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Texas Southmost College District

Minutes of the Special Meeting of the Board of Trustees

August 28, 2014

The Board of Trustees of the Texas Southmost College District convened in open session on August 28, 2014, at 5:30 p.m., in the Gorgas Board Room at Texas Southmost College. Board members present were Francisco G. Rendon, Chair; Trey Mendez, Vice Chair; Ed Rivera, Secretary; Dr. Reynaldo García, and Adela G. Garza. Also present was Dr. Lily F. Tercero, President of Texas Southmost College. Board member absent was Art Rendon.

1. Call to Order

The meeting was called to order by Chairman Rendon at 5:36 p.m.

2. Consideration and Approval on Selection of a Company to Provide Custodial Services for TSC Campus Buildings

**Consideration and Approval on
Selection of a Company to Provide Custodial
Services for TSC Campus Buildings**

Chairman Rendon called on Mr. Chet Lewis, Vice President of Finance and Administration, to present the item. Mr. Lewis stated that the existing contract for GCA Services Group ends on August 31, 2014. He asked the Board to allow the contract to expire, which will activate the transition period clause as defined in the contract. He stated that this clause allows the College to continue the same services and pricing for up to six months. The College will continue the process of selecting a new firm and staff will continue to evaluate the current request for proposals processes with the responses that were received and make a recommendation to the Board of Trustees at a later date.

A motion was made by Mr. Rivera to allow the existing contract to expire and move into the transition period and have the Administration review the proposals as presented. The motion was seconded by Dr. García and carried unanimously. *Exhibit "A"*

3. Consideration and Approval to Discontinue the Financial Advisory Agreement with First Southwest Company and Direct Staff to begin the process of seeking a new Financial Advisor

Consideration and Approval to Discontinue the Financial Advisory Agreement with First Southwest Company and Direct Staff to begin the process of seeking a new Financial Advisor

Chairman Rendon stated that an existing contract has been in place since 2000 and it may be time to review this contract.

Dr. Tercero stated that the current agreement stipulates that First Southwest Company will have a contractual agreement with the College through the end of February 2015. If the Board terminates the contract the firm will continue to serve the College up to 30 days, as defined in the contract. Dr. Tercero also mentioned that First Southwest Company has been very helpful to the institution and the firm has been working with the College thru the transition process. They have also been instrumental in helping explain the College's challenges to Standard and Poor's and Fitch Ratings during transition process.

She reminded the Board that First Southwest has not charged the College any fees for assisting during the transition process. The firm receives compensation only when the College issues or refinances bonds. She thanked First Southwest Company for their hard work and commitment to the College. Staff will provide an update on the process to select a new financial advisor at the next Board Meeting, as requested by the Board.

A motion was made by Mr. Hinojosa to Discontinue the Financial Advisory Agreement with First Southwest Company and Direct Staff to begin the process of seeking a new Financial Advisor as presented. The motion was seconded by Mrs. Garza and carried unanimously.

4. Consideration and Approval of the Texas Southmost College District Budget for Fiscal Year 2014-2015

Consideration and Approval of the Texas Southmost College District Budget for Fiscal Year 2014-2015

Chairman Rendon called on Dr. Tercero to present the item. Dr. Tercero called on Mr. Lewis to make the presentation. Mr. Lewis explained the various funds, revenues, expenses and transfers as defined in the budget.

Mr. Lewis reported that the educational and general fund revenues include the following: state appropriation, ad valorem tax – maintenance & operation, tuition

and fees, lease revenues, interest income, and other income. The educational and general fund expenses include the following: general administration and student services, general institutional, staff benefits, instruction, instructional administration, learning resources, scholarships, public service, and operation and maintenance of plant.

Mr. Lewis reported that the general institutional support expenses include the following: institutional support, information technology equipment, information technology services, safety and security, and utilities.

Mr. Lewis reported that the auxiliary fund revenues include the following: student fees, UTB REK contribution, child care, condominiums, parking permits, and other income. The auxiliary fund expenses are student services, child care and condominiums.

The facility fund expenses include the following: facilities and physical plant, paving, land improvements and bond defeasance and other closing cost.

He reported that the GO and revenue bond revenues include the ad valorem tax – general obligation and maintenance bonds and associated interest income. The general obligation and revenue bond expenses are those relating to the general obligation, maintenance and revenue bonds.

He reported that the restricted fund revenues include the federal contract and grants and state contract and grants. The restricted fund expenses include the following: scholarships – Texas Grant, Carl Perkins, and work-study salaries.

Dr. Tercero presented the following recommendations, as part of the FY 2014-2015 Budget:

- 4.5 percent across-the-board salary and benefits increase for all fulltime employees at an estimated cost of \$587,000.
- No increase to Tuition and fees.
- Adoption of the Effective Tax Rate. The breakdown of the proposed tax rate will be as follows:

M & O	0.100972
Debt Service	<u>0.063122</u>
Total	0.164094

She reminded the Board that the Student Union Fees were eliminated beginning with the Spring 2014 semester and students are already benefiting from the removal of that fee.

a. FY 2014-2015 Salaries and Benefits

A motion was made by Dr. García to Approve:

- A four-and-a half (4.5) percent across-the-board salary increase for all full-time personnel employed by May 1, 2014;
- The FY 2014-2015 Salary Schedule; and
- Authorize the president to set individual salaries and sign contracts.

The motion was seconded by Mr. Rivera and carried unanimously.

b. Tax Exemptions for Certain Disabled and Senior Citizens

Be it so ordered by the Board of Trustees of the Texas Southmost College District that all ad valorem tax exemptions comply with state law and are as noted below:

Disabled Veterans	30%	\$ 5,000
	50%	7,500
	70%	10,000
	100%	12,000
Other Disabled Persons		\$ 3,000
Persons over Age 65		\$ 50,000

A motion was made by Mrs. Garza to Approve that all ad valorem tax exemptions comply with state law as presented. The motion was seconded by Mr. Mendez and carried unanimously.

c. FY 2014-2015 Credit and Non-Credit Tuition and Fees

A motion was made by Dr. García to Approve the FY 2014-2015 tuition and fees schedule and authorize the president to establish tuition and fees, including the establishing of zero non-credit tuition if local resources and state funding provide sufficient contributions to cover the cost of offering the course as presented. The motion was seconded by Mr. Rivera and carried unanimously.

FY 2014-2015 Budget Resolution:

Be it resolved by the Board of Trustees of the Texas Southmost College District that the Texas Southmost College for Fiscal Year 2014-2015 in the amount of \$42,956,973 comprised of the following amounts:

\$30,530,896 Maintenance and Operation
\$ 8,008,066 Debt Service
\$ 826,023 Facilities Fund
\$ 2,504,950 Auxiliary Fund
\$ 1,087,038 Restricted Fund

be approved, and that a certified copy of the budget be filed with the state agencies as required by law and that said budget be included by reference in its entirety as a part of the minutes of this meeting.

A motion was made by Dr. García to Approve the Budget for Fiscal Year 2014-2015 as presented. The motion was seconded by Mr. Mendez and carried unanimously. *Exhibit "B"*

5. Consideration and Approval of Adoption of 2014 TSC District Ad Valorem Tax Rates

**Consideration and Approval of Adoption
of 2014 TSC District Ad Valorem Tax Rates**

Dr. Tercero read the resolution.

A motion was made by Mr. Rivera to adopt a resolution of Maintenance and Operations tax rate of \$0.100972 and a Debt Tax Rate of \$0.063122 per \$100 of valuation as presented. The motion was seconded by Mr. Hinojosa and carried unanimously. *Exhibit "C"*

6. Proposed Meeting Dates

Thursday, September 25, 2014
Regular Board Meeting
Thursday, October 16, 2014
Regular Board Meeting

Adjournment

The meeting was adjourned by Chairman Rendon at 6:02 p.m.



Mr. Francisco G. Rendon
Chairman, Board of Trustees



Mr. Ed Rivera
Secretary, Board of Trustees

NOTE: The tape of the Special Board of Trustees meeting held on August 28, 2014, is on file at the District Office of the Texas Southmost College District. The master tape is on file at TSC Media Services. These minutes were taken and transcribed by Max E. Roca, Senior Administrative Assistant. Videotaping of the Board of Trustees' meetings began on April 11, 1996. They are aired on Channel KBSD in cooperation with the Brownsville Independent School District.