

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

April 9, 2015

Minutes

The Board Governance Committee of the Board of Trustees of Houston Community College held a meeting on Thursday, April 9, 2015, at the HCC Administration Building, Second Floor Auditorium, 3100 Main, Houston, Texas.

MEMBERS PRESENT

Robert Glaser, *Committee Chair*
Zeph Capo, *Committee Member*
Neeta Sane, *Committee Member*
Eva Loredo
David B. Wilson

ADMINISTRATION

Cesar Maldonado, Chancellor
Shantay Grays, Chief of Staff
E. Ashley Smith, Acting General Counsel
Kimberly Beatty, Vice Chancellor, Instructional Services, Chief Academic Officer
William Carter, Vice Chancellor, Information Technology
Irene Porcarello, Interim Vice Chancellor, Student Services
Teri Zamora, Vice Chancellor, Finance and Planning
Michael Edwards, Acting President, Coleman College
Margaret Ford Fisher, President, Northeast College
Julian Fisher for Fena Garza, President, Southwest College
Zachary Hodges, President, Northwest College
Rudy Soliz, Interim President, Southeast College
Janet May, Chief Human Resources Officer
Carne Williams, Executive Director, HCC Foundation

OTHERS PRESENT

Derrick Mitchell, Board Counsel, Bracewell & Giuliani
Susan Goll, President, Faculty Senate
Other administrators, citizens and representatives from the news media

CALL TO ORDER

Mr. Robert Glaser, Committee Member, called the meeting to order at 2:05 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: Capo, Glaser, Loredo, Sane, and Wilson)

MODIFICATION TO BOARD BYLAWS: ARTICLE E, SECTIONS 3 AND 4; ARTICLE G, SECTIONS 5 AND 7

Motion – Ms. Loredo moved and Mr. Glaser seconded.

Article E, Sections 3

Mrs. Belinda Brockman informed that the external auditors do not develop the internal audit plan. She noted that the external auditor provides a report regarding the annual audit. She apprised that the internal auditor reports administratively to the Chancellor and functionally to the Board.

Article E, Section 4

Mr. Derrick Mitchell noted that the revision provides a direct relationship with the Board Counsel and Board removing the Chancellor.

Article G, Section 5

Mr. Mitchell informed that the revision to Section 5 is a clean up to confirm that five votes are required for an item to pass.

Article G, Section 7

Mr. Capo apprised that there was a discussion regarding the naming of the institution and noted that the practice has been that when there is a discussion regarding an item, the item is pulled for administration to revisit and bring back to the Board. He noted that he was informed that the revision provides for the pulling of agenda items since modified Robert's Rules of Order is being used.

Mr. Wilson inquired as how to distinguish if the process would be used to eliminate an item being voted down.

Mr. Capo apprised that a provision has been included to denote that the revision does not apply to items added to the agenda by three Trustees.

Mr. Wilson noted that all members of the Board should be interested in moving things forward.

Ms. Loredo inquired if a quorum is not available, would you still be able to do a majority of those present. Mr. Mitchell informed that there needs to be at least five votes for the item to pass. He apprised that if there are not five votes, the item fails.

Mrs. Sane noted that the action provides balance because the Chair has the ability to pull an item but at the same time, members have the opportunity to add an item.

Vote – The motion passed with a vote of 2-0.

MODIFICATION TO BOARD POLICY B:1.9-DEBT MANAGEMENT POLICY

Motion – Ms. Loredo moved and Mr. Glaser seconded.

Dr. Cesar Maldonado informed that from time to time there are opportunities for private placement that could eliminate overhead costs as well as realize short and long-term savings. He apprised that the proposal is to allow for future private placement and noted that this does not apply to current situations.

Mr. Capo inquired of an explanation regarding private placement specifically regarding bond security issues. He inquired if there is a difference in liability regarding the level of security of private verses public.

Mrs. Zamora noted that it depends, as it could not be subject to the same United States Securities and Exchange Commission (SEC) disclosure requirements and informed that self-disclosure would still be made. Mrs. Zamora apprised that the private placing was possibly not contemplated in 2013 when the policy was adopted but given the current rate, opportunities may be available to benefit the college.

Mr. Wilson inquired if bonds are issued in a private area, would it have an effect on the bond rating. Ms. Zamora noted that there is uncertainty as to how the bond market would review it but noted self-disclosure would still be made.

Mr. Capo informed that the policy changes did not state that there would be public disclosure and apprised that he would be more comfortable adding the language that there would be a disclosure.

Mr. Mitchell noted that it does not mean non-public. He informed that the only difference is the reporting requirements in the future. He apprised that with private placement the bank may not require that the information to be reported.

Mr. Capo noted that his recommendation is to make certain there is disclosure. Mr. Mitchell informed that the college has to disclose the amount of debt regardless if it is public or private.

Mr. Wilson informed that the college received a warning letter because of refinancing. He apprised that he is asking questions to make certain that he is aware of any possible adverse effects.

Dr. Maldonado noted that the college's debt is disclosed annually. He informed that reporting issues and impact are considered when bringing debt discussions before the Board.

Ms. Loreda apprised that maybe additional information should be provided as it relates to public versus private. Dr. Maldonado noted that a more detailed report could be provided and informed that the practice is not new as it is done throughout the state.

Mr. Glaser inquired if a package would be presented and allow for bidding regarding rates. Mrs. Zamora apprised that is correct.

Dr. Maldonado noted that the Federal Reserve announced that it would be reviewing interest rates in June. He informed that the revision would allow for acceleration regarding timing.

Mr. Capo inquired if the item report requested by Ms. Loreda would be available prior to the Board considering it on next week. Dr. Maldonado apprised that the report could be provided.

Vote - The motion passed with a vote of 2-0.

UPDATE ON COMPLIANCE PLAN

Dr. Maldonado noted that Ms. Valerie Simpson has been appointed as the Compliance Officer and informed that she is responsible for developing a plan regarding compliance.

Ms. Simpson provided an overview of the process regarding the efforts for implementing the Compliance Plan to include:

- What is Compliance
- Where We Are
- What We Need
- Where We are Going
- Status

Ms. Simpson informed that the culture at the institution is that people want to comply with policies and procedures but they are not aware of the policies. She apprised that there needs to be more evaluation, communication and information regulations. She noted that the efforts are to see a minimization of risks, better image, greater efficiency, accountability and transparency.

Ms. Simpson informed that the process is currently in the evaluation stage of the process. She apprised that the future steps include communication training, oversight, and enforcement.

Mr. Capo inquired as to the status of working with Board Counsel as it relates to local policies through Texas Association of School Boards (TASB). Ms. Simpson noted that the process with TASB could take approximately six months and informed that the alternative would be to do it internally. She apprised that the process regarding TASB would include submitting the institution policies to TASB for them to customize and localize.

Mrs. Sane inquired of the benchmark that would be used in developing the plan. Ms. Simpson noted that a risk assessment has not been conducted and informed that she would also work with the internal audit to identify the categories. Ms. Simpson apprised that the objective is to minimize the risks.

Mrs. Sane inquired as to how is it currently monitored. Ms. Simpson noted that the current situation does not have a functional system-wide communication.

Dr. Maldonado informed that the effort is to get a systemic process and noted that procedures are followed but the framework under review would expand the rubric of compliance.

Ms. Loreda inquired as to who would be responsible for the compliance. Ms. Simpson stated that it would be under her purview.

ADJOURNMENT

With no further business coming before the Board, the meeting adjourned at 2:47 p.m.

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

Minutes Approved as Submitted: May 21, 2015