

**FINANCE COMMITTEE  
SAN JACINTO COMMUNITY COLLEGE DISTRICT  
JANUARY 15, 2019**

Members Present: Marie Flickinger, Keith Sinor, Dr. Ruede Wheeler, and Larry Wilson

Members Absent: None

Other Trustees Present: None

Others Present: Brenda Hellyer, Teri Zamora, Linda Torres, and Rosselle Helms

- I. The meeting was called to order at 5:00 p.m. by Dr. Ruede Wheeler, Chair, Finance Committee.  
Roll call of the Committee members was taken:
  - Marie Flickinger, present
  - Keith Sinor, present
  - Dr. Ruede Wheeler, present
  - Larry Wilson, present (arrived after the meeting started).
  
- II. Approval of Minutes from the October 16, 2018, Finance Committee Meeting
  - R. Wheeler presented the minutes from the October 16, 2018, Finance Committee Meeting.
    - A motion was made by K. Sinor, and seconded by M. Flickinger to accept the minutes as presented.
  
- III. Response to pending item
  - The decision was made to discuss item IV, then return to item III on the agenda.
  - B. Hellyer reminded the Committee of the pending item during the audit discussion of the October 16, 2018 meeting. The question was posed as to how the College verifies in-district and out-of-district rates.
    - T. Zamora continued that research L. Torres provided, verified the current process. As a student completes the application to attend the College, the address provided is accepted as the primary residence. If the student changes an address, then verification is required.
      - This process was compared with our peers, including Collin College, Tarrant County College, Alamo College, El Paso Community College, and Dallas County Community College. All except Dallas County Community College were using the same process as San Jacinto College.
    - T. Zamora added district-wide statistical enrollment data from 2018 reflecting that 58.1 percent were in-district, 38.1 percent were out-of-district, and 3.8 percent were either out-of-state or international students.
  - B. Hellyer summarized a change to the current process could create an unnecessary bottleneck to enrollment.

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- The Committee agreed.

#### IV. Review and Discuss Internal Audit Departmental Audit

- L. Torres reviewed the executive summary of the Campus Business Offices audit report, which included a detailed evaluation of the operational efficiency, internal controls, and compliance with internal and external regulations and policies surrounding the three Campus Business Offices between September 1, 2017 and April 30, 2018. The following observations with their Correction Action Plans (CAP) were noted:
  - Some procedures utilized by the Campus Business Offices are outdated.
    - CAP – All procedures will be updated with an estimated completion date of January 2019.
    - M. Flickinger asked for clarification between updated procedures from Banner 8 to Banner 9.
    - L. Torres explained that some of the procedural documents reference forms and sequences from Banner 8, and need to be updated following the upgrade to Banner 9, which caused some forms to change.
  - Several Campus Business Offices employees have not completed required internal training.
    - CAP – Lead Supervisor has created a master spreadsheet to track employee trainings with completion dates and future due dates. Sign-off sheets for internal training will be updated on an annual basis. Estimated completion date is January 2019.
  - The Web-Time Entry Payroll System is not utilized efficiently and effectively.
    - CAP – All Campus Business Office Staff have been reassigned to re-take BNNR 5893 – Web Time Entry Non-Exempt. Leaders will meet with staff if manual adjustments are deemed to be excessive.
    - K. Sinor asked if we have talked about the web-time entry before.
    - B. Hellyer confirmed that the Committee has reviewed the topic before and new procedures have been implemented to encourage further compliance.
    - K. Sinor had the follow up question as to who was permitted to make manual adjustments to the system.
    - T. Zamora responded that it is non-exempt employees that use the system to clock in or out. There are various reasons why an adjustment might be made. For instance, an employee might start the day at another location than their office, they forgot, etc. The Committee hears about this frequently because departmental audits bring up common issues that are not only College-wide but specific to that department being audited.
  - Physical security measures in place could be strengthened to enhance the safety of College employees and property.
    - CAP – Internal Audit recommends updated security measures and procedures reviewed with all campus staff.

#### V. Review and discuss upcoming Debt Issuance and Refinance Transaction

- T. Zamora reviewed the current status of the authorized bonds.

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- Voters approved \$425 million in General Obligation Debt in November 2015.
  - Of that, \$150 million was issued in March 2016, with a planned issuance of \$150 million in February 2019.
  - The remaining authorized \$125 million will be issued in approximately 18 to 24 months following the February 2019 issuance. Timing is based on actual project spending.
- A refund of approximately \$12.3 million in callable General Obligation Funds will be transacted at the same time.
  - By completing this refund, the College saves an estimated \$822,000 (6.7%) over the life of the remaining payment.
    - L. Wilson asked if interest rates have gone down.
    - T. Zamora replied yes, since these bonds were issued.
- The names of the professional team were reviewed with the Committee.
  - The underwriters were selected a few years ago by a Request for Proposal (RFP) to select an approved pool of firms.
    - The goal is to get a mix of some the College has previously used and some new underwriters. Additionally, the College is looking for diversified strengths. For example, some may be strong in the retail market, while others may market well with insurance companies. This optimizes the possible buyers of our bonds.
    - The underwriting team will include:
      - Morgan Stanley – Senior
      - Citigroup
      - Piper Jaffray
      - Ramirez & Co.
    - Other professionals:
      - PFM Financial Advisors LLC as Independent Municipal Advisor
        - Their representatives will be at the College’s January 28, 2019 Board Workshop and Meeting to answer any questions.
      - Hunton Andrews Kurth LLP as Bond Counsel
        - Counsel drafted the Bond Parameter Order.
      - Holland and Knight LLP as Disclosure Counsel
        - Added as another participant of the team following recent governmental changes that places more liability on the issuer of the bond.
        - L. Wilson asked how this differs from the Bond Counsel.
        - T. Zamora advised that the Bond Counsel operates more as a Tax Counsel.
- The updated timeline was reviewed.
  - Bond Parameter Order will be pending approval at the January 28, 2019 Board Meeting.
  - The Closing and Delivery is scheduled for March 5, 2019.
- Interest rates as of January 10, 2019, have improved since the last review in November 2018.
  - M. Flickinger asked if costs have also improved.

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- T. Zamora responded that costs are consistently a flat rate, based on the dollar amount of the bond.
- M. Flickinger added that there can be some flexibility.
- This was agreed and B. Hellyer advised that T. Zamora negotiated the participants to a more favorable rate.
- T. Zamora added that the underwriters are set by the RFP but the legal services are typically set through a conversation.
- L. Wilson asked if the College had to pay fees if the bonds do not sell.
- T. Zamora confirmed that fees are contingent on the deal and payment is made at closing.

VI. The meeting Adjourned at 5:30 p.m.