

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

April 9, 2015

Minutes

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

MEMBERS PRESENT

Zeph Capo, Chair

Robert Glaser, Vice Chair

Adriana Tamez, Secretary

Eva Loredo

Sandie Mullins

Christopher W. Oliver

Neeta Sane

David 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

Cheryl Peters for Dr. William Harmon, President, Central College

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

Carme 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. Zeph Capo, Chair, called the meeting to order at 4:21 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, Mullins, Oliver, Sane, Tamez, and Wilson)

Mr. Capo requested to move item II.4 to the beginning of the agenda.

NAMING OPPORTUNITY FOR ROBERT GARNER FIREFIGHTER ACADEMY AT HCC NORTHEAST COLLEGE

Motion – Mrs. Sane moved and Ms. Loredo seconded.

Ms. Carme Williams informed that the Robert Garner Firefighter Foundation came to the Foundation to request the opportunity to name the firefighter academy at HCC Northeast College as the Robert Garner Firefighter Academy.

Mr. Oliver inquired if this is a typical naming opportunity. Ms. Williams noted that it is not the typical.

Mr. Oliver requested that the HCC Foundation complete due diligence regarding the naming opportunity. Ms. Williams informed that the value, sentiment and benefits for students are an opportunity to have community presence. Ms. Williams apprised that if the Robert Garner Firefighter Foundation were unable to fulfill the requirements, the academy name would revert to HCC.

Mrs. Sane recommended that the item be consistent with the naming policy. Dr. Cesar Maldonado noted that the naming policy is currently under review but noted that the recommendation presented on the item is consistent with the naming policy adopted.

Ms. Loredo expressed appreciation in the establishment of the partnership and informed that the firefighters going through the academy will benefit.

Dr. Tamez apprised that she is glad that the Chancellor moved on the discussion held with Robert Garner Firefighter Foundation regarding the opportunity.

Vote – The motion passed with a unanimously 8-0.

AUTHORIZATION TO FINANCE ENERGY EFFICIENCY PROJECT THROUGH A LOAN FROM THE STATE ENERGY CONSERVATION OFFICE

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

Dr. Maldonado noted that the recommendation is to approve the state energy conservation loan from LOANStar, which is a state revolving loan program. He informed that the money available through the program varies from time to time. Dr. Maldonado apprised that projects have been identified that should save approximately \$670,000 annually. He noted that the recommendation is to borrow is \$4,271,225.

Mrs. Sane inquired of the existing plan for all of the facilities. Dr. Maldonado informed that the summary of the projects are listed on page three of the supporting documentation. He apprised that the older facilities are the ones to be priorities.

Mr. Oliver inquired as to how the Chancellor became aware of the program. Dr. Maldonado noted that the program was used at his previous institution.

Mr. Oliver inquired of the interest rate on the loan. Mrs. Zamora informed that the rate is 1%.

Mr. Oliver apprised that he was interested in the project as something to do down the line. He noted that he discussed with the Chancellor developing an inventory list picture book of the existing properties. Mr. Oliver informed that it would allow actual pictures of the facilities. He apprised that he would feel more comfortable in taking care of the existing facilities.

Mr. Glaser inquired if there will be an annual comparison review to show the realized savings. Dr. Maldonado noted that an audit will be conducted to show realized savings.

Mr. Wilson inquired of how the assessment will be done to ensure that the program is followed. He informed that he would like to see how it would be quantified. Dr. Maldonado apprised that some of the numbers are projected and noted that reflection of the cost savings should be seen based on those buildings that are metered.

Mr. Wilson informed that he needs assurance that the program works.

Mr. Oliver apprised that he is not certain if savings can be projected without knowing the condition of the current buildings.

Mr. Capo noted that he had an assumption that the group that completed the studies reviewed and made site studies. He inquired if anyone could explain the process of determining the numbers.

Mr. Chuck Smith informed that LOANStar distributes a notice of fund availability twice a year to all public schools and higher education institutions. He noted that a defined program and a preliminary energy assessment are needed in order to participate in the program.

Mr. Smith informed that administration has gone through great length to make certain oversight will be provided.

Mr. Oliver inquired as to how administration qualified the projects that were selected. Mr. Smith apprised that the decision was based on the highest return on investment and the projects that would provide a strategic contribution moving forward.

Mr. Oliver noted that no assessment was presented to the Board. Mr. Smith apprised that an assessment was completed in 2011.

Mrs. Sane noted that her question was regarding the deferred maintenance plan from 2012. Mr. Smith informed that the plan of 2011 was considered in the initial facilities surveyed for this project.

Vote – The motion passed with vote of 6-1-1 with Mr. Oliver opposing and Mr. Wilson abstaining.

SPECIFIC AUTHORIZATION TO ENTER INTO TRANSMISSION RELATED UTILITY SERVICE EXTENSION CONTRACTS.

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

Dr. Maldonado apprised that the connections were included in the budget but were not included in the contracts. He noted that the job is sole source and that it is normally completed through the Construction Manager at Risk (CMAR) contracts but administration elected to do the contracts separately. He informed that the request is for authorization on all the projects to run cable from service to the buildings.

Mrs. Sane inquired if this has been done before. Mr. Derrick Mitchell apprised that it has not been done before. Dr. Maldonado noted that two of the previous contracts were within the Chancellor's signature authority.

Mr. Wilson informed that with residential properties, there would be a distribution line to access to the power source. He apprised that it appears that this is a similar action. Dr. Maldonado noted that it is similar.

Mr. Wilson informed that it appears that this is an additional cost. Dr. Maldonado apprised that it is not additional cost outside of the project budget.

Mr. Oliver inquired of the amount. Mr. Smith noted that without the contract approval, there would not be service to the building. He informed that the amount is minimal in percentage of the total bond project.

Dr. Maldonado apprised that the contract is normal and noted that the attempt is to be respectable of the Board's time by not bringing each contract for approval.

Mr. Oliver noted that he is more comfortable since the cost is a one-time expense. Dr. Maldonado informed that the cost could be added to the monthly Capital Improvement Plan report.

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

WASTE COLLECTION AND DISPOSAL SERVICES (PROJECT NO. RFP 15-04)

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

Dr. Maldonado apprised that a request for Waste Collection and Disposal Services approval was brought forth previously and noted that the highest respondent pulled out of consideration. He noted that because of the subsequent withdrawal; the item is being presented again.

Mrs. Teri Zamora informed that because of the withdrawal the ranking order changed because of the dollar amount.

Mr. Rogelio Anasagasti apprised that the number one withdrew which resulted in the number two firm becoming number one. He noted that the item was pulled to clarify.

(Mr. Oliver stepped out at 5:12 p.m.)

Mr. Wilson informed that when one was withdrawn, the numbers should be rescored. He apprised that the process needs to revert to the lowest bid.

Mr. Glaser noted that procurement process needs to be simplified. He informed that the system does not have the faith of the community and apprised that there needs to be more clarity.

Mr. Wilson noted that the issue is not the procurement department problem but the problem that the Board needs to address is the policy.

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

ACCEPT DONATION OF CISCO WIRELESS LEARNING CREDITS & ACCESS POINTS FROM DATAVOX

Motion – Mrs. Sane moved and Ms. Loredó seconded.

Dr. Maldonado informed that the use of the training credits would be to train staff.

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

INVESTMENT REPORT FOR THE MONTH OF JANUARY, 2015, INVESTMENT REPORT FOR THE MONTH OF FEBRUARY, 2015, MONTHLY FINANCE STATEMENT AND BUDGET REVIEW FOR JANUARY 2015 AND MONTHLY FINANCE STATEMENT AND BUDGET REVIEW FOR FEBRUARY 2015

Motion- Mrs. Sane moved to take items II.6, II.7, II.8 and II.9 together. Dr. Tamez seconded. The motion passed with a vote of 7-0.

Mrs. Zamora provided an overview of the following items:

- Investment Report for the Month of January, 2015
- Investment Report for the Month of February, 2015
- Monthly Finance Statement and Budget Review for January 2015
- Monthly Finance Statement and Budget Review for February 2015

Mrs. Sane referenced page two of section eight and inquired fund balance. Mrs. Zamora apprised that it is generous at the time but noted that some expenses have not been realized.

Mrs. Sane inquired of the time regarding the dual credit program and inquired of the expansion plan. Dr. Maldonado noted that the college does receive funding for contact hours. He informed that the dollar expenses for dual credit will increase as more students

are identified for the program. Dr. Maldonado apprised that it is an anticipated expense and noted that the increase of the fund balance to-date will go down. He informed that dual credit is not a loss in the revenue stream as a return is expected from college readiness and an increase in graduation rate.

(Mr. Oliver returned at 5:30 p.m.)

Mr. Capo apprised that he wants to make certain there is a clear line regarding dual credit and developmental education programs. Dr. Maldonado noted that the college receives contact hours funding and the school districts receive funding by student attendance.

Dr. Maldonado informed that there is some discussion at the state level regarding defining college readiness.

Mr. Capo apprised that there needs to be a review of where developmental students are coming from and noted that the number is even larger than dual credit.

Ms. Loreda inquired grant money is available for dual credit. She informed that HCC is the only college that provides dual credit at no cost.

Mr. Capo recommended that the issue be placed on the agenda for June after the legislative session.

Dr. Kimberly Beatty apprised that the state passed legislature that the institutions have to work with the school districts regarding dual credit. She noted that the students participate by demonstrating college readiness.

Ms. Mullins informed that there needs to be a discussion regarding the cost of the dual credit program. Mr. Oliver apprised that there is concern but recommended not overlooking the purpose.

Dr. Tamez noted that she attended a workforce development event and informed that there needs to be an effort to partner with industry. She apprised that HCC did not have a presence at the event and apprised that there must not be an overlook of industry.

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

DISCUSS DEBT REFINANCING

Mrs. Zamora noted that Financial Advisor, Mr. Jorge Rodriguez with Coastal Securities, Inc. and Bond Counsel, Tom Sage with Andrews Kurth LLP would provide a report on debt refinancing.

Mr. Rodriguez provided a report to include an overview of the following:

- Market Update
- Refunding Opportunities
- Senior Lien Combined Fee Revenue Bonds (Savings Summary)

(Mr. Capo stepped out at 5:57)

Mr. Rodriguez informed that in anticipation of selling the bonds, Coastal sent out an RFP for underwriters. He apprised that the ranking was simple and graded for capital. He noted that the effort was to not make capital the overwhelming situation.

(Mr. Capo returned at 5:58 p.m.)

Mr. Rodriguez provided the results of the rankings as follows:

- Bank of America Merrill Lynch, 49 points
- Goldman Sachs, 47 points
- Rice Financial Products, 45 points
- BOSCO, Inc, 43 points
- Mesirov, 43 points

(Dr. Tamez stepped out at 6:07 p.m.)

(Mr. Oliver and Mrs. Sane stepped out at 6:08 p.m.)

Mr. Rodriguez informed that the transaction will not extend the amortization.

(Dr. Tamez returned at 6:10 p.m.)

Ms. Mullins inquired of the negative side. Mr. Rodriguez apprised that the market could change. He noted that the effort is to go to market on the revenue bonds within the next forty days.

(Mrs. Sane returned at 6:11 p.m.)

Mr. Wilson informed that he needs clarification on the revenue bonds. Mr. Rodriguez apprised that the discussion is regarding three different credits. He noted that if the proposed refinancing is approved, the savings would average to net \$1.2 million annually with the student bonds, \$44 million on the general obligation bond and \$38 million on maintenance tax notes. He informed that the savings are separate because they are separate legal transactions.

(Mr. Oliver returned at 6:13 p.m.)

Ms. Loreda apprised that decisions were made based on information that is provided at the time of consideration and noted that the Board places trust in the financial advisors. She informed that the decisions were based on the rates at that time.

Mr. Oliver apprised that the Board made the best decision based on the real time information provided. He noted that he supports the opportunity to experience savings regarding the debt.

Mrs. Sane requested that a summary be provided regarding the expectations for the report received. Mr. Rodriguez informed that the effort is to obtain direction from the Board. Mr. Tom Sage apprised that in connection to any of the transactions, a resolution would be provided for the Board's consideration. He noted that the authority to complete the sale would be delegated to the Chancellor, Vice Chancellor of Finance and financial staff. Mr. Sage informed that the transactions would then go to the rating agency for purchases. He apprised that Public Facilities Corporation (PFC) owns the facilities and noted that the PFC would need to meet to approve the action as well.

Ms. Mullins informed that she would prefer to see the transactions separately to provide clarity. Mr. Sage apprised that it would be three separate resolutions as required by law because they are separate actions.

Mr. Wilson inquired of the sale and commission included. Mr. Sage noted that the proceeds are generated in the transaction and informed that there is no additional contribution required.

Mr. Wilson inquired if there could be a break on the individuals issuing the bonds. Mr. Sage apprised that it could be discussed.

UPDATE ON BOND CAPITAL IMPROVEMENT PLAN (CIP) RELATED MATTERS

Dr. Maldonado noted that Mr. Chuck Smith will provide the report.

Mr. Smith informed that the spend down was cleared by \$400,000. He apprised that the CIP report is available to the general public via the website.

Mr. Oliver inquired as to how the spend requirement was accomplished. Mr. Smith noted that through hard work and the purchase of an additional property along with the purchase of approximately \$4 million of pre-furniture.

Mr. Oliver inquired as to how far out are the projects with the pre-purchased furniture. Mr. Smith informed that the first project would be the Hayes Rd renovation project, which is scheduled to be completed in August 2015.

Mr. Oliver inquired where the furniture is stored. Mr. Smith stated that the furniture is located 9424 Fannin.

Mr. Smith apprised that the entire website has been updated and there is not a separate report from the one provided online. He noted that Alief is under construction as is the North Forest project. Mr. Smith informed that Northline has been under construction for two months and the West Loop parking garage is also under construction. He apprised that the Stafford project is moving forward.

Ms. Loreda noted that the communities are expressing that the process is not moving fast enough. She expressed appreciation for putting the update online.

(Dr. Tamez left at 6:31 p.m.)

Mr. Wilson informed that he is concerned with the soft costs. He apprised that some projects are in excess of ten percent in soft costs. Mr. Smith agreed that some numbers are high in comparison of the construction costs, but are lower when compared to the total project costs.

Mr. Smith apprised that there are three considerations for each project: price, quality, and project delivery.

Mr. Oliver noted that quality could be subjective. Mr. Smith clarified the operative definition of quality provided to the design teams is buildings that will last for seventy-five years, can be repurposed two to three times and will have the lowest possible operating cost.

Mr. Capo informed that there was mention of the soft cost and inquired if it is what drives the spend down deadlines. Mr. Smith apprised that the soft costs are according to the budgeted amount for the projects. He noted that a full analysis has not been completed as the focus was on the building design and spend down. He informed that the effort now is to review the potential cost savings.

(Ms. Loreda stepped at 6:33 p.m.)

Mr. Wilson apprised that he is concerned that the spend down included expenses to just meet the requirement.

Mr. Wilson inquired of the Conn's lease and inquired if the Telsa Motors (Telsa) lease was included in the Conn's purchase. Mr. Smith noted that the appraisal was based the fact that there would be a tenant in the building. He informed that the only reason for a tenant was to defer the acquisition price to the college over time.

Mr. Wilson requested to discuss in closed session. Mr. Capo apprised that the item is not posted on the agenda.

Ms. Mullins asked for clarification regarding the change orders. She noted that there are concerns regarding the change order. Mr. Mitchell informed that any change order over \$75,000 needs Board approval.

Ms. Mullins inquired if any change orders under \$75,000 could be tracked. Dr. Maldonado apprised that the change orders will be tracked.

Mr. Capo noted that the change order denoted is an increase to purchase the Conn's building. Dr. Maldonado informed that under the CMAR, there will not be any change orders and confirmed that the change order on the report is to reflect the increase from the purchase of the Conn's building.

Mr. Oliver requested a detail breakdown of each CIP project. He apprised that there will be the need to go out for another bond in the future. He noted that it is important to keep the promise made to the community.

(Ms. Loreda returned at 6:59 p.m.)

Mr. Oliver informed that if the facts change, the community needs to be apprised. Mr. Smith noted that to his knowledge the commitments are being honored. He informed that there are town hall meetings and the status is posted online.

(Mr. Oliver left at 7:00 p.m.)

(Mrs. Sane stepped out at 7:00 p.m.)

Ms. Mullins apprised that the effort should be to use the bond funds for what is needed. She inquired if the purpose is to save through scaling back size and scope but still stay within as much of the scope promised to the community. Ms. Mullins noted that an explanation of the scale down needs to be provided to the community.

Ms. Mullins requested an explanation regarding the Southwest parking garage. Mr. Smith informed that 10,000 sq. ft. was scoped on the ground floor of the garage for classrooms. He apprised that in reviewing the project, it would probably not be wise to place classrooms on the ground floor of the parking garage. He apprised that the inquiry was if the campus could do without the classroom space and noted that this is how the leasing of the Conn's property was decided.

Mr. Wilson informed that four members of the Board are new and had no input regarding the bond project. He informed that the Missouri City property switch was done by administration, as was the Conn's project.

Mr. Wilson apprised that the safety person was placed in the bid and cautioned that they not be removed from the projects.

UPDATE ON 2012-2015 STRATEGIC PLAN

Dr. Kimberly Beatty provided an update on the Strategic Plan to include:

- Recognizing Achievements
- The Approach
- Increase Student Completion
- Strategic Initiatives
- Defining Data Sets
- College Readiness: Students Placed into Developmental Education
- Term-to-term Persistence
- Course Success Rates by Instructional Area
- Completion Degrees and Certificates
- Number Who Transfer to a University
- Planning for the Future
 - Open forums with community
 - Conversations with the G65

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- Hire of new Vice Chancellor of Innovation, Planning, and Institutional Analytics
- Structured interviews with internal and external stakeholders
- Research on community and workforce needs
- Planning and design with internal stakeholders

Dr. Maldonado noted that goal setting will be reviewed to align with industry demand.

Mr. Capo informed that review of certificates by level should be placed on the Academic Affairs/Student Success Committee agenda to review where time and energy needs to be spent.

Ms. Loreda apprised that one of the concerns regarding the certificate programs is that a lot of the students are hired before completing the certificate program.

Mr. Glaser noted that vast amount of information should be available regarding data. He informed that the data could be used to fine tune where the college is going. Dr. Beatty apprised that the goal is to connect the data to the strategic planning.

Dr. Beatty provided the revised chart regarding the term-to-term persistence. She noted that progress is being made and informed that the development students have a higher persistence rate than the college readiness students.

ADJOURNMENT

With no further business coming before the Board, the meeting adjourned at 7:27 p.m.

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

Minutes Approved as Submitted: May 21, 2015