

South Texas College
Board of Trustees
Finance, Audit, and Human Resources Committee

Ann Richards Administration Building A, Conference Room A 142

Pecan Campus, McAllen, Texas

Tuesday, April 9, 2024 @ 5:00 p.m.

Agenda

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

I.	Approval of March 5, 2024 Finance, Audit, and Human Resources Committee Minutes.....	1-13
II.	Discussion and Action as Necessary on Guidelines and Criteria for Granting Tax Abatements and Approval of Resolution 2024-008 for Electing to Participate in Tax Abatement Agreements and Adopting Guidelines and Criteria	14-38
III.	Discussion and Action as Necessary on Monte Cristo Phase II Windpower, LLC (Terra-Gen Development Company, LLC) Tax Abatement Application.....	39-58
IV.	Review and Discussion of Mission Economic Development Authority (MEDA) Scholarship Fund Trust with Edward Jones for Student Scholarships and Report on Funds Distributed and Awarded	59-68
V.	Review and Action as Necessary on Award of Proposals, Purchases, Renewals, and Interlocal Agreement.....	69-94

Award of Proposals

- 1) Audio Video Production Services (Award)
- 2) Technology Campus Building B Analog to Digital Audio Visual Upgrade (Award)
- Purchases and Renewals - Instructional Items – **Grant Funded**
- 3) Training Manikins (Purchase) – **Grant Funded**
- 4) Subscription Training and Equipment Partnership Lease Agreement (Renewal)
- Purchases and Renewals - Non-Instructional Items
- 5) Internet Managed Services Agreement (Purchase)
- 6) Network Equipment, Licenses and Accessories (Purchase)
- 7) Server Hardware Equipment (Purchase) – **Grant Funded**
- 8) Furniture (Purchase)
- Purchases and Renewals - Technology Items
- 9) Computers, Laptops, Tablets, and Monitors (Purchase)
- Interlocal Agreement
- 10) Facility Usage Agreement (Lease/Purchase)

VI.	Review and Recommend Action to Renew the Hidalgo County Agreement for Tax Assessment Collection.....	95-97
VII.	Review and Recommend Action to Renew the Starr County Agreement for Tax Assessment Collection.....	98-100
VIII.	Review and Discussion of FY 2024 – 2025 Budget Development.....	101-109
IX.	Review and Recommend Action to Adopt New Business and Support Services Policies and Retire Current Policy	110-132
	A-1. Adopt CAK (Local) Appropriations and Revenue Sources – Investments	
	A-2. Retire Policy #5120: Investment Policy	
	B-1. Adopt CU (Local) Research	

**Approval of March 5, 2024 Finance, Audit, and Human Resources Committee
Minutes**

The Minutes for the Finance, Audit, and Human Resources Committee Meeting of March 5, 2024, 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 5, 2024 @ 5:00 p.m.**

Minutes

The Finance, Audit, and Human Resources Committee Meeting was held on Tuesday, March 5, 2024 in the Ann Richards Administration Building Board Room at the Pecan Campus in McAllen, Texas. The meeting commenced at 5:42 p.m. with Mr. Rene Guajardo presiding.

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

Other Trustees Present: Ms. Rose Benavidez

Members absent: None

Also present: Dr. Ricardo J. Solis, Mrs. Mary Elizondo, Dr. Anahid Petrosian, Mr. Matthew Hebbard, Dr. Jesus Campos, Dr. Brett Millan, Mr. Javier Villalobos, Mrs. Myriam Lopez, Mr. George McCaleb, Mrs. Lynda Lopez, Ms. Deyadira Leal, Ms. Alicia Correa, Mr. Lucio Gonzalez, Ms. Alina Cantu, Mr. Ken Lyons, Ms. Annel Perez, Mr. Daniel Montez, Mrs. Kelly Salazar, Mr. Christian Heneghan, and Mr. Andrew Fish.

**Approval of February 13, 2024 Finance, Audit, and Human Resources
Committee Minutes**

Upon a motion by Dr. Alejo Salinas, Jr. and a second by Mr. Paul R. Rodriguez, Finance, Audit, and Human Resources Committee approved the Minutes for the Meeting of February 13, 2024 as written. The motion carried.

**Discussion and Action as Necessary on City of Alton Tax Resale
Private Bid and Resolution #2024-012 Authorizing Tax Resale Private
Bid**

Purpose and Justification – Administration requested the Committee recommend Board approval of a City of Alton Tax Resale Private Bid and Resolution #2024-012 authorizing the Tax Resale Bid of one (1) property as requested for consideration and possible action by the law office of Linebarger Goggan Blair & Sampson, LLP.

The Texas Property Tax Code requires approval from all taxing entities for the resale of a property.

Background - On July 31, 2023, Linebarger Goggan Blair & Sampson, LLP received a Private Bid from the City of Alton for one (1) property located within Hidalgo County, and it is presented for consideration.

Linebarger Goggan Blair & Sampson, LLP the analysis of the bid received. The total amount the College would receive for this property was \$3,158.04.

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 Committee packet, the private bid is pending approval by Hidalgo County Drainage District No.1, the City of Alton, South Texas Independent School District, United Irrigation District, and the Mission Consolidated Independent School District.

Enclosed Documents – The Resolution, 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 the Committee meeting to address any questions.

Upon a motion by Mr. Paul R. Rodriguez and a second by Dr. Alejo Salinas, Jr., the Committee recommended Board approval of the City of Alton Tax Resale Private Bid and Resolution #2024-012 Authorizing the Tax Resale Bid as presented. The motion carried.

Review and Action as Necessary on Purchases, Renewals, and Interlocal Agreement

Purpose and Justification – Administration requested the Committee recommend Board approval of the following purchases, renewals, and interlocal agreement at a total cost of \$577,111.96.

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

Upon a motion by Mr. Paul R. Rodriguez and a second by Dr. Alejo Salinas, Jr., the Committee recommended Board approval of the purchases, renewals, and interlocal agreement at a total cost of \$577,111.96, as listed below:

A. Purchases and Renewals - Instructional Items

- 1) Mechanical Drive System and Electric Motor Control System (Purchase) - Grant Funded:** purchase mechanical drive system and an electronic motor control system

from **Technical Laboratory Systems, Inc** (Tech-Labs) (Katy, TX), The Interlocal Purchasing System (TIPS) approved vendor, at a total amount of \$69,215.00;

- 2) **Electromechanical Maintenance Cell Kit (Purchase) – Grant Funded:** purchase electromechanical maintenance cell kit from **Lab Resources Inc** (Tomball, TX), a Choice Partners approved vendor, at a total amount of \$78,035.00;

B. Purchases and Renewals - Non-Instructional Items

- 3) **Network Equipment Replacements (Purchase):** purchase of a network equipment replacement from **Netsync Network Solutions** (Houston, TX), a State of Texas Department of Information Resources (DIR) approved vendor, at a total cost of \$194,720.48.
- 4) **Public Safety Equipment for Police Units (Purchase):** purchase public safety equipment for police units from **South Texas Communications** (McAllen, TX), a Texas Association of School Boards (TASB) Buyboard approved vendor, for an estimated total amount of \$51,315.24;
- 5) **Building Moving Services II (Renewal):** renew the building moving services - II contract with **Zuniga’s House Mover, LLC** (San Juan, TX), for the period beginning June 1, 2024 through May 31, 2025, at an estimated total amount of \$50,000.00;
- 6) **Insurance Risk Management Consultant Services (Renewal):** renew the insurance risk management consultant services contract with **Acrisure, LLC/dba Carlisle Insurance** (Corpus Christi, TX), for the period beginning June 1, 2024 through May 31, 2025, an estimated total amount of \$25,000.00;

C. Purchases and Renewals - Technology Items

- 7) **Computers, Laptops, Tablets, Keyboards, and Monitors (Purchase):** purchase of computers, laptops, tablets, keyboards, and monitors as follows:

Vendor	Purchasing Cooperative	Amount
Dell Marketing, LP. (Dallas, TX)	State of Texas Department of Information Resources (DIR)	\$83,052.65
Apple, Inc. (Dallas, TX)	Choice Partners Cooperative	\$4,152.00
	Total Amount	\$87,204.65

D. Interlocal Agreement

- 8) **Facility Rental Agreement (Rental):** facility rental agreement with the **City of McAllen** (McAllen, TX), through an interlocal agreement, for the rental of the McAllen Convention Center for September 26 and 27, 2024, at an estimated total amount of \$10,810.80.

The motion carried.

Discussion and Action as Necessary on Reestablishing the Valley Metro Purple Line Transportation Route for FY 2024 – 2025

Purpose and Justification – Administration requested the Committee recommend Board approval on reestablishing the Valley Metro Purple Line transportation route with the LRGVDC for FY 2024 – 2025 due to increased requests for service.

The Purple Line Route connects the STC Mid-Valley Campus to the STC Nursing campus. This was suspended by the LRGVDC since October 2020 due to low ridership during the pandemic and lack of bus drivers.

In Fall 2023, the College began receiving an increased number of requests for transportation to and from the STC Mid-Valley Campus to the McAllen Campuses. There were requests from students, parents, and faculty/staff on behalf of their students for a transportation solution to connect the Mid-Valley and McAllen campuses.

The College was in communication with Valley Metro Transit, who confirmed they would be able to operate the route for FY 2024 - 2025. In November 2023, Valley Metro Transit provided an estimated annual budget of \$171,288 to operate the Purple Line Route for the fiscal year. The total cost to the College was \$71,130. The anticipated costs were as follows:

FY 2024 - 2025	Amount
Total Operating Cost for Services – Purple Line	\$171,288
Contributions:	
State/Federal Operating	\$(100,158)
City of Weslaco	TBD
Economic Development Corporation of Weslaco	TBD
Total Net Cost to STC	\$71,130
STC Payment to LRGVDC – Purple Line (Mid-Valley)	\$71,130
Total Net Cost to South Texas College	\$71,130

For FY 2024, the total net cost was \$327,869. The projected total for FY 2025 including the Purple Line would total \$398,999.

Previously, when the Purple Line Route was in service, the City of Weslaco and the Economic Development Corporation of Weslaco would contribute funds to the College for the operating cost of the route. The College has reached out to both entities to receive guidance on the process of requesting funding for the Purple Line Route pending feedback from the Board of Trustees. The Vice President of Institutional Advancement and Economic Development has been notified.

Enclosed Documents - The presentation on anticipated costs was provided in the packet for the Committee's information and review.

Mary Elizondo, Vice President for Finance and Administrative Services, and Alina O. Cantu, Public Safety and Transportation Services Manager, attended the Committee Meeting to respond to questions.

Upon a motion by Mr. Paul R. Rodriguez and a second by Dr. Alejo Salinas, Jr., the Committee recommended Board approval to reestablish the Valley Metro Purple Line transportation route for FY 2024 – 2025 as presented. The motion carried.

Review and Recommend Action on Proposed Revisions to Tuition and Fees Schedules for FY 2024 – 2025

Purpose and Justification – Administration requested the Committee recommend Board approval of proposed revisions to the Tuition and Fees Schedules for FY 2024 – 2025 for credit students, dual credit students sponsored by partnering school districts, dual credit students - non-sponsored, non-credit students, Regional Center for Public Safety Excellence (RCPSE), child development center students, testing, employee, and non-employee/non-student.

The tuition and fees schedules were separated into nine (9) separate schedules in order to assist the students in easily determining the tuition and fees associated with the type of programs in which they are enrolled.

The proposed revisions to the tuition and fees schedules included the following:

1. Credit Students Tuition and Fees
 - Increase Tuition per credit hour to incorporate the Student Activity Fee for:
 - ⇒ Resident Tuition-In-District Hidalgo & Starr Counties Per Credit Hour:
 - In-District per credit hour
 - ⇒ Resident Tuition-Out Of District-Other Texas Counties Per Credit Hour:
 - Out-of-District per credit hour
 - ⇒ Out-Of-State/International Flat Tuition Rate Per Credit Hour:
 - Out-of-state /International Flat Tuition per credit hour
 - Revision to Mandatory Fees
 - ⇒ Deletion of Student Activity Fee per credit hour
 - Revisions to the Program Specific Fees
 - ⇒ Revision of Information Technology and Other Course Fees, Certification (per course):
 - For the following courses: CPMT was revised from 1166 to 1447
 - ⇒ Addition of the following Programs
 - Architectural & Engineering Design Technology Program Fees
 - Automotive Technology Program Fees
 - Construction Supervision Program Fees
 - Electrician Program Fees
 - HVAC-R Program Fees

- Deletion of Bachelor Degrees Tuition and Fees per Term for In District, Out-of-District, and Out-of-State. This degree courses will be charged the regular tuition depending on residency.
 - ⇒ Computer and Information Technologies
 - ⇒ Medical and Health Services Management
 - ⇒ Organizational Leadership
 - ⇒ Operations Management
- 2. Dual Credit Students Sponsored by Partnering School Districts Tuition and Fees
 - No proposed revisions
- 3. Dual Credit Students - Non-Sponsored Tuition and Fees
 - No proposed revisions
- 4. Non-Credit Students Tuition and Fees
 - No proposed revisions
- 5. Regional Center for Public Safety Excellence (RCPSE) Tuition and Fees
 - Addition to the Fees of a Two-Story Residential Fire Training Structure
- 6. Child Development Center Students Tuition and Fees
 - Revision of the Tuition fee per week from 0 – 17 months and 18 months – 12 years to 0 - 12 years
 - Increase tuition for the 18 months – 12 years
- 7. Testing Fees
 - No proposed revisions
- 8. Employee Fees
 - Child Development Center Fees
 - ⇒ Revision of the Tuition fee per week from 0 – 17 months and 18 months – 12 years to 0 - 12 years
 - ⇒ Increase tuition for the 18 months – 12 years
- 9. Non-Employees/Non-Student Fees
 - Child Development Center Fees
 - ⇒ Revision of the Tuition fee per week from 0 – 17 months and 18 months – 12 years to 0 - 12 years
 - ⇒ Increase tuition for the 18 months – 12 years

Reviewers - The proposed revisions to the Schedules were reviewed by staff and the President's Cabinet.

Enclosed Documents - The nine (9) proposed Schedules were provided in the packet for the Committee's information and review. The proposed revisions were highlighted in yellow on the Schedules.

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

Upon a motion by Mr. Paul R. Rodriguez and a second by Dr. Alejo Salinas, Jr., the Committee recommended Board approval of proposed revisions to the Tuition and Fees Schedules for FY 2024 – 2025 for credit students, dual credit students sponsored by partnering school districts, dual credit students - non-sponsored, non-credit students, Regional Center for Public Safety Excellence (RCPSE), child development center students, testing, employee, and non-employee/non-student as presented. The motion carried.

Presentation on Employee Benefits and Associated Costs, Bereavement Leave, Personal Time Off (PTO), and Impact on Unrestricted Fund Balance

Purpose and Justification – At the October 17, 2023 Finance, Audit, and Human Resources Committee meeting, a Committee Board Member requested information related to Employee Benefits and Associated Costs, Bereavement Leave, Personal Time Off (PTO) Leave, Impact and Impact on Unrestricted Fund Balance, a matrix of total cost of benefits, and the sustainability of the benefits.

On March 5, 2024, Administration provided an update on the requested information, which was included in a presentation.

Background – The presentations, analysis, and reports were as follows:

- Presentation on Employee Benefits and Associated Costs, Bereavement Leave, Personal Time Off (PTO), and Impact on Unrestricted Fund Balance: Exhibit A
- Long-Term Impact of Unexpended Plant Fund Transfers and ERP Project on Unrestricted Fund Balance: Exhibit B

Management was continually benchmarking the College's benefits to other institutions to remain competitive in the current environment, and identified other benefits that may be presented in the future.

Enclosed Documents – The Exhibits were provided in the packet for the Committee's information and review.

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

No action was required from the Committee. This item was presented for information purposes.

Update on The College’s Enterprise Resource Planning (ERP) System

Purpose and Justification – At the September 12, 2023, Public Hearing and Special Board Meeting, the Board of Trustees approved the purchase of Workday.

Mary Elizondo, Vice President for Finance and Administrative Services, and Christian Heneghan, Project and Change Manager from Peak Performance, attended the Committee Meeting to provide an update and respond to question.

The Committee deferred the update and discussion to the March 26, 2024 Regular Board Meeting.

Enclosed Documents - A Workday ERP Implementation Status Report presentation was included in the packet for the Committee’s information and review.

No action was required from the Committee. This item was presented for information purposes.

Review and Recommend Action to Adopt New Business and Support Services Policy

Purpose and Justification – Administration recommended Board approval to adopt the new Business and Support Services Policy to align with the Texas Association of School Boards (TASB) policy manual.

This would align the policies with the comprehensive, current, and legally sound policy manual, to strengthen the policies’ language, and to transition policies to standardized format. In addition to the policy, internal procedures are currently in place and would continue to be enhanced.

The adoption of the new policy was recommended as follows:

Adopt New Policy
A-1. CAL (Local) Appropriations and Revenue Sources – Sale, Trade, or Lease of College-Owned Property

Background – On March 31, 2020, the Board of Trustees approved an interlocal agreement with TASB for Policy Management Service. Throughout FY 2022, FY 2023, and FY 2024, current College board policies would be reviewed, retired, and transitioned into the TASB formatted policies. TASB would then provide a comprehensive, current, and legally sound Policy Manual.

Reviewers – The new policy was reviewed by staff, administrators, TASB staff, STC Legal Counsel, and the Vice President for Finance and Administrative Services.

Enclosed Documents – The new policy was provided in the packet for the Committee’s information and review.

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

At the March 5, 2024 Committee meeting, Mr. Paul R. Rodriguez noted that the proposed Policy title referenced “Sale, trade, or lease...” but the policy itself only addressed the issue of leasing.

Mr. Rodriguez also noted that the policy authorized the College President to negotiate leases, but did not specify whether the College President also had authority to execute the negotiated lease, or whether the negotiated lease would need to be presented to the Board of Trustees for approval.

Administration agreed to review these concerns with TASB and provide clarification and/or revisions for the Board’s consideration.

The Committee took no action on the item, and advised administration to take it directly to the Board once the issues had been resolved with TASB.

Review and Recommend Action to Adopt New Instruction Policies and Retire Current Policies

Purpose and Justification – Administration recommended Board approval to adopt new Instruction Policies and retire current policies to align with the Texas Association of School Boards (TASB) policy manual.

This would align the policies with the comprehensive, current, and legally sound policy manual, to strengthen the policies’ language, and to transition policies to standardized format. In addition to the policy, internal procedures are currently in place and would continue to be enhanced.

The adoption of new and/or retired policies were as follows:

Adopt New Policy	Retired Policy(ies)	Retired Policy Content Transition
A-1. EDA (Local) Instructional Resources – Instructional Material	A-2. Policy #3236: Guidelines for Adoption and Ordering of Textbooks	All of the content from the retired policy is included in the new local policy.

B-1. EE (Local) Curriculum Development	B-2. Policy #3100: Educational Program Development	All of the content from the retired policy is included in the new local policy.
C-1. EFB (Local) Curriculum Design – Degrees and Certificates	C-2. Policy #3340: Degree, Certificate, and Award Designations	Some of the content from the retired policy is included in both the new local policy and a procedure, handbook, manual, etc.
D-1. EGAA (Local) Grading and Credit – Credit by Examination	N/A	N/A
E-1. EGAB (Local) Grading and Credit - Examinations	N/A	N/A

Background – On March 31, 2020, the Board of Trustees approved an interlocal agreement with TASB for Policy Management Service. Throughout FY 2022, FY 2023, and FY 2024, current College board policies would be reviewed, retired, and transitioned into the TASB formatted policies. TASB would then provide a comprehensive, current, and legally sound Policy Manual.

Reviewers – The new and retired policies were reviewed by staff, administrators, TASB staff, STC Legal Counsel, the Faculty Senate, the Vice President and Provost for Academic Affairs, and the Vice President for Student Affairs and Enrollment Management.

Enclosed Documents – The new and or retired policies were provided in the packet for the Committee’s information and review.

Dr. Anahid Petrosian, Vice President and Provost for Academic Affairs, Dr. Brett Millan, Associate Vice President for Academic Success and Advancement, Matthew Hebbard, Vice President for Student Affairs and Enrollment Management, and Cynthia Blanco, Director of Student Records and Registrar, attended the Committee Meeting to address questions.

Upon a motion by Dr. Alejo Salinas, Jr. and a second by Mr. Paul R. Rodriguez, the Committee recommended Board approval to adopt new Instruction Policies and retire current policies as presented, and which supersedes any previously adopted Board policy. The motion carried.

Review and Recommend Action to Adopt New Personnel Policies and Retire Current Policies

Purpose and Justification – Administration recommended Board approval to adopt new Business and Support Services Policies and retire current policies to align with the Texas Association of School Boards (TASB) policy manual.

This would align the policies with the comprehensive, current, and legally sound policy manual, to strengthen the policies' language, and to transition policies to standardized format. In addition to the policy, internal procedures are currently in place and would continue to be enhanced.

The adoption of new and/or retired policies were as follows:

Adopt New Policy	Retired Policy(ies)	Retired Policy Content Transition
A-1. DC (Local) Employment Practices	A-2. Policy #4110: Filling of Vacancies A-3. Policy # 4112: Self-Reporting of Criminal Conduct A-4. Policy # 4113: Employment of Applicants in Security Sensitive Positions A-5. Policy # 4114: Authorization to Conduct Background Checks A-6. Policy #4115: Personnel Appointments A-7. Policy #4120: Orientation of Employees	All of the content from the retired policy is included in a procedure, handbook, and/or manual, etc.
B-1. DHC (Local) Employee Standards of Conduct – Employee Solicitations	B-2. Policy # 4810: Solicitation of Employees	All of the content from the retired policy is included in the new local policy.

Background – On March 31, 2020, the Board of Trustees approved an interlocal agreement with TASB for Policy Management Service. Throughout FY 2022, FY 2023, and FY 2024, current College board policies would be reviewed, retired, and transitioned into the TASB formatted policies. TASB would then provide a comprehensive, current, and legally sound Policy Manual.

Reviewers – The new and retired policies were reviewed by staff, administrators, TASB staff, STC Legal Counsel, and the Vice President for Finance and Administrative Services.

Enclosed Documents – The new and or retired policies were provided in the packet for the Committee's information and review.

Mary G. Elizondo, Vice President for Finance and Administrative Services, and Dr. Zachary Suarez, Executive Director of Human Resources and Talent Development, attended the Committee Meeting to address questions.

Upon a motion by Dr. Alejo Salinas, Jr. and a second by Mr. Paul R. Rodriguez, the Committee recommended Board approval to adopt new Personnel Policies and retire current policies as presented, and which supersedes any previously adopted Board policy. 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 6:50 p.m.

I certify that the foregoing are the true and correct Minutes of the March 5, 2024 Finance, Audit, and Human Resources Committee Meeting of the South Texas College Board of Trustees.

Mr. Rene Guajardo, Presiding

Discussion and Action as Necessary on Guidelines and Criteria for Granting Tax Abatements and Approval of Resolution 2024-008 for Electing to Participate in Tax Abatement Agreements and Adopting Guidelines and Criteria

Purpose and Justification – Administration requests the Committee recommend Board approval of the guidelines and criteria for granting tax abatements and resolution 2024-008 for electing to participate in tax abatement agreements and adopting guidelines and criteria with two (2) year period from the adoption date.

Property Tax Code Chapter 32 authorizes a taxing unit to enter into a tax abatement agreement in order to offer a temporary real property and/or tangible personal property tax abatement for a limited period of time as an inducement for financial investment in the development or redevelopment of certain taxable property. The property tax code requires that a taxing unit establish guidelines and criteria governing tax abatement agreements and approve a resolution to allow the College to participate in tax abatements.

Background – If approved, the proposed guidelines would serve for the months of April 2024 to March 2026.

The Board of Trustees adopted the guidelines, criteria, and resolution electing to participate in Tax Abatements on February 22, 2022, for two years, February 2022 through January 2024, on November 22, 2019, for two years, December 2019 through November 2021, on November 28, 2017, for two years, December 2017 through November 2019, and on May 26, 2015, for two years, June 2015 through May 2017.

Reviewers – The College Staff and South Texas College's Legal Counsel have reviewed the proposed guidelines and criteria.

Enclosed Documents – Resolution 2024-008 follows in the packet for the Committee's information and review.

It is requested that the Committee recommend Board approval of the guidelines and criteria for granting tax abatements and resolution 2024-008 for electing to participate in tax abatement agreements and adopting guidelines and criteria with two (2) year period from the adopting date, as presented.

Resolution No. 2024-008

A RESOLUTION OF THE BOARD OF TRUSTEES OF SOUTH TEXAS COLLEGE ELECTING
TO PARTICIPATE IN TAX ABATEMENT AGREEMENTS AND ADOPTING GUIDELINES
AND CRITERIA FOR GRANTING TAX ABATEMENTS

STATE OF TEXAS	§
COUNTY OF STARR	§
AND HIDALGO	§
SOUTH TEXAS COLLEGE DISTRICT	§

WHEREAS, the Board of Trustees of South Texas College, is authorized to enter into Tax Abatement Agreements for Commercial-Industrial purposes as authorized in Chapter 312 of the Texas Tax Code, “Property Redevelopment and Tax Abatement Act” (The “Act”);

WHEREAS, the Act requires South Texas College to establish Guidelines and Criteria for the designation for reinvestment zones and the entering into Tax Abatement Agreements; and

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

NOW, THEREFORE, BE IT RESOLVED that South Texas College declares it is eligible to participate in a Tax Abatement Program.

FURTHER, BE IT RESOLVED that South Texas College hereby adopts the attached Guidelines and Criteria for Tax Abatement for use in all Tax Abatement Programs.

CONSIDERED, PASSED, APPROVED, AND SIGNED this _____ day of _____ at a regular meeting of the Board of Trustees of South Texas College at which a quorum was present and which was held in accordance with the provisions of Texas Government Code Chapter 551.

SOUTH TEXAS COLLEGE

BY: _____
Chairman

ATTEST:

BY: _____
Secretary

April 2024 - March 2026

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

Adopted by Resolution of the Board of Trustees of South Texas College
On April 23, 2024

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

Table of Contents

	Page
Section 1. Definitions.....	1
Section 2. Abatement Authorized.....	4
Section 3. Application.....	5
Section 4. College Approval.....	6
Section 5. Agreement.....	7
Section 6. Recapture.....	8
Section 7. Administration.....	10

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

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

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

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

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

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

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

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

Section 1. Definitions.

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

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

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

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

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

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

Section 2. Abatement Authorized.

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

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

Section 3. **Application.**

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

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

- (c) Local Employment and Procurement. Owner shall, as part of the Application, provide: (i) a list and description of all component parts and equipment which are included in the construction and/or installation of the Facility, (ii) a list of maintenance and operations personnel or professional services anticipated or required for the operation and maintenance of the Facility on an on-going basis; and (iii) the identify of all persons or firms in Starr County and Hidalgo County, or within 100 files thereof, with the capability of providing these services (a complete Schedule I and Schedule II).
- (d) Application Fee. There is a non-refundable application fee of \$2,500.00 due at the time of the application submission. The application fee does not imply that the proposed Abatement will be approved.
- (e) Written Notification. Upon receipt of a completed application, the President shall evaluate the application for a determination of the proposed Facility's compliance with these Guidelines.
- (f) Feasibility. After receipt of an application for Abatement, the College shall consider the feasibility and the impact of the proposed Abatement. The study of feasibility shall include, but not be limited to, an estimate of the economic effect of the Abatement of taxes and the benefit to the College and the Facility to be covered by such Abatement.
- (g) No Abatement if Construction has been Completed. No Agreement shall be approved if the application for the Abatement was filed after the completion of construction, alteration or installation of improvements related to the proposed Modernization, Expansion or New Facility.
- (h) Variance. Requests for variance from the provisions of these Guidelines and Criteria may be made in written form; provided, however, that no variance may extend the term of Abatement beyond five (5) years after completion of the Construction Phase. Such requests shall include a complete description of the circumstances explaining why the applicant should be granted a variance. Approval of a request for variance requires a three-fourths (3/4ths) vote of the board of trustees of the College.

Section 4. **College Approval.**

- (a) Designation of Zone. An Abatement shall be granted only for Facilities in a zone designated for Abatement under the Act by a County.
- (b) Required Findings. The College must adopt findings that the proposed abatement terms of the proposed Agreement meet the College's Guidelines and Criteria.
- (c) Reservation of Rights. Nothing shall be construed to limit the authority of the College to examine each application for Abatement on a case-by-case basis and determine in its sole

and absolute discretion whether or not abatement of the tax on the proposed Facility should be granted; whether or not the Facility will comply with these Guidelines and Criteria; whether it is financially feasible for the College, and whether or not the proposed temporary abatement of taxes will inure to the long-term benefit of the College. On matters of interpretation of the Tax Code or the Tax Abatement Act, the College may request an Attorney General' Opinion. The College's final determination shall not be subject to judicial review.

Section 5. **Agreement.**

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

- (11) a provision that the board of trustees of the College may cancel or modify the Agreement if the Owner fails to comply with the Agreement.
- (b) Time of Execution. The Agreement shall normally be executed within 60 days after the applicant has provided all necessary information and documentation.
- (c) Attorney's Fees. In the event any attorney's fees are incurred by the College in the preparation of an Agreement, said fees shall be paid by the applicant upon execution of the Agreement.
- (d) Application Fee. There is a non-refundable application fee of \$2,500.00 due at the time of the application submission. The application fee does not imply that the proposed Abatement will be approved.

Section 6. **Recapture.**

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

- (e) Actual Capital Investment. Should the College determine that the total level of New Capital Investment is lower than provided in the Agreement, the difference between the tax abated and the tax which should have been abated based upon the actual New Capital Investment as determined shall be paid to the taxing agencies within 60 days of notification to the Owner of such determination.
- (f) Reduction in Rollback Tax Rate. If during any year of the period of Abatement with respect to any property any portion of the abated value for the Eligible Property which is added to the current total value of the College is not treated as “new property value” (as defined in Section 26.012(17) of the Texas Tax Code) for the purpose of establishing the “effective maintenance and operations rate” (as defined in Section 26.012(16) of the Texas Tax Code) in calculating the “rollback tax rate” in accord with Section 26.04(c)(2) of the Texas Tax Code and if the College’s budget calculations indicate that a tax rate in excess of the “rollback tax rate” is required to fund the operations of the College for the succeeding year, then the College shall recapture from the taxpayer a tax in an amount equal to the lesser of the following:
- (1) The amount of the taxes abated for that year by the College with respect to such property.
 - (2) The amount obtained by subtracting the rollback tax rate computed without the abated property value being treated as new property value from the rollback tax rate computed with the abated property value being treated as new property value and multiplying the difference by the total Appraised Value of the College.

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

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

- (g) Statutory Tax Lien. The amount of tax abated each year under the terms of these Guidelines and the Agreement shall continue to be secured by the statutory tax lien pursuant to Section 32.01 of the Texas Tax Code which shall continue in existence from year to year throughout the entire term of the Agreement or until all taxes, whether assessed or recaptured, are paid in full.
- (h) Automatic Termination. The Agreement shall automatically terminate on and as of the date any of the following events occur: the filing of a petition in bankruptcy by the Owner; or the making by the Owner of an assignment for the benefit of creditors; or if any involuntary petition in bankruptcy or petition for an arrangement pursuant to the federal bankruptcy code is filed against the Owner; or if a receiver is appointed for the business of the Owner. In the event of automatic termination for any of the above

reasons, the prior notice of default provisions in subsection (d) above shall not apply. Owner shall immediately notify the College should any of the foregoing events occur.

Section 7. Administration.

- (a) Annual Assessment. The Starr County Appraisal District or the Hidalgo County Appraisal District, as applicable, shall annually determine the Appraised Value of the real and personal property subject to an Agreement. Each year, the Owner shall furnish the Appraisal District with such information as may be necessary for the Abatement. Once value has been established, the Appraisal District shall notify the affected jurisdictions which levy taxes of the amount of the Appraised Value and the Abatement. Owner shall, on the anniversary date of the Agreement provide the College the Appraised Values of the Property and a certificate of taxes paid to each jurisdiction.
- (b) Access to Facility. The Agreement shall stipulate that employees and/or designated representatives of the College will have access to the Facility during the term of the Agreement to inspect the Facility to determine if the terms and conditions of the Agreement are being met. All inspections will be made only after giving 24 hours prior notice and will only be conducted in such manner as to not unreasonably interfere with the construction and/or operation of the Facility. All inspections will be made with one or more representatives of the Owner and in accordance with all applicable safety standards.
- (c) Annual Evaluation. Upon completion of construction, the College, individually or in conjunction with other affected jurisdictions, shall annually evaluate each Facility receiving Abatement to ensure compliance with the Agreement and report possible violations of the Agreement.
- (d) Annual Reports. Owner shall certify to the governing body of the College on or before April 1 each year that Owner is in compliance with each applicable term of the Agreement. Additionally, during the initial four years of the term of Abatement, the Owner shall provide to the College approving the Abatement an annual report covering those items listed on Schedule 1 in order to document its efforts to acquire goods and services on a local basis. Such annual report shall be prepared on a calendar year basis and shall be submitted to the College no later than ninety (90) days following the end of each such calendar year. The annual report shall be accompanied by an audit letter prepared by an independent accounting firm which has reviewed the report.
- (e) “Buy Local” Provision. Each recipient of Abatement shall additionally agree to give preference and priority to local manufacturers, suppliers, contractors and labor for the materials, equipment and labor described on Schedule 1, except where not reasonably possible to do so without added expense, substantial inconvenience, or sacrifice in operating efficiency. In any such exceptional cases involving purchases over \$1,000,000 during construction and over \$50,000 during operations, a justification for such purchase shall be included in the annual report. Each such recipient shall further acknowledge that it is a legal and moral obligation of persons receiving Abatement to favor local

manufacturers, suppliers, contractors and labor, all other factors being equal. For the purposes of this provision, the terms “materials” and “labor” shall have the meaning set out in Schedule 1. For the purposes of this provision, the term “local” as used to describe manufacturers, suppliers, contractors and labor shall include firms, businesses, and persons who reside in or maintain an office in either Hidalgo County or Starr County. In the event of a breach of the buy-local provision, the percentage of Abatement shall be proportionately reduced equal to the amount the disqualified contract bears to the total construction cost (materials and labor) for the Facility. In the event that Owner contracts the supply and construction of the Facility to an affiliate or other non-local contractor, Owner shall use commercially reasonable efforts to ensure compliance with this Section by including in such contract a flow-through provision requiring such compliance.

SCHEDULE I

“Buy Local” Annual Reports

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

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

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

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

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

SCHEDULE II

ADDITIONAL INFORMATION REQUIRED OF APPLICANT FOR TAX ABATEMENT

Section 1. Eligibility Criteria

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

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

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

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

Section 3. Wage Requirements

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

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

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

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

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

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

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

Targeted Industries:

- Energy

Section 5. Local Assessment: County and Community:

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

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

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

Section 6. Life of Facility and Decommissioning

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

Section 7. Noise Auditing and compliance:

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

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

EXHIBIT A

Application for Tax Abatement

SOUTH TEXAS COLLEGE

Please submit the answers to the following questions and attach any additional pages as needed. Please complete and attach to the application completed Schedules I and II.

Applicant name:

Applicants address and phone number:

Applicant organization:

Type of Business:

Organization address and phone:

Organization Contact:

Contact address and phone:

Proposed project or facility address: **[Need to add address or location]**

1. Provide brief description of project or facility for which tax abatement is sought.

2. Does this property fall under the definition of "Eligible Property" provided in the _____ County Guidelines & Criteria?

Yes
 No

3. This application is for (choose one):

new plant
 Expansion
 Modernization

4. Please list all the taxing jurisdictions in which the proposed project or facility is located.

[Are applications for tax abatement being submitted to all these jurisdictions?]

5. Please describe the nature and scope of the tax abatement that is sought. What is the total estimated taxable value or total range of taxable values of the project or facility for which abatement is sought?

[What is the extent of the abatement being requested?]

[Does (company) contemplate that the Project will be completed in Phases?]

6. What will be the total estimated taxable value or total range of taxable values of the project or facility in the first year after the expiration of the abatement?

[The (amount) represents 5% depreciation over 10 years.]

7. Please attach information describing how the proposed project or facility meets the minimum Requirement for tax abatement outlined in the Guidelines & Criteria.

8. Please attach information on the following aspects of the proposed project or facility:

- (1) current value of land and existing improvements, if any;
- (2) type, value and purpose of proposed improvements;
- (3) productive life of proposed improvements;
- (4) impact of proposed improvements and other expenditures on existing jobs;
- (5) number and type of new jobs, if any, to be created by proposed improvements and expenditures;
- (6) costs to be incurred by the County, if any, to provide facilities or services directly resulting from the new improvements;
- (7) types and values of public improvements, if any, to be made by applicant seeking abatement;
- (8) estimation of the amount of ad valorem property taxes to be paid to the County after expiration of the abatement agreement;
- (9) the impact on the business opportunities of existing businesses and the attraction of new businesses to the area, if any;
- (10) the overall compatibility with the zoning ordinances and comprehensive plan, if any, for the area;
- (11) whether the applicant's proposed facility or improvement or modernization is an industry which is new to the County.

9. Please attach the following information to this application:

- (1) A map and description of the property for which abatement is sought;
- (2) A time schedule for completing the planned improvements; and
- (3) Basic financial information about yourself and your organization sufficient to enable evaluation of the applicant's financial capacity.

10. Please describe the proposed or existing Reinvestment Zone in which this project will be located.

See Exhibit B

11. Please attach a copy of the County's approved Tax Abatement Agreement with applicant, or, if not yet approved, a copy of the proposed County's Tax Abatement Agreement.

I attest that the information provided in this application is true and correct to the best of my knowledge.

Applicant Signature:

Authorized Representative

Name of Applicant:

Date of application submission:

Exhibit B
Legal Description of Reinvestment Zone
Containing Proposed Project

Please attach a copy of the map of the County's Reinvestment Zone and the location(s) of the facility (ies)

The real property in _____ County, being all of the (lots, block/section) in the _____.

Exhibit C
Map of Project Area

**Discussion and Action as Necessary on Monte Cristo Phase II Windpower, LLC
 (Terra-Gen Development Company, LLC) Tax Abatement Application**

Purpose and Justification – Administration requests the Committee recommend Board approval on the Monte Cristo Phase II Windpower, LLC (Terra-Gen Development Company, LLC) Tax Abatement Application in order for the College to participate in the new Phase II project that was recently added.

Terra-Gen Development Company, LLC, has submitted the application for a tax abatement for their wind-powered electric generating facilities in Hidalgo County and South Texas College boundaries in order for the College to participate in the new tax abatement agreement with the windpower renewable energy company.

	Original 11/28/23	Revised 03/25/24
% of Tax Abatement	50%	65%
Estimated Value	\$223,388,000	\$320,145,000
Megawatts	236	236
Turbines	53 to 62, ranging 3.x and 4.x	53 to 62, ranging 3.x and 4.x
Contribution to Unrestricted funds for the College Foundation	\$40,000	\$50,000
Ten (10) Annual Payments in Lieu of Taxes	\$10,000	\$40,000

The project will begin construction no later than the 3rd quarter of 2025, and it is currently anticipated that construction will be completed by the 4th quarter of 2026.

The Monte Cristo Phase II Windpower, LLC project (Terra-Gen Development Company, LLC) Tax Abatement Application is subject to approval of the April 2024 to March 2026 Guidelines and Criteria for Granting Tax Abatements and Approval of Resolution 2024-008 for Electing to Participate in Tax Abatement Agreement and Adopting Guidelines and Criteria. This is in accordance with the guidelines established in Property Tax Code Chapter 312, which authorizes a tax unit to enter into a tax abatement agreement. The current guidelines were valid until February 21, 2024, with a current New Capital Investment minimum threshold of \$200 million.

Mr. Milton Howard, Vice President of Renewable Development for Terra Gen Development, LLC, and Robert Pena, Local Developer/Consultant – President of Texas Energy

Consultants, have been invited to attend the meeting to discuss their proposal and answer any questions.

Reviewers – Mrs. Mary Elizondo, Vice President for Finance and Administrative Services, Myriam Lopez, Comptroller, and Mr. Javier Villalobos, South Texas College’s Legal Counsel, have reviewed this item and will be present at the meeting to address any questions.

Enclosed Documents – The Tax Abatement Application follows in the packet for the Committee’s review and information.

Subsequent to the approval of the application for the proposed tax abatement for the Terra-Gen Development Company, LLC Monte Cristo Phase II Windpower, LLC project, staff will obtain additional information such as the tax abatement agreement and tax abatement resolutions for Board of Trustees approval within the following months.

It is requested that the Committee recommend Board approval on the Monte Cristo Phase II Windpower, LLC (Terra-Gen Development Company, LLC), Tax Abatement Application in order for the College to participate in the new Phase II project, as presented.

Application for Chapter 312 Tax
Abatement Agreement by Monte
Cristo Windpower, LLC –
(Monte Cristo Phase II)



Submitted by:

Terra-Gen, LLC



March 25, 2024

SCHEDULE I

“Buy Local” Annual Reports

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

1. Dollar amount spent for materials* (local): \$500,000
2. Dollar amount spent for materials* (total): \$500,000.
3. Dollar amount spent for labor** (local): \$325,000.
4. Dollar amount spent for labor** (total): \$325,000.
5. Number of jobs created in the construction of the Facility (local): 150 FTE's.
6. Number of jobs created in the construction of the Facility (total): 200 FTEs.
7. Number of jobs created on a permanent basis (local): 2 per site.
8. Number of jobs created on a permanent basis (total): 2 per site.

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

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

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

SCHEDULE II

ADDITIONAL INFORMATION REQUIRED OF APPLICANT FOR TAX ABATEMENT

Section 1. Eligibility Criteria

1. To be eligible for consideration by College for a tax abatement under these Guidelines, an Owner of the Facility must meet or exceed all of the criteria described below:
 - The Facility must be one that will generate renewable energy;
 - The minimum amount of new real and/or personal property capital investment shall exceed \$200 million (at start of project or by year 2026);
 - Shall exceed minimum levels of full-time job creation;
 - Provide employee and dependent access to health care benefits;
 - Provide a minimum living and all-industry wage requirements for new and existing employees at project site;

Terra-Gen Development Company, LLC, ("Terra-Gen") is the exclusive developer of Monte Cristo, Windpower projects (The Project). Each project is a special purpose entity formed to facilitate the development and commercialization of a utility-scale wind energy project. Terra-Gen is in the business of initiating, developing, producing and owning and operating electricity from renewable energy projects including wind and solar. Each project is anticipating total capital costs of \$320,145,000. It is anticipated that all of the Monte Cristo project will be located within Hidalgo County and South Texas College boundaries. The Project will be providing 200 construction jobs for Hidalgo County residents and 2 permanent operations jobs, which includes: wind turbine technicians, electrical engineers and other management positions with a starting salary of \$49,392.20 with access to employee/dependent health care benefits.

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

- 2.1 The amount and term of the tax abatement offered will be dependent upon the Owner's commitment to exceed the minimum eligibility criteria, consideration of other public incentives offered for the same project and the overall benefit to the College and the community.
- 2.2 What resources will the Owner commit to, of the following:

- (a) Sponsorship of scientific events, teacher research grants to the College; materials and equipment, teaching materials to the College; R&D collaboration with local college;
- (b) Total number of jobs created and maintained in the area;
- (c) Number of high-wage jobs.

Terra Gen, LLC is committed to the continuing education of local workforce and employees through local scholarship and or student support services.

Monte Cristo Phase II will maintain 2 permanent jobs with a base salary of \$49,392.20, which exceeds the current County average earnings which are above the Hidalgo County average weekly wage (average for the most recent four quarters) as reported quarterly by the Bureau of Labor Statistics (currently \$42,224 in 2021-2022) qualifying as a “High-Wage Job”, in addition to health care benefits, retirement, & leave time with pay

Section 3. Wage Requirements

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

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

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

High-Wage Jobs: High-wage jobs are either: (1) Qualified professional jobs reported in high-wage industries (e.g., advanced business services, aerospace, life sciences, renewable energy, high-tech/IT); or (2) Jobs for which earnings are above the Hidalgo County average weekly wage (average for the most recent four quarters) as reported quarterly by the Bureau of Labor Statistics (currently \$33,592 in 2017).

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

Monte Cristo Phase II is committed to creating 2 permanent jobs with a base salary of \$49,392.20, which exceeds the current County average earnings which are above the Hidalgo County average weekly wage (average for the most recent four quarters) as reported quarterly by the Bureau of Labor Statistics (currently \$42,224 in 2021-2022) qualifying as a "High-Wage Job", in addition to health care benefits, retirement, & leave time with pay.

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

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

Targeted Industries:

- Energy

Each special purpose entity is an entity created for the sole purpose of interconnecting 200-472 Megawatts ("MW") of renewable energy into the ERCOT market.

Section 5. Local Assessment: County and Community:

- 5.1 Describe how has the company's plan been prepared in consultation with the local community, property owners and local political leaders?
- (a) Local Community:
The projects are located in rural portions of Hidalgo County & do not have immediate impact on local communities other than the acquisition of goods & services, and employment.
 - (b) Property Owners:
During leasing and prior to construction Terra-Gen has consulted with each individual landowner to ensure the development meets the desired goals of each party.
 - (c) Local Political Leaders:
The projects have been introduced to Hidalgo County leadership and have already sought the guidance of County's permitting office, fire marshal, and drainage/irrigation entities.
- 5.2 Identify the local, state and federal bodies that have jurisdiction over the design, construction, licensing, regulation and operation of the Facility and here any public records of review of the Facility may be accessed by the College and the public:
- (a) Local: Hidalgo County Permit, Fire Marshall, Solid Waste, Irrigation/Drainage Offices.
 - (b) State: TCEQ, Tx Parks & Wildlife, State Comptroller
 - (c) Federal: Federal Aviation Admin (FAA), U.S. Fish & Wildlife
- 5.3 Outline what processes, if any, were followed for community consultation for the

Facility's development.

Per requirements of Hidalgo County permitting office, Terra Gen will be applying for County Permit for construction of the wind farm at each location. At their request, each permit will be routed for approval to the County's fire marshal, solid waste and irrigation/drainage districts.

- 5.4 Is there an Environmental Impact Statement and Clearance required for the Facility? If so, identify where any public records of environmental review may be assessed by the College and members of the public.

Neither an EIS or Clearance is required for the wind farm facilities by any state or federal regulatory agency.

- 5.5 If the Facility is a wind farm, did the assessment of the Facility by any governmental agency measure and assess potential environmental noise impacts from wind turbines? If so, please provide copies of any records with the Application.

To date, there have been no requirements or requests by any governmental agency for the assessment of environmental noise impacts.

- 5.6 Identify the Texas agency, if any, which has on-going regulatory authority over the Facility. Describe any approval process which has taken place in connection with locating the Facility.

There is no state regulatory agency currently required to oversee or monitor the wind farm projects. However, Electric Reliability Council of Texas ("ERCOT") is responsible for the reliability of the energy transmission grid and is the only authority that The Project will interface with on an ongoing basis.

- 5.7 Please state whether any of the following were considered in the assessment and location of wind turbines, and if so, how any negative impacts have/or will be addressed:

- landscape and visual amenity:
- noise impacts (have noise guidelines been developed to assess regulate noise):
- health issues (what health issues, if any, have been identified and what guidelines or policies have been adopted to address potential health impacts, if any):
- economic issues, including potential impacts on property values:
- ecological issues, including potential impacts on threatened species:
- decommissioning and rehabilitation:

Terra Gen, LLC as developer of the projects will rely on the review of the applicable County and State agencies with regulatory responsibility over the compatibility of the Facility site(s) with the surrounding uses, to include aviation, noise impacts, visual amenity and ecological issues.

Section 6. Life of Facility and Decommissioning

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

The wind turbine generators that will make up the Projects have an estimated life expectancy of 25 years. Within the leases executed with the local landowners, Terra-Gen has included a Removal Bond to insure funding for The Projects decommissioning., Every turbine and associated infrastructure will be removed at the project’s end of life. The lessors have allowed for Terra-Gen to have an option to assign interests to a qualified party if the opportunity is considered, however the lease obligates the qualified party to comply with all aspects of the lease including the removal bond, term of lease, and payments to the landowner.

Section 7. Noise Auditing and compliance:

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

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

At this time there are no state or federal regulatory compliance regulations that require the developer to maintain noise monitoring facilities.

EXHIBIT A

Application for Tax Abatement South Texas College

Please submit the answers to the following questions and attach any additional pages as needed. Please complete and attach to the application along with completed Schedules I and II.

Part I. Applicant Information

Application Date: 03/25/2024

Applicant Name: Monte Cristo Windpower, LLC

Applicant's address: 11455 El Camino Real, Suite 160 San Diego, CA 92130

Applicant's phone number: 858-764-3754

Applicant's organization: Terra-Gen, LLC

Type of Business: Renewable Energy

Organization address: 11455 El Camino Real, Suite 160 San Diego, CA 92130

Organization's phone number: 858-764-3754

Authorized Representative: Milton Howard

Authorized Representative's address (if different than above): Same as above

Authorized Representative's phone number: 713-703-7044

Part II. Project Information

Proposed project or facility address: (see specifics for each Project below)

1. Provide brief description of project or facility for which tax abatement is sought.

Monte Cristo Windpower, LLC- Monte Cristo Phase II:

Monte Cristo Windpower, LLC ("Monte Cristo Phase II") is a Renewable Energy project located in Hidalgo County, Texas within the Edinburg CISD boundaries to be located on FM 490, 15 miles west of north I-69 (US Hwy 281). Monte Cristo Phase II seeks to develop and interconnect approximately 236 megawatts ("MW") of power into the ERCOT market via interconnect into the AEP 345 kV Lon C Hill transmission line.

The improvements for Monte Cristo Phase II will consist of a proposed wind power generation facility, comprised of approximately 236 megawatts ("MW") of nameplate capacity located in the Hidalgo County Enterprise Zone. Construction is anticipated to begin no later than the 3rd quarter of 2025 and it is currently anticipated that construction will be complete by the 4th quarter of 2026.

The improvements are expected to have an estimated value of at least \$320,145,000 upon

completion, although the actual value will be determined by the Hidalgo County Appraisal District. The Project is expected to include between 53 to 62 wind turbines ranging from 3.x and 4.x MW turbines from a tier 1 manufacturer, although the exact number may vary depending on factors such as the type and size of turbines used and site wind characteristics. Exact turbine specifications are reserved due to an unannounced competitive turbine supply procurement process between select manufacturers. However, such factors will not pose a significant impact on the anticipated investment amount. The improvements shall also include any other property in the Enterprise Zone meeting the definition of "Eligible Property" contained in the Tax Abatement Guidelines and criteria for South Texas College that will be used to produce wind power and perform other functions related to the production, distribution and transmission of electric power.

2. Does this property fall under the definition of "Eligible Property" provided in the Hidalgo County Guidelines & Criteria?

Yes
 No

3. This application is for (*choose one*):

New plant
 Expansion
 Modernization

4. Please list all the taxing jurisdictions in which the proposed projects or facilities will be located.

Taxing Entity #1: Hidalgo County

Taxing Entity #2: South Texas College

Taxing Entity #3: South Texas ISD

Taxing Entity #4: Edinburg CISD

- a. Are applications for tax abatement being submitted to all these jurisdictions?

Yes
 No

Monte Cristo will not be receiving value limitation agreements with South Texas ISD or Edinburg CISD. A Tax abatement agreement with Hidalgo County has already been approved.

5. Please describe the nature and scope of the tax abatement that is sought. What is the total estimated taxable value or total range of taxable values of the project or facility for which abatement is sought?

Monte Cristo Phase II is seeking a 65% abatement of taxes effective for ten (10) full calendar years for the projects beginning on January 1 of the tax year following the date that the College President and/or the President of the Board of Trustees receives a letter certifying completion of construction of Projects, outlining the Improvements included in the Projects, and stipulating the overall turbine capacity.

Monte Cristo Phase II is anticipating individual capital costs of at least \$320,145,000. The improvements for The Project will consist of the proposed wind power generation facility, comprised of approximately 236 megawatts (“MW”) of nameplate capacity located within the Hidalgo County Enterprise Zone.

The improvements for Monte Cristo Phase II is expected to have an individual estimated value of at least \$320,145,000 upon completion, although the actual value will be determined by the Hidalgo County Appraisal District. The Project phases are expected to include between 53 to 62 wind turbines each ranging from 3.x and 4.x MW turbines from a tier 1 manufacturer, although the exact number may vary depending on factors such as the type and size of turbines used and site wind characteristics. Exact turbine specifications are reserved due to an unannounced competitive turbine supply procurement process between select manufacturers. However, such factors will not pose a significant impact on the anticipated investment amount. Improvements should also include any other property in the Enterprise Zones meeting the definition of “Eligible Property” contained in the Tax Abatement Guidelines and criteria for South Texas College that will be used to produce wind power and perform other functions related to the production, distribution and transmission of electric power.

a. What is the extent of the abatement being requested?

Monte Cristo Windpower, LLC, seeks an abatement of taxes of the cited projects effective for ten (10) full calendar years for the project beginning on January 1 of the next tax year, after the date that the College President and/or the President of the Board of Trustees receives a letter certifying completion of construction of Projects, outlining the Improvements included in the Projects, and stipulating the overall turbine capacity.

b. Does applicant contemplate that the Project will be completed in Phases?

Yes
 No

6. What will be the total estimated taxable value or total range of taxable values of the project or facility in the first year after the expiration of the abatement? (*The amount represents 5% depreciation over 10 years*)

The initial estimated taxable value of the Project phase when completed is expected to be \$320,145,000 within Hidalgo County. Although the actual value after year 10 will depend upon an annual appraisal by the Hidalgo County Appraisal District and specific decisions to be made by Terra Gen, LLC in the future, the developer estimates of each project, will have retained a value of approximately \$68,250,923.

7. Please attach information describing how the proposed project or facility meets the minimum Requirement for tax abatement outlined in the Guidelines & Criteria.

The Project will contribute to the expansion of employment, attract major investment to Hidalgo County, benefit the property on which it is constructed, and contribute to the economic development of the County.

Monte Cristo Windpower, LLC, Monte Cristo Phase II intends to construct a wind powered electric generating facility with an expected value of approximately \$320,145,000 in Hidalgo County for each phase. At a minimum, the phase will result in a wind power facility with an estimated 236-megawatt nameplate capacity.

Monte Cristo Phase II estimates that the installation of the wind turbines will create 150 to 200 temporary construction jobs over the course of the Project's construction, which is estimated to last twelve to fourteen (12-14) months of construction. Monte Cristo further anticipates the creation of 4 full-time jobs for the operation and maintenance of the Projects. Continuing operations and maintenance activities in Hidalgo County will create opportunities for purchase of contracting services and supplies from Hidalgo County businesses. Over the course of construction of the Projects, Terra Gen will make an effort to use local labor and purchase services and materials local businesses where practicable.

The Project will make use of land that is currently used for agricultural and ranching purposes. The location of the Projects is remote and not ideal for industrial or commercial development but is well suited for a wind farm. Without the Projects, the land could remain in its current state and would be unlikely to attract new investment to the area.

The wind farm will provide "clean" renewable power to customers served by Terra Gen, LLC. Wind energy creates little or no emissions impacting the environment. The project will continue to provide this clean energy source for decades to come.

The addition of full-time and contract-related jobs, the purchase of local services, supplies and materials, and the productive use of land to generate revenue and spur investment are examples of the kind of economic benefit that the proposed wind farm will bring to Hidalgo County.

8. Please attach information on the following aspects of the proposed project or facility:

- (1) current value of land and existing improvements, if any;
- (2) type, value and purpose of proposed improvements;
- (3) productive life of proposed improvements;
- (4) impact of proposed improvements and other expenditures on existing jobs;
- (5) number and type of new jobs, if any, to be created by proposed improvements and expenditures;
- (6) costs to be incurred by County, if any, to provide facilities or services directly resulting from the new improvements;
- (7) types and values of public improvements, if any, to be made by applicant seeking abatement;
- (8) estimation of the amount of ad valorem property taxes to be paid to County after expiration of the abatement agreement;

- (9) the impact on the business opportunities of existing businesses and the attraction of new businesses to the area, if any;
- (10) the overall compatibility with the zoning ordinances and comprehensive plan, if any, for the area;
- (11) whether the applicant's proposed facility or improvement or modernization is an industry which is new to County.

9. Please attach the following information to this application:

- (1) A map and description of the property for which abatement is sought;
[See page 13-15](#)
- (2) A time schedule for completing the planned improvements; and,
[Monte Cristo Phase II is anticipating that construction will begin no later than the 3rd Quarter of 2025 and will be completed by the 4th Quarter of 2026.](#)
- (3) Basic financial information about yourself and your organization sufficient to enable evaluation of the applicant's financial capacity.
Please see: <https://www.ecpartners.com/> and <https://www.terra-gen.com/>

10. Please describe the proposed or existing Investment Zone in which this project will be located.

[Please see Attachment. The Project is located within the designated Hidalgo County Enterprise Zone. Hidalgo County Commissioners Court has previously recognized the existing enterprise zones for purposes of The Project.](#)

11. Please attach a copy of the County's approved Tax Abatement Agreement with applicant, or, if not yet approved, a copy of the proposed County's Tax Abatement Agreement.

[Please see Attachment.](#)

I attest that the information provided in this application is true and correct to the best of my knowledge.

Authorized Representative's Signature:



Milton Howard
Vice President of Development
Terra-Gen, LLC

Date of application submission: _____

Exhibit A

Legal Descriptions of Investment Zones Containing Proposed Projects

Please attach a copy of the map of the Counties Zones and the locations of the facilities

Monte Cristo II:

The legal descriptions for Monte Cristo II are as follows:

Homeville Association

Blk 21, Lots 1-6
Lots 71-100

Porcion 43

Porcion 44

Porcion 45

Lots 1-41

Porcion 46

Porcion 48

Porcion 74

Lot 3

Porcion 76

Porcion 77

Porcion 79

Schunior's

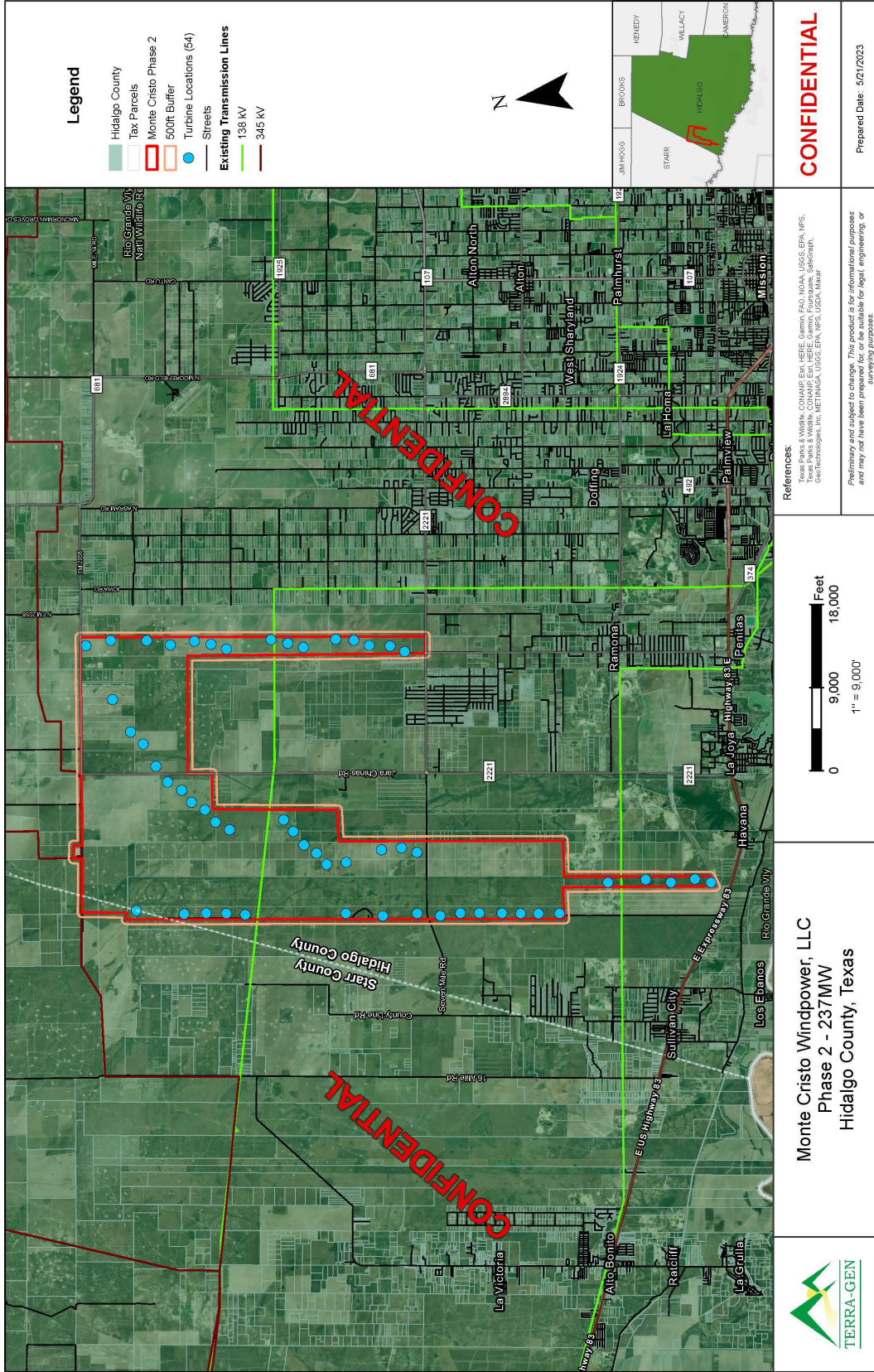
Tex-Mex Survey

Lot 38-39

Share 5, lots 3 & 4

Exhibit B
Maps of Project Areas

CONFIDENTIAL-PLEASE SEE ATTACHED



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

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

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

Project Descriptions:

Monte Cristo Windpower, LLC: Monte Cristo Phase II

Monte Cristo Windpower, LLC, Monte Cristo Phase II is requesting an appraised value limitation on all of the property constructed or placed upon the real property within South Texas College, which is located in Hidalgo County, Texas.

The property for which the Applicant is requesting an appraised value limitation shall include, but is NOT limited to, the following: **between 53 to 62 wind turbines ranging from 3.x and 4.x MW** turbines from a tier 1 manufacturer, although the exact number may vary depending on factors such as the type and size of turbines used and site wind characteristics, with an estimated total generating capacity of approximately 236 MW; between 53 to 62 steel reinforced concrete foundations supporting the weight of each turbine tower; between 53 to 62 electric power transformers; underground conductor cables used to transport electricity from each turbine tower to an electrical substation; and a new electrical substation interconnected to the ETT Lobo to North Edinburg, 345kV transmission line located in central Hidalgo County.

Additionally, the map provided does not represent the final location of the improvements; however, all of the improvements that make up the amount of Qualified Investment will be made within the Project Investment Area as shown on Map Exhibit B.

The Applicant intends to construct a shared Maintenance and Operations building to house equipment i.e. junction boxes, transformer equipment, and turbine electronic controls for both Monte Cristo Projects. The Applicant will also be constructing an electrical substation facility for integration and transmission of power into the electrical grid.

Construction of Monte Cristo Phase II is proposed to begin in the 3rd Quarter of 2025 with an estimated commercial operations date no later than the 4th Quarter of 2026, contingent upon favorable economics for the project.

Descriptive List for which Abatement is being requested:

Monte Cristo Windpower, LLC- Monte Cristo Phase II:

Monte Cristo Phase II plans to construct an estimated 236 MW wind farm in Hidalgo County, located entirely within Edinburg CISD. Monte Cristo Phase II improvements of Qualified Property include:

- between 53 to 62 Wind Turbines with an approximate nameplate capacity ranging from 3.x and 4.x MW;
- between 53 to 62 Wind Turbine Foundations;
- Several thousand feet of Transmission Collection System cable & Junction Boxes;
- Overhead Transmission and Interconnection infrastructure;
- Additional meteorological towers;
- All-weather Road work sloped for drainage;

Monte Cristo Phase I & II will share:

- Operations and maintenance building for storage of control systems necessary for commercial generation of electricity;

- Electric substation including power transformers, associated circuit breakers, switches, reactive power compensation equipment and control building & fencing of perimeter.

For purposes of this application, the Project anticipates using between 53 to 62 Wind Turbines, ranging from 3.x and 4.x MW turbines from a tier 1 manufacturer, although the exact number may vary depending on factors such as the type and size of turbines used and site wind characteristics, all equipment outlined above is expected to be located within South Texas College boundaries.

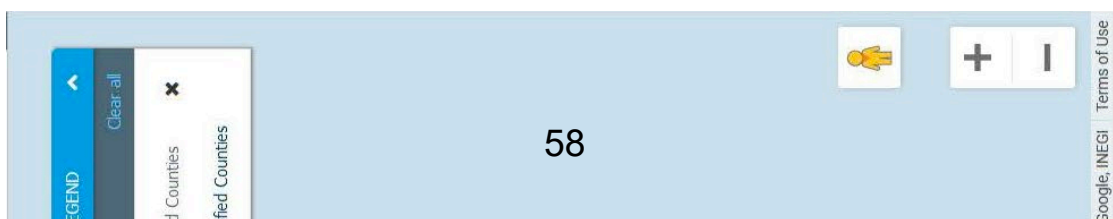
The exact placement of turbines is subject to ongoing planning, wind resource evaluation, engineering, land leasing, and turbine selection. The final number and location of turbines and supporting structures will be determined before construction begins. However, any changes in the number and location of turbines will not have a significant impact on the total investment. Monte Cristo intends to connect to AEP Lon C. Hill to North Edinburg, 345kV transmission line, located within South Texas College boundaries. All of the infrastructure will remain within the project boundary and within the Enterprise Zone. The map in Exhibit B shows the proposed project area with the anticipated improvement locations.

Enterprise Zones:

Hidalgo, County is designated enterprise zone county as defined under the Texas Governor’s “[Governor’s Economic Development Finance department online](#)” link provided by Texas Comptroller website under “[The Texas Enterprise Zone Program](#).” The Governor’s website “Texas Enterprise Zone Program”- “[Economic Zone Program Rules, 10 TAC 176](#)” according to section (b), subsection (11); which defines a distressed county as: “a county that has a poverty rate above 15.4 percent based on the most recent decennial census; in which at least 25.4 percent of the adult population does not hold a high school diploma or high school equivalency certificate based on the most recent decennial census; and that has an unemployment rate that has remained above 4.9 percent during the preceding five years, based on Texas Workforce Commission data.”

Source: <https://businessintexas.com/services/tax-incentives?view=texas%20enterprise%20zone%20program>

Enterprise Zone Map



Review and Discussion of Mission Economic Development Authority (MEDA) Scholarship Fund Trust with Edward Jones for Student Scholarships and Report on Funds Distributed and Awarded

Purpose and Justification - A report on the Mission Economic Development Authority (MEDA) Scholarship Fund Trust is being presented to provide the status of the MEDA Scholarship Fund Trust, including the annual obligated amount of distribution and the activity of the trust and the distribution of MEDA scholarship funds to the students.

Background – On August 29, 2012, the South Texas College Board of Trustees approved and authorized the acceptance of the Mission Economic Development Authority (MEDA) Scholarship Fund Endowment Agreement, which established a trust in excess of \$3 million, with Edwards Jones Trust Company as the sole Trustee and with South Texas College as the sole beneficiary, with funds to be used to establish and offer scholarships to students living in the City of Mission as described.

The MEDA Scholarship Fund Trust Agreement and Agreement of Trustee establishes the provision of distributions to South Texas College as the sole beneficiary. According to section 5 of the agreement, **the amount distributed in each fiscal year of the Trust is not to exceed an amount equal to the greater of the following: (i) the net income of the Trust; and (ii) Five Percent (5%) of the fair market value of the undistributed income and corpus of the Trust as of the last day of the Trust's previous fiscal year.**

There are instances, however, where the distributed amount can be higher than that of the required amount by the agreement. Per IRS regulations, **private foundations are required to annually distribute a minimum amount of return on investment which is based on 5% of the 12-month average fair market value of the assets from the previous tax fiscal year or otherwise be subject to penalties.** The College will, therefore, receive the higher of the amount required to be distributed per the agreement or the distributable amount mandated by the IRS.

According to the MEDA Scholarship Fund Trust Annual Account Statement (January 1, 2023 – December 31, 2023), provided by Edward Jones Trust Company, the distribution to the College on June 13, 2023, was the IRS minimum required amount since it was higher than the amount calculated under the agreement.

MEDA Scholarship Fund Trust

The table below is a recap of the market value activity for the period of January 1, 2023 through December 31, 2023.

Market Value-January 1, 2023	\$3,585,726.66
Cash & Security Transfers	(868.00)
Contributions	171.93
Income & Capital Gain Distributions	108,282.08
Fees	(33,461.72)
Withdrawals (payments to STC) ⁽¹⁾	(205,924.00)
Withdrawals (other disbursements) ⁽²⁾	(824.00)
Realized Gain/Loss	70,472.37
Cost Adjustments	-
Change in market value	347,748.92
Market Value-December 31, 2023	\$3,871,324.24

- (1) The amount received from Edward Jones on June 13, 2023, was \$205,924.00, which is \$26,637.67 greater than the calculated amount under the trust agreement (YE 12/31/22 Fair Market Value of \$3,585,726.66 x 5% = \$179,286.33). The distributed amount is in compliance with the IRS minimum required distribution.
- (2) Estimated fiduciary federal income tax payment.

The distributions paid to the College have been as follows:

Distributions Received by South Texas College	
Month/Year	Amount
June 2013	\$160,784.54
June 2014	185,937.10
July 2015	187,900.18
May 2016	173,937.78
June 2017	180,511.68
May 2018	193,928.47
May 2019	174,239.09
May 2020	198,719.57
May 2021	211,984.14
June 2022	224,976.44
June 2023	205,924.00
Total Distributions Received	\$2,098,842.99

Fees of the Trust are as follows:

Expense Type:	Year to Date 12/31/23
Fee-applied to Principal Cash	(16,427.95)
Fee-applied to Income Cash	(16,428.00)
Administrative Expenses	(600.61)
Tax Relief Service Fee (MEDTRONIC PLC)	(5.16)
Total Other Disbursements	\$ (33,461.72)

Reviewers – The Vice President for Finance and Administrative Services, Business Office Staff, and Student Financial Services Staff have reviewed the information being presented.

Mary Elizondo, Vice President for Finance and Administrative Services, and Juan Miguel Galvan, Director of Student Financial Services, will be present at the Committee Meeting to address any questions.

Enclosed Documents – A PowerPoint presentation follows in the packet for the Committee’s information and review.

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



STUDENT FINANCIAL SERVICES

MEDA Scholarship Update

April 2024



SOUTH TEXAS
COLLEGE

Eligibility Requirements

- ✓ Resides permanently within the city boundaries of Mission.
- ✓ Completed one semester, either full-time or part-time basis with a cumulative GPA of at least 2.5.
- ✓ Be a U.S. Citizen or Legal Permanent Resident

Renewal Requirements



Resides within the city limits of Mission.



Achieve a minimum 2.5 GPA per semester.



Must be enrolled in at least two semesters each year and complete a minimum of 12 credit hours per year, starting from the semester in which the scholarship was first awarded.



In good standing with STC regarding financial, academic, disciplinary, and honor code matters.



Overview of the MEDA Scholarship Program

Full-Time Scholarship:

Enrolled for 12+ credit hours during each semester for a maximum of 4 semesters.

\$800

Three Quarter Time

Scholarship:

Enrolled 9 - 11 credit hours during each semester for a maximum of 5 semesters

\$600

Half-Time Scholarship:

Enrolled 6 - 8 credit hours during each semester for a maximum of 8 semesters.

\$400

Scholarship awards are up to \$3,200





MEDA Allocation by Year

Date allocation was received	Allocation Amount
June 2013	\$160,784.54
June 2014	\$185,937.10
July 2015	\$187,900.18
May 2016	\$173,937.78
June 2017	\$180,511.68
May 2018	\$193,928.47
May 2019	\$174,239.09
May 2020	\$198,719.57
May 2021	\$211,984.14
June 2022	\$224,976.44
June 2023	\$205,924.00
Funds Received To Date	\$2,098,842.99

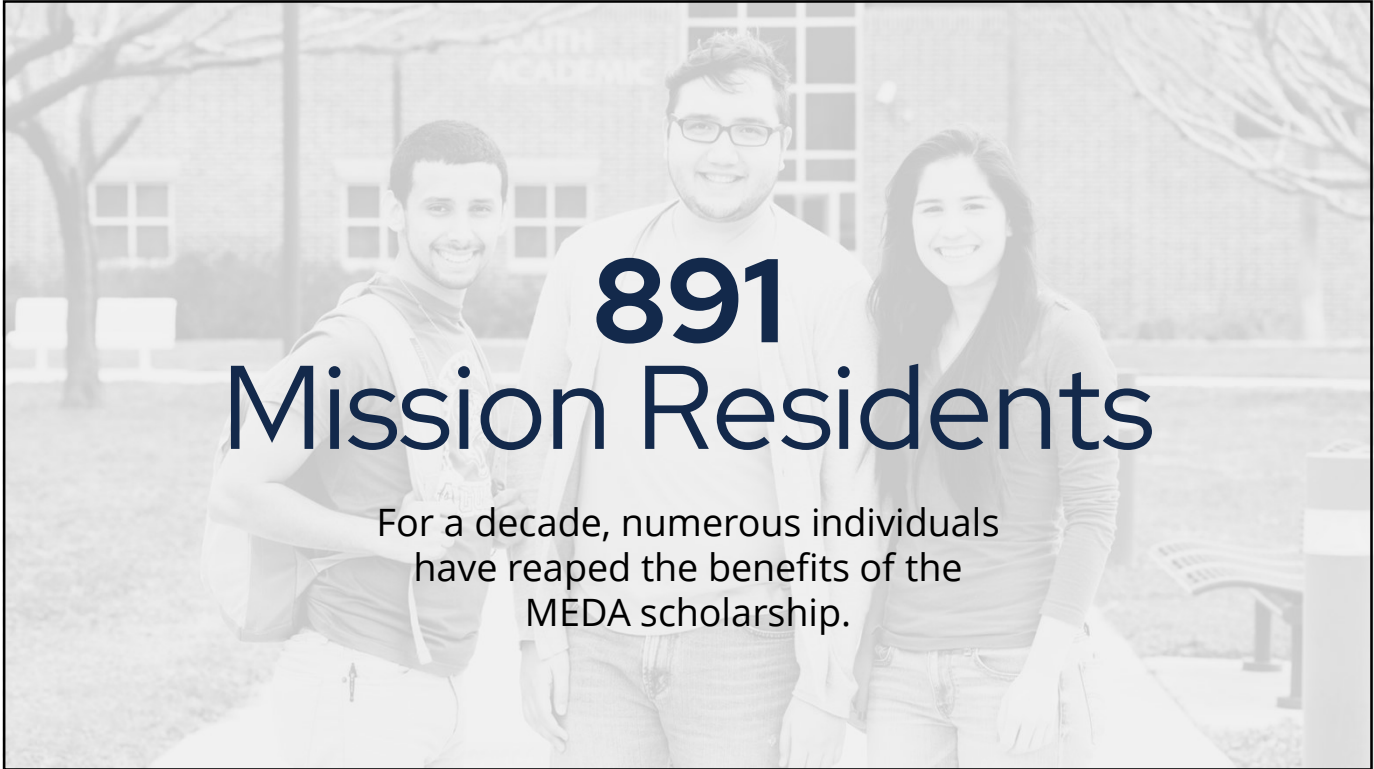


Award Year	Students	Award
Total MEDA Funds Received		\$2,098,842.99
2013 - 2014	47	\$64,200
2014 - 2015	101	\$113,000
2015 - 2016	103	\$130,000
2016 - 2017	153	\$156,800
2017 - 2018	158	\$184,600
2018 - 2019	150	\$158,000
2019 - 2020	145	\$139,800
2020 - 2021	99	\$117,600
2021 - 2022	141	\$139,800
2022 - 2023	147	\$138,400
2023 - 2024 - Fall and Spring	248	\$226,500
Disbursed		(\$1,568,700.00)
Cash Balance		\$530,142.99
Funds Designated		(\$430,600.00)
Available Balance		\$99,442.99

Summary of Activity

Less funds Designated / Set aside for current and future semesters		
2021 - 2022	18 students	\$18,200
2022 - 2023	63 students	\$86,200
2023 - 2024	155 students	\$326,200
Total	236 students	\$430,600





Evaluating the Impact of the MEDA Scholarship.

65%

580 students have graduated

16%

143 MEDA recipient students are currently enrolled

19%

168 students are not enrolled and have not graduated



Student Profile (891)

Fall 2013 - Spring 2024

Age	Female	Male
17 - 20	36	29
21 - 25	122	103
26 - 30	147	96
31 - 35	78	46
36 - 40	53	32
41 - 45	38	18
46 - 50	33	14
51 - 55	18	7
56 - 60	8	3
61 +	4	6
Total	537	354



Academic Standing (891)

Fall 2013 - Spring 2024

GPA	Female	Male
0 to 1.99	5	4
2.0 to 2.49	22	13
2.5 to 2.99	118	93
3.0 to 3.49	239	142
3.5 - 4.0	152	102
Total	537	354





2023-2024 Recipients Pursuing a Bachelor's Degree

GPA	Female	Male
Computer Information Technologies	0	2
Medical & Health Services Management	4	1
Nursing	0	0
Operations Management	0	1
Organizational Leadership	3	0
Total	7	10

2023-2024 MEDA Awardees by Division



Division	Female	Male
Business, Public Safety, and Technology	11	18
Liberal Arts	12	8
Math & Science	10	14
Nursing and Allied Health	24	11
Social and Behavioral Sciences	19	5
Total	76	56

Forms of Communication

southtexascollege.edu/meda

DA SCHOLARS
A scholarship for City of Mission Residents
Tuition Assistance For

Undergraduate, Associate, or Certification Tuition | Obtaining Your GED | Continuing Education Courses

APPLY NOW!
DEADLINE: July 31, 2023

The STC Financial Aid Office Information at 375-1375
Follow to apply

\$1.3M
in new

QUESTIONS?

SOUTH TEXAS COLLEGE

Review and Action as Necessary on Award of Proposals, Purchases, Renewals, and Interlocal Agreement

Purpose and Justification – Administration requests the Committee recommend Board approval on the following award of proposals, purchases, renewals, and interlocal agreement at a total cost of \$2,156,301.80.

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

Award of Proposals

1) Audio Video Production Services (Award)

Award the proposal for audio video production services to **First Born Productions** (Los Fresnos, TX), at an estimated \$77,000.00.

Purpose and Justification – Audio Video Production Services are requested to support various events, including commencement ceremonies, summits for dual credit programs, the fall convocation, and any other events that may require audio video support. The services will encompass setup, operation, and teardown of audio video equipment, ensuring smooth and professional execution of these important occasions.

Background – The project timeline and information are as follows:

Advertised RFP	February 14, 2024 and February 21, 2024
RFP Responses Due	March 7, 2024
RFP Issued To	Five (5) Vendors
Responses Received From	Two (2) Vendors
Responses Reviewed By	Admission & Records, Educational Technologies, and the Purchasing Department
Highest Ranked Vendor	First Born Productions

Funds for this expenditure are budgeted in the Fall Convocation, Graduation, and the National Summit for Dual Credit Programs budget for FY 2023 – 2024 and FY 2024 – 2025, pending Board approval of the budget.

2) Technology Campus Building B Analog to Digital AudioVisual Upgrade (Purchase) – Grant Funded

Award the proposal for the Technology Campus Building B analog to digital audiovisual upgrade to **Telepro Communications** (Mission, TX), at a total amount of \$256,856.64.

Purpose and Justification – Educational Technologies is requesting the purchase and installation of audiovisual equipment for the ongoing yearly initiative to upgrade outdated analog audio visual equipment. This project will upgrade twenty (20) classroom spaces at the Technology Campus Building B to the College’s digital audiovisual standard that

supports the digital video signals provided by modern computing and presentation devices. The upgrade also includes sharper and higher resolution projected images and improved sound quality for instructor and student presentations. This upgrade will improve faculty instruction and student success by enabling the expanded use of podiums, projectors, electric wide-screens, laptops, tablets, and other digital equipment. This project does not require any new construction or renovation of the existing building, only the replacement of outdated analog audio visual equipment.

Background – The project timeline and information are as follows:

Advertised RFP	February 7, 2024 and February 14, 2024
RFP Responses Due	February 22, 2024
RFP Issued To	Twenty-One (21) Vendors
Responses Received From	Two (2) Vendors
Responses Reviewed By	Educational Technologies, Information Technology, and the Purchasing Department
Highest Ranked Vendor	Telepro Communications

Funds for this expenditure are budgeted in the Department of Commerce National Telecommunications and Information Administration (NTIA) year two funds of a two-year grant awarded to STC for FY 2023 – 2024 and FY 2024 - 2025.

Purchases and Renewals - Instructional Items

3) Training Manikins (Purchase) – Grant Funded

Purchase training manikins from **Laerdal Medical Corporation** (Wappingers Falls, NY), a Texas Association of School Boards – Buyboard approved vendor, at a total amount of \$244,020.24.

Purpose and Justification – The Division of Nursing and Allied Health’s Associate Degree of Nursing and Respiratory Program is requesting to purchase four (4) manikins for student instruction at the Nursing and Allied Health Campus. It will provide students with the opportunity to perform realistic assessments on the patient manikin and will allow them to practice realistic scenarios, which will help students learn concepts and skills. The students will perform patient treatments in an advanced simulated clinic environment.

Funds for this expenditure are budgeted in the Health Professionals Program Hidalgo County grant budget for FY 2023 – 2024.

4) Subscription Training and Equipment Partnership Lease Agreement (Renewal)

Renew the subscription training and equipment partnership lease agreement with **VirTra, Inc.** (Chandler, AZ), sole source vendor, for the period beginning May 1, 2024 through April 30, 2025, at a total amount of \$63,793.11. Also, approve to delete the lease simulator (N00040585) and re-instate the 2017 firearm simulator (N00032514) in the College’s inventory and general ledger.

Purpose and Justification – The Regional Center for Public Safety Excellence is requesting to renew this subscription training and equipment partnership lease agreement to continue providing firearm training to our students and the community.

The Board approved as follows:

Term: April 25, 2023 – one year with two (2) one-year annual renewals.				
Year	Description	Period	Board Approved	Amount
1	Subscription Training & Equipment Partnership Agreement Approved – delete asset and re-instate trade-in asset	5/1/23 – 4/30/24	4/25/23	\$75,063.11
2	Subscription Training & Equipment Partnership Agreement Approved - leased	5/1/24 – 4/30/25	4/23/24	\$63,793.11

Funds for this expenditure are budgeted in the Regional Center for Public Safety Excellence budget for FY 2023 – 2024.

Purchases and Renewals – Non – Instructional Items

5) Internet Managed Services Agreement (Purchase)

Purchase internet managed services agreement – Tyler Junior College with Spectrum Enterprise through the **Texas Department of Information Resources (DIR)** (Austin, TX), for the period beginning May 1, 2024 through April 30, 2025, at an estimated total monthly amount of \$5,873.28 and an estimated total annual amount of \$70,479.36.

Purpose and Justification – Information Technology is requesting to acquire internet and managed services, including hardware equipment such as routers and firewalls at Tyler Junior College (TJC). These services are essential to support the College’s assets at the disaster recovery location.

This request is crucial in ensuring business continuity in the event of unforeseen circumstances, such as fire, power outages, or inclement weather, that render the Pecan Campus datacenter inaccessible. The TJC location will serve as a backup, providing access to critical services, including Banner data, backups, and other applications necessary to support students, faculty, and staff.

Funds for this expenditure are budgeted in the Systems and Networking budget for FY 2023 – 2024 and FY 2024 – 2025, pending Board approval of the budget.

6) Network Equipment, Licenses and Accessories (Purchase)

Purchase network equipment, licenses, and accessories for the period beginning April 1, 2024 through August 31, 2024, at an estimated total amount of \$150,000.00, with the following purchasing cooperative approved vendor.

Vendor	Purchasing Cooperative	Amount
Netsync Network Solutions (Houston, TX)	State of Texas Department of Information Resources (DIR)	\$150,000.00
	Total Amount	\$150,000.00

Purpose and Justification – The request is made for the purchase of network equipment, licenses, and accessories districtwide to support various needs. These include classroom instruction, office operations, connectivity between surveillance cameras and servers, data closest to support systems, and converting analog systems to digital for classrooms.

The network equipment, licenses, and accessories are purchased for the day-to-day operation required by different departments and programs. The following departments and programs have requested these items.

Information Technology, Information Services and Planning, Renewals and Replacements and Security Surveillance.

Funds for this expenditure are budgeted in the requesting department's budgets for FY 2023 – 2024.

7) Server Hardware Equipment (Purchase) – Grant Funded

Purchase server hardware equipment from **Netsync Network Solutions** (Houston, TX), a State of Texas Department of Information Resources (DIR) approved vendor, at a total cost of \$399,707.36.

Purpose and Justification – Information Technology is requesting to purchase four (4) servers with storage for the Virtual Desktop Infrastructure (VDI) environment. These servers are essential to enhancing the performance and capacity of virtual desktops, which are critical for students, faculty, and staff to access STC resources. The servers are needed to increase the performance, capacity, and number of concurrent student connections. They support virtual desktops deployed to various locations, such as the Pecan welcome center, call centers, podiums, and computer labs district-wide. Additionally, the virtual desktops support staff working from home who require access to STC resources.

Funds for this expenditure are budgeted in the National Telecommunications and Information Administration (NTIA) grant budget for FY 2024 – 2025, pending Board approval of the budget.

8) Furniture (Purchase)

Purchase of furniture as follows:

Vendor	Purchasing Cooperative	Amount
Gateway Printing and Office Supply, Inc (Edinburg, TX)	OMNIA Partners, Sourcewell, and TIPS	\$57,224.39
	Furniture Total	\$57,224.39

The purchases can be summarized as follows:

Mid Valley Campus
• 2 Tables for the Learning Commons and Open Labs
Pecan Campus
• 24 Chairs and 6 Tables for the Information Technology Program
Nursing Allied Health
• 1 Table for the Learning Commons and Open Labs
Pecan Campus Library
• 16 Tables, 27 Chairs, and 12 Stools for After Hours Café
Shah Center
• 1 Heavy Duty Shelve for Cosmetology Program

Funds for these expenditures are budgeted in the requesting department budgets for FY 2023 – 2024 as follows: Learning Commons and Open Labs, IT Program, After Hours Café, and Cosmetology.

Purchases and Renewals - Technology Items

9) Computers, Laptops, Tablets, and Monitors (Purchase)

Purchase of computers, laptops, tablets, and monitors as follows:

Vendor	Purchasing Cooperative	Amount
Dell Marketing, LP. (Dallas, TX)	State of Texas Department of Information Resources (DIR)	\$828,101.75
Apple, Inc. (Dallas, TX)	Choice Partners Cooperative	\$6,393.95
	Total Amount	\$834,495.70

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

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

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

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

The purchases can be summarized as follows:

Student Computers	
2	Educational Technology Maintenance and Replacement
25	Cybersecurity Program
333	Technology Support
Faculty Computers	
2	World Language Department
2	Child Development
158	Technology Support
1	Art Program
1	Bachelor of Applied Science in Organizational Leadership
Staff Computers	
1	Student Assessment Center
1	Engineering Program
2	Construction Accounts – Unexpended – Pecan Building P Conference Room
159	Technology Support
2	Medical Health Service Management
2	Bachelor of Applied Science in Organizational Leadership
Student Laptops	
25	Library Public Services
18	Physics Program
12	Engineering Program
5	Counseling and Student Access Services
Faculty Laptops	
6	Political Science Program
34	Division of Nursing and Allied Health
Staff Laptops	
1	Human Resources
1	Safety and Security
1	Technology Campus
2	Business Office
1	Centers for Learning Excellence

Staff Tablet	
1	Dance Program
Student Monitors	
10	Learning Commons and Open Labs
100	Technology Support

Funds for these expenditures are budgeted in the requesting department budgets for FY 2023 - 2024 as follows: Educational Technology Maintenance and Replacement, Cybersecurity, Technology Support, World Language Department, Child Development, Art, Bachelor of Applied Science in Organizational Leadership, Student Assessment Center, Engineering, Construction Accounts – Unexpended, Medical Health Service Management, Library Public Services, Physics, Counseling and Student Access Services, Political Science, Division of Nursing and Allied Health, Human Services, Safety and Security, Technology Campus, Business Office, Centers for Learning Excellence, Dance, and Learning Commons and Open Labs.

Interlocal Agreement

10) Facility Usage Agreement (Lease/Purchase)

Lease/purchase a facility usage agreement with the **City of Mission / Mission Event Center** (Mission, TX), through an interlocal agreement for May 10, 2024, at a total amount of \$2,725.00

Purpose and Justification – The Office of the President will host the South Texas College Graduation Staff Appreciation Luncheon, an annual event designed to express appreciation for the staff who contributed to the coordination and facilitation of a successful graduation ceremony.

Funds for this expenditure are budgeted in the Internal Events – President budget for FY 2023 -2024.

Recommendation:

It is requested that the Committee recommend for Board approval the award of proposals, purchases, renewals, and interlocal agreement at a total cost of \$2,156,301.80, as listed below:

Award of Proposals

- 1) **Audio Video Production Services (Award):** award the proposal for audio video production services to **First Born Productions** (Los Fresnos, TX), at a total estimated amount of \$77,000.00;
- 2) **Technology Campus Building B Analog to Digital AudioVisual Upgrade (Award) – Grant Funded:** award the proposal for the Technology Campus Building B analog to digital audiovisual upgrade to **Telepro Communications** (Mission, TX), at a total amount of \$256,856.64;

Purchases and Renewals - Instructional Items

- 3) **Training Manikins (Purchase) – Grant Funded:** purchase training manikins from **Laerdal Medical Corporation** (Wappingers Falls, NY), a Texas Association of School Boards – Buyboard approved vendor, at a total amount of \$244,020.24;
- 4) **Subscription Training and Equipment Partnership Lease Agreement (Renewal)** - renew the subscription training and equipment partnership lease agreement with **VirTra, Inc.** (Chandler, AZ), sole source vendor, for the period beginning May 1, 2024 through April 30, 2025, at a total amount of \$63,793.11. Also, approve to delete the lease simulator (N00040585) and re-instate the 2017 firearm simulator (N00032514) in the College’s inventory and general ledger;

Purchases and Renewals – Non-Instructional Items

- 5) **Internet Managed Services Agreement (Purchase):** purchase internet managed services agreement – Tyler Junior College with Spectrum Enterprise through the **Texas Department of Information Resources (DIR)** (Austin, TX), for the period beginning May 1, 2024 through April 30, 2025, at an estimated total monthly amount of \$5,873.28 and an estimated total annual of \$70,479.36;
- 6) **Network Equipment, Licenses and Accessories (Purchase):** purchase network equipment, licenses, and accessories for the period beginning April 1, 2024 through August 31, 2024, at an estimated total amount of \$150,000.00, with the following purchasing cooperative approved vendor:

Vendor	Purchasing Cooperative	Amount
Netsync Network Solutions (Houston, TX)	State of Texas Department of Information Resources (DIR)	\$150,000.00
	Total Amount	\$150,000.00

- 7) **Server Hardware Equipment (Purchase) – Grant Funded:** purchase server hardware equipment from **Netsync Network Solutions** (Houston, TX), a State of Texas Department of Information Resources (DIR) approved vendor, at a total cost of \$399,707.36;
- 8) **Furniture (Purchase):** purchase furniture as follows:

Vendor	Purchasing Cooperative	Amount
Gateway Printing and Office Supply, Inc (Edinburg, TX)	OMNIA Partners, Sourcewell, TIPS	\$57,224.39
	Furniture Total	\$57,224.39

Purchases and Renewals - Technology Items

- 9) **Computers, Laptops, Tablets, and Monitors (Purchase):** purchase of computers, laptops, tablets, and monitors as follows:

Vendor	Purchasing Cooperative	Amount
Dell Marketing, LP. (Dallas, TX)	State of Texas Department of Information Resources (DIR)	\$828,101.75

Vendor	Purchasing Cooperative	Amount
Apple, Inc. (Dallas, TX)	Choice Partners Cooperative	\$6,393.95
	Total Amount	\$834,495.70

Interlocal Agreement

- 10) Facility Usage Agreement (Lease/Purchase):** lease/purchase a facility usage agreement with the **City of Mission / Mission Event Center** (Mission, TX), through an interlocal agreement, for May 10, 2024, at a total amount of \$2,725.00.

SOUTH TEXAS COLLEGE
1. AUDIO VIDEO PRODUCTION SERVICES
PROJECT NO. 23-24-1044

VENDOR		Backstage Productions, LLC.	First Born Productions
ADDRESS		711 W Nolana Ste 104D	320 Whipple Rd
CITY/STATE/ZIP		McAllen, TX 78504	Los Fresnos, TX 78566
PHONE		956-776-4318	956-346-8626
CONTACT		Maricela Salinas	Adolfo Garcia
#	Description	Proposed	Proposed
A.	May Commencement Ceremony	\$15,800.00	\$18,000.00
B.	Summit for Dual Credit Programs	\$28,000.00	\$16,000.00
C.	Fall Convocation	\$23,000.00	\$25,000.00
D.	December Commencement Ceremony	\$15,800.00	\$18,000.00
Escalation			
2nd Year Escalation		5%	0%
3rd Year Escalation		7%	0%
TOTAL AMOUNT PROPOSED		\$82,600.00	\$77,000.00
TOTAL EVALUATION POINTS		87.16	95.67
RANKING		2	1

SOUTH TEXAS COLLEGE
1. AUDIO VIDEO PRODUCTION SERVICES
PROJECT NO. 23-24-1044
EVALUATION SUMMARY

VENDOR		Backstage Productions, LLC.		First Born Productions	
ADDRESS		711 W Nolana Ste 104D		320 Whipple Rd	
CITY/STATE/ZIP		McAllen, TX 78504		Los Fresnos, TX 78566	
PHONE		956-776-4318		956-346-8626	
CONTACT		Maricela Salinas		Adolfo Garcia	
1	The purchase price. (up to 37 points)	34.49	34.49	37	37
		34.49		37	
		34.49		37	
2	The reputation of the vendor and the vendor's goods or services. (up to 18 points)	15	15.67	17	16.67
		17		17	
		15		16	
3	The quality of the vendor's goods or services. (up to 16 points)	14	13.33	15	14.67
		12		14	
		14		15	
4	The extent to which the vendor's goods or services meet the College's needs. (up to 15 points)	14	13.33	15	14.33
		13		14	
		13		14	
5	The vendor's past relationship with the College. (up to 3 points)	2	2	3	3
		2		3	
		2		3	
6	The impact on the ability of the College to comply with laws and rules relating to Historically Underutilized Businesses.(up to 1 point)	0	0	0	0
		0		0	
		0		0	
7	The total long-term cost to the College to acquire the vendor's goods or services. (up to 5 points)	3	3.33	5	5
		4		5	
		3		5	
8	For a contract for goods and services, other than goods and services related to telecommunications and information materials, whether the vendor or the vendor's ultimate parent company or majority owner: a. Has its place of business in this state; or b. Employs at least 500 persons in this state. (up to 5 points)	5	5	5	5
		5		5	
		5		5	
TOTAL EVALUATION POINTS		87.16		95.67	
RANKING		2		1	

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

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

SOUTH TEXAS COLLEGE
1. PROPOSAL CRITERIA - SERVICE ONLY

		Service Only	
		Points	Score Key
1	Criterion 1: The purchase price a. The low bidder gets the maximum points b. Divide the lowest proposal by each of the other proposal(s)	37	
2	Criterion 2: The reputation of the vendor and of the vendor's goods or services a. Number of Years in Business b. References (similar projects) c. Services/Installation d. Professional Licenses/Certifications	18	15-18 10-14 5-9 0-4 Excellent Acceptable Marginal Poor/No Response
3	Criterion 3: The quality of the vendor's goods or service a. Warranty b. Service Support/Response Time c. Goods/Product (manufacturer life) d. Product Performance	16	14-16 10-13 5-9 0-4 Excellent Acceptable Marginal Poor/No Response
4	Criterion 4: The extent to which the goods or services meet the district's needs a. Time Frame to complete the project b. Delivery Time Frame of product(s) c. Number of staff d. Meet or exceed the specifications	15	12-15 7-11 3-6 0-2 Excellent Acceptable Marginal Poor/No Response
5	Criterion 5: The vendor's past relationship with the district a. Quality of Past Performances with STC ****New Vendors will receive two points	3	3 2 1 0 Excellent Acceptable/New Vendor Marginal Poor/No Response
6	Criterion 6: The impact on the ability of the district to comply with laws and rules relating to Historically Underutilized Businesses a. Provided the Certification	1	1 0 Yes No
7	Criterion 7: The total long-term cost to the district to acquire the vendor's goods or services; and a. Annual Escalation Increase b. Annual Maintenance Cost	5	5 3-4 1-2 0 Excellent Acceptable Marginal Poor/No Response
8	Criterion 8: For a contract for goods and services, other than goods and services related to telecommunications and information materials, whether the vendor or the vendor's ultimate parent company or majority owner: a. Has its place of business in this state; or b. Employs at least 500 persons in this state.	5	5 0 Yes No
9	Criterion 9: Any other relevant factor specifically listed in the request for bids or proposals, e.g.: a. Financial Standing b. Potential or Pending Sale of Business		Up to 5 points will be used from the purchase price if applicable
Total Points		100	

Definitions of evaluation terms:

- Excellent** - respondent provided information which fully addressed or exceeded the requirements
- Acceptable** - respondent provided information which addressed most but not all of the requirements
- Marginal** - respondent provided minimal information on requirements
- Poor/No response** - respondent provided inadequate responses to requirements or did not respond

**SOUTH TEXAS COLLEGE
 2. TECHNOLOGY CAMPUS BUILDING B ANALOG TO DIGITAL
 AUDIOVISUAL UPGRADE
 PROJECT NO. 23-24-1042**

VENDOR		Audio Visual Aids	Telepro Communications
ADDRESS		2903 N Flores St	12005 N Bryan Rd
CITY/STATE/ZIP		San Antonio, TX 78212	Mission, TX 78573
PHONE		800-422-1282	956-618-2360
CONTACT		Ernest Mendez	Daniel Backaus
#	Description	Proposed	Proposed
1	Technology Campus - Building B - Analog to Digital Audiovisual Upgrade	\$ 292,615.98	\$ 256,856.64
TOTAL PROPOSAL AMOUNT		\$ 292,615.98	\$ 256,856.64
TOTAL EVALUATION POINTS		92.50	96.25
RANKING		2	1

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

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

SOUTH TEXAS COLLEGE
2. TECHNOLOGY CAMPUS BUILDING B ANALOG TO DIGITAL AUDIOVISUAL UPGRADE PROJECT
NO. 23-24-1042
EVALUATION SUMMARY

VENDOR		Audio Visual Aids		Telepro Communications	
ADDRESS		2903 N Flores St		12005 N Bryan Rd	
CITY/STATE/ZIP		San Antonio, TX 78212		Mission, TX 78573	
PHONE		800-422-1282		956-618-2360	
CONTACT		Ernest Mendez		Daniel Backaus	
1	The purchase price. (up to 47 points)	41.25	41.25	47	47
		41.25		47	
		41.25		47	
		41.25		47	
2	The reputation of the vendor and the vendor's goods or services. (up to 15 points)	14	14.5	14	13
		15		12	
		15		12	
		14		14	
3	The quality of the vendor's goods or services. (up to 14 points)	14	14	14	14
		14		14	
		14		14	
		14		14	
4	The extent to which the goods or services meet the district's needs. (up to 20 points)	20	19.75	20	19.25
		20		18	
		20		20	
		19		19	
5	The vendor's past relationship with the district. (up to 3 points)	3	3	2	2
		3		2	
		3		2	
		3		2	
6	The impact on the ability of the College to comply with laws and rules relating to Historically Underutilized Businesses. (up to 1 point)	0	0	1	1
		0		1	
		0		1	
		0		1	
TOTAL EVALUATION POINTS		92.50		96.25	
RANKING		2		1	

The Director of Purchasing has reviewed all the responses and evaluations completed.
 *The proposal criteria follows in the packet for further explanation of each criteria.

SOUTH TEXAS COLLEGE
2. PROPOSAL CRITERIA - PRODUCT AND SERVICE

		Product and Service	
		Points	Score Key
1	Criterion 1: The purchase price a. The low bidder gets the maximum points b. Divide the lowest proposal by each of the other proposal(s)	47	
2	Criterion 2: The reputation of the vendor and of the vendor's goods or services a. Number of Years in Business b. References (similar projects) c. Services/Installation d. Professional Licenses/Certifications	15	13-15 8-12 3-7 0-2 Excellent Acceptable Marginal Poor/No Response
3	Criterion 3: The quality of the vendor's goods or service a. Warranty b. Service Support/Response Time c. Goods/Product (manufacturer life) d. Product Performance	14	13-16 8-12 3-7 0-2 Excellent Acceptable Marginal Poor/No Response
4	Criterion 4: The extent to which the goods or services meet the district's needs a. Time Frame to complete the project b. Delivery Time Frame of product(s) c. Number of staff d. Meet or exceed the specifications	20	16-20 11-15 6-10 0-5 Excellent Acceptable Marginal Poor/No Response
5	Criterion 5: The vendor's past relationship with the district a. Quality of Past Performances with STC ****New Vendors will receive two points	3	3 2 1 0 Excellent Acceptable/New Vendor Marginal Poor/No Response
6	Criterion 6: The impact on the ability of the district to comply with laws and rules relating to historically underutilized businesses a. Provided the Certification	1	1 0 Yes No
7	Criterion 7: The total long-term cost to the district to acquire the vendor's goods or services; and a. Annual Escalation Increase b. Annual Maintenance Cost		Up to 5 points will be used from the purchase price if applicable
8	Criterion 8: Any other relevant factor specifically listed in the request for bids or proposals a. Financial Standing b. Potential or Pending Sale of Business c. SAS 70 d. Red Flag Rules e. Gramm-Leach-Bliley Act		Up to 5 points will be used from the purchase price if applicable
Total Points		100	

Definitions of evaluation terms:

- Excellent** - respondent provided information which fully addressed or exceeded the requirements
- Acceptable** - respondent provided information which addressed most but not all of the requirements
- Marginal** - respondent provided minimal information on requirements
- Poor/No response** - respondent provided inadequate responses to requirements or did not respond

SOUTH TEXAS COLLEGE
3. TRAINING MANIKINS

VENDOR		Laerdal Medical Corporation		
ADDRESS		167 Myers Corners Road		
CITY/STATE/ZIP		Wappingers Falls, NY 12590		
PHONE		800-227-1143		
CONTACT		Vance Robichaux		
#	Qty	Description	Unit Price	Extension
1	2	SimMan 3G Plus Manikin	\$ 84,129.06	\$ 168,258.12
2	1	SimBaby Medium Manikin	\$ 37,881.06	\$ 37,881.06
3	1	SimBaby Dark Manikin	\$ 37,881.06	\$ 37,881.06
TOTAL AMOUNT			\$	244,020.24

NO BACKUP FOR

**4) Subscription
Training and
Equipment
Partnership Lease
Agreement (Renewal)**

SOUTH TEXAS COLLEGE
5. INTERNET MANAGED SERVICES AGREEMENT

VENDOR			Spectrum Enterprise through the Texas Department of Information Resources (DIR)	
ADDRESS			P O BOX 13564	
CITY/STATE/ZIP			Austin, TX 78744	
CONTACT			Wendy Bills	
#	Qty	Description	Unit Price	Extension
1	12	Type II Fiber Internet Access	\$ 2,798.88	\$ 33,586.56
2	12	Static IP - 13	\$ 56.00	\$ 672.00
3	12	Type II Fiber Internet Access Installation Charge	\$ 560.00	\$ 6,720.00
4	12	MNE - Manage Network Edge	\$ 1,456.00	\$ 17,472.00
5	12	MNE - Manage Network Edge Installation Charge	\$ 336.00	\$ 4,032.00
6	12	MNE - 48 PoE Switch	\$ 386.40	\$ 4,636.80
7	12	MNE - 48 PoE Switch Installation Charge	\$ 280.00	\$ 3,360.00
TOTAL AMOUNT			\$	70,479.36

SOUTH TEXAS COLLEGE
6. NETWORK EQUIPMENT, LICENSES AND ACCESSORIES

VENDOR			Netsync Network Solutions	
ADDRESS			2500 W Loop S Ste 410/510	
CITY/STATE/ZIP			Houston, TX 77027	
PHONE			713-218-5000	
CONTACT			Xavier A. Trevino	
#	Qty	Description	Unit Price	Extension
1	1	Network Equipment, Licenses and Accessories Period: 4/1/24 - 8/31/24	\$ 150,000.00	\$ 150,000.00
TOTAL AMOUNT			\$	150,000.00

**SOUTH TEXAS COLLEGE
7. SERVER HARDWARE EQUIPMENT**

		VENDOR	Netsync Network Solutions	
		ADDRESS	2500 W Loop S Ste 410/510	
		CITY/STATE/ZIP	Houston, TX 77027	
		PHONE	713-218-5000	
		CONTACT	Xavier A. Trevino	
#	Qty	Description	Unit Price	Extension
1	49	Academic Vmware Horizon Universal Subscription - (Add-On To Core) Concurrent User Qty 10 - 12 Month Prepaid Vmware	\$ 2,510.88	\$ 123,033.12
2	64	Nvidia Vpc Bundle Perpetual License Plus 5Yr Vpc Sums, 1Ccu	\$ 220.14	\$ 14,088.96
3	4	Vxrail V670F, All Flash	\$ 3,113.63	\$ 12,454.52
4	4	Psnt Info	\$ -	\$ -
5	4	Vsan Node	\$ -	\$ -
6	4	Vxrail Pv670/F/N, S670 Firmware Lock	\$ -	\$ -
7	4	Vxrail Software 7.0.481 Factory Install	\$ -	\$ -
8	4	No Transformational License Agreement	\$ -	\$ -
9	4	Informational Purposes Only	\$ -	\$ -
10	4	2.5" Chassis With Up To 24 Hdds (Sas/Sata) Including 8 Universal Slots	\$ 339.45	\$ 1,357.80
11	4	Gpu Enablement	\$ -	\$ -
12	4	Vxrail 2U Bezel	\$ 55.89	\$ 223.56
13	4	Intel Xeon Gold 6342 2.8G, 24C/48T, 11.2Gt/S, 36M Cache, Turbo, Ht (230W) Ddr4-3200	\$ 1,742.97	\$ 6,971.88
14	4	Intel Xeon Gold 6342 2.8G, 24C/48T, 11.2Gt/S, 36M Cache, Turbo, Ht (230W) Ddr4-3200	\$ 1,742.97	\$ 6,971.88
15	4	Additional Processor Selected	\$ -	\$ -
16	4	3200Mt/S Rdimms	\$ -	\$ -
17	4	Broadcom 57504 Quad Port 10/25Gbe,Sfp28, Ocp Nic 3.0	\$ 275.87	\$ 1,103.48
18	4	Trusted Platform Module 2.0 V3	\$ 28.48	\$ 113.92
19	4	Readyrails Sliding Rails	\$ 42.87	\$ 171.48
20	4	Cable Management Arm, 2U	\$ 19.85	\$ 79.40
21	4	Dual, Hot-Plug, Power Supply 2400W Redundant, D Mixed Mode	\$ 664.22	\$ 2,656.88

**SOUTH TEXAS COLLEGE
7. SERVER HARDWARE EQUIPMENT**

VENDOR			Netsync Network Solutions	
#	Qty	Description	Unit Price	Extension
22	4	Fan Foam, Hdd 2U	\$ -	\$ -
23	4	No Rear Storage	\$ -	\$ -
24	4	Dell Hardware Limited Warranty	\$ 186.67	\$ 746.68
25	4	Prosupport Next Business Day Onsite Service After Problem Diagnosis 2 Years Extended	\$ 1,487.87	\$ 5,951.48
26	4	Prosupport Next Business Day Onsite Service After Problem Diagnosis 3 Years	\$ 501.87	\$ 2,007.48
27	4	Prosupport 7X24 Technical Support And Assistance 5 Years	\$ 8,923.35	\$ 35,693.40
28	4	Dell Limited Hardware Warranty Extended Year(S)	\$ -	\$ -
29	4	Thank You Choosing Dell Prosupport. For Tech Support, Visit //Www.Dell.Com/Support Or Call 1	\$ -	\$ -
30	4	Informational Purposes Only	\$ -	\$ -
31	4	Prodeploy Plus Dell Emc Vxrail	\$ 3,167.00	\$ 12,668.00
32	4	Pe R750 No Ccc Or Ce Marking	\$ -	\$ -
33	4	Dell/Emc Label (Bis) For 2.5" Chassis	\$ -	\$ -
34	4	Sas/Sata/Nvme Capable Backplane	\$ -	\$ -
35	4	P/V 670 Shipping, Dao	\$ -	\$ -
36	4	Poweredge R750 Shipping Material	\$ 42.87	\$ 171.48
37	4	2.5 Chassis	\$ -	\$ -
38	4	Vxrail V670F, Riser Config 2, 1A+2A+3B+4A, 2X16Fh Dw Gpu, 2X8Fh, 2X16Lp	\$ 108.48	\$ 433.92
39	4	Vxrail V670F Branding	\$ 15.82	\$ 63.28
40	4	R750 Motherboard With Broadcom 5720 Dual Port 1Gb On-Board Lom	\$ -	\$ -
41	4	Heatsink For 2 Cpu With Gpu Configuration	\$ 57.24	\$ 228.96
42	4	Performance Optimized	\$ -	\$ -
43	4	C43, No Raid	\$ -	\$ -
44	4	Dell Hba3551 Controller Front	\$ 340.89	\$ 1,363.56
45	4	Front Perc Mechanical Parts, For 2.5" X24 Sas/Sata Chassis	\$ 14.37	\$ 57.48

**SOUTH TEXAS COLLEGE
7. SERVER HARDWARE EQUIPMENT**

VENDOR			Netsync Network Solutions	
#	Qty	Description	Unit Price	Extension
46	4	Boss-S2 Controller Card + With 2 M.2 480Gb (Raid 1)	\$ 524.42	\$ 2,097.68
47	4	Boss Cables And Bracket For R750 (Riser 1)	\$ 14.37	\$ 57.48
48	4	Idrac9, Enterprise 15G	\$ 140.67	\$ 562.68
49	4	Idrac Group Manager, Disabled	\$ -	\$ -
50	4	Idrac, Legacy Password	\$ -	\$ -
51	4	Dhcp With Zero Touch Configuration	\$ -	\$ -
52	4	Very High Performance Fan X6	\$ 86.02	\$ 344.08
53	4	No Quick Sync	\$ -	\$ -
54	4	No Systems Documentation, No Openmanage Dvd Kit	\$ -	\$ -
55	4	No Energy Star	\$ -	\$ -
56	4	Uefi Bios Boot Mode With Gpt Partition	\$ -	\$ -
57	4	V670F Luggage Tag	\$ -	\$ -
58	64	64Gb Rdim, 3200Mt/S, Dual Rank, 16Gb - Hci	\$ 905.18	\$ 57,931.52
59	12	1.6Tb Enterprise Nvme Mixed Use Ag Drive U.2 Gen4 With Carrier	\$ 1,185.47	\$ 14,225.64
60	12	3.84Tb Ssd Sata Read Intensive 6Gbps 512 2.5In Hot-Plug Ag Drive, 1 Dwpd - Hci	\$ 1,043.85	\$ 12,526.20
61	8	Pe R7525 Acceleration 12V Cable	\$ 8.63	\$ 69.04
62	8	Nvidia Ampere A16, Pcie, 250W, 64Gb Passive, Dw, Fh Gpu, Requires Vgpu Sw For Vdi	\$ 3,178.43	\$ 25,427.44
63	8	Power Cord, C19 To C20, Pdu-Style, 16 Amps, .6 Meter, Argentina, Qty 1	\$ 3.17	\$ 25.36
64	16	Sfp28 Sr Optic, 25Gbe, 85C, For All Sfp28 Ports	\$ 212.58	\$ 3,401.28
65	8	Vxrail Vmware, Vsan Advanced, 5 Years	\$ -	\$ -
66	8	Vxrail Hci System Software, A	\$ 2,899.97	\$ 23,199.76
67	12	Vxrail Hci System Software, Capacity Drive, 3.84Tb	\$ 752.25	\$ 9,027.00
68	64	Vxrail Hci System Software Memory, 64Gb	\$ 181.64	\$ 11,624.96
69	8	Prosupport Next Business Day, Vsan, Advanced, 1 Processor, 5 Years	\$ 1,321.83	\$ 10,574.64
TOTAL AMOUNT				\$ 399,707.36

SOUTH TEXAS COLLEGE
8. DISTRICT WIDE FURNITURE REQUEST
APRIL 23, 2024

#	Qty	Description	Unit Price	Extension	Requesting Department
Gateway Printing and Office Supply, Inc. (OMNIA Partners, Sourcewell, and TIPS)					
1	1	WU2448HF-74P, P Workup Rectangular Table	\$1,676.95	\$1,676.95	Learning Commons and Open Labs - Arturo Solano
	1	Labor to receive, inspect, deliver, install and remove debris	\$135.00	\$135.00	Adjustable table will be used as a printing release station Nursing Allied Health Bldg A for student use
2	1	DTM 2036KH Heavy Duty Plus Top Shelf Black	\$42.20	\$42.20	Furniture for New Cosmetology - Carla Bellaza
	4	DTM 2036TH Unslotted Heavy Duty Plus Shelf	\$42.20	\$168.80	Shelves are needed at the Cosmetology program
	2	DTM 7620LO Open L Up Right	\$61.64	\$123.28	
	4	DTM HR20 Heavy Duty Plus Shelf Reinforcement	\$3.78	\$15.12	
	10	DTM HS-3611 Heavy Duty Plus Shelf Support, 36"	\$7.38	\$73.80	
	1	Labor to receive, inspect, deliver, install and remove debris	\$55.00	\$55.00	
3	2	WU2448HF-74P, P Workup Rectangular Table	\$1,920.87	\$3,841.74	Learning Commons and Open Labs - Arturo Solano
	1	Labor to receive, inspect, deliver, install and remove debris	\$180.00	\$180.00	Adjustable tables will be used as a printing release station Mid Valley Campus Bldg G for student use.
4	12	Outlet-15-Amp Duplex Receptacle,10-Wire/6-2	\$17.60	\$211.20	Information Technology Program - Angelita Elizondo Teniente
	12	Outlet-15-Amp Duplex Receptacle,10-Wire/6-2	\$17.60	\$211.20	Tables and chairs are needed for a new classroom Pecan Campus Bldg Y
	6	Connection Port- DataLink for Rectangular Table	\$103.40	\$620.40	
	12	Table- DataLink Fixed Lg w/Pwr,74P Edge	\$1,261.70	\$15,140.40	
	6	Electrical Cables- Base Infeed 10 Wire/6 Circuit	\$108.35	\$650.10	
	24	Doni Task Armless Chair ,Uph Seat, Solid Color	\$393.25	\$9,438.00	
	1	Labor to receive, inspect, deliver, install and remove debris	\$2,265.00	\$2,265.00	
5	1	GRM GDI Kit, Metal Grommet for Dean	\$44.00	\$44.00	After Hours Café - Rick De La Garza
	1	ITCB42/NN/ND InTandem Corner Beam	\$718.30	\$718.30	Tables and Chairs are needed for student use at Pecan Bldg F
	2	ITCL3029 InTandem "C" Leg, 30"D x 29"H	\$172.70	\$345.40	After Hours Café
	1	ITCS29 InTandem Corner Support Leg 29"H	\$96.80	\$96.80	
	1	S23373426 Modified-In Tandem Worksurface Transitional Corner	\$777.15	\$777.15	
	2	P256F-74P Portico Fixed Leg, Rect. T Base 74P Edge 30x72"	\$697.95	\$1,395.90	
	4	P256F-74P Portico Fixed Leg, Rect. T Base, 74P Edge, 30x72"	\$697.95	\$2,791.80	
	4	S24382078 Modified-Portico Fixed Leg, Rec. Mod Panel, T Base, 74P Edge 30x72"	\$842.60	\$3,370.40	
	2	P36F-74P Portico Fixed Leg, Rect, T Base, 74P Edge, 36x62"	\$770.00	\$1,540.00	
	4	PR25FX-74P Protico Fixed Leg, Round, LX Base,74P Edge 30" Dia	\$534.60	\$2,138.40	
	12	SLSNAP Strive Four-Leg Armless Café Stool, Poly	\$208.45	\$2,501.40	
	27	SSNAP Strive Sled Base Armless Chair, Poly	\$158.95	\$4,291.65	
	1	Labor to receive, inspect, deliver, install and remove debris	\$2,365.00	\$2,365.00	
Gateway Printing and Office Supply, Inc. Total				\$57,224.39	
Furniture Total				\$57,224.39	

SOUTH TEXAS COLLEGE
9. DISTRICT WIDE TECHNOLOGY REQUEST
April 23, 2024

COMPUTERS					
#	Qty	Description	Unit Price	Extension	Requesting Department
1	1	Dell OptiPlex Tower 7010, 13th Gen Intel Core i7-13700, 16GB Memory 512GB Hard Drive, Warranty	\$ 898.71	\$ 898.71	Adrian Lozano - Student Assessment Center Replacement of out-of-warranty system for department staff
2	2	Dell OptiPlex Micro Tower 7010 Plus, 13th Gen Intel Core i7-13700, 16GB Memory 512GB Hard Drive, Warranty	\$ 983.00	\$ 1,966.00	Yolanda Martinez - Educational Technology Maintenance and Replacement Replacement of out-of-warranty systems for student digital signage
3	2	Dell OptiPlex Tower 7010, 13th Gen Intel Core i7-13700, 16GB Memory 512GB Hard Drive, (4) Monitors, Warranty	\$ 1,301.89	\$ 2,603.78	Delia Magdaleno - World Language Department Replacement of out-of-warranty systems for department faculty
4	1	Dell OptiPlex Tower 7010, 13th Gen Intel Core i7-13700, 16GB Memory 512GB Hard Drive, Warranty	\$ 898.71	\$ 898.71	Dr. Ravindra Nandigam - Engineering Program New system for new department staff
5	2	Dell OptiPlex Micro Tower 7010 Plus, 13th Gen Intel Core i7-13700, 16GB Memory 512GB Hard Drive, 86" Interactive Monitor, Warranty	\$ 6,342.99	\$ 12,685.98	Mary Elizondo - Construction Accounts - Unexpended New systems for department staff conference room - Pecan Building P
6	25	Dell OptiPlex Tower 7010, 13th Gen Intel Core i7-13700, 16GB Memory 512GB Hard Drive, Warranty	\$ 898.71	\$ 22,467.75	Francisco Salinas - Cybersecurity Program Replacement of out-of-warranty systems for student lab
7	2	Dell OptiPlex Tower 7010, 13th Gen Intel Core i7-13700, 16GB Memory 512GB Hard Drive, Warranty	\$ 898.71	\$ 1,797.42	Veronica Rodriguez - Child Development Replacement of out-of-warranty systems for department faculty
8	159	Dell OptiPlex Tower 7010, 13th Gen Intel Core i7-13700, 16GB Memory 512GB Hard Drive, Warranty	\$ 898.71	\$ 142,894.89	Lucio Gonzalez - Technology Support Replacement of out-of-warranty systems for district-wide staff
9	158	Dell OptiPlex Tower 7010, 13th Gen Intel Core i7-13700, 16GB Memory 512GB Hard Drive, Warranty	\$ 898.71	\$ 141,996.18	Lucio Gonzalez - Technology Support Replacement of out-of-warranty systems for district-wide faculty
10	333	Dell OptiPlex Tower 7010, 13th Gen Intel Core i7-13700, 16GB Memory 512GB Hard Drive, Warranty	\$ 898.71	\$ 299,270.43	Lucio Gonzalez - Technology Support Replacement of out-of-warranty systems for district-wide student labs
11	1	Apple iMac 24" with Retina 4.5K Display #Z19D, HDMI Belkin Cable, 3-Year Apple Care	\$ 2,137.95	\$ 2,137.95	Jason Rodriguez - Art Program New system for department faculty
12	2	Dell OptiPlex Tower 7010, 13th Gen Intel Core i7-13700, 16GB Memory 512GB Hard Drive, Warranty	\$ 898.71	\$ 1,797.42	Hilaire Saint Pierre - Medical Health Service Management New systems for department staff
13	2	Dell OptiPlex Micro Tower 7010 Plus, 13th Gen Intel Core i7-13700, 32GB Memory 512GB Hard Drive, Warranty	\$ 1,155.00	\$ 2,310.00	Emma Miller - Bachelor of Applied Science in Organizational Leadership Replacement of out-of-warranty system for department staff
14	1	Dell OptiPlex Micro Tower 7010 Plus, 13th Gen Intel Core i7-13700, 16GB Memory 512GB Hard Drive, Warranty	\$ 983.00	\$ 983.00	Emma Miller - Bachelor of Applied Science in Organizational Leadership Replacement of out-of-warranty system for department faculty
		COMPUTER TOTAL		\$ 634,708.22	
LAPTOPS					
15	6	Laptop Latitude 5440 BTX Base, 13th Gen Intel Core i5-1355U, 16GB Memory, 256GB Hard Drive, Docking Station, Keyboard and Mouse, Warranty	\$ 1,395.47	\$ 8,372.82	Mark Murray - Political Science Program Replacement of out-of-warranty systems for department faculty

SOUTH TEXAS COLLEGE
9. DISTRICT WIDE TECHNOLOGY REQUEST
April 23, 2024

#	Qty	Description	Unit Price	Extension	Requesting Department
16	1	Laptop Latitude 5440 BTX Base, 13th Gen Intel Core i5-1355U, 16GB Memory, 256GB Hard Drive, Docking Station, Keyboard and Mouse, Warranty	\$ 1,395.47	\$ 1,395.47	Zachary Suarez - Human Resources New system for new department staff
17	25	Laptop Latitude 5440 BTX Base, 13th Gen Intel Core i5-1355U, 16GB Memory, 256GB Hard Drive, Laptop Charging Cart, Warranty	\$ 1,378.16	\$ 34,453.88	Dr. Jesus Campos - Library Public Services New systems for Nursing Library students
18	1	Laptop Latitude 5440 BTX Base, 13th Gen Intel Core i5-1355U, 16GB Memory, 256GB Hard Drive, Warranty	\$ 1,403.00	\$ 1,403.00	Ruben Suarez - Safety and Security Replacement of out-of-warranty system for department staff
19	1	Laptop Latitude 5440 BTX Base, 13th Gen Intel Core i5-1355U, 16GB Memory, 256GB Hard Drive, Docking Station, Keyboard and Mouse, Warranty	\$ 1,395.47	\$ 1,395.47	Sara Lozano - Technology Campus New system for new department staff
20	2	Laptop Latitude 5440 BTX Base, 13th Gen Intel Core i5-1355U, 16GB Memory, 256GB Hard Drive, Docking Station, Keyboard and Mouse, Warranty	\$ 1,395.47	\$ 2,790.94	Myriam Lopez - Business Office New systems for new department staff
21	1	Apple MacBook Pro Laptop 16" 36GB Memory, 1TB SSD Storage, 4-Year AppleCare	\$ 3,328.00	\$ 3,328.00	Lynell Williams - Centers for Learning Excellence Replacement of out-of-warranty system for department staff
22	34	Laptop Latitude 5440 Touch XCTO Base, 13th Gen Intel Core i5-1345U, 16GB Memory, 256GB Hard Drive, Warranty	\$ 1,360.00	\$ 46,240.00	Jason Valerio - Division of Nursing and Allied Health New systems for department faculty
23	18	Laptop Mobile Precision Workstation 5680 CTO, Intel Core i7-13700H, 16GB Memory 512GB Hard Drive, Warranty	\$ 2,480.33	\$ 44,645.94	Dr. Ravindra Nandigam - Physics Program Replacement of out-of-warranty systems for student lab
24	12	Laptop Mobile Precision Workstation 5680 CTO, Intel Core i7-13700H, 16GB Memory 512GB Hard Drive, Warranty	\$ 2,480.33	\$ 29,763.96	Dr. Ravindra Nandigam - Engineering Program Replacement of out-of-warranty systems for student lab
25	5	Laptop Latitude 5440 BTX Base, 13th Gen Intel Core i5-1355U, 16GB Memory, 256GB Hard Drive, Warranty	\$ 1,160.00	\$ 5,800.00	Santa Pena - Counseling and Student Access Services Replacement of out-of-warranty systems for student lab
TABLETS					
LAPTOP TOTAL				\$ 179,589.48	
26	1	Apple iPad Air 10.9" Wi-Fi Cellular 256GB, Space Gray 3-Year AppleCare	\$ 928.00	\$ 928.00	Jason Rodriguez - Dance Program New system for department staff
MONITORS					
27	10	Dell 34" Curved Monitor U34WE 3-Year Warranty	\$ 637.00	\$ 6,370.00	Arturo Solano - Learning Commons and Open Labs Replacement of out-of-warranty monitors for students
28	100	Dell 22" Monitor P222H 3-Year Warranty	\$ 129.00	\$ 12,900.00	Lucio Gonzalez - Technology Support Replacement of out-of-warranty monitors for district-wide student labs
MONITOR TOTAL				\$ 19,270.00	
COMPUTER/LAPTOP/TABLET/MONITOR TOTAL				\$ 834,495.70	

**SOUTH TEXAS COLLEGE
10. FACILITY USAGE AGREEMENT**

NAME			City of Mission / Mission Event Center	
ADDRESS			2425 Ruby Red Blvd	
CITY/STATE/ZIP			Mission, TX 78572	
PHONE			956-584-4321	
CONTACT			Jerry Guzman	
#	Qty	Description	Unit Price	Extension
1	1	Facility Usage Agreement Date: 05/10/24	\$ 2,725.00	\$ 2,725.00
TOTAL AMOUNT			\$	2,725.00

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

Purpose and Justification – Administration requests the Committee recommend Board approval on the renewal of the Hidalgo County Agreement for Tax Assessment and Collection for current and delinquent taxes collected from September 1, 2024 through August 31, 2025.

The Hidalgo County Agreement for Tax Assessment and Collection must be approved by the College by June 1, 2024. Approval of the tax assessment and collection fee is needed in order for the Hidalgo County Tax Assessor to assess and collect taxes levied.

Texas Property Tax Code, Sec. 6.27 (c) Compensation for Assessment and Collection, indicates that the assessor or collector is entitled to a reasonable fee, not to exceed actual costs incurred, for which it assesses and collects taxes. The Inter-Local Cooperation Agreement requires the County, after reviewing actual collection costs, to submit a proposed fee to the College, which may include a cost increase of no more than 5% per year, prior to May 1st. The College will then have until June 1st to accept the recommended fee.

Background – Mr. Pablo Villarreal, Jr., RTA for Hidalgo County, has advised the College that the annual fee for tax year 2024 will remain at the tax year 2023 amount of \$108,372.00. The monthly collection fee of approximately \$9,031.00 is reduced from taxes collected during the month, and the remaining funds are wired to the South Texas College’s bank depository account.

Below is a summary of fees charged by Hidalgo County each year for the periods of Fiscal Year 2014 – 2015 to Fiscal Year 2024 - 2025.

History of Fees for Hidalgo County Tax Assessment and Collection			
Fiscal Year	Fee	Increase over Previous Year	Total Tax Levy
2024 – 2025	\$108,372.00	0%	Not Available
2023 – 2024	\$108,372.00	0%	\$83,552,787.83
2022 – 2023	\$108,372.00	5%	\$75,375,088.72
2021 - 2022	\$103,212.00	0%	\$71,315,412.72
2020 – 2021	\$103,212.00	0%	\$66,982,283.00
2019 – 2020	\$103,212.00	0%	\$64,711,985.97
2018 - 2019	\$103,212.00	0%	\$63,236,679.08
2017 – 2018	\$103,212.00	5%	\$62,624,834.26

History of Fees for Hidalgo County Tax Assessment and Collection			
Fiscal Year	Fee	Increase over Previous Year	Total Tax Levy
2016 – 2017	\$98,304.00	0%	\$59,701,217.59
2015 – 2016	\$98,304.00	0%	\$56,408,070.41
2014 – 2015	\$98,304.00	5%	\$52,781,657.49

Funding Source – The annual collection fee is reduced monthly from taxes collected during the month. Funds for these expenditures will be budgeted in the Hidalgo Appraisal/Collection Fee budget for Fiscal Year 2024 – 2025, pending Board approval of the budget.

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

Mary Elizondo, Vice President for Finance and Administrative Services, will be present at the Committee Meeting to address questions.

It is requested that the Committee recommend Board approval on the renewal of the Hidalgo County Agreement for Tax Assessment and Collection for current and delinquent taxes collected at an annual fee of \$108,372.00 from September 1, 2024 through August 31, 2025 as presented.

Office of Tax Assessor-Collector

COUNTY of HIDALGO

Pablo "Paul" Villarreal, Jr. PCC.



March 21, 2024

Dr. Ricardo J. Solis, President
South Texas College
P.O. Box 9701
McAllen, TX. 78502

P.O. Box 178
Edinburg, Texas 78540-0178
Ph. (956) 318-2157
Fax (956) 318-2733
www.hidalgocountytax.org

Dear Mr. Solis:

As per Clause VI, consideration of our Collection of Taxes Contract be advised that the fee for the taxable year 2024 will remain at **\$108,372**. Effective September 1, 2024.

Please sign, date and return this letter to us as soon as possible.

Sincerely,

Pablo (Paul) Villarreal, Jr. PCC
Hidalgo County Tax Assessor-Collector

XC: Hon. Richard F. Cortez
Hidalgo County Judge

Ms. Letty Chavez
Hidalgo County Auditor

Accepted & Agreed:

By: _____
Signature

_____ Date



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

Purpose and Justification – Administration requests the Committee recommend Board approval on the renewal of the Starr County Agreement for Tax Assessment and Collection for current and delinquent taxes collected from September 1, 2024 through August 31, 2025.

The Starr County Agreement for Tax Assessment and Collection must be approved by the College by June 1, 2024. Approval of the tax assessment and collection fee is needed in order for the Starr County Tax Assessor to assess and collect taxes levied.

Texas Property Tax Code, Sec. 6.27 (c) Compensation for Assessment and Collection, indicates that the assessor or collector is entitled to a reasonable fee, not to exceed actual costs incurred, for which it assesses and collects taxes.

Background – Ms. Maria Ameida Salinas, Tax Assessor-Collector for Starr County, has advised the College that the annual fee for tax year 2024 will remain at 3.5% of the College’s total tax collections. The annual fee for Fiscal Year 2025 is estimated to be \$174,734.82, based on 3.5% of the College’s total estimated tax collections for the period of September 1, 2024 through August 31, 2025. The monthly collection fee of approximately \$14,561.23 will be reduced from taxes collected during the month, and the remaining funds are remitted by a check to South Texas College.

Below is a summary of fees charged by Starr County each year for the periods of Fiscal Year 2014 – 2015 to Fiscal Year 2021 – 2023 and the estimated fee for Fiscal Year 2023 – 2024 and Fiscal Year 2024 – 2025, based on a rate of 3.5% of total tax collections.

History of Fees for Starr County Tax Assessment and Collection				
Fiscal Year	Fee	Increase over Previous Year	% of Tax Collection	Total Tax Levy
2024 – 2025	\$174,734.82***	6.92%	3.5%	Not Available
2023 – 2024	\$163,418.15**	1.16%	3.5%	\$4,833,955.92
2022 – 2023	\$161,545.49	(2.36%)	3.5%	\$4,515,974.35
2021 – 2022	\$165,449.37	8.60%	3.5%	\$4,418,023.95
2020 – 2021	\$152,346.31	6.76%	3.5%	\$4,108,455.73
2019 – 2020	\$142,693.53	(3.50%)	3.5%	\$4,010,125.41
2018 – 2019	\$147,863.11	0.001%	3.5%	\$4,058,100.49
2017 – 2018	\$147,862.05*	68.24%	3.5%	\$3,933,751.72
2016 – 2017	\$87,886.00	0%	N/A	\$3,494,095.10

History of Fees for Starr County Tax Assessment and Collection				
Fiscal Year	Fee	Increase over Previous Year	% of Tax Collection	Total Tax Levy
2015 – 2016	\$87,886.00	0%	N/A	\$3,871,198.83
2014 – 2015	\$87,886.00	0%	N/A	\$3,352,380.96

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

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

***Estimated Fee Amount to be approved on April 23, 2024 Board Meeting

Funding Source – The annual collection fee is reduced monthly from taxes collected during the month. Funds for these expenditures will be budgeted in the Starr Appraisal/Collection Fee budget for Fiscal Year 2024 – 2025, pending Board approval of the budget.

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

Mary Elizondo, Vice President for Finance and Administrative Services, will be present at the Committee Meeting to address questions.

It is requested that the Committee recommend Board approval on the renewal of the Starr County Agreement for Tax Assessment and Collection for current and delinquent taxes collected at a fee of 3.5% or approximately \$174,734.82 for the tax year 2024 of the College’s total tax collected from September 1, 2024 through August 31, 2025, as per the Starr County Commissioner’s Court approval on March 25, 2024, as presented.

COUNTY OF



STARR

AMEIDA SALINAS

Tax Assessor-Collector

STARR COUNTY

RIO GRANDE CITY, TEXAS 78582

COUNTY COURT HOUSE

STARR COUNTY

RIO GRANDE CITY, TEXAS 78582

March 25th, 2024

Dr. Ricardo J. Solis, President

South Texas College
3201 W. Pecan Blvd
McAllen, Texas 78501

Dear Dr. Solis:

As per Clause VI, Consideration of our Collection of Taxes Contract, be advised that the fee for tax year 2024 will be 3.5% of all current and delinquent base taxes collected from September 1, 2024 through August 31, 2025 as per Commissioner's Court approval on March 25th, 2024.

If you need additional information, please contact me at your earliest convenience.

Please sign, date and return this letter to us as soon as possible.

Sincerely,

Ma. Ameida Salinas, TAC
Starr County Tax Assessor/Collector



COUNTY OF STARR
MA. AMEIDA SALINAS
TAX ASSESSOR-COLLECTOR

ACCEPTED & AGREED

By: _____
South Texas College

Date: _____

Review and Discussion of FY 2024 – 2025 Budget Development

Purpose and Justification – As part of the budget planning process, the College is evaluating the revenue and expenditure budget considerations influencing the preparation of the FY 2024 – 2025 budget.

The budget planning process is an integral part of strategic planning that is preceded by sound planning and effectively aligns the budget with the College’s programs and activities. The revenue and expenditure budget development considerations affect the projected available resources, determine the planned expenditures, and directly impact the budget allocations for the FY 2024 – 2025 budget.

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

Enclosed Documents – A PowerPoint Presentation follows in the packet for the Committee’s review and information.

Mary Elizondo, Vice President for Finance and Administrative Services, will present on the FY 2024 – 2025 Budget Development for the Committee’s review and discussion.

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



FY 2024 – 2025

Budget Development Unrestricted Fund

Mary Elizondo, MBA, CPA, CFE, CGMA
Vice President for Finance and Administrative Services
April 9, 2024

FY 2024 – 2025 | Budget Cycle Timeline

	September-December	January	February	March	April	May	June	July	August	
Integrated Budget Planning Process	Environmental Scan/Analysis, Strategic Planning, Risk Assessment, Multi-Year Comprehensive Operation Plan, Departmental IE Plans, Long-Range Financial Plan, Budget Planning (Prioritize/Reallocate, Outcomes/Decision Making/Continuous Planning, Fiscal Year Strategic Investment Priorities)									
Budget Planning and Development	Revenue Projections		Revenue and Expenditure Projections							
		Instructions, Guidelines, and Alert Notice								
			Department Requests - Operating		Department Requests - Staffing					
Budget Development Review					Budget Development Review					
					Preliminary Review by Finance, Audit, and Human Resources Committee					
Preliminary Budget Review					Department and Cabinet Review					
					Preliminary Review by Finance, Audit, and Human Resources Committee					
Budget Approval							Construction Budget Approval	Staffing Plan Approval	Hearing Publication	
							Staffing Requests Approval		Budget Proposal	
									Budget Hearing	
									Budget Approval	

FY 2024 – 2025 | Budget Objectives



Produce a Balanced Budget

Total Revenue Equal Total Expenditures



Maintain Benchmarks

Instruction Function – Approximately 50% of Total Expenditures Budgeted
Salaries and Benefits – Approximately 75% or Lower of Total Expenditures Budgeted
(Excluding Transfers and Reserves)



Allocate Resources Based on Strategic Planning

Capital Improvement Plan
Allocation of FAST Funding



Maintain Financial Responsibility, Sustainability, and Controls

3

FY 2024 – 2025 | Key Priorities

- Salaries and Benefits
 - Continue TASB Compensation Review
 - Focus on Deans, Administrators, Managers, Accountants, Information Technology, Educational Technology, Bus Drivers, Adjunct Faculty, Associate Degree Nursing Faculty, Faculty-Master Level
- Analysis of Sufficiency of Operating and Travel by Department
- New Technology Expenditures Pool-Zero Based Budgeting
- 5-Year Capital Improvement Plan
- Budgeting for Designations (ERP, CIP)
- Identify efficiencies to reduce expenses but maintain expense budgets at a level to account for rising costs

4

FY 2024 – 2025 | Budget Guidelines

- Keep the total budget for Fiscal Year 2025 at the same level as the total budget for Fiscal Year 2024.
- Budget reallocations within an organization’s operating, technology, and travel budget are allowed. Budget reallocations between organizations for operating, technology, and travel are also allowed. Any net increases to budgets as requested by the Financial Manager must be approved by the appropriate Dean and Vice President or President; if the Financial Manager reports directly to the President.
- Technology and Capital expenditures follow the zero-based budget methodology.

5

State Appropriations Revenue – Formula Funding Model Change



6

State Appropriations Revenue – State Performance Measures

- Credentials of Value – Number of credentials of value awarded which includes degrees, certificates, and other credentials/licenses/awards from credit and non-credit programs
- Credentials of Value Awarded in High-Demand Fields – Additional weight applied to number of credentials of value awarded in high-demand occupations
- Transfer Success – Number of students who earn at least 15 SCH or the equivalent and transfer to a four-year university
- Dual Credit – Number of students who complete a sequence of at least 15 SCH or the equivalent for dual credit courses that apply toward academic and workforce program requirement at the collegiate level

7

FY 2024 – 2025 | Revenue Budget Considerations

State Appropriation Revenue

- Outcomes Based Formula Funding (HB8)
 - Projection: Same Level as FY 2023 – 2024
- FAST Funding (HB8)
 - Financial Aid for Swift Transfer (FAST)
 - Funding to institutions to offer dual credit courses to educationally disadvantaged students at zero cost
- Projection: Same Level as FY 2023 – 2024
- Approximately 26% of total revenues

8

FY 2024 – 2025 | Revenue Budget Considerations

Tuition and Fee Revenue

- Student Enrollment Projections
- Approved Simplified Tuition Rates Approved by Board in March
- Projection: Flat, remain at FY 2023 – 2024 Level
- Approximately 29% of total revenues

9

FY 2024 – 2025 | Revenue Budget Considerations

Property Tax Revenue

- Property Tax Assessed Valuation and Collections
- Certified Values Determined in July
- Projection: Increase from FY 2023 – 2024 Level
- Approximately 33% of total revenues

Other Revenues and Carryover Allocations

- Fund Balance Carryover Allocations for Plant Fund Transfer, ERP System
- Projection: Increase from FY 2023 – 2024 Level
- Approximately 12% of total revenues

10

FY 2024 – 2025 | Expenditure Budget Considerations

Salary and Benefit Expenditures

- TASB Scenarios for Annual Faculty and Staff Salary Increase
- TASB Review of Positions
 - Deans, Administrators, Managers, Accountants, Information Technology, Educational Technology, Bus Drivers, Adjunct Faculty, Associate Degree Nursing Faculty, Faculty-Master Level
- New Positions and Salary Adjustments/Position Reclassifications Proposed by College
- Reinstatement of Frozen Positions
- Projection: Increase from FY 2023 – 2024 Level
- Approximately 75% of expenditures

11

FY 2024 – 2025 | Expenditure Budget Considerations

Operating Expenditures

- Reduced by Technology Expenditures (New Category)
- Analysis of Sufficient Funding
- Department Requests – Decrease
- Projection: Decrease from FY 2023 – 2024 Level (Due to Technology Expenditures)
- Approximately 17% of expenditures

12

FY 2024 – 2025 | Expenditure Budget Considerations

Technology Expenditures

- Technology expenditures will be budgeted and tracked using new account codes.
- In previous fiscal years, technology expenditures were included in operating expenditures.
- Due to the new Technology account codes, departments requested a technology budget, as needed, and reduced their operating budget to offset the technology budget request.
- All expenditures considered “Technology” will be funded and tracked using the new account codes.
 - Computer Supplies, Computer Equipment, Software, Software Licenses, Data Hosting Services, Technology Contracted/Consultant Services
- Projection: Increase from FY 2023 – 2024 Level
- Approximately 5% of expenditures

13

FY 2024 – 2025 | Expenditure Budget Considerations

Travel Expenditures

- Analysis of Sufficient Funding
- Department Requests – Increase
- Projection: Increase from FY 2023 – 2024 Level
- Approximately 1% of expenditures

14

FY 2024 – 2025 | Expenditure Budget Considerations

Capital Expenditures

- Department Needs for Next Fiscal Year
- Projection: Decrease from FY 2023 – 2024 Level
- Approximately 2% of expenditures

Fund Balance Carryover Expenditures

- ERP Costs funded from Carryover Fund Allocations
- Unexpended Plant Fund Transfers
- Projection: Increase from FY 2023 – 2024 Level

15



Thank You
Questions?

16

Review and Recommend Action to Adopt New Business and Support Services Policies and Retire Current Policy

Purpose and Justification – Administration requests the Committee recommend Board approval to adopt new Business and Support Services Policies and retire current policy to align with the Texas Association of School Boards (TASB) policy manual.

This will align the policies with the comprehensive, current, and legally sound policy manual, to strengthen the policies’ language, and to transition policies to standardized format. In addition to the policy, internal procedures are currently in place and will continue to be enhanced.

The adoption of new and/or retired policies are as follows:

Adopt New Policy	Comparable/Retired Policy(ies)	Retired Policy Content Transition
A-1. CAK (Local) Appropriations and Revenue Sources – Investments	A-2. Policy #5120: Investment Policy	Some of the content from the retired policy is included in the new local policy.
B-1. CU (Local) Research	N/A	N/A

Background – On March 31, 2020, the Board of Trustees approved an interlocal agreement with TASB for Policy Management Service. Throughout FY 2022, FY 2023, and FY 2024, current College board policies will be reviewed, retired, and transitioned into the TASB formatted policies. TASB will then provide a comprehensive, current, and legally sound Policy Manual.

Reviewers – The new and retired policies have been reviewed by staff, administrators, TASB staff, STC Legal Counsel, the Chief Information Security Officer, the Vice President for Finance and Administrative Services, and Valley View Consulting, LLC (Investment Advisor).

Enclosed Documents – The new and retired policies follow in the packet for the Committee’s information and review.

Mary G. Elizondo, Vice President for Finance and Administrative Services, Myriam Lopez, Comptroller, Luis Gonzalez, Chief Information Security Officer, and Mr. Dick Long, from Valley View Consulting, LLC., will be present at the Committee Meeting to address questions.

It is requested that the Committee recommend Board approval to adopt the new Business and Support Services Policies and retire current policy as presented, which supersedes any previously adopted Board policy.

The College District shall invest all available funds in conformance with these legal and administrative guidelines, including Government Code 2256 – the Public Funds Investment Act (PFIA).

Investment Authority

The vice president for finance and administrative services, the comptroller, and one of the College District's elected officials, that are selected by the Board shall serve as the investment officers of the College District and shall invest College District funds as directed by the Board and in accordance with the College District's written investment policy and generally accepted accounting procedures.

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

**Approved
Investment
Instruments**

From those investments authorized by law and described further in CAK(LEGAL) under Authorized Investments, the Board shall permit investment of College District funds, including bond proceeds and pledged revenue to the extent allowed by law, in only the following investment types, consistent with the strategies and maturities defined in this policy:

1. Obligations of, or guaranteed by, governmental entities as permitted by Government Code 2256.009.
2. Certificates of deposit and share certificates, and other financial institution deposits, as permitted by Government Code 2256.010.
3. No-load money market mutual funds (MMMFs) as permitted by Government Code 2256.014.
4. Public funds investment pools (LGIPs) as permitted by Government Code 2256.016.

Existing Investments

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

**Prohibited
Investments**

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

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

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

Safety

The primary goal of the investment program is to ensure safety of principal, to maintain liquidity, and to maximize financial returns within current market conditions in accordance with this policy. Investments shall be made in a manner that ensures the preservation of capital in the overall portfolio.

The College District shall seek to control the risk of loss due to failure of an investment issuer by monitoring the ratings of portfolio positions to ensure compliance with the rating requirements imposed by the PFIA.

The purchase of individual securities shall be executed by "delivery versus payment" (DVP). By doing so, College District funds shall not be released until the College District has received the securities purchased.

**Investment
Management**

In accordance with Government Code 2256.005(b)(3), the quality and capability of investment management for College District funds shall be in accordance with the standard of care, investment training, and other requirements set forth in Government Code Chapter 2256.

Training

Each member of the Board and the investment officers shall attend at least one training session, relating to the person's responsibilities under the Act within six months after taking office or assuming duties. The Coordinating Board shall provide the training.

The investment officers shall accumulate not less than five hours of instruction within the first twelve months after taking office or assuming duties. The investment officer shall prepare a report on any changes in the Act and deliver the report to the Board of not later than the 180th day after the last day of each regular session of the legislature.

To ensure qualified and capable investment management, the investment officers shall receive investment training not less than once each state fiscal biennium and accumulate not less than five hours of instruction relating to investment responsibilities that addresses investment controls, security risks, strategy risks, market

risks, diversification of investment portfolio and compliance with the Act. The investment training shall be provided by the following approved training sources: the Coordinating Board, the Government Finance Officers Association of Texas, the Government Treasurers' Organization of Texas, the Texas Municipal League, Texas Association of Community College Business Officers, Councils of Government, or the University of North Texas Center for Public Management.

**Liquidity and
Maturity**

The College District's investment portfolio shall have sufficient liquidity to meet anticipated cash flow requirements. Liquidity shall be achieved by investing in securities with active secondary markets and by maintaining minimum balances in financial institution deposits, eligible MMMFs, and LGIPs.

An investment may be liquidated to meet unanticipated cash requirements, to re-deploy cash into other investments expected to outperform current holdings, or to otherwise adjust the portfolio.

Diversity

The investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from overconcentration of assets in a specific class of investments, specific maturity, or specific issuer.

**Monitoring Market
Prices**

The investment officers shall monitor the investment portfolio and shall keep the Board informed of significant changes in the market value of the College District's investment portfolio. Information sources may include financial/investment publications and electronic media, available software for tracking investments, depository banks, commercial or investment banks, financial advisers, and representatives/advisers of investment pools or money market funds. Monitoring shall be done at least quarterly, as required by law, and more often as economic conditions warrant by using appropriate reports, indices, or benchmarks for the type of investment.

**Monitoring Rating
Changes**

In accordance with Government Code 2256.005(b), the investment officers shall develop a procedure to monitor changes in investment ratings and to liquidate investments that do not maintain satisfactory ratings.

Collateralization

Consistent with the requirements of state law, the College District requires all banks, savings banks, and credit union deposits to be federally insured or collateralized with eligible obligations. Financial institutions serving as College District depositories shall be required to sign an agreement with the College District in compliance with federal regulations. The agreement shall require compliance with the PFIA and this investment policy, establish an independent custodian for all pledged collateral, define the eligible collateral and

the College District's rights to the collateral in case of default, bankruptcy, or closing, and establish a perfected security interest in compliance with federal and state regulations. The agreement shall:

- Be in writing;
- Be executed by the depository and the College District contemporaneously with the acquisition of the asset;
- Be approved by resolution of the Board or the designated committee of the depository and a copy of the meeting minutes or resolution reference shall be delivered to the College District; and
- Be part of the depository's "official record" continuously since its execution.

Allowable Collateral For financial institution deposits, the eligible types of collateralization of deposits are defined by the "Public Funds Collateral Act" (Chapter 2257, Texas Government Code). The eligibility of specific issues may at times be restricted or prohibited, at the sole discretion of the College District.

Collateral Levels For financial institution deposits, the market value of securities pledged as collateral for deposits shall at all times be equal to or greater than 102% of the par value of the deposit plus accrued interest, less the amount insured by the FDIC or the National Credit Union Share Insurance Fund or their successors. The depository shall be liable for monitoring and maintaining the collateral and collateral margins at all times. Letters of credit shall at all times be equal to or greater than 100% of the total value of the deposits plus anticipated interest income, less the applicable level of FDIC insurance. A deposit-specific letter of credit shall expire not less than two business days after the anticipated deposit withdrawal.

Monitoring Collateral Adequacy For financial institution deposits, the College District requires monthly reports with market values of pledged securities for all financial institutions with which the College District has collateralized deposits. The bank shall be responsible and liable for monitoring and maintaining the collateral and collateral margins on a daily basis and for reporting these activities monthly. The College District shall regularly monitor the adequacy of collateral.

Additional Collateral If the market value of the securities pledged as collateral for a deposit fall below 102%, or 100% for letters of credit, of the par value of the deposit plus accrued interest, less FDIC or National Credit Union Share Insurance, the institution shall be notified by the College District and shall be required to pledge additional collateral no later than the end of the next succeeding business day.

Collateral
Substitution

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

Funds / Strategies

Investments of the following fund categories shall be consistent with this policy and in accordance with the applicable strategy defined below. All strategies described below for the investment of a particular fund should be based on an understanding of the suitability of an investment to the financial requirements of the College District and consider preservation and safety of principal, liquidity, marketability of an investment if the need arises to liquidate before maturity, diversification of the investment portfolio, and yield.

Operating Funds

Investment strategies for operating funds (including any commingled pools containing operating funds) shall have as their primary objectives preservation and safety of principal, investment liquidity, and maturity sufficient to meet anticipated cash flow requirements. The dollar weighted average maturity shall be less than 365 days and the maximum allowable maturity shall be two years for any investment type.

Debt Service Funds

Investment strategies for debt service funds shall have as their primary objective sufficient investment liquidity to timely meet debt service payment obligations in accordance with provisions in the bond documents. Investments purchased shall not have a stated final maturity date that exceeds the next unfunded debt service payment date.

Capital Project
Funds

Investment strategies for capital project funds shall have as their primary objective sufficient investment liquidity to timely meet capital project obligations. The stated final maturity dates of investment held should not exceed the estimated project completion date.

**Safekeeping and
Custody**

The College District shall retain clearly marked receipts providing proof of the College District's ownership or pledge. The College District may delegate, however, to an investment pool the authority to hold legal title as custodian of investments purchased with College District funds by the investment pool.

Safekeeping Agreement	The College District shall contract with a third-party financial institution for the safekeeping of securities owned by the College District as part of its investment portfolio.
Custody of Collateral	All collateral securing financial institution deposits shall be held by an independent, third-party financial institution approved by the College District, a Federal Home Loan Bank, or the Federal Reserve Bank.
Broker / Dealers	<p>Securities shall only be purchased from those institutions included on the College District's list of broker/dealers reviewed and approved by the Board at least annually.</p> <p>Representatives of brokers/dealers shall be registered with the Texas State Securities Board and must have membership in the Securities Investor Protection Corporation (SIPC) and be in good standing with the Financial Industry Regulatory Authority (FINRA).</p>
Competitive Bidding	<p>The College District shall require competitive bidding for all individual certificate of deposit and security purchases except for those transactions with financial institution money market accounts, MMMFs, and LGIPs, which are deemed to be made at prevailing market rates, and for government securities purchased at issue through a dealer at auction price. Rather than relying solely on yield, investment in financial institution deposits, MMMFs, and LGIPs shall be based on criteria determined by the investment officers, including adherence to SEC guidelines for MMMFs when appropriate. Bids/offers may be solicited either orally, in writing, electronically, or in any combination of those methods.</p> <p>At least three bidders shall be contacted in all transactions involving individual securities. For those situations where it may be impractical or unreasonable to receive three bids for a transaction due to a rapidly changing market environment or to secondary market availability, documentation of a competitive market survey of comparable securities or an explanation of the specific circumstance must be included with the transaction quote/bid sheet. All bids received shall be documented and filed for auditing purposes.</p>
Interest Rate Risk	To reduce exposure to changes in interest rates that could adversely affect the value of investments, the College District shall use final and weighted-average-maturity limits and diversification.
Internal Controls	A system of internal controls shall be established and documented in writing and must include specific procedures designating who has authority to withdraw funds. Also, they shall be designed to protect against losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers

of the College District. Controls deemed most important shall include:

1. Separation of transaction authority from accounting and recordkeeping and electronic transfer of funds.
2. Avoidance of collusion.
3. Custodial safekeeping.
4. Clear delegation of authority.
5. Written confirmation of telephone transactions.
6. Documentation of quotations and bids, evaluations, transactions, and rationale.
7. Avoidance of bearer-form securities.

These controls shall be reviewed by the College District's independent auditing firm.

Portfolio Report

In addition to the quarterly report required by law and signed by the College District's investment officers, a comprehensive report on the investment program and activity shall be presented annually to the Board and may be included in the fiscal year end quarterly report. "Weighted average yield to maturity" shall be the standard on which investment performance is calculated.

Annual Review

The Board shall review this investment policy and investment strategies not less than annually and shall document its review in writing, which shall include whether any changes were made to either the investment policy or investment strategies.

Annual Audit

In conjunction with the annual financial audit, the College District shall perform a compliance audit of management controls on investments and adherence to the College District's established investment policies.

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

MANUAL OF POLICY

Title	Investment Policy	5120
Legal Authority	Approval of the Board of Trustees	Page 1 of 12
Date Approved by Board	As Amended by Board Minute Order Dated October 18, 2022	

PREFACE

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

Effective cash management is recognized as essential to good fiscal management. Aggressive cash management and effective investment strategy development will be pursued to take advantage of interest earnings as viable and material revenue to all South Texas College funds. The South Texas College investment portfolio shall conform to the strict requirements of the Act and this Policy.

Investments shall be made with the primary objectives of:

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

I. PURPOSE

A. Formal Adoption

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

B. Scope

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

This Policy establishes guidelines for:

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

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

MANUAL OF POLICY

Title	Investment Policy	5120
Legal Authority	Approval of the Board of Trustees	Page 2 of 12

C. Review and Amendment

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

D. Investment Strategy

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

- 1) understanding of the suitability of the investment to the financial requirements of South Texas College,
- 2) preservation and safety of principal,
- 3) liquidity,
- 4) marketability of the investment if the need arises to liquidate the investment prior to maturity,
- 5) diversification of the investment portfolio, and
- 6) yield.

II. INVESTMENT OBJECTIVES

A. Safety of Principal

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

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

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

MANUAL OF POLICY

Title	Investment Policy	5120
Legal Authority	Approval of the Board of Trustees	Page 3 of 12

B. Maintenance of Adequate Liquidity

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

C. Market Rate of Return (Yield)

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

III. INVESTMENT POLICIES

A. Authorized Investments

South Texas College restricts its investments to the following eligible securities, as authorized by the Act.

- 1) Obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks.
- 2) Direct obligations of the State of Texas, or its agencies and instrumentalities.
- 3) Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States.
- 4) Obligations of states, agencies, counties, cities, and other political subdivisions of any State rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent.
- 5) Financial institution deposits issued by a depository institution that has its main office or branch in Texas and is:
 - a) guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC) or its successors or the National Credit Union Share Insurance Fund or its successor,
 - b) secured by obligations that are described by the Public Funds Collateral Act (Chapter 2257, Texas Government Code), including mortgage backed securities directly issued by a federal agency or instrumentality that have a market value of not less than 102% of the principal amount plus accrued interest of the deposit less the applicable level of FDIC insurance, or by Letters of Credit issued by the Federal Home Loan Bank with a value of 100% of the principal amount plus accrued interest of the deposit less the applicable level of FDIC insurance, or
 - c) secured in any other manner and amount provided by law for deposits of the College,
 - d) issued in a manner consistent with the Act that distributes the deposit among multiple financial institutions to effectively provide FDIC insurance for the entire deposit,
 - e) governed by a Depository Agreement, as described in Section E.4 herein, that complies with Federal and State Regulation, and
 - f) solicited for bid orally, in writing, electronically, or any combination of those methods, unless acquired exclusively from the South Texas College depository.

MANUAL OF POLICY

Title	Investment Policy	5120
Legal Authority	Approval of the Board of Trustees	Page 4 of 12

- 6) No-load government money market mutual funds registered with and regulated by the Securities and Exchange Commission whose investment objectives seek to maintain a stable \$1.0000 net asset value and that comply with the requirements of State law.
- 7) Eligible investment pools organized and operating in compliance with the Act that have been authorized by the Board of Trustees by rule, order, ordinance, or resolution and whose investment philosophy and strategy is consistent with this Policy and South Texas College's ongoing investment strategy. A public funds investment pool must be continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating service.

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

B. Existing Investments

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

C. Prohibited Investment

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

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

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

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

E. Protection of Principal

South Texas College shall seek to control the risk of loss due to the failure of an investment issuer or grantor. Such risk shall be limited by utilizing only the least-risk types of investments as defined in the Act and the Policy, by qualifying the broker, dealer, and financial institution with whom the College will transact, by collateralization as required by law, and through portfolio diversification by maturity and type.

MANUAL OF POLICY

Title	Investment Policy	5120
Legal Authority	Approval of the Board of Trustees	Page 5 of 12

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

1. Diversification by Investment Type

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

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

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

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

2. Diversification by Investment Maturity

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

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

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

b) Unexpended Plant Funds

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

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

MANUAL OF POLICY

Title	Investment Policy	5120
Legal Authority	Approval of the Board of Trustees	Page 6 of 12

c) Funds for Retirement of Indebtedness

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

South Texas College's funds that are considered "bond proceeds" for arbitrage purposes will be invested using a more conservative approach than the standard investment strategy when arbitrage rebate rules require rebate of excess earnings. All earnings in excess of the allowable arbitrage earnings ("rebate liability") will be segregated and made available for any necessary payments to the U.S. Treasury.

3. South Texas College Liquidity

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

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

4. Depository Agreements

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

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

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

a) Allowable Collateral

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

MANUAL OF POLICY

Title	Investment Policy	5120
Legal Authority	Approval of the Board of Trustees	Page 7 of 12

b) Collateral Levels

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

c) Monitoring Collateral Adequacy

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

d) Additional Collateral

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

e) Security Substitution

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

5. Safekeeping

a) Safekeeping Agreement

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

b) Safekeeping of Deposit Collateral

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

MANUAL OF POLICY

Title	Investment Policy	5120
Legal Authority	Approval of the Board of Trustees	Page 8 of 12

6. Competitive Bidding

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

F. Investment Advisors and Investment Providers

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

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

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

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

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

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

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

MANUAL OF POLICY

Title	Investment Policy	5120
Legal Authority	Approval of the Board of Trustees	Page 9 of 12

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

G. Responsibility and Controls

1. Authority to Invest

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

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

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

The Investment Officers shall accumulate not less than 5 hours of instruction within the first twelve months after taking office or assuming duties. The Investment Officer shall prepare a report on any changes in the Act and deliver the report to the Board of Trustees not later than the 180th day after the last day of each regular session of the legislature.

To ensure qualified and capable investment management, the Investment Officers shall receive investment training not less than once each state fiscal biennium and accumulate not less than 5 hours of instruction relating to investment responsibilities that addresses investment controls, security risks, strategy risks, market risks, diversification of investment portfolio and compliance with the Act. The investment training shall be provided by the following approved training sources: the Texas Higher Education Coordinating Board, the Government Finance Officers Association of Texas, the Government Treasurers' Organization of Texas, the Texas Municipal League, Texas Association of Community College Business Officers or the University of North Texas Center for Public Management.

2. Prudent Investment Management

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

MANUAL OF POLICY

Title	Investment Policy	5120
Legal Authority	Approval of the Board of Trustees	Page 10 of 12

3. Standard of Care

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

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

4. Standard of Ethics and Conflicts of Interest

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

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

5. Establishment of Internal Controls

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

6. Reporting

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

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

MANUAL OF POLICY

Title	Investment Policy	5120
Legal Authority	Approval of the Board of Trustees	Page 11 of 12

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

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

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

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

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

9. Review by Independent Auditor

In conjunction with its annual financial audit, the auditor shall perform a compliance audit of management controls on investments and adherence to the College's established Investment Policy.

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

10. Investment Policy Adoption

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

MANUAL OF POLICY

Title

Investment Policy

5120

Legal Authority

Approval of the Board of Trustees

Page 12 of 12

IV. HISTORY

Origination Date Approved by Board	October 12, 1995
Date Amended and Approved by Board	August 8, 1996 December 11, 1997 October 15, 1998 October 17, 2002 October 16, 2003 October 21, 2004 November 17, 2005 October 19, 2006 February 15, 2007 October 18, 2007 October 13, 2008 June 25, 2009 November 23, 2009 October 25, 2010 October 27, 2011 October 30, 2012 October 28, 2013 October 28, 2014 October 27, 2015 October 25, 2016 October 24, 2017 October 30, 2018 October 29, 2019 October 27, 2020 October 26, 2021 October 18, 2022

RETIRED

INVESTMENT STRATEGY STATEMENT

PAGE 1

PREFACE

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

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

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

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

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

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

INVESTMENT STRATEGY

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

A. Funds

South Texas College's funds include:

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

INVESTMENT STRATEGY STATEMENT

PAGE 2

Unexpended Plant Funds
Funds for Retirement of Indebtedness

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

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

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

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

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

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

Research Security

The College District shall promote the security of the College District's academic research so as to achieve the highest level of compliance with applicable ethical, legal, regulatory, contractual, and College District standards and requirements for securing and protecting the College District's research portfolios.

Research Security Officer

The chief information security officer shall serve as the research security officer (RSO) and shall be responsible for administering the College District's research security program consistent with law, this policy, and associated administrative procedures. The RSO shall maintain classified information, maintain controlled unclassified information, conduct foreign influence reporting, maintain the export control program, and coordinate the National Security Presidential Memorandum 33 (NSPM-33) requirements. The RSO shall also be the point of contact for communication with federal and state agencies on research security matters.

The RSO shall attend the annual academic security and counter exploitation program seminar offered by Texas A&M University.

Research Security Program

The RSO shall develop, administer, and annually review and approve a research security program designed in accordance with law and applicable standards to address the security of College District research against unauthorized disclosure or foreign interference. The program shall include procedures for risk assessment and mitigation, research security awareness education for employees when hired and periodically thereafter, and advising College District employees and officials on research security practices.