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. Call Meeting to Order

II. Determination of Quorum

III. Public Hearing: ................................................................................................................................................1 - 12

- Presentation on South Texas College Proposed 2014 Tax Rate
- Public Comments
- Close of Public Hearing on the Proposed 2014 Tax Rate

IV. Deliberation and Action as Necessary Regarding Proposed 2014 Tax Rate...... 13

V. Informational Items

- The South Texas College Board of Trustees will vote on the Proposed 2014 Tax Rate at its Regular Meeting on Tuesday, September 23, 2014 at 5:30 p.m., Ann Richards Administration Building Board Room, McAllen, Texas

VI. Adjournment
Presentation on South Texas College Proposed 2014 Tax Rate

Mrs. Mary Elizondo, Vice President for Finance and Administrative Services, will provide a presentation on the proposed 2014 tax rate for South Texas College to the public and Board of Trustees.

Chapter 26 of the Property Tax Code requires taxing units to comply with truth-in-taxation laws in adopting the tax rate. The laws have two purposes: to make taxpayers aware of tax rate proposals and to allow taxpayers, in certain cases, to rollback or limit a tax increase. The truth-in-taxation requires a taxing unit to calculate two (2) tax rates after receiving the certified appraisal roll from the chief appraiser the effective tax rate and the rollback tax rate.

Comparing a proposed rate to these two (2) rates determines which truth-in-taxation steps apply. A taxing unit must publish special notices and hold two public hearings before adopting a tax rate that exceeds the lower of the effective tax rate or the rollback tax rate.

The notice concerning the 2014 Property Tax Rate and the Notice of Public Hearing on Tax Increase have been published in accordance with the Truth-In-Taxation requirements in the Monitor and the Starr County and Mid Valley Town Crier. Attached are copies of the Proposed 2014 Tax Presentation, 2014 Property Tax Rates, the Notice of Public Hearing on Tax Increase, and the Notice of Tax Revenue Increase for your information and review.

Homesteads of homeowners 65 or older or Disabled who have filed the proper tax exemption are exempt from any STC property tax increase. This action was approved by the Board of Trustees on October 24, 2005.

The tax rate for 2013 Tax Year was as follows:

<table>
<thead>
<tr>
<th>2013 Tax Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>M &amp; O Rate</td>
</tr>
<tr>
<td>2013 Tax Rate</td>
</tr>
</tbody>
</table>

The voters of Hidalgo County and Starr County, as the result of the November 2013 Bond and Maintenance Tax election, approved increasing the maximum M & O tax rate from $0.1100 to $0.1400 and the issuance of $159M in construction bonds which would require an approximate increase in the debt service tax rate of $0.005 for a total debt service tax rate of $0.0450, as presented below:

<table>
<thead>
<tr>
<th>2013 and 2014 Tax Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>M&amp;O Rate</td>
</tr>
<tr>
<td>2013 Maximum Tax Rate</td>
</tr>
<tr>
<td>Bond and Maintenance Tax Election – Voter Approved</td>
</tr>
<tr>
<td>Proposed 2014 Maximum Tax Rate</td>
</tr>
</tbody>
</table>
The Tax Assessors for Hidalgo County and Starr County determined South Texas College’s tax rates to be the following:

<table>
<thead>
<tr>
<th></th>
<th>M&amp;O Rate</th>
<th>Debt Rate</th>
<th>Rate</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective Tax Rate</td>
<td>-0-</td>
<td>-0-</td>
<td>$0.1472</td>
<td>$44,722,572</td>
</tr>
<tr>
<td>Rollback Tax Rate</td>
<td>$0.1166</td>
<td>$0.0450</td>
<td>$0.1616</td>
<td>$48,716,502</td>
</tr>
<tr>
<td>Proposed Tax Rate</td>
<td>$0.1400</td>
<td>$0.0450</td>
<td>$0.1850</td>
<td>$55,206,638</td>
</tr>
</tbody>
</table>

STC is required to hold two public hearings and publish special notices before adopting the proposed tax rate of $0.1850 since this rate exceeds the lower of the effective tax rate or the rollback tax rate. At the August 26, 2014 Board of Trustees meeting, the Board of Trustees took a record vote and scheduled the two public hearings for the proposed tax rate of $0.1850.

The Board of Trustees of South Texas College is scheduled to vote on the proposed tax rate at a public meeting to be held on September 23, 2014 at South Texas College, Board Room, Ann Richards Administration Building, 2nd Floor, 3201 W. Pecan, McAllen, Texas at 5:30 PM.
Proposed Tax Rate

- Chapter 26 of the Property Tax Code requires taxing units to comply with truth-in-taxation laws in adopting the tax rate.
Proposed Tax Rate

• The truth-in-taxation requires a taxing unit to calculate two (2) tax rates after receiving its certified appraisal roll from the chief appraiser.
  ⇒ Effective Tax Rate
  ⇒ Rollback Rate

Homesteads with Tax Ceilings

Homesteads of homeowners 65 or older or Disabled who have filed the proper tax exemption are exempt from any STC property tax increase. This action was approved by the Board of Trustees on October 24, 2005.
### 2013 and 2014 Tax Rates

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<td>$0.0400</td>
<td>$0.1500</td>
</tr>
<tr>
<td>Bond and Maintenance Tax Election – Voter Approved</td>
<td>$0.0300</td>
<td>$0.0050</td>
<td>$0.0350</td>
</tr>
<tr>
<td><strong>Proposed 2014 Maximum Tax Rate</strong></td>
<td><strong>$0.1400</strong></td>
<td><strong>$0.0450</strong></td>
<td><strong>$0.1850</strong></td>
</tr>
</tbody>
</table>

### Tax Rate Calculations

<table>
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<td><strong>$0.0450</strong></td>
<td><strong>$0.1850</strong></td>
<td><strong>$55,206,638</strong></td>
</tr>
</tbody>
</table>
Proposed Tax Rate--$0.1850

- STC is required to hold two public hearings and publish special notices before adopting the proposed tax rate ($0.1850) since the proposed rate exceeds the lower of the effective tax rate of ($0.1472) or the rollback tax rate ($0.1616).

Action on Proposed Tax Rate

Deadline for chief appraiser to certify rolls to taxing units. (July 25, 2014)

Certification of anticipated collection rate by collector.

Calculation of effective and rollback tax rates.
If proposed rate tax rate will exceed the rollback rate or the effective tax rate (whichever is lower), take record vote and schedule 2 public hearings. (August 26, 2014)

Meeting of governing body to discuss tax rate. (August 26, 2014)

Publication of effective and rollback tax rates, statement and schedules. (August 12, 2014)

Notice of Public Hearing on Tax Increase is published at least seven days before public hearing. (September 4, 2014)

1st Public Hearing (September 11, 2014)

Notice of Tax Revenue Increase published before meeting (at least seven days before meeting). (September 16, 2014)
### Action on Proposed Tax Rate

**2nd Public Hearing** (may not be earlier than 3 days after first Public Hearing). (September 18, 2014)

Schedule and announce meeting to adopt tax rate 3 to 14 days from this date. (September 18, 2014)

Meeting to adopt tax rate. Meeting is 3 to 14 days after 2nd Public Hearing. (September 23, 2014)

### Proposed Tax Rate

Questions?
2014 Property Tax Rates in South Texas College
This notice concerns the 2014 property tax rates for South Texas College. It presents information about three tax rates. Last year's tax rate is the actual tax rate the taxing unit used to determine property taxes last year. This year's effective tax rate would impose the same total taxes as last year if you compare properties taxed in both years. This year's rollback tax rate is the highest tax rate the taxing unit can set before taxpayers start rollback procedures. In each case these rates are found by dividing the total amount of taxes by the tax base (the total value of taxable property) with adjustments as required by state law. The rates are given per $100 of property value.

Last year's tax rate:
- Last year's operating taxes $29,374,171
- Last year's debt taxes $10,681,517
- Last year's total taxes $40,055,688
- Last year's tax base $26,703,792,000
- Last year's total tax rate $0.1500/$100

This year's effective tax rate:
- Last year's adjusted taxes (after subtracting taxes on lost property) $39,986,061
  ÷ This year's adjusted tax base (after subtracting value of new property) $27,159,959,028
  = This year's effective tax rate $0.1472/$100
(Maximum rate unless unit publishes notices and holds hearings.)

This year's rollback tax rate:
- Last year's adjusted operating taxes $29,322,997
  (after subtracting taxes on lost property and adjusting for any transferred function, tax increment financing, state criminal justice mandate, and/or enhanced indigent healthcare expenditures)
  ÷ This year's adjusted tax base $27,159,959,028
  = This year's effective operating rate $0.1080/$100
  x 1.08 = this year's maximum operating rate $0.1166/$100
  + This year's debt rate $0.0450/$100
  = This year's total rollback rate $0.1616/$100

Statement of Increase/Decrease
If South Texas College adopts a 2014 tax rate equal to the effective tax rate of $0.1472 per $100 of value, taxes would increase compared to 2013 taxes by $771,148.

Schedule A - Unencumbered Fund Balance
The following estimated balances will be left in the unit's property tax accounts at the end of the fiscal year. These balances are not encumbered by a corresponding debt obligation.

<table>
<thead>
<tr>
<th>Type of Property Tax Fund</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest and Sinking Money Market Account</td>
<td>15,458,737</td>
</tr>
</tbody>
</table>
**Schedule B - 2014 Debt Service**

The unit plans to pay the following amounts for long-term debts that are secured by property taxes. These amounts will be paid from property tax revenues (or additional sales tax revenues, if applicable).

<table>
<thead>
<tr>
<th>Description of Debt</th>
<th>Principal or Contract Payment to be Paid from Property Taxes</th>
<th>Interest to be Paid from Property Taxes</th>
<th>Other Amounts to be Paid</th>
<th>Total Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Texas College District Limited Tax Refunding Bonds, Series 2007</td>
<td>4,324,991</td>
<td>2,406,959</td>
<td>0</td>
<td>6,731,950</td>
</tr>
<tr>
<td>South Texas College District Limited Tax Refunding Bonds, Series 2010</td>
<td>1,835,000</td>
<td>291,300</td>
<td>0</td>
<td>2,126,300</td>
</tr>
<tr>
<td>South Texas College District Limited Tax Refunding Bonds, Series 2013</td>
<td>1,555,000</td>
<td>143,400</td>
<td>0</td>
<td>1,698,400</td>
</tr>
<tr>
<td>South Texas College District Limited Tax Bonds, Series 2014</td>
<td>0</td>
<td>3,949,132</td>
<td>0</td>
<td>3,949,132</td>
</tr>
</tbody>
</table>

Total required for 2014 debt service $14,505,782

- Amount (if any) paid from Schedule A $2,000,000
- Amount (if any) paid from other resources $0
- Excess collections last year $0

= Total to be paid from taxes in 2014 $12,505,782

+ Amount added in anticipation that the unit will collect only 100.00% of its taxes in 2014 $0

= Total debt levy $12,505,782

This notice contains a summary of actual effective and rollback tax rates’ calculations. You can inspect a copy of the full calculations at Hidalgo County, Administration Building, 2804 S, US Hwy 281, Edinburg, TX 78539.

Name of person preparing this notice: Pablo (Paul) Villarreal, Jr.
Title: Hidalgo County Tax Assessor/Collector
Date Prepared: 08/07/2014
Notice of Public Hearing on Tax Increase

The South Texas College will hold two public hearings on a proposal to increase total tax revenues from properties on the tax roll in the preceding tax year by 25.68 percent (percentage by which proposed tax rate exceeds lower of rollback tax rate or effective tax calculated under Chapter 26, Tax Code). Your individual taxes may increase at a greater or lesser rate, or even decrease, depending on the change in the taxable value of your property in relation to the change in taxable value of all other property and the tax rate that is adopted.

The first public hearing will be held on September 11, 2014 at 5:30 PM at South Texas College, Board Room, Annex Bldg, 2nd Floor, 3201 W. Pecan, McAllen, Texas.

The second public hearing will be held on September 18, 2014 at 5:30 PM at South Texas College, Board Room, Annex Bldg, 2nd Floor, 3201 W. Pecan, McAllen, Texas.

The members of the governing body voted on the proposal to consider the tax increase as follows:

**FOR:**
- Roy De Leon
- Paul R. Rodriguez
- Graciela Farias
- Jesse Villarreal

**AGAINST:**
- Dr. Alejo Salinas, Jr.
- Rose Benavidez
- Gary Gurwitz

**PRESENT and not voting:**

**ABSENT:**

The average taxable value of a residence homestead in South Texas College last year was $60,112. Based on last year's tax rate of $0.1500 per $100 of taxable value, the amount of taxes imposed last year on the average home was $90.17.

The average taxable value of a residence homestead in South Texas College this year is $61,214. If the governing body adopts the effective tax rate for this year of $0.1472 per $100 of taxable value, the amount of taxes imposed this year on the average home would be $90.11.

If the governing body adopts the proposed tax rate of $0.1850 per $100 of taxable value, the amount of taxes imposed this year on the average home would be $113.25.

Members of the public are encouraged to attend the hearings and express their views.
NOTICE
OF TAX REVENUE INCREASE

The SOUTH TEXAS COLLEGE conducted a public hearing on September 11, 2014 and has scheduled a second public hearing on September 18, 2014 on a proposal to increase the total tax revenues of the SOUTH TEXAS COLLEGE from properties on the tax roll in the preceding year by 25.68 percent.

The total tax revenue proposed to be raised last year at last year's tax rate of $0.1500 for each $100 of taxable value was $40,055,688.

The total tax revenue proposed to be raised this year at the proposed tax rate of $0.1850 for each $100 of taxable value, excluding tax revenue to be raised from new property added to the tax roll this year, is $50,245,924.

The total tax revenue proposed to be raised this year at the proposed tax rate of $0.1850 for each $100 of taxable value, including tax revenue to be raised from new property added to the tax roll this year, is $51,310,902.

The Board of Trustees of SOUTH TEXAS COLLEGE is scheduled to vote on the tax rate that will result in that tax increase at a public meeting to be held on September 23, 2014 at South Texas College, Board Room, Ann Richards Administration Building, 2nd Floor 3201 W. Pecan McAllen, TX 78501 at 5:30 PM.
Deliberation and Action as Necessary Regarding Proposed 2014 Tax Rate

The Board of Trustees for South Texas College will take action to approve a 2014 Tax Rate at their Regular Board Meeting on Tuesday, September 23, 2014 at 5:30 p.m.

The appropriate public notices have been posted and two Public Hearings have been conducted in accordance with state Truth-in-Taxation requirements.

Recommendation:
It is recommended that the Board of Trustees of South Texas College approve and authorize action as necessary regarding the proposed 2014 Tax Rate as presented.

The following Minute Order is proposed for consideration by the Board of Trustees:
The Board of Trustees of South Texas College approves and authorizes action as necessary regarding the proposed 2014 Tax Rate as presented.

Approval Recommended:

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