fire and elevator alarms, and fax lines. EVALUATED AS HIGH PRIORITY AND SHOULD NOT BE POSTPONED.

Background – The awarded the contract for telephone services at the July 25, 2017 Board of Trustees meeting for three years with two one-year annual renewals. The first renewal period begins on June 21, 2020 and ends June 20, 2021.

Award	Board Meeting Date	Original Term	Renewal Term
Original	7/25/17	8/1/17 – 6/20/20	2 – one-year options
1 st Renewal	5/26/20		6/21/20 – 6/20/21

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

Funds for this expenditure are budgeted in the Telecom budget for FY 2019 – 2020 and FY 2020 - 2021, pending Board approval of the budget.

b. Technology Item

4) Enterprise Software Licenses (Purchase)

Purchase the enterprise software licenses from **Software House International (SHI) Government Solutions** (Austin, TX), at a total amount of \$60,873.84.

Purpose – Information Technology is requesting to purchase twenty-four (24) perpetual licenses for Microsoft Structured Query Language (SQL) 2019 software. The SQL database software supports all the college's applications and systems such as Timeclock Plus and Jagnet.

Justification and Benefit – These licenses are required to replace the current end of life SQL software. The SQL software provisions databases to all the college's applications and systems that support students, faculty, and staff district-wide. EVALUATED AS HIGH PRIORITY AND SHOULD NOT BE POSTPONED.

Funds for this expenditure are budgeted in the Client Services budget for FY 2019 – 2020.

Recommendation:

It is requested that the Finance, Audit, and Human Resources Committee recommend for Board approval at the May 26, 2020 Board meeting the purchase and renewals as listed below:

A. Purchase and Renewals

a. Non-Instructional Items

b. Technology Item

A. Purchase and Renewals

a. Non-Instructional Items

- 1) Mail Services (Renewal):** renew the mail services contract with **Upper Valley Mail Services, LLP.** (McAllen, TX), for the period beginning September 1, 2020 through August 31, 2021, at an estimated amount of \$70,000.00;
- 2) Pest Control Services (Renewal):** renew the pest control services contract with **Bug Works Termite & Pest Control Company** (McAllen, TX), for the period

beginning September 1, 2020 through August 31, 2021, at an estimated amount of \$18,719.00;

- 3) Telephone Services (Renewal):** renew the telephone services contract with **Smartcom Telephone, LLC.** (McAllen, TX), for the period beginning June 21, 2020 through June 20, 2021, at an estimated monthly amount of \$5,700.00 and an estimated annual amount of \$68,400.00.

b. Technology Item

- 4) Enterprise Software Licenses (Purchase):** purchase the enterprise software licenses from **Software House International (SHI) Government Solutions** (Austin, TX), at a total amount of \$60,873.84.

Recommend Action - The total for all purchase and renewals is \$217,992.84.



Purchasing and Distribution Services
3201 W. Pecan Blvd., McAllen, TX 78501

t (956) 872-4681
f (956) 872-4688

P.O. Box 9701, McAllen, TX 78502-9701
www.SouthTexasCollege.edu

April 28, 2020

Upper Valley Mail Services, LLP
Attn: Patrick Hettler
1418 Beech Street, Suite 109
McAllen, TX 78501

Dear Mr. Hettler:

On July 24, 2018, South Texas College awarded a contract to Upper Valley Mail Services, LLP for Mail Services. The award allowed for two one-year renewal options on the contract if the terms and conditions remain the same. We are currently in the last few months of the second year of the contract and would like to renew for an additional one-year period. The last renewal period will be from September 1, 2020 through August 31, 2021.

We are requesting that you respond to us in writing if this would be acceptable to your company. For your convenience, we are providing a place for your signature approval at the bottom of the letter. If in acceptance of this extension, you may sign where indicated. The letter may be returned via fax at (956) 872-4688 or email to Becky Cavazos at beckyc@southtexascollege.edu.

Sincerely,

Rebecca R. Cavazos
Director of Purchasing

Renewal of contract accepted through August 31, 2021 with no change in terms and conditions as per the South Texas College bid previously submitted.

Authorized Signature: _____

Name Printed: _____

Date: _____

Patrick Hettler
4/28/20



Purchasing and Distribution Services
3201 W. Pecan Blvd., McAllen, TX 78501

t (956) 872-4681
f (956) 872-4688

P.O. Box 9701, McAllen, TX 78502-9701
www.SouthTexasCollege.edu

April 28, 2020

Bug Works Termite & Pest Control Company
Attn: Mark Sullivan
715 W. Pecan Blvd.
McAllen, TX 78501

Dear Mr. Sullivan:

On August 8, 2018, South Texas College awarded a contract to Bug Works Termite & Pest Control Company for Pest Control Services. The award allowed for two one-year renewal options on the contract if the terms and conditions remain the same. We are currently in the last few months of the second year of the contract and would like to renew for an additional one-year period. The last renewal period will be from September 1, 2020 through August 31, 2021.

We are requesting that you respond to us in writing if this would be acceptable to your company. For your convenience, we are providing a place for your signature approval at the bottom of the letter. If in acceptance of this extension, you may sign where indicated. The letter may be returned via fax at (956) 872-4688 or email to Becky Cavazos at beckyc@southtexascollege.edu.

Sincerely,

Rebecca R. Cavazos
Director of Purchasing

Renewal of contract accepted through August 31, 2021 with no change in terms and conditions as per the South Texas College bid previously submitted.

Authorized Signature:

Name Printed: MARK SULLIVAN

Date: 4/29/20



Purchasing and Distribution Services
3201 W. Pecan Blvd., McAllen, TX 78501

t (956) 872-4681
f (956) 872-4688

P.O. Box 9701, McAllen, TX 78502-9701
www.SouthTexasCollege.edu

April 23, 2020

Smartcom Telephone, LLC.
Attn: Mr. Alan Yoder
600 Ash Ave
McAllen, TX 78501

Dear Mr. Yoder:

On July 25, 2017, South Texas College awarded a contract to Smartcom Telephone, LLC. for Telephone Services. The award allowed for two one-year renewal options on the contract if the terms and conditions remain the same. We are currently in the last few months of the third year of the contract and would like to renew for an additional one-year period. The first renewal period will be from June 21, 2020 through June 20, 2021.

We are requesting that you respond to us in writing if this would be acceptable to your company. For your convenience, we are providing a place for your signature approval at the bottom of the letter. If in acceptance of this extension, you may sign where indicated. The letter may be returned via fax at (956) 872-4688 or email to Becky Cavazos at beckyc@southtexascollege.edu.

Sincerely,

Rebecca R. Cavazos
Director of Purchasing

Renewal of contract accepted through June 20, 2021 with no change in terms and conditions as per the South Texas College bid previously submitted.

Authorized Signature:
Name Printed: ALAN YODER
Date: 4-23-2020

SOUTH TEXAS COLLEGE
4. ENTERPRISE SOFTWARE LICENSES

NAME			Software House International (SHI) Government Solutions	
ADDRESS			1301 S Mo-Pac Expway Ste 375	
CITY/STATE/ZIP			Austin, TX 78746	
PHONE			800-527-6389	
FAX			512-732-0232	
CONTACT			Michael Lipere	
#	Qty	Description	Unit Price	Extension
1	24	Microsoft SQL Server Enterprise Core 2019 Alng MVL 2 License CoreLicense Microsoft - Part #7JQ-01633	\$ 2,536.41	\$ 60,873.84
TOTAL AMOUNT			\$ 60,873.84	

Review and Recommend Action on Disposal/Recycle of Technology and Electronic Items with an Original Value of \$5,000 and Over

Approval will be requested at the May 26, 2020 Board of Trustees meeting for dispose/recycle technology and electronic items with an original value of \$5,000 and over through the Texas Department of Criminal Justice (TDCJ), a state of Texas agency approved to properly recycle technology and electronic items is requested.

Purpose – The Fixed Asset/Inventory Department is requesting the disposal/recycle of technology and electronic items to follow the Environmental Protection Agency (EPA) regulations. TDCJ provides an environmentally sound way to dispose of surplus technology equipment.

Justification – As technology and electronic items become obsolete, out of warranty or not functioning, it is disposed of according to South Texas Board Policy #5135 Disposal of Surplus Property. TDCJ is the method of disposal to comply with all EPA regulations. They will clean data from all systems, recycle systems that can be repaired for inmate training or donation to schools and damaged systems are properly disposed of.

The technology and electronic items are located at the South Texas College, Technology Campus, Receiving Department, 3700 West Military Hwy Building D., McAllen, Texas.

Reviewers – These items have been inspected by Information Technology (IT), Educational Technologies (ET), and approved by the Vice President for Information Services, Planning, Performance and Strategic Initiatives to be disposed after Board approval.

Enclosed Documents - A listing of the technology and electronic items to be disposed/recycled follows in the packet for Committee's information and review.

Mary Elizondo, Vice President for Finance and Administrative Services, Dr. David Plummer, Vice President for Information Services, Planning, Performance, and Strategic Initiatives, and Becky Cavazos, Director of Purchasing, will be present at the May 12, 2020 Finance and Human Resources Committee meeting to address any questions by the committee.

It is requested that the Finance and Human Resources Committee recommend for Board approval at the May 26, 2020 Board meeting, the disposal/recycle of technology and electronic items with an original value of \$5,000 and over through the Texas Department of Criminal Justice (TDCJ), a State of Texas agency approved to properly recycle technology and electronic items as presented.

SOUTH TEXAS COLLEGE
TECHNOLOGY AND ELECTRONICS FOR DISPOSAL/RECYCLE VALUED AT \$5,000 AND OVER - LIST #59
APRIL 29, 2020

Pallet	Qty	Description	Serial Number	Silver Tag	Purchase Date	Ptag	Amount	Net Book Value	Condition
9	1 EA	3M Grey Library Security System	2329169	0000004881	3/10/2000	000004832	\$ 7,400.00	\$ -	Obsolete
8	1 EA	Smart Expression Multimedia Cabinet w/Speakers	SE1-1411	0000004038	7/28/2000	000004785	\$ 6,398.00	\$ -	Obsolete
12	1 EA	Tandberg Vision 5000 11133313 (Cart and Natural Audio Module Only)		0000004990	8/31/2000	000004745	\$ 12,500.00	\$ -	Incomplete
14	1 EA	IV Accu Touch Device	311001012	0000008108	1/9/2003	000008923	\$ 12,110.95	\$ -	Obsolete
3	1 EA	Storagetek L180 Server	368000008487	0000009311	7/12/2004	000009986	\$ 31,227.55	\$ -	Obsolete
14	1 EA	Extron System IP Switcher	815534013	0000010957	12/15/2004	000012300	\$ 5,207.55	\$ -	Obsolete
14	1 EA	Extron System IP Switcher	814891024	0000010946	12/15/2004	000012301	\$ 5,207.55	\$ -	Obsolete
14	1 EA	Extron 5 IP System Switcher	816766017	0000010974	12/15/2004	000012304	\$ 5,207.55	\$ -	Obsolete
14	1 EA	Storage Teck LT02001 Gen 2 HP Fiber	506100140019	10757	1/7/2005	000011056	\$ 7,695.00	\$ -	Obsolete
14	1 EA	Storage Teck LT02001 Gen 2 HP Fiber	506100140014	10758	1/7/2005	000011057	\$ 7,695.00	\$ -	Obsolete
15	1 EA	HP LaserJet 9050DN Printer	JPCL53X05X	0000009964	04/11/2005	04/11/2005	\$ 7,122.00	\$ -	Obsolete
10	1 EA	3M Grey Library Security System	3829097	0000011146	5/20/2005	000012486	\$ 12,504.32	\$ -	Obsolete
6	1 EA	HP Proliant DL385 Rack Server	USE635N1B1	15274	8/31/2006	N00014943	\$ 5,041.00	\$ -	Obsolete
14	1 EA	Cisco 3750 Catalyst	CAT1039NLRS	15164	4/12/2007	N00016053	\$ 5,361.71	\$ -	Obsolete
14	1 EA	Cisco 3750 Catalyst	CAT1036ZG74	15110	4/12/2007	N00016071	\$ 5,361.71	\$ -	Obsolete
6	1 EA	Dell PowerEdge 6850 Rack Server	8PLVZC1	15976	5/23/2007	N00015575	\$ 9,581.00	\$ -	Obsolete
16	1 EA	Extron Audio/Video Matrix Switcher w/IP Link	A02KL44	16269	8/29/2007	N00016181	\$ 15,678.62	\$ -	Incomplete
16	1 EA	SMART SSID350, Grant#E170976YY, Symposium	6JFP00103	13504	8/31/2007	N00016089	\$ 5,116.38	\$ -	Obsolete
6	1 EA	HP Proliant DL380 G5 Rack Server	USE824N0A5	11982	6/20/2008	N00016711	\$ 12,612.00	\$ -	Obsolete
6	1 EA	HP Proliant DL380 G5 Rack Server	USE824N0A6	11983	6/20/2008	N00016712	\$ 13,132.00	\$ -	Obsolete
6	1 EA	Dell Power Vault MD 3000I iSCSI Storage Array	44BBQG1	13704	6/30/2008	N00016754	\$ 9,100.00	\$ -	Obsolete
6	1 EA	HP Proliant DL380 G5 Rack Server	USE851N7MH	14321	1/6/2009	N00017337	\$ 12,749.00	\$ -	Obsolete
16	1 EA	Dell PowerEdge R710 with Chassis	G3KX6K1	18333	6/5/2009	N00017586	\$ 11,340.04	\$ -	Obsolete
16	1 EA	Dell PowerEdge R710 with Chassis	F3KX6K1	18307	6/5/2009	N00017587	\$ 13,980.04	\$ -	Obsolete
16	1 EA	Crestron CRE-AV2 Economical Dual Bus Control System (Main Item)	3728081	18243	8/31/2009	N00017736	\$ 54,365.99	\$ -	Incomplete
14	1 EA	Cisco 3750 Catalyst	FD0133822ZC	16526	10/21/2009	N00017746	\$ 6,903.87	\$ -	Obsolete
14	1 EA	Cisco 3750 V2 PoE-48 Catalyst	FDO1425Y0DZ	14582	7/12/2010	N00018295	\$ 5,022.86	\$ 125.24	Obsolete
14	1 EA	Cisco 3750 Catalyst	FD01420Z04Y	18981	8/13/2010	N00018515	\$ 5,127.30	\$ -	Obsolete
14	1 EA	Cisco Catalyst 3750 V2 POE-48 Switch	FDO1420Z07Y	18977	8/13/2010	N00018511	\$ 5,127.30	\$ -	Obsolete

SOUTH TEXAS COLLEGE
TECHNOLOGY AND ELECTRONICS FOR DISPOSAL/RECYCLE VALUED AT \$5,000 AND OVER - LIST #59
APRIL 29, 2020

Pallet	Qty	Description	Serial Number	Silver Tag	Purchase Date	Ptag	Amount	Net Book Value	Condition
14	1 EA	Cisco 3750 Catalyst	FD01420Z04Y	18981	8/13/2010	N00018515	\$ 5,127.30	\$ -	Obsolete
14	1 EA	Cisco 3750 Catalyst	FD01420Z04Y	18981	8/13/2010	N00018515	\$ 5,127.30	\$ -	Obsolete
14	1 EA	Dell Power Vault MD1000 Rack 3U 15 Bay	C18VKN1	19090	10/12/2010	N00018600	\$ 8,622.54	\$ -	Obsolete
6	1 EA	Dell PowerEdge R710 Rack Server	2BC4QL1	19071	7/13/2011	N00018483	\$ 6,026.00	\$ -	Obsolete
13	1 EA	HP Color LaserJet CP6015XH Printer	JPRCC5901Y	19731	8/9/2011	N00019181	\$ 5,592.15	\$ -	Obsolete
16	1 EA	PowerEdge R710 SFF CTO Chassis Generation 2	B3PYFN1	19922	3/21/2012	N00020126	\$ 6,425.00	\$ -	Obsolete
6	1 EA	Dell PowerEdge R710 Rack Server	GKLCJQ1	19921	9/7/2015	N00020127	\$ 6,425.00	\$ -	Obsolete
6	1 EA	Dell PowerEdge R900 Rack Server	DQYGPJ1	17984	10/29/2015	N00017489	\$ 21,968.09	\$ -	Obsolete
6	1 EA	Dell PowerEdge R900 Rack Server	CQYGPJ1	17983	10/29/2015	N00017488	\$ 21,968.09	\$ -	Obsolete
6	1 EA	Dell PowerEdge R900 Rack Server	BQYGPJ1	17985	10/29/2015	N00017490	\$ 21,968.09	\$ -	Obsolete
16	1 EA	Creston CRE-TPMC-8X ISYS I/O 8.4 WIFI Touch Panel (Subordinate Item)		S/T 18236			\$ -	\$ -	Obsolete
16	1 EA	Creston CRE-TPMC-8X-DSW Wall Mount Docking Station for TPM (Subordinate Item)		S/T 18235			\$ -	\$ -	Obsolete
16	1 EA	Creston CRE-TPS-15L ISYS 15" Wall Mount Touch Panel (Subordinate Item)		S/T 18237			\$ -	\$ -	Obsolete
16	1 EA	Table Top Docking Station (Subordinate Item)	3589391	P/T 9000047021			\$ -	\$ -	Obsolete

List #59

Review and Recommend Action to Revise Policy #5530: Payment and Collection of Tuition and Fees

Approval to revise *Policy #5530: Payment and Collection of Tuition and Fees*, will be requested at the May 26, 2020 Board meeting.

Purpose – The proposed policy revisions are necessary to update this policy to update the acceptance of online payments options and further promote the online services thereby reducing the exchange of cash.

Justification – The request for the revisions to this policy is necessary for the following reasons:

- To update the online payment options available to students
- To provide an explanation of the benefit of online payment processing to the College
- To encourage the use of online payment methods
- To reduce the exchange of cash.

Background – South Texas College adopted *Policy #5530: Payment and Collection of Tuition and Fees*, in November 9, 1995, and it was last revised on May 19, 2005.

Reviewers – The revised policy has been reviewed by staff and by the President's Cabinet.

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

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

It is requested that the Finance, Audit, and Human Resources Committee recommend for Board approval, at the May 26, 2020 Board meeting, *Policy #5530: Payment and Collection of Tuition and Fees*, as presented and which supersedes any previously adopted Board policy.

MANUAL OF POLICY

Title	Payment and Collection of Tuition and Fees	5530
Legal Authority	Approval of the Board of Trustees	Page 1 of 1
Date Approved by Board	As Amended by Board Minute Order Dated May 26, 2020	

I. Purpose

The purpose of the policy is to provide best practices and provisions regarding payment and collection of tuition and fees.

II. Policy

South Texas College encourages payment of tuition and fees through online portals, which can be accessed through kiosks and computer labs at each campus, or on personal devices on- or off-campus. These online payment options are offered at no additional charge to students.

Online payment options have increased for students. Online payment transactions are more accurately recorded and reported, facilitating accounting and auditing processes and improving the College's accounts receivable procedures.

Additionally, the traditional payment methods including cash, personal checks, and cashier's checks incur safety and security concerns prompting the need for facilities, cash handling, cash counting, petty cash, and related practices that each involve potential liability for the College and its employees.

Recognizing that some students do not have convenient access to online payment portals, the South Texas College Cashiers Office will continue to accept cash, personal checks, and cashier's checks, while encouraging students to consider alternative methods of payment for future transactions.

Payments are accepted in the form of cash, check, cashier check, credit/debit cards (Visa, MasterCard, and Discover). A current student ID and/or driver's license must be presented in order for checks to be honored.

If there is no payment posted to the student's account during the registration period, the classes may be automatically dropped through an overnight process. The student will need to repeat the registration process on the next registration day to re-enroll.

South Texas College shall conform to Section 21.4, Collection of Tuition, of the Texas Higher Education Coordinating Board rules, including the payment options for students with delayed financial aid.

III. History

Origination Date Approved by Board:
November 9, 1995

Date Amended and Approved by Board:
May 19, 2005
September 14, 2006
May 26, 2020

**Review and Recommend Action to Revise Resolution 2020-012 Authorizing
Investment Brokers, Dealers, Banks, and Investment Pools**

Approval to revise the Resolution 2020-012 Authorizing Investment Brokers, Dealers, Banks, and Investment Pools will be requested at the May 26, 2019 Board meeting.

Purpose – One additional bank, Allegiance Bank, is being recommended to be added to the approved bank list. The Texas Public Funds Investment Act (PFIA) requires that the Board of Trustees approve any broker and dealer firms that will be used to transact investment business with the College. In addition, the College's Investment Policy requires that the Board of Trustees approve any banks and investment pools that will be used to transact investment business with the College. As per Policy #5120: *Investment Policy* and Investment Strategy Statement and in accordance with the PFIA, the Board of Trustees shall at least annually, review, revise, and adopt a list of qualified Investment Providers.

Justification – The Resolution Authorizing Investment Brokers, Dealers, Banks, and Investment Pools was approved and authorized on October 29, 2019, as amended. A revised list of brokers, dealers, banks, and investment pools, which includes one additional bank, Allegiance Bank, that operate in the Texas public fund arena and have extensive knowledge of the requirements and constraints of the PFIA are included on Exhibit "A".

Background – The Board adopted specific limitations on banks that could be used for College deposits with the adoption of Resolution Authorizing Investment Brokers, Dealers, Banks, and Investment Pools on October 29, 2019, as amended. Valley View Consulting, LLC, the investment advisor under contract with the College, has identified Allegiance Bank and their offerings to be favorable to the College.

Reviewers – The Resolution was reviewed by Valley View Consulting, LLC (Investment Advisor) and was previously reviewed by South Texas College's legal counsel. No changes are being presented except the addition of one bank to Exhibit "A".

Enclosed Documents – The revised Resolution 2020-012 Authorizing Investment Brokers, Dealers, Banks, and Investment Pools follows in the packet for the Committee's information and review.

Dr. Shirley A. Reed, President, and Mary Elizondo, Vice President for Finance and Administrative Services, will be present at the May 12, 2020 Finance and Human Resources Committee meeting to address any questions by the committee.

It is requested that the Finance and Human Resources Committee recommend for Board approval at the May 26, 2020 Board meeting, Resolution 2020-012 Authorizing Investment Brokers, Dealers, Banks, and Investment Pools as presented, and which supersedes any previously adopted Board Resolution.

Resolution No. 2020-012

A RESOLUTION BY THE SOUTH TEXAS COLLEGE RELATING TO THE COLLEGE'S ADOPTION AND ANNUAL REVIEW OF ITS LIST OF AUTHORIZED BROKER/DEALERS/BANKS/INVESTMENT POOLS AND AMENDING SUCH BROKER/DEALER/BANK/INVESTMENT POOL LIST AS REQUIRED BY BOARD POLICY AND STATE LAW; AND AUTHORIZING OTHER MATTERS INCIDENT AND RELATED THERETO.

WHEREAS, the Board of Trustees (the "Board") of the South Texas College (the "College") has adopted a written Investment Policy which primarily emphasizes safety of principal and liquidity and addresses investment diversification, yield, and maturity and the quality and capability of investment management provisions in accordance with the Public Funds Investment Act, Texas Government Code Chapter 2256, Subchapter A, as amended, (the *Act*); and

WHEREAS, the Board must annually review the list of authorized broker/dealers/banks/investment pools that are authorized to engage in investment transactions with the College and adopt a written instrument stating that it has reviewed such list of authorized broker/dealers/banks/investment pools; and

WHEREAS, a written copy of the College's Investment Policy must be presented to any person offering to engage in an investment transaction with an investment entity or to an investment management firm under contract with an investing entity to invest or manage the entity's investment portfolio; and

WHEREAS, the authorized representatives of a business organization offering to engage in an investment transaction with the College must provide a written acknowledgement that the business organization has received the College's Investment Policy; now, therefore,

BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE SOUTH TEXAS COLLEGE THAT:

SECTION 1: The Board has reviewed list of authorized broker/dealers/banks/investment pools authorized to engage in investment transactions with the College (Exhibit "A" attached hereto), and the Board further wishes to memorialize this review by the adoption of this Resolution.

SECTION 2: Prospective authorized broker/dealers/banks/investment pools will be provided with written copies of the College's Investment Policy and such authorized representatives will provide written acknowledgments of receipt of the College's Investment Policy.

SECTION 3: This Resolution may be relied upon by all appropriate government officials and others interested in this Resolution and establishes the College's compliance with the requirements of the Act and the College's Investment Policy.

SECTION 4: The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the Board.

SECTION 5: All ordinances and resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

SECTION 6: This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 7: If any provision of this Resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the Board hereby declares that this Resolution would have been enacted without such invalid provision.

SECTION 8: It is officially found, determined, and declared that the meeting at which this Resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Resolution, was given, all as required by Chapter 551, as amended, Texas Government Code.

PASSED AND APPROVED this the ____ day of _____, 2020.

SOUTH TEXAS COLLEGE

Chairperson, Board of Trustees

ATTEST:

Secretary, Board of Trustees

(COLLEGE SEAL)

Exhibit “A”

List of Authorized Broker/Dealers:

FTN Securities
Duncan Williams
Multi-Bank Securities
Raymond James
Rice Financial
Wells Fargo Securities

List of Authorized Banks:

Allegiance Bank
BBVA Compass
Bank of Texas
Bank OZK
Bank of South Texas
BTH Bank
BOK Financial
Capital One Bank
Comerica Bank
East West Bank
Falcon Bank
First Community Bank
Frost Bank
Greater South Texas Bank
Veritex Bank
Independent Bank
International Bank of Commerce
Vantage Bank
JPMorgan Chase
LegacyTexas Bank
Lone Star National Bank
NexBank
PlainsCapital Bank
Prosperity Bank
Rio Bank
Southwest Bank
Southside Bank
Texas Regional Bank
Wallis Bank
Wells Fargo Bank

List of Authorized Investment Pools:

TexPool
TexStar

Review and Recommend Action on Primary Bank Depository Services

Approval to award the proposal for the primary bank depository services to J.P. Morgan (Houston, TX), for the period beginning September 1, 2020 through August 31, 2022, with an option to renew for three additional two (2) year periods is requested.

Purpose – The current bank depository services will expire on August 31, 2020. Approval to award a financial institution the contract for bank depository services is needed in order to provide banking services to the College. These services include safekeeping of College funds, a system consisting of checks and electronic payments to students, employees and vendors, and credit for funds received by the College.

Justification – Depository banks offer the College banking services which includes, but is not limited to, account maintenance, account reconciliation, stop payment, online banking, balance reporting, wire transfers, book transfers, ACH transactions, and positive pay.

Background – The current contract for Bank Depository Services was awarded to BBVA Compass at the July 29, 2014, Board meeting for the period ending August 31, 2016, with two (2) two-year renewal options.

Award	Board Meeting Date	Original Term	Renewal Term
Original	7/29/14	9/1/14 – 8/31/16	2 – two-year options
1 st Renewal	4/28/16		9/1/16 – 8/31/18
2 nd Renewal	5/29/18		9/1/18 – 8/31/20

Proposal documents were advertised on January 19, 2020 and January 26, 2020, and issued to eighteen (18) institutions. Six (6) responses were received on February 26, 2020 and one response was incomplete.

On Wednesday, February 26, 2020, the College received complete responses from BBVA, J.P. Morgan, Lone Star National Bank, PlainsCapital Bank, and Texas Regional Bank.

Valley View Consulting, L.L.C. provided services as part of the investment advisory services agreement to assist the committee with the review of the proposals. The committee evaluated the proposals and determined that the top ranked is J.P. Morgan. They offer the lowest banking services fees, and the highest net income to the College. The bank will waive service fees for the first six (6) months of the agreement, will provide free deposit bags and ten (10) remote deposit scanners. Further, J.P. Morgan will provide the College with a dedicated, higher education focused banking team.

Additional positive information related to J.P. Morgan is as follows:

- Provides quarterly account settlements
- Online banking with easy access to critical real-time data via multiple channels, PC, tablet and mobile devices

- No reserve funds requirement
- Meets funds availability requested by the College
- Will cash South Texas College checks at no cost

In accordance with the Public Funds Collateral Act, all College deposits are guaranteed by the Federal Deposit Insurance Corporation, a letter of credit issued by a Federal Home Loan Bank, and/or by a pledge of eligible securities. The market value of the principal portion of the collateral pledged must at all times be equal to or greater than 102% of the par value of the time and demand deposits plus accrued interest, less the applicable level of FDIC insurance, as determined under the Public Funds Collateral Act.

Funds for this expenditure will be budgeted in the FY 2020 - 2021 budget pending Board approval.

Mary Elizondo, Vice President for Finance and Administrative Services, Myriam Lopez, Comptroller, and Becky Cavazos, Director of Purchasing will be present at the May 12, 2020 Finance, Audit, and Human Resources Committee meeting to address any questions by the Committee.

Enclosed Documents - A summary prepared by Valley View Consulting L.L.C. and the final Analysis of the proposals follow in the packet for Committee's information and review. Also included is the Evaluation Summary for your information and review.

It is requested that the Finance, Audit, and Human Resources Committee recommend for Board approval at the May 26, 2020 Board meeting, to award the proposal for primary bank depository services to J.P. Morgan (Houston, TX), for the period beginning September 1, 2020 through August 31, 2022, with the option to renew for three additional two (2) year periods.



May 7, 2020

Ms. Maria G. Elizondo
Vice President for Finance and Administrative Services
South Texas College
3201 West Pecan
McAllen, Texas 78501

Dear Ms. Elizondo:

As part of the full range of services we provide under the current Investment Advisory Agreement, we sincerely appreciated and welcomed the opportunity to assist South Texas College (the “College”) with this Primary Depository Bank Services Request for Proposals #19-20-1039 (the “RFP”) project.

The objective of this engagement was to prepare the Request for Proposals (the “RFP”), provide the notice and solicitation to eligible financial institutions, review and analyze the received proposals, assist the College officials in forming a recommendation of a primary depository bank, provide assistance in presenting to the South Texas College Board of Trustees the recommendation for award of the depository contract, and assist with completion of the necessary depository agreements to bind the College and the awarded financial institution. The Primary Depository Bank Services Agreement, when approved, will commence on September 1, 2020 and terminate on August 31, 2022. At the option of the College, the contract may be extended for three (3) additional two-year periods under the same terms and conditions.

Project Overview - Timeline

The project began with the establishment of a calendar of events to ensure that the required project steps were performed in a timely and sequential manner.

The process for selecting a Primary Depository Bank is governed by the State of Texas Education Code, Chapter 51, Sub Chapter A; and by the State of Texas Government Codes: Chapter 176 Conflict of Interest Act; Chapter 2256 Public Funds Investment Act; and Chapter 2257 Public Funds Collateral Act.

In addition to complying with these State statutory requirements, it was necessary to understand and comply with the College’s financial and purchasing policies and Investment Policy.

The RFP project was conducted as follows:

1. Analyzed historical bank service usage and balance records.
2. Reviewed the minimum banking services and potential additional services.
3. Developed the following list of eligible financial institutions with a local branch office:
 - a. Bank of America, N.A.
 - b. Bank of South Texas
 - c. BBVA USA (Incumbent)
 - d. Falcon International Bank
 - e. First Community Bank
 - f. Freedom Bank
 - g. Frost Bank
 - h. Greater State Bank

2428 Carters Mill Road, Huddleston, VA 24104-4003
540.297.3419

- i. International Bank of Commerce
 - j. JPMorgan Chase Bank, N.A.
 - k. Lone Star National Bank
 - l. PlainsCapital Bank
 - m. Rio Bank
 - n. Texas Community Bank
 - o. Texas National Bank
 - p. Texas Regional Bank
 - q. Vantage Bank Texas
 - r. Wells Fargo Bank, N.A.
4. Contacted the financial institutions to confirm distribution information, describe the process, and identify the designated recipient.
 5. Drafted the RFP for College officials review and approval.
 6. Assisted the College officials with posting the notice and advertising the RFP in *The Monitor*.
 7. Assisted the College officials with distribution of the RFP's on January 21, 2020 to the identified and receptive financial institutions.
 8. Held a non-mandatory pre-proposal conference on January 29, 2020 at the South Texas College Pecan Campus Conference Room that was attended by representatives from:
 - a. PlainsCapital Bank
 9. By the closing deadline of February 26, 2020, proposals were received from:
 - a. BBVA USA (Incumbent)
 - b. Frost Bank (Disqualified)
 - c. JPMorgan Chase Bank, N.A.
 - d. Lone Star National Bank
 - e. PlainsCapital Bank
 - f. Texas Regional Bank
 10. No additional RFP responses were received as a result of the advertisement in *The Monitor*.

The evaluation of the proposals was based on, but not limited to, the following criteria:

1. Ability to perform and provide the required and requested services;
2. Reputation of proposer and quality of services;
3. Cost of services;
4. Retention and transition offers and incentives;
5. Funds availability;
6. Interest paid on interest bearing accounts and deposits;
7. Earnings credit calculation on compensating balances;
8. Completeness of proposal and agreement to points outlined in the RFP;
9. Physical location within the City of McAllen, Texas;
10. Convenience of location(s);
11. Previous service relationship with the College; and
12. Financial strength and stability of the institution.

Proposal Analysis

The analysis prepared by Valley View Consulting was based on the qualified and received proposals. An overall review of each financial institution's general financial strength and ability to provide the services outlined in the RFP and meet the College's current and future service needs was performed. Each of the qualified responding financial institutions exhibited acceptable financial strength and the ability to provide services the College requested.

Proposal Analysis Summary

Each financial institution's fee schedule was analyzed based on the College's banking service needs and estimated activity levels. Where quantifiable and appropriate, the estimated service fees were adjusted for any incentives (including waived fees and transition allowances).

Historically, average annual deposit balances of \$52,000,000 have been maintained by the College. Under the current contract with BBVA USA, part of the agreement required that the College maintain \$20 million in a non-interest bearing account to compensate for bank service fees. Without that requirement, the College reviewed the necessary balances for daily operation and determined that balances of \$31,000,000 would be optimal, so this amount was used in the RFP and the analysis.

From the time the RFP was issued, on January 21, 2020, to the due date of February 26th, the interest rate environment shifted dramatically. The COVID-19 pandemic had a significant impact on key financial market interest rates due to the Federal Government's measures to mitigate the economic impact of the pandemic. This was occurring during the period the College and Valley View Consulting were analyzing the proposals and attempting to arrive at an informed recommendation. The following comparison of rates reflects changes that occurred during the time period from when the RFP was distributed on January 21, 2020, to the time the Best and Final Offer (BAFO) was due March 31, 2020.

Impact of COVID-19 Pandemic on Key Interest Rates

Rate Index	RFP Distributed 01/21/20	RFP Due 02/26/20	BAFO Due Rates as of 03/31/20	Rates as of 05/01/20
91 Day T-Bill	1.53%	1.50%	0.11%	0.12%
FED Funds Effective Rate	1.55%	1.58%	0.08%	0.05%
FED Funds Target Rate	1.50% - 1.75%	1.50% - 1.75%	0.0% - 0.25%	0.0% - 0.25%
TexPool (LGIP) Rate	1.57%	1.59%	0.55%	0.32%

In view of the dramatic changes in financial market rates and the key role they play in evaluating the impact of the bank's proposals, the decision was made to allow the banks to provide a Best and Final Offer (BAFO). This provided them the opportunity to update their current managed or indexed rates, and/or restate their various interest rates if they wished to do so. The BAFO was requested on March 25, 2020 and responses were due back from the financial institutions by March 31, 2020.

Summary of Best and Final Offers

The BAFO responses received by March 31, 2020 resulted in the following final proposals submitted for each financial institution:

BBVA USA – Offer to renew contract for additional one-year term based on current pricing and requirement of \$20,000,000 non-interest bearing compensating balance. On the new terms proposed, Hybrid Account with Earnings Credit Rate (ECR) of 0.50% and interest bearing checking rate of 0.50%. Rates are bank managed and no floor was offered. For the initial two-year term, BBVA USA did allow for a one-time option of converting to an indexed rate based on the 91 Day T-Bill. At time of option, ECR would be floored at 91 Day T-Bill less 0.10% and interest rate would be floored at 100% of 91 Day T-Bill. Additional terms of one-time conversion to index were also offered for possible first and second renewal option periods. BBVA USA did agree to a semi-annual rate review for the bank managed rates. In the table presented below, the higher bank managed rate of 0.50% was used for the ECR and projected interest earnings.

JPMorgan Chase Bank, N.A. – Proposed Hybrid Account structure as well with ECR and interest rate of 0.10%. For enhanced interest earning opportunities the use of JPMorgan Access Liquidity Sweep into Money Market Fund was offered. No floor was offered on the Hybrid Account. Rates for the Hybrid Account are bank managed and JPMorgan Chase Bank did agree to a quarterly rate review for the bank managed rates. In the table presented below, the payment of bank fees was recommended with balances swept into the JPMorgan Access Liquidity Account, resulting in the projected interest earnings.

Lone Star National Bank – Proposed NOW unlimited transaction interest bearing checking account(s). NOW rate will be indexed to 40% of the 13 week T-Bill taking the average of the high rate from weekly auctions of the previous month. NOW rate would be floored at 0.10% and capped at 2.00%. The use of an ECR would not apply as all funds would be earning interest in the NOW account. In the table presented below, the floor rate of 0.10% was used for the projected interest earnings.

PlainsCapital Bank – Proposed an ECR and interest bearing checking account(s), indexed to the lower end of the FED Funds Target Rate. ECR and interest bearing rates would be floored at 0.40%. The use of the Insured Deposit Sweep program was proposed, with funds being “spread” into other financial institutions by utilizing the current Federal Deposit Insurance Corporation insured limit of \$250,000 per institution. In the table presented below, the floor rate of 0.40% was used for the ECR and projected interest earnings.

Texas Regional Bank – Proposed an ECR with rate of 0.75% that is bank managed and interest bearing checking account(s), indexed to the 91 Day T-Bill plus 0.25%. There was no floor offered on the ECR rate and interest bearing checking rates would be floored at 0.25%. In the table presented below, the 91 Day T-Bill rate plus 0.25% was used for the projected interest earnings.

During the initial review of proposals and the continuing analysis, the College was interested in further review and discussion with JPMorgan Chase Bank, N.A., and Texas Regional Bank. Representatives from JPMorgan Chase Bank, N.A. and Texas Regional Bank, presented to College officials, by way of a video teleconference a demonstration of depository/treasury services on April 29, 2020. The College found these presentations by JPMorgan Chase Bank, N.A. and Texas Regional Bank to be helpful and appreciated the presentations provided.

The summary below is based on the BAFO terms offered and interest rates/indexes as of March 31, 2020. The term is for both the two (2) year initial contract term, and the full eight (8) year term, allowing for the three (3) possible two-year extensions at the option of the College.

Financial Summary Recap Inclusive of Best and Final Offers.

Two-Year Term	BBVA USA	JPMorgan Chase	LoneStar National Bank	PlainsCapital	Texas Regional Bank
Proposed Fees	(\$205,089)	(\$64,911)	(\$180,691)	(\$203,212)	(\$140,177)
Earnings Credit and/or Hard Interest at Depository Bank	310,000	290,200	62,000	248,000	288,616
Incentives	10,000	16,227	0	1,000	4,000
Net Income (Cost)	\$114,911	\$241,516	(\$118,691)	\$45,788	\$152,439

Eight-Year Term	BBVA USA	JPMorgan Chase	LoneStar National Bank	PlainsCapital	Texas Regional Bank
Proposed Fees	(\$820,357)	(\$259,645)	(\$722,762)	(\$812,846)	(\$560,708)
Earnings Credit and/or Hard Interest at Depository Bank	1,240,000	1,160,800	248,000	992,000	1,154,464
Incentives	10,000	16,227	0	1,000	4,000
Net Income (Cost)	\$429,643	\$917,382	(\$474,762)	\$180,154	\$597,756

Recommendation

BBVA USA has served South Texas College in a supportive and professional manner during the multiple terms of the depository contract.

Based on the analysis results, evaluation criteria as scored in the table below by the College Evaluation Committee, impact of interest rates on the final analysis, the demonstration of treasury services provided by JPMorgan Chase Bank, N.A., and the depository support team from JPMorgan Chase Bank, N.A. the proposal provided by JPMorgan Chase Bank, N.A. represents the most advantageous terms for the College.

SOUTH TEXAS COLLEGE PRIMARY DEPOSITORY BANK SERVICES PROJECT NO. 19-20-1039 EVALUATION SUMMARY					
VENDOR	BBVA	JP Morgan Chase Bank, N.A.	Lone Star National Bank	Plains Capital Bank	Texas Regional Bank
TOTAL EVALUATION POINTS	80.33	90.66	63	72.99	78
RANKING	2	1	5	4	3

We concur with the College's Evaluation Committee recommendation that the Board of Trustees award the Primary Depository Bank Services contract to JPMorgan Chase Bank, N.A. and to authorize the President to complete the necessary depository agreements on behalf of South Texas College to begin the new depository relationship with JPMorgan Chase Bank, N.A.

Upon Board of Trustee award and the completion of all necessary Primary Depository Bank Service Agreements, the new contract will commence on Tuesday, September 1, 2020.

Please contact Tom Ross, Tim Pinon, Dick Long, or me to discuss any questions or for additional information needs.

Thank you for this opportunity as we continue providing South Texas College with our full range of Investment Advisory Services.

Sincerely,

A handwritten signature in black ink, appearing to read "E. K. Hufstedler, III". The signature is fluid and cursive, with the last name being the most prominent part.

E. K. Hufstedler, III
Valley View Consulting, L.L.C.

South Texas College, McAllen, Texas

Primary Depository Bank Services - RFP# 19-20-1039 - Best and Final Offers BAFO



May 4, 2020		BBVA BAFO (incumbent)	JPMorgan BAFO	LoneStar National Bank BAFO	PlainsCapital BAFO	Texas Regional BAFO
Evaluation Criteria						
1	Ability to perform and provide the required and requested services;					
2	Reputation of proposer and quality of services;					
3	Cost of services;					
4	Retention and transition offers and incentives;					
5	Funds availability;					
6	Interest paid on interest bearing accounts and deposits;					
7	Earnings credit calculation on compensating balances;					
8	Completeness of proposal and agreement to points outlined in the RFP;					
9	Physical location within the City of McAllen, Texas;					
10	Convenience of locations;					
11	Previous service relationship with the College; and					
12	Financial strength and stability of the institution.					
DETAIL RESPONSE ANALYSIS OF DEPOSITORY BANK SERVICES						
Required Bank Services		No Changes from Original				
1	Online Banking Services	Yes	Yes	Yes	Yes	Yes
2	Zero Balance Accounts	Yes	Yes	Yes	Yes	Yes
3	Positive Pay and Account Reconciliation Service	Yes	Yes	Yes	Yes	Yes
4	Reverse Positive Pay Service	Yes	Yes	NO	Yes	Yes
5	ACH Debit Blocking and Filtering	Yes	Yes	Yes	Yes	NO
6	ACH Positive Pay	Yes	Yes	Yes	Yes	NO
7	Funds Availability	Yes	Yes	Yes	Yes	Yes
8	Employee Check Cashing	Yes	Yes - Chase account holders only	Yes	Yes	Yes
9	Returned Check Reprocessing	Yes	Yes	Yes	Yes	Yes
10	Account Analysis	Yes	Yes	Yes	Yes	Yes
11	Bank Statements	Yes	NO - Only available Electronically	Yes	Yes	Yes
12	Payment for Services	Yes	Yes	Yes	Yes	Yes
13	Account Settlement - Required Quarterly	NO - Monthly	Yes	Yes - No ECR offered	Yes	Yes
14	Research	Yes	Yes	Yes	Yes	Yes
15	Bank Errors	Yes	Yes	Yes	Yes	Yes
16	Investment Account	Bank Managed Hybrid rate of 0.50% with no floor. Option for College to convert to a 91 Day T-Bill indexed rate one (1) time. PFMMA at 0.50%	Bank Managed Hybrid DDA Interest rate of 0.10% or use of JPMorgan Access Liquidity (Sweep)	40% Prior month Avg weekly high rate of 13 week T-bill/ Floor of 0.10% and Cap of 2.00%	Low end of FED Target rate - new Floor of 0.40%	91 Day T-Bill plus 0.25% Floor 0.25%
17	Audit Confirmations	Yes	Yes	Yes	Yes	Yes
18	Courier or Armored Car Services	Cannot Provide	Cannot Provide	Cannot Provide	Cannot Provide	Fees Passed in full to College
19	Balance Assessment/Recoupment Fee	Waived	Waived	Partially waived (0.05%)	Waived	Waived
20	Reserve Requirement	NO	NO	10% - NA	NO	Yes - 10%
21	Earnings Credit Rate / Formula / Floor	Bank Managed Hybrid rate of 0.50% with no floor. Option for College to convert to a 91 Day T-Bill indexed rate one (1) time.	Bank Managed Hybrid ECR of 0.10% / No Floor	NO - ECR will not be offered	Low end of FED Target rate - new Floor of 0.40%	0.75%/Bank Managed / No Floor
22	Tamperproof Bank Bags	Can use \$10,000 Retention Allowance	Yes - Deposit Bags at no cost	NO	Yes /\$1,000 allowance for initial order	\$4K Allowance in first 90 days (Bags &/or Supplies)
23	Bank Supplies	Can use \$10,000 Retention Allowance	Yes - Deposit Bags at no cost	NO	At Bank Cost	\$4K Allowance in first 90 days (Bags &/or Supplies)

South Texas College, McAllen, Texas

Primary Depository Bank Services - RFP# 19-20-1039 - Best and Final Offers BAFO



May 4, 2020	BBVA BAFO (incumbent)	JPMorgan BAFO	LoneStar National Bank BAFO	PlainsCapital BAFO	Texas Regional BAFO
Services That May Be Considered					
1 Integrated Disbursement Services	Yes	Yes	NO	NO	Yes
2 Remote Deposit Capture	Yes	Yes	Yes	Yes	Yes
3 Smart Safe	Yes	Yes	NO	Yes	NO
Collateral Requirements					
1.2 Collateralization	Yes	Yes w/Qualifier	Yes	Yes	Yes
3 Collateral Amount	Yes	Yes	Yes	Yes - Max. \$4 Million	Yes
4 Collateral Custody - Custodian	Yes - LOC FHLB Atlanta	Yes - FRB	Yes - Frost	Yes- IDS & FRB	Yes - FHLB Dallas
5 Collateral Releases and Substitution	Yes	Yes	Yes	Yes	Yes
6 Collateral Report	Yes	Yes	Yes	Yes	Yes
7 Board Resolution	Yes	Yes	Yes	Yes	Yes
Investment Activities					
1 Direct Investment Alternative	Yes	Yes	Yes - Note Comments	Yes	Yes
2 Certificates of Deposit	Yes	Yes	Yes	Yes	Yes
3 Security Clearance/Safekeeping Services	Yes	Yes - BNYM	Yes - Frost Bank	Yes - BNYM	Yes
Overdraft Provisions					
1 Net Overdraft Defined - Collective Deposits	Yes	Yes	Yes	Yes	Yes
2 Notification	Yes	Yes	Yes	Yes	Yes
3 Stipulations: Days/Max. Amt./Interest Rate/NSF Fee	Case/Case	NA/NA/Prime+ 3%/\$45	3 days/\$100K/17.50%/\$20	Case/Case/Prime +2.5%/\$35	3Days/\$100K/18%/\$30
Other Stipulations					
1 Regulation Notifications	NO	Yes	Yes	Yes	Yes
2 Notification of Incoming Wire Transfers	Yes	Yes	Yes	Yes	Yes
3 Right to Cancel Under Federal or State Law Rulings	Yes	Yes	Yes	Yes	Yes
4 Access to Bank Records	Yes	Yes	Yes	Yes	Yes
5 Right to Open and Maintain Other Accounts	Yes	Yes	Yes	Yes	Yes
6 Secondary Bank Depository	Yes - Subject to review of pricing	Yes - Subject to review of pricing	Yes	Yes	NO
7 Right To Terminate	Yes	Reciprocal w/90 days written notice	No - 30 days notice to cure.	Yes	Yes
8 Terms Fixed	Yes for initial 2 year term - then negotiable	Yes for initial 2 year term - then negotiable	No- Reviewed prior to extensions	Yes	Yes
9 One Relationship Officer	Gina Lobato, SVP, 956.971.5901	Allison Squire, VP 713.216.3810	Vanessa Ochoa, VP, 956.984.2913	Mark Voss, SVP, 956.984.4004	Alex Meade, SVP, 956.661.7814
Miscellaneous					
1 Semi-Annual Meeting / Quarterly or Semi-Annual Rate Review BAFO	Yes Semi-annual	Yes Quarterly	Yes	N/A	N/A
2 Formal Agreement Required	Yes	Yes	Yes	Yes	Yes
3 Advertisement Acknowledged	Yes	Yes	Yes	Yes	Yes
Required Response Attachments					
1 Account Analysis - pro-forma	Provided	Provided	Provided	Provided	Not in PDF
2 Rate Basis	Provided	Provided	Provided	Provided	Not in PDF
3 Sample Collateral Agreement	Provided	Provided	Not in PDF	Provided	Combined Depository Services and Collateral Agreement
4 Security Measures	Provided	Provided	Provided	Provided	Not in PDF
5 Technology Specifications	Provided	Provided	Provided	Provided	Not in PDF
6 Sample Safekeeping Agreement	Provided	Provided - BNYM	Not in PDF	Provided	Not in PDF
7 Sample Safekeeping Report	Provided	Provided	Not in PDF	Provided	Not in PDF
8 Securities Safekeeping Fees	Provided	Provided	Provided - Frost	Provided	Not in PDF
9 Investment Account Information	Provided	Provided	Provided	Provided	Not in PDF
10 Summary Business Continuity Plan	Provided	Provided	Provided	Provided	Provided
11 References	Provided	Provided	Provided	Provided	Provided
12 Sample FIRREA Compliant Document	Provided	Provided	Not in PDF	Provided	Will provide upon award
13 Execution of Offer Form	Provided	Provided	Provided	Provided	Provided
14 Notification of Criminal History Form	Provided	Provided	Provided	Provided	Provided
15 Conflict of Interest Questionnaire Form	Provided	Provided	Provided	Provided	Provided

South Texas College, McAllen, Texas



Primary Depository Bank Services - RFP# 19-20-1039 - Best and Final Offers BAFO

May 4, 2020		BBVA BAFO (Incumbent)	JPMorgan BAFO	LoneStar National Bank BAFO	PlainsCapital BAFO	Texas Regional BAFO
16	Completed Fee Schedule in Excel	Provided	Provided	Provided	Provided	Not Provided
Other Considerations						
1	Transition/Retention Allowance	\$10,000	N/A	N/A	Refer to Supplies	Refer to Supplies
2	Waived Service Fees	N/A	First Six (6) months	N/A	N/A	N/A
3	Remote Deposit Scanners	N/A	10 RD Scanners	N/A	10 RD Scanners	N/A
4	New Supplies	Use of \$10,000 retention allowance	Free Deposit Bags	N/A	1,000	Up to \$4,000 during first 90 Days
FEE ANALYSIS OF DEPOSITORY BANK SERVICES						
Proposed Fees - Banking Services		No Changes from Original				
Monthly Fee Estimate		(8,545)	(2,705)	(7,529)	(8,467)	(5,841)
MEMO Balance Assessment Fee		Waived	Waived	1,274	Waived	Waived
Fees for Two Year Term		(205,089)	(64,911)	(180,691)	(203,212)	(140,177)
Fees for Eight Year Term		(820,357)	(259,645)	(722,762)	(812,846)	(560,708)
Earnings Credit						
Earnings Credit Rate		0.50%	0.10%	0.00%	0.40%	0.75%
Original Rate Basis (Indexed Rates as of March 17, 2020) / BAFO Shown as Adjusted as of March 31, 2020		Bank Managed ECR Hybrid rate of 0.50% with no floor - Option years (1-2) floored 91 Day T-Bill less 0.10%; years (3-4) floored 91 Day T-Bill less 0.30%; years (5-6) floored 91 Day T-Bill less 0.40%	Bank Managed (No Floor)	No ECR	Low end of FED Target Rate (Floor 0.40%)	Bank Managed (No Floor)
Target DDA Compensating Balance		20,508,936	-		3,920,000	10,383,485
Monthly Earnings Credit less Reserve		8,545	0	0	1,307	5,841
Earnings Credit for Two Year Term		205,089	0	0	31,360	140,177
Earnings Credit for Eight Year Term		820,357	0	0	125,440	560,708
Reserve Requirement		Waived	Waived	0.00%	Waived	10.00%
Net Fees for Two Year Term		0	(64,911)	(180,691)	(171,852)	0
Net Fees for Eight Year Term		0	(259,645)	(722,762)	(687,406)	0
Interest Income Estimate						
Investment Option		Hybrid Account	JPMorgan Access (Sweep)	PF NOW Account	IDS Sweep	Hybrid - IB DDA
Original Rate Basis (Indexed Rates as of March 17, 2020) / BAFO Shown as Adjusted as of March 31, 2020		Bank Managed Hybrid rate of 0.50% with no floor - Option years (1-2) floored 100% 91 Day T-Bill; years (3-4) floored 91 Day T-Bill less 0.20%; years (5-6) floored 91 Day T-Bill less 0.30%	Based on Current Market Rates	40% of Avg prior month 91 day T-Bill, Cap 2.0%; Floor of 0.10%	Low end of FED Target Rate (Floor 0.40%)	91 Day T-Bill plus 0.25% (Floor 0.25%)
Interest Rate		0.50%	0.47%	0.10%	0.40%	0.36%
Investment Balance		10,491,064	31,000,000	31,000,000	27,080,000	20,616,515
Monthly Investment Income		4,371	12,092	2,583	9,027	6,185
Two Year Investment Income		104,911	290,200	62,000	216,640	148,439
Eight Year Investment Income		419,643	1,160,800	248,000	866,560	593,756
Two Year Income/(Cost)		104,911	225,289	(118,691)	44,788	148,439
Eight Year Income/(Cost)		419,643	901,155	(474,762)	179,154	593,756
Contract Incentives						

South Texas College, McAllen, Texas



Primary Depository Bank Services - RFP# 19-20-1039 - Best and Final Offers BAFO

May 4, 2020	BBVA BAFO (Incumbent)	JPMorgan BAFO	LoneStar National Bank BAFO	PlainsCapital BAFO	Texas Regional BAFO
Estimated Waived Fees	0	16,228	0	0	0
Transition/Retention Allowance	10,000	0	0	0	0
Scanners	0	10 RD Scanners	0	10 RD Scanners	0
Tamperproof Bags & Supplies	0	Free Deposit Bags	0	1,000	4,000
Two Year Income with Contract Incentives	114,911	241,516	(118,691)	45,788	152,439
Eight Year Income with Contract Incentives	429,643	917,382	(474,762)	180,154	597,756
Rates As of:					
Tuesday, March 31, 2020					
Historical Bank Balance	31,000,000	31,000,000	31,000,000	31,000,000	31,000,000
91-Day T-Bill Discount Rate	0.11%	0.11%	0.11%	0.11%	0.11%
Fed Funds Rate (Effective)	0.08%	0.08%	0.08%	0.08%	0.08%
Fed Funds Rate Target	0.00% - 0.25%	0.00% - 0.25%	0.00% - 0.25%	0.00% - 0.25%	0.00% - 0.25%
Local Government Investment Pool	0.55%	0.55%	0.55%	0.55%	0.55%
Tuesday, March 17, 2020					
Historical Bank Balance	31,000,000	31,000,000	31,000,000	31,000,000	31,000,000
91-Day T-Bill Discount Rate	0.19%	0.19%	0.19%	0.19%	0.19%
Fed Funds Rate (Effective)	0.25%	0.25%	0.25%	0.25%	0.25%
Fed Funds Rate Target	0.00% - 0.25%	0.00% - 0.25%	0.00% - 0.25%	0.00% - 0.25%	0.00% - 0.25%
Local Government Investment Pool	0.88%	0.88%	0.88%	0.88%	0.88%
Rates on Date of RFP Submission					
Wednesday, February 26, 2020					
Historical Bank Balance	31,000,000	31,000,000	31,000,000	31,000,000	31,000,000
91-Day T-Bill Discount Rate	1.50%	1.50%	1.50%	1.50%	1.50%
Fed Funds Rate (Effective)	1.58%	1.58%	1.58%	1.58%	1.58%
Fed Funds Rate Target	1.50 - 1.75%	1.50 - 1.75%	1.50 - 1.75%	1.50 - 1.75%	1.50 - 1.75%
Local Government Investment Pool	1.59%	1.59%	1.59%	1.59%	1.59%

**SOUTH TEXAS COLLEGE
PRIMARY DEPOSITORY BANK SERVICES
PROJECT NO. 19-20-1039 -- EVALUATION SUMMARY**

VENDOR		BBVA		JP Morgan Chase Bank, N.A.		Lone Star National Bank		Plains Capital Bank		Texas Regional Bank	
ADDRESS		3900 N 10th St 2nd Fl		712 Main St Fl 09		520 E Nolana Ave		7201 N 10th St		1801 S McColl Rd	
CITY/STATE/ZIP		McAllen, TX 78501		Houston, TX 77002		McAllen, TX 78504		McAllen, TX 78504		McAllen, TX 78503	
PHONE		956-971-5901		713-216-3810		956-984-2825		956-664-4785		956-661-7814	
CONTACT		Gina Lobato		Allison Squire		Vipul Patel		Robert C. Norman		Alex Meade	
1	The Respondent's ability to perform and provide the required and requested services. (up to 15 points)	12	12.33	15	15	11	11	14	13.33	11	11
		12		15		11		13		11	
		13		15		11		13		11	
2	The reputation of proposer and quality of services. (up to 15 points)	15	15	15	15	15	15	15	15	15	15
		15		15		15		15		15	
		15		15		15		15		15	
3	The cost of services, interest paid on interest bearing accounts and deposits, and earnings credit calculationon account balances. (up to 30 points)	14	14	24	24	6	6	13	13	22	22
		14		24		6		13		22	
		14		24		6		13		22	
4	The retention and transition offers and incentives. (up to 5 points)	4	4	5	5	0	0	2	1.66	2	2
		4		5		0		1		2	
		4		5		0		2		2	
5	The funds availability. (up to 10 points)	10	10	10	10	8	8	10	10	8	8
		10		10		8		10		8	
		10		10		8		10		8	
6	The completeness of proposal and agreement to points outlined in the RFP (up to 2 points)	2	2	2	2	1	1	2	2	1	1
		2		2		1		2		1	
		2		2		1		2		1	
7	The physical location within the City of McAllen TX. (up to 10 points)	10	10	10	10	10	10	8	7	9	8
		10		10		10		6		7	
		10		10		10		7		8	
8	The convenience of locations. (up to 5 points)	5	5	3	2.66	5	5	4	4	4	4
		5		2		5		4		4	
		5		3		5		4		4	
9	A previous service relationship with the College. (up to 3 point)	3	3	2	2	2	2	2	2	2	2
		3		2		2		2		2	
		3		2		2		2		2	
10	The financial strenght and stability of institution. (up to 5 points)	5	5	5	5	5	5	5	5	5	5
		5		5		5		5		5	
		5		5		5		5		5	
TOTAL EVALUATION POINTS		80.33		90.66		63		72.99		78	
RANKING		2		1		5		4		3	

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

Review and Recommend Action to Revise Policy #4212: Employment and Supervisory Relationship of ~~Close~~ Relatives

Approval to revise Policy #4212: *Employment and Supervisory Relationship of ~~Close~~ Relatives* will be requested at the May 26, 2020 Board meeting.

Policy #4212: *Employment and Supervisory Relationship of Close Relatives* was presented at the November 12, 2019 Finance, Audit, and Human Resources Committee meeting. Dr. Alejo Salinas, Jr. noted that he had thoughts on the proposed new policy and would like additional time to consider them. The Committee agreed that they could recommend Board approval of the policy as presented, while recognizing that the Board might make future additional revisions as the Board determines appropriate.

While the Board approved new Policy #4212: *Employment and Supervisory Relationship of Close Relatives* on November 26, 2019, administration was asked to bring this policy back to the Committee for further review. The policy is now presented for the Committee's review and feedback to administration. Any recommended revisions will be incorporated into a new proposal for consideration by the Board as appropriate.

On February 11, 2020, Policy #4212: *Employment and Supervisory Relationship of Close Relatives* was presented at the February 11, 2020 Finance, Audit, and Human Resources Committee meeting. No action was taken at that time.

On March 3, 2020, Administration met with Dr. Alejo Salinas, Jr. to review the policy and gain additional feedback.

Purpose – To review Policy #4212: *Employment and Supervisory Relationship of ~~Close~~ Relatives* that focuses on the relevant issues on employment of relatives.

Justification – The current policy attempts to cover two separate issues.

1. the employment of relatives within a prohibited degree of relationship; and
2. the employment of close relatives in positions at the College such as that one relative would supervise, directly or indirectly, another relative.

The request for the revisions to this policy is necessary for the following reasons:

- To extend the number of business days for employees to notify the Director of Human Resources of an employment relationship.
- To clarify the language in the policy regarding the degree of consanguinity and added other non-substantive grammatical corrections.
- To change the title from *Employment and Supervisory Relationship of Close Relatives* to *Employment and Supervisory Relationship of ~~Close~~ Relatives*.

Background – South Texas College adopted Policy 4211: *Nepotism* on November 9, 1995.

On November 26, 2019, the Board of Trustees approved the deletion of Policy 4211: *Nepotism*, which addressed nepotism for employees and Board Members. Administration recommended that Policy 4211 be replaced with 2 policies addressing Board and Employees separately. The creation of the two new policies focus on the relevant issues as proposed by the Office of Human Resources. This process was undertaken with the guidance of STC Legal Counsel for personnel issues, Mr. Jose Guerrero. The Office of Human Resources created Policy #4212: *Employment and Supervisory Relationship of Close Relatives* to address the issue of nepotism as it relates to the employment of close relatives. Administration created a separate Policy #1512: *Nepotism: Public Officials* to address the legal issue of nepotism as it relates to the employment of relatives within a prohibited degree of relationship to public officials. The policy also addressed the employment of any person related to public officials when the salary, fees, or compensation of the employee is paid from public funds or fees of office. The two new policies were approved by the Board of Trustees on November 26, 2019.

Reviewers – The policy was reviewed by staff, the President's Cabinet, Planning and Development Council Staff, President's Administrative Staff, and/or by Mr. Jose Guerrero, legal counsel for personnel issues.

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

It is requested that the Finance, Audit, and Human Resources Committee recommend for Board approval, at the May 26, 2020 Board meeting, *Policy #4212: Employment and Supervisory Relationship of Close Relatives*, as presented and which supersedes any previously adopted Board policy.

MANUAL OF POLICY

Title	Employment and Supervisory Relationship of Close Relatives	4212
Legal Authority	Approval of the Board of Trustees	Page 1 of 4
Date Approved by Board	As Amended by Board Minute Order dated May 26, 2020	

I. Purpose

The purpose of this policy is to ~~provide provisions regarding~~ prohibit the employment of persons in supervisory-subordinate employment relationships if they are related within the first degree, second degree or third degree of consanguinity or within the first degree or second degree of affinity. ~~prohibition of certain employment relationships between close relatives.~~

II. Policy

A. Employment of ~~Close~~ Relatives

~~Close-r~~ Relatives are persons related to each other within the first, second, or third degree of consanguinity (blood relatives) or within the first or second degree of affinity (relatives by marriage), ~~as computed under the civil law method.~~ ~~Close-r~~ Relatives shall not be employed by the College in the following employment relationships:

1. When one relative would be responsible for directly or indirectly supervising, evaluating, or auditing the work of another relative.
2. When one relative would be directly or indirectly responsible for institutional decisions that could result in a direct employment benefit to ~~the close~~ another relative. A direct employment benefit includes, but is not limited to, initial employment or assignment, employee evaluation, salary, course or work assignments, leave of absence, or approval of employee actions.
3. When one relative would have direct or indirect authority over the terms or conditions of employment of another ~~close~~ relative.

B. Disclosure of ~~Close~~ Relatives

1. Initial Hiring

Individuals applying for employment with the College, shall be required to disclose in the application for employment all ~~of the individual's close~~ relatives *who the individual is aware of being* employed by the College.

Individuals applying for employment with the College shall be provided by the Director of Human Resources or designee, in writing, an organizational chart or list that includes the names and titles of all employees in the appropriate organizational hierarchy.

The applicant shall also be provided a list of the relationships covered by this policy. The applicant shall be required to disclose, in writing, to the Director of Human Resources, within ten (10) business days, whether or not any of the employees identified to the applicant is a relative of the applicant.

MANUAL OF POLICY

Title	Employment and Supervisory Relationship of Close Relatives	4212
Legal Authority	Approval of the Board of Trustees	Page 2 of 4
Date Approved by Board	<i>As Amended by Board Minute Order dated May 26, 2020</i>	

In the event a relative is not disclosed during the application process, the employee must notify the Director of Human Resources within 45 days of becoming aware of a relative's employment with the College.

2. Employee Reassignment, Transfers:

An employee who is being assigned, reassigned, transferred, or promoted to any position shall be ~~required, prior to being assigned, reassigned, transferred, or promoted to disclose in writing all of the individual's close relatives, employed by the College to the Director of Human Resources~~ *required to disclose in the application or in writing to the Director of Human Resources, within ten (10) business days, all* relatives *who the individual is aware of being* employed by the College.

3. Existing Employment Relationships:

Employees who are in an existing employment relationship that is not in violation of this policy but who, subsequently, become ~~close~~ relatives shall notify the Director of Human Resources within ~~three (3)~~ *ten (10)* business days of having become ~~close~~ relatives to determine whether or not the employment relationship is in violation of this policy.

C. Administration and Enforcement of Policy

The Director of Human Resources shall be primarily responsible for administration and enforcement of this policy.

No person may be employed, and no employee may be transferred, assigned, reassigned, or promoted to a position which would result in an employment relationship that violates this policy. Any employment relationship which is in violation of this policy shall be terminated.

If the violation results from an applicant's or an employee's failure to disclose a ~~close~~ relative relationship, the applicant or employee shall be disqualified from employment or assignment to the position and shall be subject to termination from employment with the College.

Employees who are in an existing employment relationship that is not in violation of this policy but who, subsequently, become ~~close~~ relatives resulting in the employment relationship being in violation of this policy shall be disqualified from continued employment with the College. These employees have option of correcting the violation by one of the employees resigning his or her position within the days stipulated in Policy 4922 Separation of Employment and Re-Employment.

Any employee who exercises authority to recommend or to approve the hiring of an individual or the assignment, reassignment, transfer, or promotion of an employee shall exercise due diligence to ensure that such hiring, assignment, reassignment, transfer or promotion does not result in an employment relationship that violates this policy. Failure to exercise due diligence shall subject the employee to sanctions, including, termination of employment.

MANUAL OF POLICY

Title	Employment and Supervisory Relationship of Close Relatives	4212
Legal Authority	Approval of the Board of Trustees	Page 3 of 4
Date Approved by Board	As Amended by Board Minute Order dated May 26, 2020	

The provisions of this Policy shall be cumulative to the provisions of Policy 4216 Harassment, Discrimination, and Sexual Misconduct which prohibits certain employee consensual relationships.

III. Definitions

~~Close~~ Relatives – shall mean persons related to each other within the *first, second, or* third degree of consanguinity (blood relatives) or *within the first or* second degree of affinity (relatives by marriage), as computed under the civil law method.

~~Directly~~ – shall mean if employee A supervises employee B, and employee B supervises employees C, D, and E, then, employee A directly supervises employee B, and employee B directly supervises employees C, D, and E.

~~Indirectly~~ – shall mean if employee A supervises employee B, and employee B supervises employees C, D, and E, then employee A indirectly supervises employees C, D, and E and any other employee being supervised by the chain of command under Employee B.

Direct or Indirectly - One relative serves as an immediate supervisor for another relative or as a supervisor in a higher level in the chain of command of another relative.

Method of Computing Degree of Consanguinity and Affinity Relationship

~~The method of computing degrees of consanguinity and affinity relationship of individuals is the civil law method, as follows:~~

The degree of consanguinity and affinity between individuals is determined as follows:

CONSANGUINITY (blood relatives)

- | | |
|--|---|
| 1 st degree of consanguinity: | parents or children (includes adopted children) |
| 2 nd degree of consanguinity: | brother, sister, grandparents, or grandchildren |
| 3 rd degree of consanguinity: | great grandparents, great-grandchild, aunt who is a sister of a parent of the individual, uncle who is a brother of a parent of the individual, nephew who is a child of a brother or sister of the individual, or niece who is a child of a brother or sister of the individual. |

There is no distinction between half-blood and full-blood relations. Half-blood relations fall within the same degree as those of the full blood.

AFFINITY (relatives by marriage)

- | | |
|-------------------------------------|--|
| 1 st degree of affinity: | spouse, mother-in-law, father-in-law, daughter-in-law, son-in-law, step-son, <i>or</i> step-daughter |
| 2 nd degree of affinity: | brother-in-law or sister-in-law (spouse's brother or sister; or brother or sister's spouse), spouse's grandparents, <i>spouse's</i> grandchildren. |

~~Strikethrough denotes deletion~~

Italics denotes addition

MANUAL OF POLICY

Title **Employment and Supervisory Relationship of** **4212**
~~Close~~ Relatives

Legal Authority **Approval of the Board of Trustees** **Page 4 of 4**

Date Approved by Board ***As Amended by Board Minute Order dated May 26, 2020***

IV. History

Origination Date Approved by Board	November 26, 2019
Date Reviewed and Approved by Board	November 26, 2019 May 26, 2020

Review and Recommend Action to Suspend Employee Tuition and Fee Reimbursement Program and the Tuition and Fee Waiver for Eligible Family Members of Regular Faculty and Staff for FY 2020 – 2021 Funded by the Auxiliary Fund

Approval to Suspend Employee Tuition and Fee Reimbursement Program and the Tuition and Fee Waiver for Eligible Family Members of Regular Faculty and Staff for FY 2020 – 2021 funded by the Auxiliary Fund will be requested at the May 26, 2019 Board meeting.

Purpose – To suspend the Employee Tuition and Fee Reimbursement Program and the Tuition and Fee Waiver for Eligible Family Members of Regular Faculty and Staff for FY 2020 – 2021 funded by the Auxiliary Fund due to COVID-19 Pandemic effects on the Auxiliary funds.

Justification – The Employee Tuition and Fee Reimbursement Program and the Tuition and Fee Waiver for Eligible Family Members of Regular Faculty and Staff for FY 2020 – 2021 is funded from commissions collected from the bookstore and vending services (snacks and beverage) budgeted in the Auxiliary fund.

Due to COVID-19 Pandemic, a reduction in Auxiliary fund revenue is anticipated, therefore reduction in budgeted expenses will be necessary. Administration is therefore recommending to suspend the Employee Tuition and Fee Reimbursement Program and the Tuition and Fee Waiver for Eligible Family Members of Regular Faculty and Staff for FY 2020 – 2021.

Background – The Board adopted Policy #4330: *Professional Development Plan for Eligible Regular Full-Time Faculty and Staff* in February 9, 1995 and Policy #4334: *Tuition and Fee Waiver for Eligible Family Members of Regular Faculty and Staff* in February 9, 1995 to provide opportunity for regular full-time faculty and staff and eligible family members of regular faculty and staff to participate in meaningful professional development activities in keeping with the mission and goals for South Texas College.

The Professional Development Plan maintained by the Office of Human Resources includes two programs supported by Auxiliary Funds, as follows:

Program	FY 2019 – 2020 Auxiliary Budget
Tuition and Fee Waiver for Eligible Family Members of Regular Faculty and Staff	\$124,729
Employee Tuition and Fee Reimbursement Program	\$23,759
Total:	\$148,488

Revenue reductions are projected for bookstore commission, vending machine commissions, and interest revenue totaling approximately \$267,000. Budget for Other Auxiliary accounts such as staff development college-wide, student initiatives, and administrative meetings are also being reduced or eliminated in order to balance the Auxiliary fund in light of the revenue reduction.

Enclosed Documents – Policy #4330: *Professional Development Plan for Eligible Regular Full-Time Faculty and Staff* and Policy #4334: *Tuition and Fee Waiver for Eligible Family Members of Regular Faculty and Staff* follow in the packet for the Committee's information and review.

Dr. Shirley A. Reed, President, and Mary Elizondo, Vice President for Finance and Administrative Services, will be present at the May 12, 2020 Finance and Human Resources Committee meeting to address any questions by the committee.

It is requested that the Finance and Human Resources Committee recommend for Board approval at the May 26, 2020 Board meeting, to Suspend Employee Tuition and Fee Reimbursement Program and the Tuition and Fee Waiver for Eligible Family Members of Regular Faculty and Staff for FY 2020 – 2021 funded by the Auxiliary Fund as presented.

MANUAL OF POLICY

Title	Professional Development Plan for Eligible Regular Full-Time Faculty and Staff	4330
Legal Authority	Approval of the Board of Trustees	
Date Approved by Board	Board Minute Order dated February 9, 1995 As Amended by Board Minute Order dated August 14, 1997 As Amended by Board Minute Order dated April 28, 2005	

South Texas College offers a comprehensive Professional Development Plan which provides the opportunity for regular full-time faculty and staff to participate in meaningful professional development activities in keeping with the mission and goals for South Texas College.

The Professional Development Plan is offered subject to availability of funds. The President or designee has the authority and responsibility, with the appropriate participation of the faculty and staff, to develop and administer guidelines for the plan, which is maintained by the Office of Human Resources.

MANUAL OF POLICY

Title	Tuition and Fee Waiver for Eligible Family Members of Regular Faculty and Staff	4334
Legal Authority	Approval of the Board of Trustees	
Date Approved by Board	Board Minute Order dated February 9, 1995 As Amended by Board Minute Order dated August 14, 1997 As Amended by Board Minute Order dated February 15, 2001 As Amended by Board Minute Order dated April 28, 2005	

South Texas College is committed to lifelong learning opportunities for its regular full-time faculty and staff and their eligible family members. As a result, South Texas College offers a tuition and fee waiver to eligible family members of regular full-time faculty and staff for eligible credit courses taken at the College.

These waivers are subject to the availability of funds and subject to the appropriate Professional Development Plan guidelines. The President or designee has the authority and responsibility, with the appropriate participation of the faculty and staff, to develop and administer guidelines for the Professional Development Plan, which is maintained by the Office of Human Resources.

Discussion and Action as Necessary on the Operation of the College Bookstore Contract Modification

On April 15, 2020, Barnes & Noble College Booksellers contacted the College; to request contract modifications for the period beginning November 1, 2019 through October 31, 2020 to become effective April 1, 2020.

Purpose – To discuss the contract modification options provided by Barnes & Noble College Booksellers to their current contract.

Justification and Benefit – Barnes & Noble provided modification options to their current contract due to COVID-19 and the College's closure and transition to online classes. The modification options requested are for only one year of the five-year contract.

Within the existing contract, the force majeure clause provides the possibility for either party to amend the contract due to a governmental regulations or controls, or acts of God. Due to this uncontrollable event, Barnes and Noble has asked that the College consider a modification to the existing contract.

The terms of the current contract are as follows:

- The vendor is currently obligated to pay the College the greater of the Minimum Annual Guarantee or the total commissions received on Commissionable Sales and Digital Sales during the period.
- The vendor remits commissions on a periodic basis during the term. If the total commissions are less than the Minimum Annual Guarantee, the vendor pays the difference to the College at the end of the period.

The current and proposed modified terms are as follows:

Terms	11/1/19 to 10/31/24 Current Terms (Section 14)	11/1/19 to 10/31/20 * Proposed Modified Terms	
Options		Option 1	Options 2
11/1/19 to 10/31/20 Minimum Annual Guaranteed	\$500,000	\$300,000	\$0
Commissionable Sales	<ul style="list-style-type: none"> • 14.5% of Commissionable Sales up to \$2,000,000.00 • 15.5% of Commissionable Sales from \$2,000,001.00 to \$3,000,00.00 • 17% of Commissionable Sales in excess of \$3,000,000.00 	\$0	<ul style="list-style-type: none"> • 14.5% of Commissionable Sales up to \$2,000,000.00 • 15.5% of Commissionable Sales from \$2,000,001.00 to \$3,000,00.00 • 17% of Commissionable Sales in excess of \$3,000,000.00

*According to Barnes & Noble College Booksellers, the contract terms will revert back to original payment of a minimum guaranteed original payment of \$500,000 for the period of 11/01/20 to 10/31/21.

In summary, the proposed modification seeks to reduce the Minimum Annual Guarantee by \$200,000 and requires the College to choose, prior to the end of the period, to accept either the revised Minimum Annual Guarantee or the total Commissions.

Background - On August 27, 2019, the Board of Trustees awarded a five-year contract to Barnes & Noble College Booksellers, for the period beginning November 1, 2019 through October 31, 2024.

The current and previous commission history reports are as follows:

Current Contract	Commission Amount
November 2019 – February 2020	\$173,797.34
Previous Contract	
November 2018 – October 2019	\$487,495.00
November 2017 – October 2018	\$538,879.00
November 2016 – October 2017	\$607,112.00
November 2015 – October 2016	\$601,327.00
November 2014 – October 2015	\$593,622.00

Projected Sales:

Sales for the Summer term are difficult to project at this point, however it is anticipated that sales will be significantly reduced due to the campus closure to students from March 23, 2020 to August 23, 2020. Therefore, due to the uncertainty of bookstore sales, Administration recommends Option 1, reducing the minimum annual guaranteed from \$500,000 to \$300,000.

Enclosed Documents – The Barnes & Noble College Booksellers Contract Modification Options letters, Section 14, page 18 of the Contract, and Section 19, pages 23 and 24 of the Contract follow in the packet for the Committee's information and review.

Mary Elizondo, Vice President for Finance and Administrative Services, George McCaleb, Director of Facilities Operations and Maintenance, and Becky Cavazos, Director of Purchasing will be present at the May 12, 2020 Finance and Human Resources Committee meeting to address any questions by the committee.

It is requested that the Finance, Audit, and Human Resources Committee make a recommendation to the full Board at the May 26, 2020 Board meeting to modify the current Barnes & Noble College Booksellers contract using Option 1, reducing the minimum annual guarantee from \$500,000 to \$300,000, for the period beginning November 1, 2019 through October 31, 2020, effective April 1, 2020, as presented.

April 15, 2020

George McCaleb
Director of Operations
South Texas College

Re: Agreement for Bookstore Services dated November 1, 2019 ("Agreement")

Dear George:

I understand that Courtney has reached out to you to discuss the impact COVID-19 is presenting to our business and our ability to serve your campus. As a result, we'd like to make temporary adjustments to certain financial terms in the Agreement. This letter outlines our understanding of that arrangement.

Effective April 1, 2020 the Minimum Annual Guarantee as stated in Section 14 of the Agreement shall be reduced from \$500,000 to \$300,000 for the contract year of November 2019 through October 2020. Thereafter, effective November 1, 2020 and in accordance with Section 14 of the Agreement, the Minimum Annual Guarantee will recommence at \$500,000.

Except as expressly modified in this letter, all other terms and conditions of the Agreement shall remain the same. All capitalized terms used but not defined in this letter refer to the definitions in the Agreement.

If you agree with the terms outlined above, please confirm by signing below and returning a copy of this letter to me at your earliest possible convenience.

We highly value our relationship with you and your campus community, and we are committed to providing the highest level of service we can through these unprecedented times.

Please let me know if you have any questions or would like to discuss the above. As always, I thank you in advance for your consideration and for your ongoing support and partnership.

Very truly yours,

Kimberly Otte
Vice President, Stores

ACKNOWLEDGED AND AGREED:
South Texas College

Sign: _____

April 15, 2020

George McCaleb
Director of Operations
South Texas College

Re: Agreement for Bookstore Services dated November 1, 2019 ("Agreement")

Dear George:

I understand that Courtney has reached out to you to discuss the impact COVID-19 is presenting to our business and our ability to serve your campus. As a result, we'd like to make temporary adjustments to certain financial terms in the Agreement. This letter outlines our understanding of that arrangement.

Effective April 1, 2020 the Minimum Annual Guarantee as stated in Section 14 of the Agreement shall be eliminated in its entirety for the contract year of November 2019 through October 2020 ("Period"). During the Period, Barnes & Noble College will pay your institution the Commissionable Sales Commission and Digital Sales Commission as described in Section 14 of the Agreement. Thereafter, effective November 1, 2020 and in accordance with Section 14 of the Agreement, the Minimum Annual Guarantee will recommence at \$500,000.

Except as expressly modified in this letter, all other terms and conditions of the Agreement shall remain the same. All capitalized terms used but not defined in this letter refer to the definitions in the Agreement.

If you agree with the terms outlined above, please confirm by signing below and returning a copy of this letter to me at your earliest possible convenience.

We highly value our relationship with you and your campus community, and we are committed to providing the highest level of service we can through these unprecedented times.

Please let me know if you have any questions or would like to discuss the above. As always, I thank you in advance for your consideration and for your ongoing support and partnership.

Very truly yours,

Kimberly Otte
Vice President, Stores

ACKNOWLEDGED AND AGREED:
South Texas College

Sign: _____

- B. **"Commissionable Sales"** shall be defined as Gross Sales less:
- Voids
 - Customer refunds
 - Handling fees associated with the non-return of rental textbooks
 - Pure Digital Course Materials Sales
 - Discounted sales to authorized College Departments and Faculty/Staff
 - Discounts (provided that the discount amount thereof was included in Gross Sales)
 - Sales tax paid by Contractor to any government agency which was collected from customers
 - Computer hardware sales (e.g., laptop computers, desktop computers, tablets, etc.)
 - Sales made at no margin by Contractor at the request of the College
- C. **"Pure Digital Course Materials"** shall be defined as digital-only content that is adopted by College Faculty as course materials for academic instruction, and sold at a gross margin less than twenty percent (20%). Pure Digital Course Materials Sales, regardless of margin amount, shall not include sales of Net-Priced Bundled Packages or any other bundled packages of Course Materials adopted by College Faculty that include physical content and digital content, including, but not limited to, textbook, workbook, course packets, CD/DVD, custom published printed materials or other physical course materials bundled with a passcode for access to digital content. These bundled course materials of physical and digital content as well as Pure Digital Course Materials with a gross margin exceeding 20% shall be included in the calculation of Commissionable Sales for the full commission rates.
- D. **"Minimum Annual Guarantee"** shall be in the amount of Five Hundred Thousand Dollars (\$500,000.00).
- E. The **"Commissionable Sales Commission"** shall be as follows: 14.5% of Commissionable Sales up to \$2,000,000.00; 15.5% of Commissionable Sales from 2,000,001.00 to \$3,000,000.00; and 17.0% of Commissionable Sales in excess of \$3,000,000.00.
- F. The **"Digital Sales Commission"** shall be as follows: 7.0% of the sale of Pure Digital Course Materials.
- 14.2 Contractor shall make payments to College as follows:
- A. During each Agreement Year of the Term or any Renewal Term of this Agreement, Contractor shall pay to the College the Minimum Annual Guarantee or the sum of (i) the Commissionable Sales Commission and (ii) the Digital Sales Commission, whichever is greater.
- B. The sum of the Commissionable Sales Commission plus the Digital Sales Commission shall be paid by Contractor to College on or before the thirtieth (30th) day of each month, via electronic funds transfer (EFT), for business transacted

- 18.2 The College or a subsequent contractor shall pay Contractor for purchases made pursuant to this Section 18.1 within thirty (30) days from the last day of the Term or Renewal Term of this Agreement.
- 18.3 All national textbook rental titles shall be collected by Contractor at the termination of the Agreement and will be the property of Contractor.
- 18.4 Contractor shall have the option to use, at no cost to Contractor, the existing furniture, fixtures, and equipment located within the Bookstore locations that are owned by or will become the property of College as of the first day of the Term of this Agreement. Any furniture, fixtures, or equipment owned by College and located in any of the Bookstore locations that Contractor chooses not to use in connection with this Agreement shall be turned over to College.
- 18.5 Contractor shall be responsible to maintain, at its sole expense, any furniture, fixtures, and equipment located within the Bookstore. At the expiration, termination, or non-renewal of this Agreement, Contractor shall return to College all furniture, fixtures, and equipment owned by College in the same condition Contractor received the furniture, fixtures and equipment for use hereunder, excepting normal wear and tear.
- 18.6 WITH RESPECT TO FURNITURE, FIXTURES, AND EQUIPMENT PROVIDED BY COLLEGE, IF ANY, COLLEGE MAKES NO IMPLIED OR EXPRESS WARRANTIES, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF FUNCTIONALITY AND FITNESS FOR A PARTICULAR PURPOSE. UNLESS OTHERWISE SPECIFICALLY AGREED, ANY COLLEGE FURNITURE, FIXTURES, AND EQUIPMENT OFFERED FOR CONTRACTOR'S USE IS SUPPLIED IN "AS IS" CONDITION AND CONTRACTOR SHALL USE IT AT ITS OWN RISK.

19. Severability; Force Majeure; Entire Agreement:

- 19.1 The presence in the text of this Agreement of any clause, sentence, provision, paragraph or article that is held to be invalid, illegal or ineffective by a court of competent jurisdiction shall not impair, invalidate or nullify the remainder of this Agreement. The effect of any such holding shall be confined to the portion so held invalid.
- 19.2 Contractor and College shall be excused for the period of any delay in performance of any obligations hereunder when prevented from doing so by the wrongful or negligent acts or omissions of the other party or by causes beyond either party's control, which shall include all labor disputes, civil disturbance, reasonably unforeseeable weather conditions, war, invasions, military or usurped power, sabotage, governmental regulations or controls (including bona fide delays in obtaining building and similar permits and approvals), fires or other casualty, or acts of God. If the performance of either party is delayed or prevented by such an event, both parties shall be excused from performing their obligations hereunder while and to the extent the conditions arising from the event exist, after which the parties' performance shall be resumed. A delay or failure in performance by either

party under this paragraph shall not constitute default hereunder, or give rise to any claim for damages.

- 19.3 This Agreement constitutes the entire agreement between the parties and supersedes any and all agreements, either oral or written, between College and Contractor with respect to the subject matter hereof. This Agreement shall be binding upon and shall inure to the benefit of College and Contractor and their successors and assigns.
- 19.4 The headings and captions used in this Agreement are for convenience only and do not constitute substantive matters to be considered in construing its terms.
- 19.5 When used in this Agreement, College includes all segments of the institution including all alumni, athletic and academic departments.

20. Risk of Loss Independent; Contractor Status; Publicity:

- 20.1 Contractor accepts the risk of loss or damage to its inventory and equipment while in transit to and from College's premises, or while on display within College's premises that are provided for Contractor's operations, except to the extent the loss or damage is caused by College or its employees or agents. College shall not be responsible for safeguarding Contractor's equipment and inventory in any manner whatsoever. Nothing in this section shall operate to bar Contractor from seeking recovery of damages from individuals responsible for any theft of inventory or damage to equipment.
- 20.2 The relationship of the parties under this Agreement is that of independent contractors, and nothing in this Agreement is intended to be construed so as to suggest that the parties hereto are partners, joint venturers, associates, or agents of the other. Neither Contractor nor College will bind or attempt to bind the other party to any agreement or contract and will not hold itself out as or claim to be an officer, partner, employee or agent of the other party.
- 20.3 Except as required for its performance or specifically permitted hereunder, Contractor agrees that it shall not publicize this Agreement or disclose, confirm or deny any details thereof to third parties or use any photographs or video recordings of College's name in connection with any sales promotion or publicity event without the prior express written approval of College. The names, trademarks, and logos of each party are the exclusive property of such party, and each party reserves all rights in and to its own marks. Each party shall use the marks of the other party only in connection with its performance under this Agreement, provided, however, Contractor may use College's name in any of its required public filings.

21. Non-Waiver of Defaults; Governing Law; Venue:

- 21.1 Any failure of a party, at any time, to enforce or require the strict keeping and performance of any of the terms and conditions of this Agreement shall not