

Minutes
State Board of Education
July 19, 2013

The State Board of Education met at 9:05 a.m. on Friday, July 19, 2013, in the State Board of Education Room, #1-104, of the William B. Travis Building, 1701 N. Congress Avenue, Austin, Texas. All members of the board were present, as follows:

Presiding: Barbara Cargill, Chair; Lawrence A. Allen, Jr.; Donna Bahorich; David Bradley; Ruben Cortez, Jr.; Martha M. Dominguez; Pat Hardy; Mavis B. Knight, Secretary; Tom Maynard; Sue Melton-Melone; Ken Mercer; Geraldine “Tincy” Miller; Marisa B. Perez; Thomas Ratliff, Vice-Chair; Marty Rowley

Invocation

Pledge of Allegiance

Comments from Legislators

The Honorable Jimmie Don Aycock, Texas House of Representatives, addressed the State Board of Education on legislative matters and on the implementation of House Bill 5, and answered questions from board members.

Approval of Minutes

State Board of Education, April 19, 2013

MOTION AND VOTE: *The State Board of Education unanimously approved the Minutes of the April 19, 2013, meeting of the State Board of Education, as printed.*

Public Testimony - Individual testimony will be taken to address items other than those on the board agenda. The procedures for registering and taking public testimony at State Board of Education committee meetings and general board meetings are provided at <http://www.tea.state.tx.us/index4.aspx?id=25769804094> or in the information section (yellow pages) of the printed agenda.

The State Board of Education received two presentations of public testimony, as follows:

NAME: Lacye Matejowsky
AFFILIATION: Texas Speech Communication Association

NAME: Dineen Majcher
AFFILIATION: Texans Advocating for Meaningful Student Assessment

Items were considered in the following order: Numbers 1 and 2, 4 through 6, 3, 7 through 9, 11 and 12.

1. Resolutions and Presentations

No resolutions or presentations were introduced.

2. Approval of Consent Agenda

Any agenda item may be placed on the consent agenda by any State Board of Education committee. The State Board of Education may elect to take separate action on any item on the consent agenda.

In addition to the items on the original consent agenda, the following item received unanimous approval in committee and was brought forward for board approval:

- Official Agenda Item #10—Per Capita Apportionment Rate for the 2012-2013 School Year

Mrs. Miller reported that because of a potential conflict of interest, since she is in the real estate business, she was recusing herself from any discussion and would not cast a vote on consent agenda items number (3), (4), and (5).

The State Board of Education approved the following items on the consent agenda, including the item that was brought forward.

(1) Approval of Nominees to Recommend to the Governor for Service on the Board of Trustees of the Teacher Retirement System of Texas
(Board agenda page I-101)
(COMMITTEE OF THE FULL BOARD)

The State Board of Education approved the list of four nominees: Rolyne L. Kafka, Yolanda Cuellar, David Corpus, and Jamie De'Sean Grant, to be submitted to the governor for consideration of one appointment to the board of trustees of the Teacher Retirement System of Texas, for a six-year term of office expiring on August 31, 2019, as recommended by the Committee of the Full Board.

(ATTACHMENT 1, page 11)

(2) Ratification of the Purchases and Sales of the Investment Portfolio of the Permanent School Fund for the Months of March, April and May 2013
(Board agenda page III-3)
(COMMITTEE ON SCHOOL FINANCE/PERMANENT SCHOOL FUND)

The State Board of Education ratified the purchases and sales for the months of March, April and May 2013 in the amount of \$1,247,971,983 and \$1,145,888,109, respectively, as recommended by the Committee on School Finance/Permanent School Fund.

(3) Overview of the Real Estate Asset Class

(Board agenda page III-5)

(COMMITTEE ON SCHOOL FINANCE/PERMANENT SCHOOL FUND)

The State Board of Education approved the Real Estate Investment Policy Statement dated July 2013, as amended, to include delegation of SBOE authority allowing the PSF to execute real estate co-investments and secondary investment with existing real estate managers, subject to the parameters and guidelines set forth in the Real Estate Investment Policy Statement, in order to enhance the risk-return profile of the PSF real estate investment program, as recommended by the Committee on School Finance/Permanent School Fund.

(ATTACHMENT 2, page 21)

(4) Decision on Real Estate Investments

(Board agenda page III-7)

(COMMITTEE ON SCHOOL FINANCE/PERMANENT SCHOOL FUND)

The State Board of Education approved the execution of agreements with DRA Advisors LLC necessary to make an investment commitment of up to \$75 million in DRA Growth & Income Fund VIII, LLC.; approved the execution of agreements with GTIS Partners necessary to make an investment commitment of up to \$50 million in GTIS U.S. Residential Strategies Fund, L.P.; and approved the execution of agreements with UBS necessary to make an investment commitment of up to \$100 million in UBS Trumbull Property Fund, each subject to continued due diligence and negotiation of fund terms, as recommended by the Committee on School Finance/Permanent School Fund.

(5) Selection of a Firm to Provide Real Estate Counsel Services for the Permanent School Fund and Authorization for Contract Execution by the Commissioner of Education

(Board agenda page III-9)

(COMMITTEE ON SCHOOL FINANCE/PERMANENT SCHOOL FUND)

The State Board of Education approved to contract with Courtland Partners to provide real estate investment counsel services for the Permanent School Fund, and authorization for contract execution by the commissioner of education, as recommended by the Committee on School Finance/Permanent School Fund.

- (6) **Proposed Amendment to 19 TAC Chapter 33, Statement of Investment Objectives, Policies, and Guidelines of the Texas Permanent School Fund, §33.25, Permissible and Restricted Investments and General Guidelines for Investment Managers**
(First Reading and Filing Authorization)
(Board agenda page III-11)
(COMMITTEE ON SCHOOL FINANCE/PERMANENT SCHOOL FUND)

The State Board of Education approved for first reading and filing authorization proposed amendment to 19 TAC Chapter 33, Statement of Investment Objectives, Policies, and Guidelines of the Texas Permanent School Fund, §33.25, Permissible and Restricted Investments and General Guidelines for Investment Managers, as amended and recommended by the Committee on School Finance/Permanent School Fund.

- (7) **Approval of an Extension of the Global Custody and Securities Lending Services Agreement with BNY Mellon and Authorization for Contract Execution by the Commissioner of Education**
(Board agenda page III-19)
(COMMITTEE ON SCHOOL FINANCE/PERMANENT SCHOOL FUND)

The State Board of Education approved an extension of the global custody and securities lending services agreement with The Bank of New York Mellon through August 31, 2017, and authorization for contract execution by the commissioner of education, as recommended by the Committee on School Finance/Permanent School Fund.

- (8) **Selection of Qualified Respondents to the Request for Proposals for Emerging Market Debt Local Currency Discretionary Investment Managers and Authorization for Contract Execution by the Commissioner of Education**
(Board agenda page III-21)
(COMMITTEE ON SCHOOL FINANCE/PERMANENT SCHOOL FUND)

The State Board of Education approved contracts with Stone Harbor Investment Partners, Ashmore Investment Management and Investec Asset Management in equal allocations for emerging market debt local currency discretionary investment managers and provided managers with specific authorization to invest in fixed income securities not rated investment grade, and authorization for contract execution by the commissioner of education, as recommended by the Committee on School Finance/Permanent School Fund.

(9) Recommendation for Appointments to the Fort Sam Houston Independent School District Board of Trustees

(Board agenda page IV-1)

(COMMITTEE ON SCHOOL INITIATIVES)

The State Board of Education approved the reappointment of Ms. Deborah Seabron and COL Randall G. Anderson, and approved the appointment of Ms. Jane Crow, each to serve a two-year term of office from July 19, 2013 through July 18, 2015, on the Fort Sam Houston Independent School District Board of Trustees, as recommended by the Committee on School Initiatives.

(ATTACHMENT 3, page 47)

10. Per Capita Apportionment Rate for the 2012-2013 School Year

(Board agenda page III-1)

(COMMITTEE ON SCHOOL FINANCE/PERMANENT SCHOOL FUND)

The State Board of Education adopted a final per capita apportionment rate of \$469.215 for the 2012-2013 school year, as recommended by the Committee on School Finance Permanent School Fund.

(ATTACHMENT 4, page 61)

COMMITTEE OF THE FULL BOARD

3. Proposed Amendments to 19 TAC Chapter 74, Curriculum Requirements, Subchapter F, Graduation Requirements, Beginning with School Year 2007-2008, and Subchapter G, Graduation Requirements, Beginning with School Year 2012-2013

(Second Reading and Final Adoption)

(Board agenda page I-1)

MOTION: *It was moved by Mr. Ratliff that the State Board of Education, by an affirmative vote of two-thirds of the members of the board, approve for second reading and final adoption proposed amendments to 19 TAC Chapter 74, Curriculum Requirements, Subchapter F, Graduation Requirements, Beginning with School Year 2007-2008, and Subchapter G, Graduation Requirements, Beginning with School Year 2012-2013, with an effective date of 20 days after filing as adopted with the Texas Register, as recommended by the Committee of the Full Board.*

Monica Martinez, managing director, curriculum division, stated that substitute rule text to Chapter 74, Subchapters F and G, was being distributed. She indicated that based on board action taken on three other related items, staff had incorporated appropriate changes so that the board could take final action on the proposed amendments to 19 TAC Chapter 74, Subchapters F and G, as amended.

MOTION AND VOTE: *It was moved by Dr. Dominguez, seconded by Mr. Ratliff, and carried, to approve the proposed substitute rule text to 19 TAC Chapter 74, Curriculum Requirements, Subchapter F, Graduation Requirements, Beginning with School Year 2007-2008, and Subchapter G, Graduation Requirements, Beginning with School Year 2012-2013, as recommended by staff. (Mr. Cortez was absent for the vote.)*

VOTE: *A vote was taken to approve for second reading and final adoption proposed amendments to 19 TAC Chapter 74, Curriculum Requirements, Subchapter F, Graduation Requirements, Beginning with School Year 2007-2008, and Subchapter G, Graduation Requirements, Beginning with School Year 2012-2013, as amended, with an effective date of 20 days after filing as adopted with the Texas Register. The motion carried by an affirmative vote of two-thirds of the members of the board. (Mr. Cortez was absent for the vote.)*

(ATTACHMENT 5, page 63)

4. **Proposed Revisions to 19 TAC Chapter 130, Texas Essential Knowledge and Skills for Career and Technical Education, Subchapter A, Agriculture, Food and Natural Resources, Subchapter H, Health Science, and Subchapter O, Science, Technology, Engineering, and Mathematics**

(Second Reading and Final Adoption)
(Board agenda page I-35)

MOTION AND VOTE: *The State Board of Education postponed second reading and final adoption of proposed revisions to 19 TAC Chapter 130, Texas Essential Knowledge and Skills for Career and Technical Education, Subchapter A, Agriculture, Food and Natural Resources, Subchapter H, Health Science, and Subchapter O, Science, Technology, Engineering, and Mathematics, as recommended by the Committee of the Full Board. (Mr. Cortez and Ms. Perez were absent for the vote.)*

5. **Proposed New 19 TAC Chapter 111, Texas Essential Knowledge and Skills for Mathematics, Subchapter C, High School, §111.46, Discrete Mathematics, Adopted 2013 (One-Half to One Credit)**

(Second Reading and Final Adoption)
(Board agenda page I-67)

MOTION AND VOTE: *The State Board of Education postponed second reading and final adoption of proposed new 19 TAC Chapter 111, Texas Essential Knowledge and Skills for Mathematics, Subchapter C, High School, §111.46, Discrete Mathematics, Adopted 2013 (One-Half to One Credit), as recommended by the Committee of the Full Board. (Mr. Cortez was absent for the vote.)*

6. Proposed Revisions to 19 TAC Chapter 126, Texas Essential Knowledge and Skills for Technology Applications, Subchapter C, High School
(Second Reading and Final Adoption)
(Board agenda page I-81)

MOTION: *It was moved by Mr. Ratliff that the State Board of Education, by an affirmative vote of two-thirds of the members of the board, approve for second reading and final adoption proposed revisions to 19 TAC Chapter 126, Texas Essential Knowledge and Skills for Technology Applications, Subchapter C, High School, with an effective date of 20 days after filing as adopted with the Texas Register, as recommended by the Committee of the Full Board.*

MOTION AND VOTE: *It was moved by Mrs. Bahorich, seconded by Mr. Bradley, and carried to remove the repeal of §126.37, Discrete Mathematics (One Half to One Credit), Beginning with School Year 2012-2013, from the motion to approve the proposed revisions to 19 TAC Chapter 126, Subchapter C. (Mr. Cortez was absent for the vote.)*

VOTE: *A vote was taken on the motion that the State Board of Education, by an affirmative vote of two-thirds of the members of the board approve for second reading and final adoption proposed revisions to 19 TAC Chapter 126, Texas Essential Knowledge and Skills for Technology Applications, Subchapter C, High School, as amended, with an effective date of 20 days after filing as adopted with the Texas Register. (Mr. Cortez was absent for the vote.)*

(ATTACHMENT 6, page)

7. Approval of Question and Answer Document for Proclamation 2015
(Board agenda page I-97)

MOTION AND VOTE: *It was moved by Mr. Ratliff and carried to approve the Question and Answer Document for Proclamation 2015, as recommended by the Committee of the Full Board. (Mr. Cortez was absent for the vote.)*

(ATTACHMENT 7, page)

8. Amendments to Proclamation 2015 of the State Board of Education Advertising for Bids on Instructional Materials
(Board agenda page I-99)

MOTION AND VOTE: *It was moved by Mr. Ratliff and carried to approve the amendments to Proclamation 2015 of the State Board of Education Advertising for Bids on Instructional Materials to include Principles and Elements of Floral Design and Robotics Programming and Design, and to move the deadline for publishers to provide a complete description of all items included in their bids from April 18, 2014 to January 31, 2014, as recommended by the Committee of the Full Board. (Mr. Cortez was absent for the vote.)*

(ATTACHMENT 8, page)

COMMITTEE ON INSTRUCTION

9. **Proposed Revisions to 19 TAC Chapter 89, Adaptations for Special Populations, Subchapter C, Texas Certificate of High School Equivalency**
(First Reading and Filing Authorization)
(Board agenda page II-1)

MOTION AND VOTE: *It was moved by Mr. Maynard and carried unanimously to approve for first reading and filing authorization proposed revisions to 19 TAC Chapter 89, Adaptations for Special Populations, Subchapter C, Texas Certificate of High School Equivalency, as recommended by the Committee on Instruction. (Mr. Cortez was absent for the vote.)*

COMMITTEE ON SCHOOL FINANCE/PERMANENT SCHOOL FUND

10. **Per Capita Apportionment Rate for the 2012-2013 School Year**
(Board agenda page III-1)

Action taken by the State Board of Education is addressed under item #2—Approval of Consent Agenda.

COMMITTEE ON SCHOOL INITIATIVES

11. **Review of Proposed Repeal of 19 TAC Chapter 231, Assignment of Public School Personnel, and Proposed New 19 TAC Chapter 231, Requirements for Public School Personnel Assignments**
(Board agenda page IV-55)

The State Board of Education took no action on the proposed repeal of 19 TAC Chapter 231, Assignment of Public School Personnel, and proposed new 19 TAC Chapter 231, Requirements for Public School Personnel Assignments, as recommended by the Committee on School Initiatives.

12. **Update on the Generation 17 Open-Enrollment Charter Application Cycle**
(Board agenda page IV-159)

MOTION AND VOTE: *It was moved by Mrs. Bahorich and carried unanimously to grant Lone Star Scholars Foundation until Monday, August 19, 2013, to clear the remaining contingency associated with the entity's Generation 17 open-enrollment charter application, as recommended by the Committee on School Initiatives. (Mr. Cortez was absent for the vote.)*

REPORTS OF COMMITTEES REGARDING AGENDA ITEMS ON COMMITTEE AGENDAS

Committee on Instruction

Mr. Maynard reported on the following discussion items of the Committee on Instruction: Discussion Regarding the Scope of the Texas Essential Knowledge and Skills (TEKS), Information Session Regarding Workforce Skills, Discussion of the High School Equivalency Program, and Discussion of Annual Audit Reports for Credit by Examination from Texas Tech University and The University of Texas at Austin, and Dyslexia Update.

Committee on School Finance/Permanent School Fund

Ms. Hardy did not report on Committee on School Finance/Permanent School Fund discussion items.

Committee on School Initiatives

Mrs. Bahorich did not report on Committee on School Initiatives discussion items.

REPORTS OF OTHER STATE BOARD OF EDUCATION MEMBERS REGARDING AGENDA ITEMS AND EDUCATIONAL ACTIVITIES AND CONCERNS IN INDIVIDUAL DISTRICTS

Mrs. Cargill gave board members an opportunity to provide information regarding agenda items or other relevant information about public education.

The meeting adjourned at 12:03 p.m.

Mavis B. Knight, Secretary