

B Brazosport CollegeSM

THE COLLEGE OF CHOICE



BOARD OF REGENTS

A G E N D A

SPECIAL MEETING

September 12, 2011

BRAZOSPORT COLLEGE

Notice is hereby given that on the 12th day of September, 2011, a Special Meeting of the Board of Regents of the Brazosport College is scheduled immediately following a public hearing at 5:30 p.m., in Room 104 in the Brazosport College Corporate Learning Center, located in Lake Jackson, Texas. The subjects to be discussed are listed on the agenda, which is attached to and made a part of this notice.

If, during the course of the meeting covered by this notice, the Board should determine that a closed or executive meeting or session of the Board should be held or is required, in relation to any item included in this notice then such closed or executive meeting or session as authorized by Section 551.001 *et seq.* of the Texas Government Code (the Open Meetings Act) will be held by the Board at the date, hour, and place given in this notice or as soon after the commencement of the meeting covered by this notice as the Board may conveniently meet in such closed or executive meeting or session concerning any and all subjects and for any and all purposes permitted by Sections 551.071-551.086, inclusive, of the Open Meetings Act, including, but not limited to:

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| Section 551.071 | For the purpose of a private consultation with the Board's attorney on any or all subjects or matters authorized by law. |
| Section 551.072 | For the purpose of discussing the purchase, exchange, lease or value of real property. |
| Section 551.073 | For the purpose of considering a negotiated contract for a prospective gift or donation. |
| Section 551.074 | 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. |
| Section 551.076 | To consider the deployment, or specific occasions for implementation, of security personnel or devices; or a security audit.. |
| Section 551.082 | For the purpose of considering discipline of a public school student or to hear a complaint by an employee against another employee if the complaint or charge results in a need for a hearing. |
| Section 551.083 | For the purpose of considering the standards, guidelines, terms, or conditions the Board will follow, or instruct its representatives to follow, in consultation with representatives of employee groups in connection with consultation agreements provided for by Section 13.901 of the Texas Education Code. |
| Section 551.084 | For the purpose of excluding any witness or witnesses from a hearing during examination of another witness. |
| Section 551.086 | For the purpose of discussing economic development negotiations, or the offer of financial or other incentives. |

Should any final action, final decision, or final vote be required in the opinion of the Board with regard to any matter considered in such closed or executive meeting or session, then such final action, final decision, or final vote shall be at either:

- (a) the open meeting covered by this notice upon the reconvening of this public meeting, or
- (b) at a subsequent public meeting of the Board upon notice thereof as the Board shall determine.

Individuals with disabilities are entitled to have access to and participate in public meetings. An individual requiring an accommodation for access to the meeting must notify the Brazosport College District by informing the Dean, Human Resources and Payroll, the District's ADA Coordinator, in writing 24 hours prior to the scheduled meeting of the necessity of an accommodation. Upon receipt of this request, the District will furnish appropriate auxiliary aids and services when necessary to afford an individual with a disability an equal opportunity to participate in and enjoy the benefits of the Board meeting nondisabled individuals enjoy.

CERTIFICATE AS TO POSTING OR GIVING OF NOTICE

On this 8th day of September, 2011, at 12:00 Noon, this notice was posted on a bulletin board located at a place convenient to the public in the central administrative office of the Brazosport College District, 500 College Drive, Lake Jackson, Texas, and readily accessible to the general public at all times.

Millieent Valek

Secretary, Board of Regents

Mission Statement

Brazosport College exists to improve quality of life by providing associate and baccalaureate degree programs, academic transfer programs, job-skills training, and cultural enrichment in an efficient and cost-effective manner. The board, faculty, and staff are committed to student success by responding to student needs, creating a dynamic learning environment, exceeding expectations, and enriching our community.

September 8, 2011

Board of Regents
Brazosport College

Members of the Board:

A special meeting of the Brazosport College Board of Regents is scheduled for Monday, September 12, 2011, immediately following the Second Public Hearing on the 2011-2012 tax rate scheduled for 5:30 p.m., in Room 104, in the Brazosport College Corporate Learning Center, located in Lake Jackson, Texas.

The agenda is as follows:

1. Roll Call
2. Unfinished Business

Proposed Investment Advisor Services. On pages 1 through 11 is the RFP for investment/advisor services that was issued by the college. Eight proposals were received July 18, 2011 and three firms were selected for Board interviews. On September 6, 2011, the Board conducted interviews with the following firms for investment advisor services:

- Vern Montross Bernstein Global Wealth Management
 Chad Jones
- Quinton Anderson Merrill Lynch
 Annette Rael
- Hal Lynne Morgan Keegan

It would be appropriate for the Board to deliberate and determine if they wish to pursue a contract with one of these firms for investment/advisor services.

Should additional information or explanations be desired, please contact me.

Sincerely,



Millicent M. Valek
President

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Brazosport College500 College Drive
Lake Jackson, Texas 77566Phone: 979-230-3000
FAX: 979-230-3344

Request for proposal for Financial Advisor, Funds Manager and Brokerage Services for the Brazosport College.**Proposal Requirements:**

Proposals due by: July 18, 2011 at 11 AM

Written proposals must include:

- Thorough description of the services that will be provided, and costs for each of these services.
- Three references of clients that would have similar requirements to the college.
- Resumes or similar information about persons who would be providing the service to the college. Including but not limited to past indicators of performance.
- 11 copies of the proposals.

Evaluation of Proposals:

College Board of Regents will make the final decision on selection. College staff will evaluate proposals and interviews will be conducted following the completion of the evaluation. Criteria used in the evaluation will be the references, the qualification of persons, cost, and extent of services available. The Board will interview the finalist for the contract prior to making a final decision.

A decision is expected to be made by August 31, 2011.

Investment Strategy:

The college investment policies are attached for your information. The college intends to follow a conservative strategy of investing. The successful firm will be expected to discuss the strategy of the manager with the Board or staff and if necessary advise the Board of changes that may be beneficial the success of the college.

Scope of Services:

The scope of the advisement and management will include the funds designated as endowments, the operating funds and any funds raised by the future sale of bonds. Advisor services should include both the management of debt as well as investment of

RFP (continued)

assets. Underwriting bonds will not be included as a service required or requested with this proposal.

The firm will be required to make quarterly reports to the Board in writing and at public meetings. The firm will provide staff of the college and the external auditor access to information as needed. Preference will be given to having online access, although paper reports maybe required.

Current and Future Funds:

As of August 31, 2010 there have been only minor changes in the portfolio since the audit. The college has endowment funds that are used to fund current scholarships. This amounts to greater than \$2.58 million. The college also has unrestricted operating funds in pooled public funds and has purchased agency debt securities. The securities purchased with operating funds are primarily tied to the date funds are needed and not for speculation.

Term of Agreement:

The term of the agreement will be 5 years with a written cancellation provision of 30 days.

Questions and Submission of Proposals:

- Questions should be directed to Fred J. Scott, Dean Administrative and Business Services, 979-230-3213.
- Proposals should be submitted to:

Fred J. Scott
Brazosport College
500 College Drive
Lake Jackson, TX 77566

RFP (continued)

APPROPRIATIONS AND REVENUE SOURCES

CAO

(LOCAL)

ENDOWMENT POLICY

INTRODUCTION:

The Brazosport College Endowment Fund's assets shall be invested in accordance with sound investment practices that emphasize preservation of corpus for the Endowment. This Endowment will be managed according to the following underlying principles:

- The purpose of the Endowment is to generate a revenue stream to fund scholarships for Brazosport College Students.
- The Endowment's investments shall emphasize preservation of corpus
- The Endowment's assets should earn long-term returns sufficient to grow the purchasing power of assets over the long-term, consistent with preservation of corpus and net of disbursements and fees.
- The investment objective implies a long-term time horizon available for investment in order to benefit from total returns that would normally accrue to a patient investment strategy.
- The Endowment shall be diversified in order to reduce the risk of wide swings in market value from year-to-year, or of incurring large losses that may result from concentrated positions.

SPENDING GUIDELINES:

Endowment fund distributions for expenditures in support of student scholarships shall be an annual level that is approximately 3-5 percent of the sum of the original corpus plus realized gains. Unspent realized gains are invested in the same manner as original corpus.

Earnings from the endowment fund may only be spent for the purposes identified by the donor.

RESPONSIBILITIES OF THE ENDOWMENT REPRESENTATIVES:

The Brazosport College Board of Regents has the following responsibilities:

RFP (continued)

- Review the capital and operating budget needs of the Endowment and to thereby establish and review an appropriate spending policy.
- Establish an investment policy and monitor and evaluate the performance of the Endowment's assets as a whole.
- The selection or termination of an investment advisor for the Endowment.
- Such other duties as may be described in this policy or as required by applicable laws and regulations.

The investment advisor retained by the Board of Regents shall have the following responsibilities:

- To assist the Board of Regents in strategic investment planning for the Endowment. This includes providing assistance in the development of an investment policy and asset allocation strategy.
- To provide the Board of Regents quarterly performance measurement reports and to assist the Board of Regents in interpreting the results.
- Such other duties as may be mutually agreed to.

INVESTMENT STRATEGY:

Investment advisor retained by the Board of Regents shall be chosen using the following criteria:

- An investment advisor must have a minimum of 10 years experience in managing similar funds.
- Past performance. Consideration shall be given to consistency and the level of risk taken to achieve results.
- The investment style and discipline of the investment advisor.
- How well the investment advisor's style complements other assets in the Endowment.
- Restrictions, if any, on the frequency with which investors may transfer assets into or out of fund or separately managed portfolio.
- Reasonable fees relative to investment style and expected return.
- All mutual funds shall be registered investment companies as defined under the Investment Company Act of 1940. The investment companies need not be classified as "diversified" investment companies (as defined in the Investment Company Act of 1940).
- Ability and willingness to service this account on a customized basis, as described in this investment policy or otherwise agreed to;

- An assessment of the likelihood of future investment success, relative to other opportunities.

The Endowment may use a multi-manager structure of complementary investment style and asset classes to invest the Endowment's assets.

APPROVED INVESTMENTS

The authorized investment instruments shall be as follows:

1. Obligations of the United States Government or its agencies and instrumentalities which have the full faith and credit guarantee of the United States government or its agencies and instrumentalities. This includes mortgage backed security pools.
2. Certificates of Deposit guaranteed by the Federal Deposit Insurance Corporation issued by state and national banks.
3. Demand deposits and Certificates of Deposit guaranteed by the Federal Deposit Insurance Corporation or secured by pledged securities described above in item 1 issued by the depository approved by the Board of Regents.
4. Mutual funds that invest in corporate stocks, corporate bonds, or other securities otherwise permitted under this policy.
5. Money market mutual funds as permitted by Government code 2256.014 and approved by Board resolution.
6. Municipal bonds that are rated no less than A-1 (S&P) or comparable ratings by at least two nationally recognized rating agencies.
7. Fully collateralized repurchase agreements.
8. Corporate Stocks.
9. Corporate Bonds that are rated no less than A-1 (S&P) or comparable by at least two nationally recognized rating agencies.

Exclusions:

The Endowment's assets may not be used for the following purposes:

- Short Sales;
- Purchases of letter stock or private placements, also known as "144A" securities;

- Leveraged transactions except through experienced fund managers;
- Commodities transactions;
- Puts, calls, straddles, or other option strategies;
- Purchase of real estate, oil and gas properties, or other natural resources related properties with the exception of Real Estate Investment Trusts or marketable real estate securities;
- Investments in limited partnerships except for publicly traded Master Limited Partnerships and debt issued by Real Estate Investment Trusts;
- Investments in futures, use of margin, or investments in any derivatives not explicitly permitted in this policy statement.

MEETINGS AND COMMUNICATIONS:

The Investment Advisor shall provide periodic reports describing performance relative to the appropriate indices and peer group. The investment advisor will provide a written performance report for the composite portfolio. The custodian shall provide monthly statements of assets and transactions.

PERFORMANCE EVALUATION:

The Board will evaluate the investment advisor's performance annually. The appraisal should include an assessment of the assistance given to the Board in investment planning. The evaluation should be written and any areas of needed improvement should be responded to by the investment advisor. The cycle of requests for proposal for the engagement of an investment advisor will be five years. The Board may seek proposals at a shorter cycle if desired. The Board will monitor the performance of the investment advisor and the composite portfolio on a quarterly basis. The Endowment's asset allocation shall be reported on a quarterly basis.

Guidelines for Corrective Action:

The Board recognizes the importance of a long-term focus when evaluating the performance of the investment advisor. The Board understands the potential for short-term periods when the portfolio performance may deviate significantly from the performance of representative market indexes. The Board, however, may require an extra level of scrutiny, which may include termination, of the investment advisor based on the following conditions:

- Any material client servicing deficiencies.
- The investment advisor's performance will be viewed in light of the firm's particular investment style approach, keeping in mind the Endowment's diversification strategy as well as overall quality of the relationship.
- The investment advisor may be replaced at any time as part of an overall restructuring of the Endowment.

LENDING: Lending of the Endowment's assets is prohibited.

RFP (continued)

INVESTMENT POLICY:

CAK
(Local)

INVESTMENT AUTHORITY

The Board of Regents shall have the responsibility for investment policies of the *District*. The management of the funds available for the investment shall be the responsibility of the President or other person designated and shall be in accordance with applicable laws and policies of the State of Texas and the Board of Regents. The investment officer shall be bonded. All investment transactions except investment pool funds and mutual funds shall be executed on a delivery versus payment basis.

APPROVED INVESTMENTS

The authorized investment instruments shall be as follows:

1. Obligations of the United States Government or its agencies and instrumentalities which have the full faith and credit guarantee of the United States Government or its agencies and instrumentalities.
2. Certificates of deposit guaranteed by the Federal Deposit Insurance Corporation issued by state and national banks.
3. Demand deposits and Certificates of Deposit guaranteed by the Federal Deposit Insurance Corporation or secured by pledged securities described above in item 1 issued by the depository approved by the Board of Regents.
4. Public funds investment pools as permitted by Government Code 2256.016 - 2256.019 and approved by Board resolution up to ten million dollars. Public funds investment pools may also be used to deposit bond sale proceeds up to the limit of the bonds issued. As long-term investments are purchased, the funds are transferred out of the public funds investment pool account.

RFP (continued)

5. Commercial paper that has a maturity of 270 days or fewer and is rated no less than A-1 or P-1 by at least two nationally recognized rating agencies.
6. Money market mutual funds as permitted by Government Code 2256.014 and approved by Board resolution.
7. Fully collateralized repurchase agreements as permitted by Government Code 2256.011.
Purchase of the investment instruments shall be made after bid requirements, as established by law, have been followed.

SOLICITING BIDS

BROKERS/DEALERS

Investment instruments shall not be purchased from a person or entity that has not certified that they will exercise reasonable effort to preclude imprudent investments. Representatives of investment dealers shall be registered member in the Securities Investor Protection Corporation.

SAFETY AND INVESTMENT MANAGEMENT

Investments shall be made with judgment and care, under circumstances then prevailing, that persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The District investment portfolio shall have sufficient liquidity to meet anticipated cash flow requirement.

RFP (continued)

DIVERSITY

The investment portfolio shall be diversified in terms of instruments, maturity, and financial institutions to reduce the risk of loss resulting from over concentration of assets in a specific class of investments, specific maturity, or specific issuer.

MONITORING AND
REPORTS

Monitoring shall be done quarterly and more often as economic conditions warrant. The investment officer shall keep the Board informed of significant declines in the market value of the investment portfolio. In addition to the quarterly report, the investment officer shall prepare a comprehensive annual report of investment activity to be presented to the Board. The annual report shall include a performance evaluation of the total yield and include policies and strategies for improvements that might enhance the investment program.

INTERNAL CONTROLS

A system of internal controls shall be established and documented in writing. They shall be designed to protect against losses of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated

RFP (continued)

changes in the financial markets or
imprudent actions by employees and officers
of the District.

FUND STRATEGIES

Unrestricted Net Assets: Unless matched to a specific requirement, such as investments required to support student scholarships, the investment officer may not invest more than 50% of these funds for a period of greater than one (1) year. Unless matched to a specific requirement, the investment officer may not invest any portion of these funds for a period greater than two (2) years.

Restricted Net Assets – Nonexpendable (Endowments): The investment officer shall coordinate the management of these funds with the assistance of an investment manager appointed by the Board. Strategy and goals for endowments shall be determined annually by the Board.

Restricted Net Assets - Expendable: The investment officer may invest these funds for periods matched to the specific purpose of such funds.