

**San Jacinto College District Board Workshop
August 5, 2019
District Administration Building, Suite 201**

MINUTES

	Board Workshop Attendees:	Board Members: Erica Davis Rouse, Marie Flickinger, Dan Mims, John Moon, Jr., Keith Sinor, Dr. Ruede Wheeler, Larry Wilson Chancellor: Brenda Hellyer Other: Sandra Ramirez, Mandi Reiland, Teri Zamora
	Agenda Item:	Discussion/Information
I.	Call the Meeting to Order	Board Chair, Marie Flickinger, called the workshop to order at 5:03 p.m.
II.	Roll Call of Board Members	Marie Flickinger, Erica Davis Rouse, Dan Mims, John Moon, Jr., Keith Sinor, Dr. Ruede Wheeler, Larry Wilson
III.	Adjournment to closed or executive session pursuant to Texas Government Code Section 551.071, 551.074, 551.073, and 551.072 of the Texas Open Meetings Act, for the following purposes: Legal Matters, Personnel Matters, Prospective Donation, and Real Estate	<p>Adjourned to closed session at 5:04 p.m.</p> <p>Sandra Ramirez, Mandi Reiland, and Teri Zamora were present for the closed session with the exception of item b.</p> <ul style="list-style-type: none"> a. Legal Matters - For the purpose of a private consultation with the Board's attorney on any or all subjects or matters authorized by law. b. Personnel Matters - For the purpose of considering the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee or to hear complaints or charges against a public officer or employee. <ul style="list-style-type: none"> • Validation of evaluation ratings for members of the Strategic Leadership Team • Other Personnel Matters c. Prospective Donation - For the purpose of considering a negotiated contract for a prospective gift or donation. d. Real Estate - For the purpose of discussing the purchase, exchange, lease or value of real property. <p>It was determined that there were no legal matters to discuss during this executive session.</p>

IV.	Reconvene in Open Meeting	Reconvened in open meeting at 6:12 p.m.
V.	Update Board Member Biographies	Brenda Hellyer asked the members to review their respective biographies at their places and make changes. Any changes need to be sent to Mandi Reiland.
VI.	Review Changes to Investment Policy and Broker/Dealer List	<p>Brenda explained that this was reviewed at the Board Finance Committee meeting on July 22, 2019.</p> <p>Teri Zamora reviewed the action item and each change in the policy which are summarized as follows:</p> <ul style="list-style-type: none"> • Clarifies that the College maintains three separate portfolios representing the major fund types of the College • States that collateralized mortgage obligations have the same three-year maturity date limitation as other investments • Clarifies that broker/dealer firms must receive a copy of the College’s Investment Policy and acknowledge awareness and controls prior to executing a transaction • Designates 1-Year, 2-Year, and 3-Year Treasury yields as the College’s benchmarks <p>Teri also explained that this policy is required to be reviewed at least annually.</p> <p>Teri explained that the action item on the adoption of the authorized broker/dealer list recertifies the current list. Broker/Dealers who approach the College and provide the proper documentation are recommended for addition to the list on an annual basis. At this time, there are no new Broker/Dealers to be added.</p> <p>Brenda stated that the recent interest rate environment has enabled the College to place the majority of its funds with governmental pools, which do not require the involvement of broker/dealers and have greater liquidity. However, as conditions change, it is prudent to have an approved list for use when needed.</p>
VII.	Notice to Allow Investment Advisor Contract to Expire	Brenda explained that this was reviewed at the Board Finance Committee meeting on July 22, 2019.

		<p>Teri explained that we are giving notice to the Board that the College is intending for the contract on the investment advisor services to expire. Staff under Teri’s review can manage these functions and will acquire a new external contract if needed in the future.</p> <p>Brenda stated the investment report at the beginning of the Board book will have a changed format and no economic market analysis will be provided.</p>
<p>VIII.</p>	<p>Review Proposal to Prepay Some Callable Debt</p>	<p>Brenda explained that this was reviewed at the Board Finance Committee meeting on July 22, 2019.</p> <p>Teri reviewed the rationale for prepayment. She explained that this proposal honors the Days on Hand Cash Provision in Policy III.3001.B which states that the Board has the legal power and duty to act as a fiduciary in the management of funds. The target level for the College’s Days Cash on Hand is four (4) to six (6) months of the annual current unrestricted and auxiliary funds budgets.</p> <p>The prepayment also honors the Debt Management Policy Objectives in Policy III.3001.D. This proposal lowers interest costs to taxpayers, manages the cost of capital, and will help preserve or enhance the College’s credit ratings. She also explained that this reduces total debt on the balance sheet sooner and reduces budget needs moving forward for debt repayment. This proposal includes maintenance tax notes which are paid from unrestricted funds thus releasing funds to be used in another manner. The proposal includes general obligation (GO) bond debt paid from property tax collection which allows the College to approve a lower tax rate.</p> <p>Teri reviewed the chart showing the past two years’ unrestricted and auxiliary cash balances by month. It was noted that November 30 has the lowest cash balance each year due to the College’s business cycle. She explained that the College does not want to have a cash balance lower than the 4-month target level at any point during the year.</p> <p>Teri continued that for February of 2021, the College has \$28,170,000 in callable GO Bonds and \$1,595,000 in callable Maintenance Tax Notes. Her proposal is to pay \$7,005,000 of the GO Bonds and all the Maintenance Tax</p>

		<p>Notes. By prepaying this debt, the College’s calculated savings in future interest payments is \$6,683,586. This prepayment will require approximately \$9 million cash to pay principle and interest. Paying this amount will still leave approximately five months cash on hand at November 30.</p> <p>Teri also explained the steps for repayment which are:</p> <ul style="list-style-type: none"> • Notify Paying Agent • Obtain approval from Board of Trustees and Execute Board Resolution • Calculate Final Savings • Prepare Financial and Legal Paperwork <ul style="list-style-type: none"> • Financial Advisor – PFM Financial Advisors LLC • Bond Counsel – Hunton Andrews Kurth LLP • Place Funds in Escrow with Paying Agent prior to August 31, 2019 <p>Marie Flickinger asked how much the College’s total debt is. Teri answered approximately \$700 million, of which \$600 million is bonds and notes.</p>
<p>IX.</p>	<p>Update on Proposed Service Animals Policy</p>	<p>Sandra Ramirez explained that at the June 3, 2019 Board meeting, a policy and procedure on service animals was presented to the Board for first reading. This policy and procedure were sent to the college community for feedback. Based on the feedback that was received, significant changes are being made to the policy and procedure. The questions and comments received were around lab spaces, so she will work that into the procedures. Sandra explained that she is working with student services and instructional deans to cover all areas and combine this into a policy and procedure called animals on college property. This will include animals in instructional spaces as well.</p> <p>Dan Mims asked if we distinguish between service animals and emotional support animals. Sandra explained the difference between the two and stated that we have knowledge of two services animals currently. After the policy and procedure are in place we</p>

		may get additional clarification on emotional support animals that are currently on campuses.
X.	Review of Calendar	Brenda reviewed the calendar with the Board.
XI.	General Discussion of Meeting Items	<p>Brenda asked if there were any items from the meeting agenda that the members would like to review.</p> <p>Erica Davis Rouse asked if Brenda had any particular expenditures to review with the Board members.</p> <p>Brenda explained that the majority of the expenditures are in Purchase Request #1 which consists of the annual renewals.</p> <p>Erica also asked about the recognitions that would take place at the Board meeting.</p> <p>Brenda provided a brief overview of each recognition.</p>
XII.	Adjournment	Workshop adjourned at 6:40 p.m.