

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

May 9, 2013

Minutes

The Board of Trustees of Houston Community College met as a Committee of the Whole on Thursday, May 9, 2013 at the HCC Administration Building, 3100 Main, 2nd Floor, Seminar Room A, Houston, Texas.

COMMITTEE MEMBERS PRESENT

Bruce A. Austin, *Chair*
Sandie Mullins, *Vice Chair*
Leila Feldman
Yolanda Navarro Flores
Herlinda Garcia
Christopher W. Oliver
Carroll G. Robinson
Neeta Sane

ADMINISTRATION

Renee Byas, Acting Chancellor
Art Tyler, Deputy Chancellor/COO
Destinee Waiters, Acting General Counsel
Shantay Grays, Executive Officer to Chancellor
William Carter, Vice Chancellor, Information Technology
Charles Cook, Vice Chancellor, Instruction
Diana Pino, Vice Chancellor, Student Success
Margaret Ford Fisher, President, Northeast College
Fena Garza, President, Southwest College
William Harmon, President, Central College
Virginia Parras for Zachary Hodges, President, Northwest College
Irene Porcarello, President, Southeast College
Betty Young, President, Coleman College
Karen Edwards, Interim Chief Human Resources Officer

OTHERS PRESENT

Jarvis Hollingsworth, System Counsel, Bracewell & Giuliani
Tom Sage, Bond Counsel, Andrews Kurth
Mark Arnold, Bond Counsel, Andrews Kurth
Michelle Morris, Rogers, Morris & Grover, L.L.P., Outside Counsel
Todd Bisch, President, Faculty Senate
Other administrators, citizens and representatives from the news media

CALL TO ORDER

Mr. Austin, Chair called the meeting to order at 5:09 p.m. and declared the Committee convened to consider matters pertaining to Houston Community College as listed on the duly posted Meeting Notice.

Mr. Austin noted that items #2 and #3 are being pulled after a review of the Attorney General's (AG) opinion regarding solicitation as RFP or RFQ. He noted that the following items were pulled from consideration:

- Program Management Services (Project No. 13-09)
- Project Management Services (Project No. 13-21)

Mr. Austin apprised that the decision to pull the items was also based on the advice of General Counsel as well as External Counsel that the particular procurement should be on the basis of the professional services procurement. He informed that the solicitation was sent out as an RFP and should have been an RFQ.

Mr. Austin requested that the Acting Chancellor and/or procurement provide an overview of how administration plans to make certain the procurement remains within a certain time frame.

Ms. Destinee Waiters noted that the proper RFQ for both projects will be solicited on Monday, May 13, 2013 and will be advertised for two weeks. She apprised that the respondents would have two weeks to submit their proposal and noted that the proposals would be reviewed and evaluated within two weeks, after which a Special meeting would be called for Board to consider for approval. Ms. Waiters informed that the solicitation would be done on the basis of exigencies.

Mr. Austin noted that the college has a procedure of advertising for thirty days and noted that the efforts would be to allow for a two week advertisement. Ms. Waiters apprised that the effort would be to correct the mistake in a proper manner as allowed by law.

Mrs. Flores apprised that she does not think that the two items are ready for consideration because the infrastructure of the Capital Improvement Plan (CIP) has not been discussed by the Board. She noted that there are a number of questions and discussions that should be undertaken by the Board. She noted that there are no exigencies regarding the projects.

Ms. Mullins reference item #6 on the Committee of the Whole (COTW) agenda and inquired if this is the discussion. She informed that there is a timeline of the projects and that she disagrees with the statement that there has not been a discussion. She apprised that the timeline has been presented to the Board on several occasions.

Mrs. Feldman requested to hear from Bond Counsel regarding the timeline. Mr. Tom Sage referenced the attachment behind tab 6 in the COTW agenda book regarding the report on Bond Capital Improvement Plan (CIP).

Mr. Hollingsworth informed that the Board needed to open the item for discussion.

REPORT ON BOND CAPITAL IMPROVEMENT PLAN (CIP)

Motion – Mr. Robinson moved and Ms. Mullins seconded.

Mr. Sage apprised that the first step in getting the funds spent is hiring Project Managers to begin putting together the CIP and then the next step would be designing buildings.

Mr. Robinson observed that a budget presentation would be provided in the next couple of weeks and noted that the assumption is that the budget presentation would include the projects. He inquired of the amount of enterprise revenue that could be generated from the buildings.

Mr. Tom Sage informed that the maximum that could be earned is ten percent of the total debt service of the \$425 million.

Dr. Tyler apprised that in attending an Internal Revenue Service meeting regarding arbitrage, he became aware that the amount would be five percent on each project.

Mr. Hollingsworth noted that the matter under discussion regarding the RFP is an administrative procedure. Mrs. Byas informed that administration would kill the solicitations for Project 13-09 and 13-21 and reissue as an RFQ.

Mrs. Flores reiterated that the approval is moving too quickly. She inquired if the blackout period would continue. Mrs. Flores apprised that the error was not stated.

Mr. Robinson noted that the error was that the wrong solicitation was used. He informed that it went out as an RFP and should have been an RFQ.

Ms. Michelle Morris stated that it should have been an RFQ but went out as an RFP. She apprised that the construction services are not professional services but are dictated to be procured in the same way due to the Texas procurement statute that classifies these types of program management services as construction manager agent services. The Texas Government Code dictates that those types of services have to be procured in the same manner as architects and engineers.

BOND OVERSIGHT COMMITTEE

Motion – Mrs. Sane moved and Mr. Oliver seconded.

Ms. Mullins inquired of the term of the committee's existence. Mrs. Byas informed that the committee would be in existence for the duration of the bond program.

Mrs. Garcia inquired of the number of members. Mrs. Byas apprised that each Trustee would appoint one person and six members would represent the system for a total of fifteen.

Mr. Oliver called the question.

Mrs. Flores noted that she still has a question.

Mr. Oliver informed that the question has been called and the item should be voted either up or down.

Mrs. Austin apprised that the statement should read that six members would be recommended by the Chancellor and approved by Board.

Amendment – Mrs. Flores moved to amend and Mrs. Feldman seconded that the wording be changed to state that the Chancellor would recommend six committee members to the Board for approval. Mr. Oliver accepted the amendment as a friendly amendment. The motion passed with a vote 7-1 with Trustee Robinson opposing.

CONSTRUCTION AUDIT SERVICES

Motion – Mr. Oliver moved and Mrs. Sane seconded.

Mr. Austin provided an overview of the purpose of the construction auditor.

Mr. Robinson inquired if it would be a contract person and not an employee working for the internal auditor. Mr. Austin noted that is the case and the record should reflect as such.

Mrs. Flores informed that the action item states that the person reports directly to the internal auditor.

Mr. Robinson offered a friendly amendment that the construction auditor would report to the Bond Audit Committee. Mr. Oliver accepted the friendly amendment.

Vote – The motion passed with a vote of 8-0.

RENEWAL OF LEASE AGREEMENT FOR 4014 BLUEBONNET DRIVE STAFFORD, TEXAS

Motion – Mrs. Sane moved and Mrs. Feldman seconded. The motion passed with vote of 8-0.

INVESTMENT REPORT FOR THE MONTH OF MARCH 2013

Motion – Mrs. Sane moved to accept and Mrs. Feldman seconded.

Dr. Tyler noted that there was a slight downward movement.

(Mrs. Feldman stepped out at 5:39 p.m.)

Dr. Tyler apprised that investment policies are followed as set by the Board.

Mrs. Sane inquired as to when the debt management policy will come before the Board. Dr. Tyler informed that a draft has been development. He noted that he is not certain if it will go before the full Board or the Board Governance Committee.

MONTHLY FINANCE REPORT FOR APRIL 2013

Motion – Mr. Oliver moved and Mrs. Sane seconded to accept the report.

Vote – The motion to accept both the Finance and Investment reports passed with a vote of 7-0.

Announcement

Mr. Austin clarified that Chancellor search committee was selected and noted that Trustee Sandie Mullins would serve as the Chair of the Search Committee with Trustees Robinson and Garcia serving as members with Trustee Feldman as the alternate.

REPORT ON THE STATUS OF LAND LEASE DEVELOPMENT SERVICES FOR PUBLIC-PRIVATE PARTNERSHIP (PROJECT NO. 12-40)

Mr. Rogelio Anasagasti informed that the solicitation focused on three projects and six firms responded to the solicitation. He noted that five proposals were received for the medical center Private Public Partnership (P-Threes).

Tom Sage introduced Mark Arnold and provided an overview. He apprised that debt was issued at 3.45% and noted that the internal cost for the capital of the projects was significantly higher.

(Mrs. Feldman returned at 5:48 p.m.)

Mr. Arnold informed that all of the projects were lease back projects. He noted that the least constant was 3.7 percent with the highest being seven percent. He apprised that there were no proposals that proposed a significant amount back to HCC.

Mr. Oliver inquired as to why that is the case. Mr. Arnold noted that generally the developer desires to use someone else's credit to get the money to build a project.

Mr. Robinson inquired if any of the medical center proposals were to bring land to the table. He inquired if there could possibly be the opportunity to purchase land. Mr. Arnold informed that only one response denoted that site ownership.

Mr. Robinson apprised that if there is no opportunity for site ownership in the proposals, then there is no interest in moving forward.

Mr. Arnold informed that each of the medical center proposals should be reviewed by the real estate department. Mr. Sage noted that a specific project could be issued that requests that the proposed P-Threes bring land to the table.

Mr. Robinson apprised that he desires that the project brings revenue to Coleman College to keep tuition down for students at Coleman.

Ms. Mullins requested for clarifications on the enterprise funds, bond funds, and public-private funds. Mr. Austin requested bond counsel to clarify.

Ms. Mullins inquired if the college takes the credit hit with P-Threes. Mr. Sage informed that in the proposals that were received the college would take the risk. He noted that the P-Threes are alternate methods for financing projects and noted that the college has bond funds to fully finance the projects.

(Mr. Oliver left at 6:00 p.m.)

Mr. Austin requested the total current debt.

Dr. Tyler referenced page 4 of the financial statement and apprised that the balance sheet reflects a debt amount in excess of \$1 billion.

Mrs. Sane inquired if there are any proposals close to the desire to have lease and low risk to the college. Mr. Arnold noted that a few of the proposal provided for over usage but all the proposals required HCC to take the risk.

Mr. Robinson informed that he has no interest of financing Coleman as P-Three. He requested the amount that can be generated in revenue.

ADJOURNED TO CLOSED SESSION

Mr. Austin adjourned the meeting to Executive Session at 6:09 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. Mr. Austin 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.

Mr. Austin reconvened the meeting in Open Session at 7:11 p.m. and entertained motions on pending matters.

(Present: Trustees Austin, Feldman, Flores, Mullins, and Robinson)

The Board Chair moved the following items to the Regular meeting agenda on May 16, 2013:

- Procurement Update from the Office of General Counsel and the Office of Procurement Operations
- Campus Safety Plan
- Report on Enrollment Management (Recruitment and Retention)
- Report on HCC and Houston Independent School District's Visit to Middle College at Guilford Technical Community College in Greensboro, NC

ADJOURNMENT

With no further business, the meeting adjourned at 7:12 p.m.

Recorded, transcribed and submitted by:
Sharon R. Wright, Manager, Board Services

Minutes Approved: June 25, 2013