

## San Jacinto College District Board Workshop December 14, 2021

The Board of Trustees of the San Jacinto Community College District met at 4:45 p.m., Tuesday, December 14, in Room 201 of the Thomas S. Sewell District Administration Building, 4624 Fairmont Parkway, Pasadena, Texas.

### MINUTES

	<b>Board Workshop Attendees:</b>	<b>Board Members:</b> Erica Davis Rouse, Marie Flickinger, Dan Mims, John Moon, Jr., Keith Sinor, Dr. Ruede Wheeler, Larry Wilson (left during closed session) <b>Chancellor:</b> Brenda Hellyer <b>Other:</b> Lisa Brown (Attorney), Celina Cereceres (External Auditor), Carin Hutchins, Micki Morris (Attorney), Sandra Ramirez, Mandi Reiland, Laurel Williamson, Teri Zamora
	<b>Agenda Item:</b>	<b>Discussion/Information</b>
<b>I.</b>	<b>Call the Meeting to Order</b>	Board Chair, Marie Flickinger, called the workshop to order at 4:50 p.m.
<b>II.</b>	<b>Roll Call of Board Members</b>	Chair Marie Flickinger conducted a roll call of the Board members:  Erica Davis Rouse Dan Mims John Moon, Jr. Keith Sinor Dr. Ruede Wheeler Larry Wilson (left during closed session)
<b>III.</b>	<b>Adjournment to closed or executive session pursuant to Texas Government Code Section 551.071, 551.074, and 551.072 of the Texas Open Meetings Act, for the following purposes:</b>	Chair Flickinger adjourned to closed session at 4:52 p.m.  The Board members listed above attended the entire closed session with the exception of Larry Wilson who left during the closed session. Chancellor Hellyer was also present for the entire closed session. Others present are noted below.  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. Attorney Micki Morris was present for this portion of the closed session.

		<p>After conclusion with Micki Morris, Lisa Brown was present to cover the remaining legal matters. Sandra Ramirez, Mandi Reiland, and Teri Zamora were present for legal matters.</p> <p>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. Sandra Ramirez and Teri Zamora were present for personnel matters. Larry Wilson left during this portion of the closed session.</p> <p>c. Real Estate Matters - For the purpose of discussing the purchase, exchange, lease or value of real property. Sandra Ramirez, Mandi Reiland, and Teri Zamora were present for real estate matters.</p>
<b>IV.</b>	<b>Reconvene in Open Meeting</b>	Chair Flickinger reconvened to open meeting at 6:33 p.m.
<b>V.</b>	<b>Review Plan for Upcoming Issuance of General Obligation Bonds, Refinancing, and Defeasance</b>	<p>Carin Hutchins joined the workshop.</p> <p>Teri Zamora reviewed the plan for upcoming issuance of General Obligation (GO) Bonds, refinancing, and defeasance. The College plans to issue the last \$40 million in new money GO bonds to fund voter-approved projects, refund \$7.95 million to save interest, and then cash defease approximately 2.9 million of debt including interest. The prepayment of the \$2.9 million debt will help the College maintain our tax-rate. Teri provided the timeline for the debt transaction and stated the College plans to sell the bonds on January 25, with closing to follow on February 17. After this issuance, there will be no remaining voter-approved bond authority. The final portion of the authorized bonds will be allocated to finishing ongoing construction projects, deferred maintenance projects that are under development, and future Generation Park opportunities.</p> <p>Teri explained that refunding approximately \$7.95 million will save interest. The 2012 GO Bonds have a February 15, 2022 call date and are due anytime between then and their final mature date of February 15, 2023. Savings by refunding will be approximately \$1.4 million. The College will prepay approximately \$1.2 million in Capital Appreciation Bonds and \$700,000 in Current Interest Bonds with associated interest, which are scheduled to mature on February 15, 2023. Prepayment will be made with unrestricted cash.</p>

		<p>Teri reminded the Board that the College has a policy requiring the College to keep four to six months unrestricted cash. At the end of the year, the College had 5.64 months of cash on hand and will have 5.45 months on hand after the defeasance. She provided a chart on the tax-exempt interest rates since 2000. The chart indicated these rates have decreased.</p> <p>Teri explained that the College has approximately \$571.9 million in total outstanding debt. She provided a graph showing the College’s current payments and the additional payments that will be made after the issuance of the 2022 GO new money.</p> <p>Keith Sinor asked if there is a lot of refinancing or callable outstanding debt that needs to be looked at. Teri responded that this will be looked at annually to see if it is worth going through the steps. There is always the option to do a defeasance and prepay something without refunding to make interest stop. We have PFM monitoring this every year. Generally, they will be callable in the February time frame.</p> <p>Teri explained there will be two action items at tonight’s Board meeting regarding the GO bonds. One is to authorize the issuance and refunding, and the other is to authorize the defeasance. Representatives from PFM and the two bond legal firms will also be available in the meeting for questions.</p>
<p><b>VI.</b></p>	<p><b>Update on Enrollment and COVID (this item was listed as item VII on the posted agenda but was reviewed as item VI)</b></p>	<p>Dr. Brenda Hellyer provided an update on enrollment and COVID. Spring 2022 enrollment is up 1.3 percent compared to Spring 2021 and down 2.4 percent compared to Spring 2020. The enrollment for academic courses is 44 percent face-to-face and 70 percent face-to-face on the technical side. We are adding sections as students enroll.</p> <p>Brenda provided an update on COVID and reminded the Board of the resolution they approved in March 2020 granting the Chancellor the authority to act in place of the Board where needed for emergency purposes with subsequent ratification of actions. The recommendation is to leave this resolution in place while continuing to monitor COVID. When the City of Houston and Harris County terminate their emergency declarations, the resolution will be rescinded. The latest COVID dashboard has been updated and is on the website. On campus cases are at six and there was an average of 1.29 positive cases reported daily over the week of December 6.</p>

		<p>The College continues to track area COVID metrics including the Harris County positivity rate, hospitals positivity rate, and measure of contagiousness.</p>
<p><b>VII.</b></p>	<p><b>Review of 2020-2021 Annual Comprehensive Financial Report</b>  <i>(this item was listed as item VI on the posted agenda but was reviewed as item VII)</i></p>	<p>Celina Cereceres with Whitley Penn joined the workshop to present the results of the College’s financial statement audit and federal and state single audits for Fiscal Year 2021. She explained the audit process and purpose of the audit. The College received a clean report on financial statements; internal control and compliance; and federal and state single audits. One area of improvement needed is the internal controls over the return of Title IV funds as the return date deadline was not met on some of the sampled items. This information has been given to the College’s management teams, and a corrective action plan has been provided with an implementation date of January 15, 2022 to ensure this timeline will be met in the future.</p> <p>She provided an overview of the College’s statement of net position. The College’s total assets and deferred outflows totaled \$975.2 million with total liabilities and deferred inflows totaling \$890.7 million. The net position of the College totals \$84.5 million.</p> <p>Celina provided an overview of the single audit major program expenditures, the statement of net position, and the College’s proportionate share of the net pension liability for the Teacher Retirement System of Texas and Employee Retirement System. She also highlighted the revenues and expenses for the year ended August 31, 2021. She reviewed the required communications to the Board which included statements on significant accounting policies and accounting estimates. She emphasized that the financials are based on management representation, and there were no difficulties encountered in performing the audit, no material misstatements, and no disagreements with management.</p> <p>There were no questions for the auditor by the Board members.</p> <p>Brenda explained that the Board members were emailed a packet on Federal and State Awards which shows the item that was mentioned regarding Title IV calculation. She indicated the green text in the packet notates the noncompliance and that there is a corrective action plan to be</p>

		<p>implemented in the office of Financial Aid Services effective January 15, 2022.</p> <p>Teri provided highlights from fiscal year 2021 financials and an overview of changes in operating results.</p> <p>Brenda explained the College annually calculates the Unrestricted Assets Net of Plan and Plant-Related Debt, which is a measure defined by the Southern Association of Colleges and Schools Commission on Colleges (SACSOC). This calculation primarily removes the effects of GASB 68 and GASB 75 and indicates that the College unrestricted net assets total approximately \$80.4 million.</p> <p>Carin Hutchins and Celina Cereceres left the workshop.</p>
<b>VIII.</b>	<b>Update on State and Federal Legislative Sessions</b>	<p>Brenda provided an update on state and federal legislative sessions. On the state side, the Community College Finance Commission met this month. Senator Larry Taylor has announced that he will retire from the Texas Senate. So far, three people in the Republican party have filed for Senate District 11 as candidates.</p>
<b>IX.</b>	<b>Review of Calendar</b>	<p>Brenda reviewed the calendar with the Board of Trustees and asked members to let Mandi Reiland know if they would like to attend any events.</p>
<b>X.</b>	<b>Adjournment</b>	<p>Chair Marie Flickinger adjourned the meeting at 7:01 p.m.</p>