

**MEETING OF THE  
FINANCE SUB-COMMITTEE  
OF THE BOARD OF TRUSTEES  
HOUSTON COMMUNITY COLLEGE**

**February 20, 2014**

**Minutes**

The Finance Sub-Committee of the Board of Trustees of Houston Community College held a meeting on Thursday, February 20, 2014, at the HCC Administration Building, 2<sup>nd</sup> Floor, 3100 Main in Seminar Room B, Houston, Texas.

**MEMBERS PRESENT**

Neeta Sane, *Committee Chair*  
Adriana Tamez, *Committee Member*  
Robert Glaser, *Committee Alternate*  
Zeph Capo  
Sandie Mullins  
Carroll G. Robinson

**ADMINISTRATION**

Renee Byas, Acting Chancellor  
Destinee Waiters, Acting General Counsel  
Shantay Grays, Chief of Staff  
William Carter, Vice Chancellor, Information Technology  
Charles Cook, Vice Chancellor, Academic Affairs  
Thomas Estes, Vice Chancellor, Finance and Planning  
Diana Pino, Vice Chancellor, Student Services  
Fred Zeidman, Vice Chancellor, Institutional Effectiveness  
Margaret Ford Fisher, President, Northeast College  
Fena Garza, President, Southwest College  
Zachary Hodges, President, Northwest College  
Irene Porcarello, President, Southeast College  
Betty Young, President, Coleman College  
Janet May, Chief Human Resources Officer  
Remmele Young, Associate Vice Chancellor, Governmental and External Affairs

**OTHERS PRESENT**

Jarvis Hollingsworth, System Counsel, Bracewell & Giuliani  
Michelle Novak, President, Faculty Senate  
Tom Sage, Bond Counsel, Andrews & Kurth  
Jorge Rodriguez, Financial Advisor, Coastal Securities  
Other administrators, citizens and representatives from the news media

**CALL TO ORDER**

Mrs. Sane, Chair, called the meeting to order at 1:12 p.m. and declared the Board convened to consider matters pertaining to Houston Community College as listed on the duly posted Meeting Notice.

**RESOLUTION AUTHORIZING PRELIMINARY OFFICIAL STATEMENT AND ISSUANCE OF COMBINED FEE REVENUE AND REFUNDING BONDS, SERIES 2014 AND REDEMPTION PRIOR TO MATURITY OF CERTAIN OUTSTANDING BONDS**

Motion – Dr. Tamez motioned and Mr. Glaser seconded.

Mr. Jorge Rodriguez, Financial Advisor, Coastal Securities provided a presentation regarding refinancing of current debt.

Mrs. Sane requested that presentations be provided at least 2-3 days prior to the meeting. Mr. Glaser requested that transaction fees be presented to the Board in the future.

Vote – The motion passed with a vote of 3-0.

**BANKING RESOLUTION AUTHORIZATION**

Motion – Dr. Tamez motioned and Mr. Glaser seconded.

*(Ms. Mullins and Mr. Robinson joined the meeting at 1:18 p.m.)*

Mrs. Renee Byas informed that the banking laws require execution of a new document every time there is a title change. She noted that this is changing the name of the Treasurer.

Vote – The motion passed with a vote of 3-0.

**INVESTMENT REPORT FOR THE MONTH OF DECEMBER 2013**

Motion – Dr. Tamez moved and Mr. Glaser seconded.

Dr. Thomas Estes apprised that the investments are safe, liquid and that the yield far exceeds the Texas State Pool benchmark.

Vote - The motion passed with a vote of 3-0.

**MONTHLY FINANCE STATEMENT FOR JANUARY 2014**

Motion – Dr. Tamez moved and Mr. Glaser seconded.

Dr. Thomas Estes informed that the report has been adjusted at the request of Ms. Mullins. He referenced page 1 and presented the revenues-to-date column. He apprised that the fund balance is up by \$64 million at this point in time. He noted that the auxiliary fund has a \$4.6 million decrease, which was due to the transfer of plant funds for the athletic projects.

Ms. Mullins asked if the athletic field proposals would come before the Board. Dr. Estes informed that the smaller project should be presented shortly. He apprised that the South campus project has been placed on hold.

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Ms. Mullins inquired if the actual project proposal will come back to the Board. Mrs. Sane noted that the project and method of construction were approved.

Ms. Mullins asked for clarification regarding the project and requested that the minutes be reviewed to clarify. Mr. Hollingsworth informed that he would review the minutes and provide clarity on the item.

Dr. Estes apprised that there is a projected \$630,000 decrease in net operations possibly for the end of the fiscal year.

Mr. Robinson noted that revenue will be approximately \$15 million less than expenses this year. He informed that he would like to meet with Dr. Estes regarding the backside flow. Dr. Estes apprised that he has asked Dr. Karla Bender to provide a spreadsheet.

Mr. Robinson informed that he has been asking for a report that shows the revenue and expenditures for all areas because reduction of expenses will need to be reviewed.

Dr. Estes apprised that the auxiliary overview has been expanded to include more detail.

Mr. Robinson noted that he has previously requested a listing of system-wide leases and where the funds are allocated as well as the terms of the lease commitments. Dr. Estes informed that the listing could be provided. Mr. Robinson apprised that his reason for asking the question is to determine how the leases and revenues are tracked.

Dr. Bender noted that the revenue listed in miscellaneous under Fund 3110 are for 3100 Main leases. Mrs. Byas apprised that the information will be obtained from the Campus Financial Officers. She noted that the integrity of the process will be ensured as well.

Mr. Robinson informed that the inquiry is also to review possible liabilities.

*(Mr. Capo joined the meeting at 1:42 p.m.)*

Mr. Robinson inquired if the \$3.6 million has been allocated for marketing. Dr. Estes apprised that his understanding is that the \$3.6 million was entirely allocated.

Dr. Bender explained that the Board approved marketing for both Fund 1 and Fund 3 and that the \$3.6 million relates to Fund 3.

Mr. Robinson noted that too much is being spent in marketing when the college recruitment benefits are not measuring up to dollar amount expended.

Mrs. Sane requested a return on investment in terms of enrollment and partnerships. She informed that it would be good to see what the \$6 million buys. Dr. Estes apprised that from an accounting standpoint, he could only elaborate on the expenses.

Mr. Capo noted that the billboards look great; however, he is inquiring if the efforts are reaching the target market. He informed that what may work in some areas should be door to door. He apprised that he would like to see how the marketing efforts are assisting in reaching the various students. Mrs. Byas noted that administration could provide a marketing plan.

Dr. Tamez informed that a strategic marketing plan could be provided to get the input of the Board.

Ms. Mullins inquired if there is a reason of the split between Fund 1 and Fund 3. Dr. Estes apprised that the funds should not be in Fund 3 and noted that it was divided to show funding from other auxiliaries.

Mrs. Sane noted that there is no set procedure for expending the auxiliary funds and inquired who decides who should utilize the auxiliary funds.

Mr. Robinson informed that he recommended that the unrestricted funds for 3110 Main should go to student scholarships or student support services program. He apprised that a policy should be in place regarding the usage of auxiliary revenues.

*(Dr. Tamez stepped out at 1:53 p.m.)*

Mrs. Sane recommended administration to provide a policy for the Board to consider regarding the usage of unrestricted auxiliary funds.

Mrs. Sane noted that there needs to be an explanation regarding the increase in expenses with the decline regarding enrollment.

*(Mr. Wilson joined the meeting at 1:56 p.m.)*

Dr. Bender informed that the increase is due to some IT expenses. She apprised that she would review the IT expense to clarify if they are a one-time expense or reoccurring.

*(Dr. Tamez returned at 1:59 p.m.)*

Ms. Mullins informed that Board Counsel has a response to the inquiry regarding the athletic projects.

Mr. Hollingsworth noted that the item approved by the Board was to choose the process for procurement. He apprised that the approval did not give administration the authority to execute a contract. He informed that the item would need to come before the Board for approval.

Vote – The motion passed with vote of 3-0.

**PAYMENT TO GARDERE WYNNE SEWELL LLP FOR PROFESSIONAL LEGAL SERVICES RENDERED THROUGH DECEMBER 31, 2013**

Motion – Dr. Tamez motioned and Mr. Glaser seconded.

Mr. Glaser requested a report on the item. Ms. Destinee Waiters noted that a report could be provided in closed session.

Vote – The motion passed with vote of 3-0.

**PAYMENT TO BRACEWELL & GIULIANI LLP FOR PROFESSIONAL SERVICES RENDERED (JANUARY 2014)**

Motion – Mr. Glaser motioned and Dr. Tamez seconded.

Mr. Robinson noted that he is reiterating that administration put out an RFQ regarding Board Counsel services. He informed that his reason for pressing for an RFQ was that Board Counsel apprised he did not represent in a particular negotiation. He noted that the RFQ would provide clarification of the line of services.

Mrs. Sane informed that the item is on the agenda for discussion in the Board Governance Committee meeting.

Mr. Glaser apprised that he would like to receive an itemized review of the services. Mr. Hollingsworth noted that the itemized report is available for review in the General Counsel's Office.

Vote – The motion passed with a vote of 3-0.

**RATIFICATION OF SPONSORSHIP AGREEMENTS BETWEEN HCC AND THE HOUSTON TEXANS, HOUSTON ROCKETS, AND HOUSTON DYNAMO**

Motion – Mr. Glaser motioned and Dr. Tamez seconded.

Mrs. Byas informed that a report was provided to the Board earlier and noted that the item provided partnership opportunities as well as in-kind services. She apprised that the contracts benefits are under review.

Mr. Glaser noted the benefits should be reviewed and documentation should be denoted as to who receives the tickets and benefits from the expense.

Mrs. Byas informed that distribution and accounting has been requested regarding the item.

Ms. Mullins inquired if the tickets needed to be reported as an expense. Mr. Glaser apprised that the efforts should be to maximize the benefits for the college.

Ms. Mullins noted that her request to receive a report on the number of tickets received and how they are distributed.

Mr. Robinson inquired if the cost is coming from the \$3.6 million approved. He informed that the cost is \$4 or 6 million over 5 years with a net declining enrollment. He apprised that there is possibly a loss of net dollars that could be used for scholarships.

Mrs. Sane noted that the inquiry remains what is the return on the investment especially with the expense for marketing.

Mr. Robinson informed that the expense for marketing is approximately \$2 million. He apprised that he could not approve more money in marketing that could otherwise be sent the Foundation for scholarships and matching funds.

Mr. Robinson noted that he would be a no vote when it comes to the Board.

Mr. Wilson inquired if there is a way to measure the return on the marketing plan and inquired if there is a questionnaire on the enrollment application to capture information to measure the return on investment. He informed that he would probably vote for the item if he could see the return on the investment.

Mrs. Byas apprised that a representative was present to address the inquiry. Ms. Catherine Campbell informed that Yaffee|Deutser is working with administration to provide a report with data regarding the return as well as the goals for going forward.

Mrs. Byas noted that the funding for this item has already been spent and informed that for next year, administration will review the return on investment and present a report to the Board.

Ms. Mullins apprised that Finance Committee formally was a part of the Committee of the Whole (COTW) agenda and inquired if there would be an opportunity for the Board to discuss the items at the COTW. Mr. Hollingsworth noted that Board will receive a report from each of the committee chairs regarding the items discussed in various committee meetings.

Dr. Tamez informed that the partnerships are vital regarding marketing and increasing enrollment.

Vote – The motion passed with a vote of 3-0.

### **FINANCIAL COLLECTION SERVICES (PROJECT NO. RFP 14-03)**

Motion – Mr. Glaser moved and Dr. Tamez

Mr. Glaser noted that he inquired if there has been research regarding other entities and if there has been consideration of selling the debt. Dr. Thomas Estes informed that the effort was to make certain that students were treated with respect. Mr. Rogelio Anasagasti apprised that there is always opportunity to make collection on fresh debt and noted the effort is to avoid a very aggressive approach.

Mr. Glaser informed that the inquiry was to maximize the opportunities for the college.

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Mr. Robinson apprised that the item was presented on April 18, 2013. He noted that the item was sent back to administration. He informed that the item is now for three collectors instead of one. Mr. Rogelio Anasagasti apprised that the revision of the scope was to allow flexibility and maximize the collection of the debt. He noted that the approach is more aligned with industry best practices.

Mr. Robinson informed that the scores have changed from the previous item and inquired of the justification. Mr. Anasagasti apprised that the evaluation material could be reviewed and a report could be provided to the Board.

Vote – The motion passed with a vote of 3-0.

**ADJOURNMENT**

With no further business coming before the Board, the meeting adjourned at 2:29 p.m.

*Minutes recorded, transcribed & submitted by:*  
Sharon Wright, Manager, Board Services

Minutes Approved as Submitted:           April 17, 2014