

**COMMITTEE OF THE WHOLE  
OF THE BOARD OF TRUSTEES  
HOUSTON COMMUNITY COLLEGE**

**June 9, 2016**

**Minutes**

The Board of Trustees of Houston Community College met as a Committee of the Whole on Thursday, June 9, 2016, at the HCC Administration Building, Second Floor Auditorium, 3100 Main, Houston, Texas.

**MEMBERS PRESENT**

Adriana Tamez, *Chair*  
Robert Glaser, *Vice Chair*  
Carolyn Evans-Shabazz, *Secretary*  
John P. Hansen  
Eva Loreda  
Neeta Sane  
Dave Wilson

**ADMINISTRATION**

Cesar Maldonado, Chancellor  
Ashley Smith, General Counsel  
Teri Zamora, Senior Vice Chancellor, Finance and Administration  
Kimberly Beatty, Vice Chancellor, Instructional Services, Chief Academic Officer  
Athos Brewer, Vice Chancellor, Student Services/Academic Affairs  
William Carter, Vice Chancellor, Information Technology  
Madeline Burillo, President, Southwest College  
Margaret Ford Fisher, President, Northeast College  
William Harmon, President, Central College  
Zachary Hodges, President, Northwest College  
Phillip Nicotera, President, Coleman College  
Irene Porcarello, President, Southeast College  
Janet May, Chief Human Resources Officer  
Carme Williams, Executive Director, HCC Foundation

**OTHERS PRESENT**

Jarvis Hollingsworth, Board Counsel, Bracewell LLP  
David White, President, Faculty Senate  
Other administrators, citizens, and members of the press

**CALL TO ORDER**

Dr. Tamez, Chair, called the meeting to order at 12:48 p.m. and declared the Board convened to consider matters pertaining to Houston Community College as listed on the duly posted Meeting Notice.

*(The following Trustees were present: Evans-Shabazz, Glaser, Hansen, Loredo, Sane, Tamez, and Wilson)*

## **TOPICS FOR DISCUSSION AND/OR ACTION**

### **REPORT ON CONSTRUCTION AUDIT**

Dr. Maldonado noted Mr. Charles Smith, Chief Facilities Officer would provide a construction audit update. Mr. Smith introduced Ms. Debbie Townsend, External Auditor with RL Townsend & Associates. Ms. Townsend provided a construction audit report on 2013 Bond projects to include the following:

- Use of Contingency and Allowance
- Prevailing Wage Rates
- Audit Areas of Closeout Focus

Dr. Tamez inquired as to when the Board would receive a final report regarding the completed projects. Ms. Townsend informed the estimation is to provide the report around the later part of June. Dr. Maldonado apprised final payments are pending and noted not all the monies have been released.

### **REPORT ON BOND CAPITAL IMPROVEMENT PLAN (CIP) RELATED MATERIAL**

Dr. Maldonado noted the monthly report is on the Bond update and would be provided by Charles Smith.

Mr. Smith the following updates:

- Current 35 internships
- 21 apprentices as more projects enter mechanical phases
- As of May 30, 2016, HCC has paid out 51% of project budgets with 83% of the spending decisions already been made
- Overall Small Business Enterprise (SBE) percentage has climbed over 38% due largely to phasing, with strong surges at West Houston institute, Stafford and Eastside.

(Ms. Loredo stepped out at 1:03 p.m.)

Mr. Smith provided a SBE spotlight to include reporting the contracts on the CIP website. He noted this month's includes 145 SB of which 126 are under contract and paid.

Mr. Smith presented an overview of Kirksey Architect, who is the designer for the West loop, Brays Oaks, Stafford, and Missouri City CIP projects. He added 49% of the firms combined fees have been towards their SBE partners.

(Mrs. Sane joined the meeting at 1:22 p.m.)

Mr. Smith provided project reports on the following:

- West Houston Institute
- Stafford Work Force Building
- Brays Oaks Workforce Building
- Missouri City Center
- Eastside Workforce & Student Center
- Felix Fraga STEM Facility
- Northline Multiuse Building & Parking
- North Forest Workforce
- Acres Homes Campus
- Central South Campus Workforce Building
- Coleman College Education Facility

(Mr. Wilson stepped out at 1:14 p.m.)

(Ms. Loredó returned at 1:15 p.m.)

(Mr. Wilson returned at 1:15 p.m.)

Mr. Smith noted that the lack of permits slowed things down at North Forest, Central and Fraga. Ms. Loredó inquired if the lack of permits was due to the city and Mr. Smith confirmed that is the case. Dr. Maldonado clarified there is a distinction between occupancy and construction permits. He cited the construction permits creating the holdup are due to the circulation of permits through multiple city departments.

Dr. Tamez asked Mr. Smith to send her an email referencing the delay of permits. She apprised that she attended a meeting at City Hall where the Mayor addressed the permit issue. Mr. Smith added that the longest permit wait has been seven months, and North Forest was programmed for five months, which is currently at 3 ½ months in.

#### **REPORT ON DEBT MANAGEMENT STRATEGY**

Dr. Maldonado noted the Debt Management Strategy discussion would include refinancing revenue bonds and savings. He asked Mrs. Teri Zamora, VC Finance and Administration to provide an overview of the Debt Management Strategy.

Ms. Zamora noted the college has not borrowed any money for the last couple of years and has spent wisely. She apprised the strategy is not to borrow money unless need and, spend it wisely.

Mrs. Zamora discussed the following:

##### Debt Management Strategy

- Utilize proceeds from debt appropriately
- Reduce the college's cost of carrying debt
- One Overarching Goal – to save money

Overview Board Policy B.1.9. –

- Current refunding transaction may be considered if they produce >3% net present value savings.
- Advance refunding transactions may be considered if they produce >4% net present value savings
- Federal Regulation
- Philosophy and Parameters
- Pay Down Existing Principal Balances – provided history
- Down Existing Principal Balances – provided history
- Decrease Cost of Carrying Existing Debt

Dr. Tamez expressed appreciation to Mrs. Zamora on efforts to reduce the debt and for the clarity of the Debt Management presentation.

Mr. Wilson pointed out managing debt is important, and inquired about the PFC bonds that were withdrawn last year to refinance. Mrs. Zamora clarified there were four PFC bonds of which two were refinanced last year and one paid off with cash in October and noted the next items represented the last one.

(Dr. Evans-Shabazz stepped out at 1:42 p.m.)

Mr. Wilson inquired if considering private placement an option for the bonds. Mrs. Zamora informed the college in reviewing the best ways to use private placement since the policy does allow for it. She noted the preferred method is the negotiated sale and apprised that the issues are attorneys' cost, no underwriter fee, but less control due to negotiating with one person versus negotiating with multiple purchasers.

Dr. Tamez recommended combining items D and E since they are related.

(Dr. Evans-Shabazz returned at 1:51 p.m.)

**RESOLUTION AUTHORIZING THE ISSUANCE OF COMBINED GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016 AND REDEMPTION PRIOR TO MATURITY OF CERTAIN OUTSTANDING BONDS**

**RESOLUTION AUTHORIZING THE ISSUANCE OF COMBINED FEE REVENUE AND REFUNDING BONDS, SERIES 2016 AND REDEMPTION PRIOR TO MATURITY OF CERTAIN OUTSTANDING BONDS**

Motion – Mr. Glaser motioned and Mrs. Sane seconded to approve items D and E combined.

(Mr. Glaser stepped out at 1:48 p.m.)

Mr. Jorge Rodriguez, Financial Advisor with Coastal Securities noted the Board was inquiring about last year's discussion about private placement versus the negotiated pricing. He noted, there were solicitations with banks for a private placement, in which three responded, however none of those banks provide a firm commitment for pricing.

(Mr. Glaser returned at 1:50 p.m.)

Mr. Rodriguez provided clarification and obstacles with the private placement: (1) the banks not committing to a solid rate lock, (2) the size of the transaction and (3) problem with the terms.

Mr. Wilson expressed he was not ready to vote on the combined items, and asked who was the counsel underwriting the transactions. Dr. Maldonado clarified that they will continue with the same counsel as in the past until a new list is provided for Board approval.

Vote - The motion failed 4-2-1, with Mr. Glaser and Mr. Wilson opposing, and Dr. Hansen abstained.

### **AMENDMENT TO MEMORANDUM OF UNDERSTANDING BETWEEN HCC AND THE HCC FOUNDATION**

Motion – Mrs. Sane motioned and Mr. Glaser seconded.

Dr. Hansen emphasized concern on how the MOU is structured and noted these could be possible future implications. Dr. Hansen added that selling naming opportunities start selling; the property rights of the college is sold as well.

Dr. Hansen apprised that maybe the college should actually maintain the funds in a trust fund with the agreement to transfer funds to the HCC Foundation each year. He continued that if the College retains ownership of the funds, it would keep the College in direct control. He clarified he is not criticizing the Foundation but the effort to protect the college in the long-term.

(Dr. Tamez stepped out at 2:00 p.m.)

Dr. Hansen recommended making a counter proposal for the funds to remain with the College. Dr. Maldonado clarified the Foundation has a charter and a mission statement filed with IRS, and if illegal activity were to happen, there is an injunction would lead to legal consequences. He noted the donor often require restrictions on the use of the money.

(Ms. Loreda left at 2:01 p.m.)

Dr. Maldonado clarified that he is asking for Board approval of the amendment that would allow the affinity groups as entities, and not the original MOU that is in place since 2012 with the Foundation.

(Dr. Tamez returned at 2:03 p.m.)

Dr. Tamez noted the amendment was regarding the agenda item passed in the Board Governance Committee regarding Article E.

Dr. Hansen suggested moving forward with either adding an amendment to the item and consider a second amendment. He noted HCC would be keeping the principal of what is raised from naming opportunities and making the income available to the Foundation. Mrs. Sane shared the same

concerns as Dr. Hansen and added it makes sense to keep the principal and Foundation would receive a percentage, which allows HCC to govern the earnings according to policies and procedures.

Mr. Jarvis Hollingsworth, Board Counsel explained that HCC Foundation is an entity that exists solely based on the existence of the college and the purpose of the Foundation developing scholarships. He advised that in order for the Foundation to carry out specific donor intentions, it develops scholarships for a particular ethnic groups; however the college cannot and in order for the Foundation to retain power, the two entities must not be closely aligned thus the voting members of the Board of trustees cannot also be voting members of the Foundation.

(Mr. Oliver joined the meeting at 2:15 p.m.)

Dr. Tamez added the Board did approve the bylaws referencing this item. Dr. Hansen stated the approval did not relate to the concerns he is expressing.

Dr. Maldonado noted the item brought forth for approval is an amendment to provide structure relating to the existence of the affinitive groups as entities under the Foundation.

Vote - The motion passed with a vote of 7-0.

**INVESTMENT REPORT FOR THE MONTH OF APRIL 2016 AND  
MONTHLY FINANCIAL STATEMENT AND BUDGET REVIEW FOR APRIL 2016**

Motion – Mrs. Sane motioned and Dr. Evans-Shabazz seconded on combined items.

Mrs. Zamora provided an overview of the Investment Report and the Monthly Financial Report.

Mr. Wilson noted the percentage is 50% higher in interest.

Mr. Oliver referenced the budget and inquired if there is a review for expending. Mrs. Zamora noted that increased expenses and monitored an apprised there are no particular concerns at this time.

Vote – The motion passed with vote of 7-0.

**REPORT ON PROPOSED LEGISLATIVE INITIATIVES**

Dr. Maldonado noted the draft legislative agenda is being developed and be presented to the Board for approval in the next couple of months.

Dr. Hansen recommended including items regarding the curriculum of the K-12 in alignment with the higher education level. Dr. Maldonado noted the college is reviewing the issue and apprised that there has been an alignment of lesson plans to provide college readiness.

Mrs. Sane inquired about requests regarding new campus funding. She mentioned there is possible discussion about shifting of the funding percentages.

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Dr. Maldonado noted, historically the LAR issue has not funded facilities for community colleges; however, moving forward an LAR will be submitted for additional funding for new Centers of Excellence to include equipment and staffing.

Dr. Tamez recommended for the Board to travel to Austin, TX to provide testimony and get involved on state and local level.

**ADJOURNED TO CLOSED SESSION**

Dr. Tamez adjourned the meeting to Executive Session at 2:49 p.m. notice having previously been given and reiterated in accordance with Sections 551.071, 551.072, and/or 551.074 of the Open Meetings Law. Dr. Tamez stated that any final action, vote or decision on any item discussed in Executive Session would be taken up in Open Session or in a subsequent Public Meeting.

Dr. Tamez reconvened the meeting in Open Session at 4:19 p.m. and entertained any motions on pending matters.

*(The following Trustees were present: Tamez, Evans-Shabazz, Hansen, Sane and Wilson).*

**RESOLUTION REGARDING PAYMENT REGARDING MUNICIPAL IMPACT FEE**

Motion – Dr. Hansen moved and. Mrs. Sane seconded to approve with the exception to change the date on the resolution.

Vote – The motion passed with a vote of 5-0.

**ADJOURNMENT**

With no further business coming before the Board, the meeting adjourned at 4:22 p.m.

*Minutes submitted by Sharon R. Wright, Director, Board Services.*

Minutes Approved as Submitted: August 18, 2016