

**BOARD FINANCE COMMITTEE
SAN JACINTO COMMUNITY COLLEGE DISTRICT
July 22, 2019**

Members Present: Dr. Ruede Wheeler and Larry Wilson

Members Absent: Marie Flickinger and Keith Sinor

Other Trustees Present: Dan Mims

Others Present: Brenda Hellyer (via phone conference), Teri Zamora, and Deborah Paulson

- I. Dr. Ruede Wheeler, Chair, Finance Committee called the meeting to order at 5:00 p.m.
- II. Roll call of the Committee members was taken:
 - Dr. Ruede Wheeler, present
 - Larry Wilson, present
 - Marie Flickinger, absent
 - Keith Sinor, absent
 - Acknowledged that Trustee Dan Mims was present
- III. Approval of Minutes from the May 21, Finance Committee Meeting
 - R. Wheeler presented the minutes from the May 21, 2019, Finance Committee Meeting.
 - A motion was made by L. Wilson and seconded by D. Mims to accept the minutes as presented.
- IV. Review Investment Policy Changes and Broker Dealer List
 - T. Zamora reminded the Committee that annual review is required for compliance with the Public Funds Investment Act.
 - Suggested revisions to the Investment Policy were presented to the Committee.
 - Accurately identify three separate funds: Operating, Bond/Construction, and Debt Service
 - Clarify that both government pools and authorized broker/dealers must sign an acknowledgement of receipt of the San Jacinto Community College District (SJCCD) policy
 - Clearly define the College's benchmark yield periods as 1-Year, 2-Year, 3-Year Treasury yields as appropriate
 - R. Wheeler asked what the College's yield is.
 - T. Zamora replied that the yield is slightly over 2 percent.
 - T. Zamora presented the Committee with the proposed Broker Dealer list.
 - The College has not received any new credentialed proposals from additional brokers within the last year.
 - L. Wilson asked if these brokers would primarily buy government bonds and asked for clarification regarding whether or not this is working within the

stock market.

- T. Zamora confirmed that this is not the stock market, and the list of permissible investment securities are outlined within the Investment Policy.

V. Discuss of Investment Advisor

- T. Zamora proposed the discontinuation of investment advisor services, as the current investment portfolio of the College, does not present a need for them.
 - Current service provided by the investment advisor primarily includes producing the investment report, which can be produced internally, saving the College that expense of approximately \$28,000 annually.
 - The Committee agreed with the recommendation.

VI. Proposal to Prepay Callable Debt

- T. Zamora cited the Cash on Hand Policy, the Debt Management policy, and the reduction of interest over the life of the debt as reasons for the proposal.
 - There is currently no callable debt but if the money is placed in escrow to be paid when due, then the cash and debt will be removed from the balance sheet during August 2019.
 - L. Wilson asked if that helps the College's credit rating.
 - T. Zamora confirmed that it does, because when it goes into escrow it is as if the debt was paid early and will help boost the College's credit rating.
 - D. Mims asked if the College would save close to \$7 million, and T. Zamora confirmed.
 - T. Zamora updated the Committee regarding the monthly unrestricted cash balance in the current fiscal year.
 - She explained how the data follows the College's business cycle. She noted that November is historically the lowest month because Spring tuition collection has not been begun yet, and this period is prior to property tax collection.
 - L. Wilson questioned how the College should meet the four to six-month target of the Cash on Hand Policy.
 - T. Zamora responded that the College needs to have approximately \$86 million and added that the College did meet the 6-month target most months, but in others, it met the 4-month target.
 - T. Zamora continued that for February of 2021, the College has \$28,170,000 in callable GO Bonds and \$1,595,000 in Maintenance Tax Notes.
 - Her proposal is to pay \$7,005,000 of the GO Bonds and all the Maintenance Tax Notes.
 - By prepaying this debt, the College's calculated savings in interest are \$6,683,586.
 - L. Wilson asked if the College has the funds to pay this amount, above the funding set aside for the Cash on Hand.
 - T. Zamora advised that the College would be able to meet both obligations.
 - R. Wheeler noted if the College pays this amount, then moving into fall, the debt will be considerably lower and the College will start building

additional cash revenues.

- T. Zamora confirmed that is the case and explained that this is one way the College is seeking to minimize costs. It has been some time since the College prepaid debt, so this will probably be the largest prepayment over the next few years. A review of cash balances will be conducted annually with recommendations to prepay debt being considered annually as well.
- The Committee was in support of this action.

VII. Discussion of the Harris County Appraisal District (HCAD) Board of Directors Election

- T. Zamora informed the Committee that this request is for a vote for an HCAD Board member to finish the current term that ends December 31, 2019.
 - All the Independent School Districts (ISD), except Houston ISD, and the four Community Colleges in Harris County make one collective vote.
 - The Committee agreed with recommending Dee Anne Thomson to the HCAD Board at the August 5, 2019 meeting.

VIII. The meeting Adjourned at 5:21 p.m.