

San Jacinto College District Board Workshop December 12, 2022

The Board of Trustees of the San Jacinto Community College District met for a Board Workshop at 5:15 p.m., Monday, December 12, 2022, in Room 201 of the Thomas S. Sewell District Administration Building, 4624 Fairmont Parkway, Pasadena, Texas.

MINUTES

	Board Workshop Attendees:	Board Members: Marie Flickinger, Erica Davis Rouse, Dan Mims, John Moon, Jr. (absent), Keith Sinor, Dr. Ruede Wheeler, Larry Wilson Chancellor: Brenda Hellyer Other: Lupe Garcia (Whitley Penn), Carin Hutchins, Andrew Jennett (Whitley Penn), Mandi Reiland, Laurel Williamson, Teri Zamora
	Agenda Item:	Discussion/Information
I.	Call the Meeting to Order	Board Chair, Marie Flickinger, called the workshop to order at 5:16 p.m.
II.	Roll Call of Board Members	Board Chair Flickinger conducted a roll call of the Board members: Erica Davis Rouse Marie Flickinger Dan Mims John Moon, Jr. (absent) Keith Sinor Dr. Ruede Wheeler Larry Wilson
III. ,	Adjournment to closed or executive session pursuant to Texas Government Code Section 551.071 and 551.074 of the Texas Open Meetings Act, for the following purposes: Legal Matters and Personnel Matters	Board Chair Flickinger adjourned to closed session at 5:17 p.m. The Board members listed above as attending, Chancellor Brenda Hellyer, Teri Zamora, and Mandi Reiland were present for the closed session. 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. It was determined that no legal matters needed to be discussed.

		<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.</p>
IV.	Reconvene in Open Meeting	Board Chair Flickinger reconvened to open meeting at 5:45 p.m.
<p>Laurel Williamson, Carin Hutchins, and the representatives from Whitley Penn joined the meeting.</p>		
V.	Review of 2021-2022 Annual Comprehensive Financial Report	<p>Teri Zamora introduced Lupe Garcia, Andrew Jennett, and Carin Hutchins who led the preparation and finalization of the 2021-2022 Annual Comprehensive Financial Report (ACFR).</p> <p>Lupe provided an overview of the annual financial statement audit and federal and state single audit. He presented on the audit process, results of the audit, and financial statement highlights. The purpose of the financial statement audit is to express an opinion as to whether or not the financial statements are fairly stated and presented in accordance to generally accepted accounting principles. The opinion of the auditor explains that management has prepared this document and the information included is prepared in accordance with standards and is materially correct. The College’s financial statements received a “clean” opinion.</p> <p>Major programs tested in the federal and state single audit included:</p> <ul style="list-style-type: none"> • Federal Major Programs <ul style="list-style-type: none"> ○ Student Financial Aid Cluster ○ Higher Education Emergency Relief Fund (HEERF) and Governor’s Emergency Education Relief (GEER) ○ Carl D. Perkins Grant • State Major Programs <ul style="list-style-type: none"> ○ Texas Educational Opportunity Grant (TEOG) <p>There was one finding that was reported related to eligibility with TEOG. In their sample of 40, the auditors found one student was awarded incorrectly due to their</p>

		<p>family contribution exceeding over the program’s threshold. The student was one of 47 who had been awarded on a manual basis. After reviewing that population, three more instances were found and resulted in a corrective action plan being articulated by the College.</p> <p>Lupe provided details on other items that resulted in a management letter including:</p> <ul style="list-style-type: none"> • One procurement card holder’s credit limit was increased without indicating that it was a temporary increase in the system. • The return of Title IV funds in one category were affected by manual calculation errors. • Formal written documentation of the process used to review student refunds is needed. • Three of ninety-nine Employee Personnel Action Forms (EPAFs) tested were not routed to the Office of Grants Managements for approval. <p>Lupe provided an overview of required communications and covered significant risks and accounting estimates. The two significant accounting estimates are the College’s liabilities and related inflows and outflows for our pension and other post-employment benefit liabilities. There were no disagreements with management regarding the application of accounting principles and estimates of any auditing or financial related matters. There were no uncorrected misstatements to report. Lupe thanked the San Jacinto College team for their willingness to cooperate and answer all questions in a timely manner.</p> <p>He provided a high-level overview of the College’s statement of net position compared to the prior fiscal year (FY) 21. FY22 had a net position of \$79 million, which is an increase of \$5 million compared to FY21. The College’s proportionate share of the Net Pension Liability (NPL) based on the Teacher Retirement System of Texas (TRS) for FY22 was \$20.6 million, which is a decrease of \$25.5 million compared to FY21. He noted that information utilized annually for this calculation lags one year statewide due to information from TRS not being available until a year later. The College’s proportionate share of the Net Other Post-Employment Benefits (OPEB) liability based on the Employees</p>
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<p>VI.</p>	<p>Review of Highlights from 2021-2022 Financials</p>	<p>Teri provided an overview of the College’s highlights from its 2021-2022 financials. The College had \$90.1 million in unrestricted cash and unrestricted investments in FY22, which is an increase of \$2.1 million compared to FY21. The College had five and a half months of excess cash on hand at the end of August 2022. Previously, a portion of the excess cash was used to prepay callable debt. Currently, the College no longer has callable debt until 2025. A recommendation to designate some of this cash for capital expenditures will be brought forward to the Board at a later date.</p> <p>The College’s unrestricted net assets as of August 31, 2022, is negative \$63.3 million, which is a \$10 million</p>

		<p>decrease from last year. The Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) has set up a schedule to help demonstrate how the Unrestricted Assets Net of Plant and Plant-Related Debt (UNAEP) is calculated to remove the effect of various non-cash liabilities from the College's Unrestricted Net Asset balance. Teri provided an overview of this schedule and what all is included in this calculation.</p> <p>Brenda added that this is what is reported to SACSCOC for our five- and ten-year reports to demonstrate the College's financial stability.</p> <p>Teri stated that the SACSCOC implemented a position statement after the pandemic and provided an overview of that statement.</p> <p>She provided a high-level overview of the results from the College's changes in operating results which includes increases or decreases in operating revenues, non-operating revenues, and operating expenses. The College had a \$21.9 million increase in Operating Revenues, primarily coming from federal COVID-related funding. On the expense side, Scholarships and Fellowships experienced an increase of \$11.3 million, due to both federal COVID-related funding and to funds awarded to 2021 high school graduates enrolled under the 21Forward program funded by the San Jacinto College Foundation from the MacKenzie Scott donation.</p> <p>Brenda added the state funding that the College receives for contact hours or student success points was flat last year to this year. The overall \$7.2 million decrease in state appropriations that is shown is related to the state's portion of the pension and post-employment liabilities that are calculated in compliance with Governmental Accounting Standards Board (GASB) 68 and GASB 75.</p> <p>Brenda added that this handout displaying the highlights is to provide a framework for what the Board saw in the ACFR to help provide some more clarity and provide an understanding of the financial position.</p> <p>Dan Mims asked if this is the College's last year of HEERF.</p>
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<p>Carin Hutchins and the representatives from the audit firm left the workshop.</p>		
<p>VII.</p>	<p>Update on New Programs</p> <ul style="list-style-type: none"> • Heavy Equipment/Crane Technology (Diesel Technology) AAS Degree Program • Biotechnology Laboratory Sciences AAS Degree Program • Engineering Technology AAS Degree Program • Plumbing Certificate 	<p>Brenda explained that these are new programs we plan to take next steps on, but none require Board action at this time.</p> <p>Dr. Laurel Williamson provided an overview of the new programs:</p> <ul style="list-style-type: none"> • Heavy Equipment/Crane Technology (Diesel Technology) AAS Degree Program • Biotechnology Laboratory Sciences AAS Degree Program • Engineering Technology AAS Degree Program • Plumbing Certificate <p>The Diesel Heavy Equipment/Crane Technology program will be an Associate of Applied Science (AAS) degree but does not require a substantive change or Board approval since it is related to the College’s current diesel program. This program also does not require any additional faculty positions. The program will kick off this summer.</p> <p>Brenda added that this program is taking the current diesel program and adding more electronics and hydraulics. This change is in response to feedback from the advisory committee.</p> <p>Dan commented that this program is timely as he had a friend in need of a course on mechanics and put him in touch with Dr. Alexander Okwonna. This type of work is in high demand in our region, and employees make good money.</p>

		<p>Laurel stated that the Biomanufacturing Laboratory Sciences AAS Degree Program is still in the research phase but is a high demand industry in the Houston area. This program will be housed at Generation Park. Dr. Christopher Wild and Dr. Destry Dokes will lead the development of this program.</p> <p>Keith asked if Generation Park has been able to attract biomanufacturing companies that they would like to include at the facility.</p> <p>Brenda responded that they are still recruiting companies. She provided an overview of the press release that went out explaining the partnership with the National Institute for Bioprocessing Research and Training (NIBRT) and the College. She explained that a 62,000 square foot facility is being built at Generation Park to house biomanufacturing companies, and the College is hoping to rent some space in this facility. The companies have not been confirmed but research is being done to determine the best partners. She explained the next steps to get this degree implemented and provided a timeline. We anticipate this program will be offered Spring 2024.</p> <p>Larry asked about faculty who will teach courses for this program.</p> <p>Brenda responded that Dr. Wild and Dr. Okwonna have experience in this program, but we will need to look at faculty for the technician piece.</p> <p>Laurel explained that Engineering Technology will be an AAS Degree Program. We will be able to use some of our faculty who teach engineering, but this program is also heavy on math. This role is not an engineer but is a technical support person who works alongside an engineer. We think our initial population in this program will come from students who are enrolled in the non-credit program at the EDGE Center.</p> <p>Brenda added the advisory committee at the EDGE Center has been the lead on this program based on hearing that there is a demand for this type of degree.</p> <p>Laurel covered the plumbing occupational certificate that will be offered at the North Campus. Plumbing is a</p>
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VIII.	Update on State and Federal Legislative Sessions and the Texas Commission on Community College Finance	<p>Brenda provided an overview of the State and Federal legislative sessions.</p> <p>On the Federal side, the National Defense Reauthorization Act passed and included in the Act was \$30 million in grants for Maritime Centers of Excellence. Congresswoman Garcia, Congressman Babin, and Congressman Weber were all supportive of this Act.</p> <p>On the State side, there have been more than 1,000 bills pre-filed for the 88th legislative session. Teri Crawford has been reading and tracking the bills that could apply to San Jacinto College. Opening day for the 88th Legislative Session is January 10, 2023. Brenda and Teri have had multiple meetings with members to ensure they are aware of the Community College Finance Commission recommendations. On Wednesday, January 25, the Gulf Coast Consortium of Community Colleges will host a reception for our elected officials and their staff at the Bob Bullock Museum in Austin. The Community College Student Day at the Capitol will take place on January 26. San Jacinto College will have students attending.</p> <p>Brenda added that we are monitoring how the property tax relief will impact the College’s revenue.</p>
IX.	Review of Board Election Calendar	<p>Teri provided an overview of the Board election timeline. She covered pre-election activities and election activities. The Board of Trustees will order the election,</p>

		<p>which will be held May 6, 2023, at the next Board meeting on January 30, 2023. The first day of the filing period is January 18 and the deadline is February 17. The deadline to be a write-in candidate is February 21. The first day of early voting is April 24, and the last day of voting is May 2.</p>
X.	Review of Calendar	<p>Brenda reviewed the Board calendar and asked the Board to let Mandi Reiland know if they would like to attend any of the listed events.</p> <p>Dan commented that he will attend the College Community Day at the Capitol.</p> <p>Erica Davis Rouse commented that she will attend the Board of Trustees Institute instead of attending the ACCT National Legislative Summit.</p> <p>Brenda informed the Board that we are looking at having a retreat in January or February and will look at date options.</p>
XI.	General Discussion of Meeting Items	<p>Brenda asked if the Board members have any questions on any of the items in the Board book.</p> <p>Larry asked if the Memorandum of Understanding (MOU) with Humble ISD is applicable to all the students in Humble ISD or San Jacinto College's taxing district only.</p> <p>Brenda responded that this MOU is applicable to all students in Humble ISD, but our focus is Summerwood High School by Generation Park.</p> <p>Larry asked if the entire Humble ISD receives a financial break.</p> <p>Brenda responded that students would get the same 75 percent waiver on in-district or out-of-district tuition that all the College's dual credit students receive.</p> <p>Brenda reminded the Board that they approved a delegation for \$190,000 to purchase up to three manual transmission tractors in November 2022. The College was able to accept the bids on two of the tractors for \$150,000 but will not be able to purchase the third one due to the competitive market. This was through grant</p>

		funding so we will look at other options to make up the difference.
XII.	Adjournment	Board Chair Flickinger, adjourned the workshop at 6:52 p.m.