

**SPECIAL MEETING
OF THE BOARD OF TRUSTEES
HOUSTON COMMUNITY COLLEGE**

May 8, 2013

Minutes

The Board of Trustees of Houston Community College held a Special Meeting (Annual Trustee Training) Wednesday, May 8, 2013 at the HCC Administration Building, 3100 Main, 2nd Floor, Seminar Room A, Houston, Texas.

MEMBERS PRESENT

Bruce 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 the Chancellor
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
Evelyn Vasquez for Zachary Hodges, President, Northwest College
Betty Young, President, Coleman College
Karen Edwards, Interim Chief Human Resources Officer

OTHERS PRESENT

Jarvis Hollingsworth, System Counsel, Bracewell & Giuliani
Todd Bisch, President, Faculty Senate
Other administrators, citizens and representatives from the news media

CALL TO ORDER

Mr. Bruce Austin, Chair, called the meeting to order at 11:13 a.m. and declared the Board convened to consider matters pertaining to Houston Community College as listed on the duly posted Meeting Notice.

ADJOURNED TO CLOSED SESSION

Mr. Austin adjourned the meeting to Executive Session at 11:14 a.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 12:04 p.m. and entertained motions on pending matters.

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

DELIBERATE THE APPOINTMENT, EMPLOYMENT, DUTIES AND COMPENSATION OF THE HCC INTERIM CHANCELLOR, AND ANY OTHER RELATED AUTHORIZATIONS NECESSARY FOR FURTHER ACTION

Motion – Ms. Mullins moved and Mr. Oliver seconded to extend the term of the Acting Chancellor Renee Byas until such time that the Board appoints the Interim Chancellor. The motion passed with a vote of 5-1-1 with Trustee Mullins opposing and Mrs. Flores abstaining.

Mr. Austin informed that the Search Committee members will be Trustees Robinson, Mullins, and Garcia with Trustee Feldman as the alternate.

(Mrs. Sane returned at 12:07 p.m.)

Motion - Mr. Oliver moved and Mr. Robinson seconded that Procurement proceed with securing a search firm for the Interim Chancellor. The motion passed with a vote of 7-0-1 with Trustee Flores abstaining.

(Mr. Oliver left at 12:09 p.m.)

TRUSTEES ANNUAL ETHICS/LEGAL, GOVERNANCE AND FINANCE TRAINING

(Trustees present for the required training: Austin, Garcia, Feldman, Flores, Mullins, Robinson, and Sane)

Jarvis Hollingsworth provided annual training for HCC Board members to include the following:

Board Governance

- Power and Duties of Districts
- Board Powers and Duties
- Chancellor's Power and Duties
- Conflict Management for Board and Chancellor
- Great Boards
- Structure of the Board and College

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(Mrs. Garcia stepped out at 12:14 p.m. and returned at 12:15 p.m.)

- Board Governance
- Board Meetings
- Board Committee Structure/Organization
- Meetings Protocol
- Board Officers
- Board Counsel
- Legal Liability

(Mr. Robinson and Mrs. Sane stepped out at 12:22 p.m.)

Mrs. Flores inquired that if three Trustees call a meeting, does Board Services handle the posting requirements. Ms. Mullins inquired if that requires Board Services to take direction from any member. Mr. Hollingsworth informed that the Board Chair, Chancellor, and Board Counsel should be notified. He apprised that the Board Counsel reviews all the meeting notices prior to posting. He advised that the request for a Special Meeting must be in writing from at least three Trustees with the subject, date, time, and location of the meeting.

Ms. Mullins inquired if the Board has the option of suspending Robert Rules of Order. Mr. Hollingsworth apprised that the Board can choose to suspend its Robert Rules of Order but it must be a consensus of the Board.

(Mr. Robinson and Mrs. Sane returned at 12:25 p.m.)

Mrs. Flores inquired as to where the language is located that states that the Board Chair should keep the Board informed of matters pertaining to the business of the college. Mr. Hollingsworth noted that the Board bylaws state that the Board Chair will keep the Board informed. He informed that the policy could be revised should it be necessary.

Mrs. Flores inquired as to what point is there a violation of the Open Meeting Act. She asked when is the appropriate time for the information to be shared because there is no advance notification. Mr. Hollingsworth apprised that the Board bylaws provide information regarding the mandated threshold as it relates to committee and Board meetings.

(Mrs. Feldman stepped out at 12:29 p.m.)

Mr. Robinson noted that one of his issues has been the Board being informed as soon as the Board Counsel is informed. He stated that when Board Counsel is notified it should come to the Board as soon as possible at the latest by the next meeting of the Board.

Mr. Hollingsworth apprised that the Board Counsel's role is that of the lawyer to the Board. He inquired if it is the desire of the Board to allocate responsibility of the Board

Counsel to inform the full Board as opposed to the Board Chair. Mr. Robinson noted that his request is that the Board be informed of the situation at the next meeting unless it is a worst-case situation.

(Mrs. Feldman returned at 12:34 p.m.)

Mr. Robinson informed that he is requesting that the issue be addressed as a policy.

Mrs. Garcia recommended a collective advisement to the Board as opposed to an individual person. Mr. Hollingsworth apprised that he would advise the Board Chair of situations that should be provided to the full Board.

Mr. Hollingsworth concluded with the Board training:

Ethics Obligations of Public Officials

- Heightened Scrutiny
- District Attorney Offices Have Been Staffed –Up
- Public Corruption: The FBI's Top Priority
- Legislative Changes Since 2001
- Overview of Ethics Issues
- Conflict of Interest
- Public Disclosure

Mr. Robinson clarified that the Board can be held accountable if they do not inquire or ask questions as it relates to the public corruption. He informed that his inquiry is to make certain it is understood why the Trustees ask questions.

(Mr. Robinson stepped out at 12:42 p.m.)

Mr. Hollingsworth apprised that he would send the Board the news articles on the corruption to include those regarding mismanagement of bond funds.

(Mr. Robinson returned at 12:44 p.m.)

Mr. Hollingsworth noted that the College administrators are required to abide by the same guidelines as the Board.

(Mr. Robinson stepped out at 12:47 p.m.)

Mr. Hollingsworth provided an overview of Public Disclosure statements that must be filed. He informed that the campaign contributions do not apply to this, as they are part of the election code.

(Mrs. Garcia stepped out at 12:48 p.m.)

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Mrs. Flores inquired how soon the information should be posted on the website. Mr. Hollingsworth apprised that the requirement is that the disclosure is filed within seven days of becoming aware. He noted that the Trustee can still participate in the process under Chapter 170, which is different from the Disclosure under Texas Local Government Code Chapter 176.

(Mrs. Garcia returned at 12:52 p.m.)

(Mrs. Feldman stepped out at 12:55 p.m.)

Mrs. Flores inquired of the communications regarding prohibitions during solicitation. Mr. Hollingsworth informed that there is no statute regarding a Trustee receiving contributions during a solicitation period. Mr. Hollingsworth apprised that the purpose of the prohibitions is to protect the Board.

(Mrs. Feldman returned at 12:56 p.m.)

(Mr. Robinson returned at 12:59 p.m.)

Mr. Hollingsworth reviewed procurement guidelines as follows to include HCC procurement policies:

Procurement Guidelines Applicable to Community Colleges

- Texas Law Governing Community College Procurement
- Delegation of Procurement Authority
- Texas Education Code Chapter 44
- Texas Education Code Chapter 44: Historically Underutilized Businesses
- Texas Education Code Chapter 2267: Public Work Contract
- Texas Education Code Chapter 2254: Professional Services Act
- Professional Services under Common Law

Mrs. Feldman inquired if the local business applies to all community colleges. Mr. Robinson informed that he thought that the Texas Local Business was included as part of the procurement evaluation process.

Dr. Tyler apprised that the Procurement staff is reviewing the number of points that will be assigned. He noted that staff has to follow what is included in the RFP; however, the Board established awarding points for businesses located in Texas after the reviewed RFPs were publicized.

Mr. Robinson informed that the procurement score sheet does not specify points given to businesses located in Texas. Ms. Mullins apprised that there was some confusion regarding Texas First and Hire Local.

(Ms. Mullins stepped out at 1:06 p.m.)

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Mr. Robinson noted that the Board voted to implement a Small Business Program and it was left to the staff to review and implement. He informed that his vote was for \$3.5 million to hire a small business consultant to review the program.

Mrs. Feldman apprised that there is a difference between small Business and Historically Underutilized Businesses (HUBs). Mr. Robinson noted that it is the reason he left the decision to the staff to bring the item to the Board.

(Ms. Mullins returned at 1:09 p.m.)

Mr. Robinson informed that it was his understanding that the Chancellor, General Counsel and Procurement would develop a program for the Board to review and adopt. He apprised that he was not aware that it would take administration this long to provide a proposal consistent with state law.

Mrs. Garcia inquired if all the requirements are cleared, could the top firms come before the Board to determine who could provide the best service.

Mrs. Garcia informed that she has been on the Board under three Chancellors and the process was used without an issue.

Mr. Hollingsworth apprised that there is various procurement processes and noted that it depends on the type of commodity and the method of procurement selected by the Board, that dictates the Board's authority.

Mrs. Garcia noted that there is the ability to set policy and structure for procurement.

Mr. Hollingsworth informed that the process used by administration provides for the Board to select the method.

Mrs. Garcia referenced the Program Manager and inquired if it has to be an RFP or RFQ. Dr. Tyler apprised that he would defer to Procurement but informed that if price is a consideration, it would be a RFP; however, if price is not a consideration, it should be done as an RFQ.

Mrs. Byas apprised that the Attorney General (AG) noted that the Program Manager needed to be solicited as an RFP. Mr. Austin requested that the opinion from the AG be provided at the COTW meeting on May 9, 2013.

Mr. Robinson inquired if the Board could hold a conversation with the Administration regarding the definition of best value.

Mrs. Flores inquired of the Best Value and noted that Board Counsel informed that the Board could delegate the procurement process to Administration; however, the Board is bound to accept the recommendation from Administration. She asked if administration could receive the procurement responses, evaluate and present the top five to ten firms

for approval by the Board. Mr. Hollingsworth informed that he would review comments by Mrs. Flores; however, he is not aware of a bifurcation of the process.

Mrs. Sane informed that the concern seems to be in regards to “Best Value” and noted that it must be included in policy how the institution defines best value. She apprised that there needs to be a policy in place that defines what the best value will be for the college.

Mr. Hollingsworth informed that either administration or the Board will evaluate; however, it could not be bifurcated between both.

(Mrs. Feldman stepped out at 1:32 p.m.)

Mrs. Garcia noted that Mr. Robinson made the point regarding best value and now the Board Governance committee will need to vet the policy with the assistance of the Board Counsel.

Finance Training

Dr. Tyler provided an overview of Community College Finance 101 to include the following:

- Definitions of Fiscal Year
- Funds
- Definitions of Arbitrage and Cost of Issuance
- Balance Sheet vs. Budget
- Budget Basics
 - Revenue
 - Expenses
- Revenue Streams
- Risks
- Fixed Expenses
- Variable Expenses
- Policies
- Planning
- Budget Development
- Timeline
- Financial Ratios

(Mrs. Feldman returned at 1:39 p.m.)

Mrs. Garcia inquired if restricted funds could only be used for specified funding. Dr. Tyler informed that they could only be used for the specific approved purpose denoted.

Mrs. Garcia asked for an explanation of Fund 5 Scholarships. Dr. Tyler informed that scholarships are provided through HCC to students. Mrs. Garcia inquired why the Foundation is using the college’s funds for scholarships. Dr. Tyler apprised the Board

could elect to move general funds and direct gifts to the college to the Foundation. He noted that the Board has historically delegated the process or procedure to the Foundation regarding awarding scholarships.

Dr. Tyler informed that the Board can decide to give a scholarship if they desired. Mr. Robinson apprised that the Administration recommended funding a scholarship program of \$5 million for dual credit scholarship or waivers. He noted that the Board voted the item down. He informed that he is going to request \$5 million from the \$7 million in fund balance for scholarships.

Dr. Tyler apprised that the college is restricted in how to use certain funds received by grantor or donor.

(Ms. Mullins stepped out at 1:45 p.m.)

Mr. Hollingsworth noted that if the Board members are appropriating funds for scholarship, the scholarship has to be objective.

Mrs. Garcia informed that there needs to be a review of the restricted funds and how much goes to the specific areas. Dr. Tyler apprised that administration does the review during the budget process.

Dr. Tyler provided an overview of arbitrage. He explained the difference between negative and positive arbitrage and IRS requirements on earnings.

(Mrs. Flores stepped out at 1:52 p.m.)

Mr. Robinson inquired of the triggers regarding IRS and inquired of the limits for enterprise Revenue. Dr. Tyler noted that the limit is five percent of value and space per project.

(Mr. Robinson stepped out at 1:54 p.m.)

(Mrs. Flores returned 1:57 p.m.)

Mrs. Garcia inquired of the status of the Chevron contract as it relates to cost savings and where the resources will be spent.

(Mrs. Feldman stepped out at 1:58 p.m.)

Mrs. Garcia requested the returns on the investment of Chevron be provided to the Board.

Dr. Tyler continued with the overview to include the following:

- Debt Policy
- Investments

- Master Planning

Dr. Tyler informed that the schedule of classes drives the budget process.

(Mr. Robinson returned 1:59 p.m.)

Dr. Tyler apprised that growth projection and Board philosophy are considered during budget process.

Mrs. Garcia inquired as to when the institution was debt free. Dr. Tyler informed that it was prior to 2002. She inquired if growth projections are distributed according to actual growth. Dr. Tyler apprised that the funds are appropriated according to input from the growth and input from the presidents.

Mr. Austin informed that the Board would receive the remainder of the financial training at the continuation of the Special Meeting at 2:30 p.m. on May 9, 2013.

ADJOURNED TO CLOSED SESSION

Mr. Austin adjourned the meeting to Executive Session at 2:02 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 2:36 p.m. and entertained motions on pending matters.

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

Mr. Austin recessed the meeting and apprised that the meeting would reconvene on Thursday, May 9, 2013.

Mr. Austin, Board Chair, reconvened the Special meeting on Thursday, May 9, 2013 at 2:56 p.m. and informed that Dr. Tyler would resume the presentation on Community Colleges Finance 101. Mr. Hollingsworth noted that the overview satisfies the requirements on annual training on finance.

(Present: Trustees Austin, Garcia, Flores, Mullins, Robinson, and Sane)

Dr. Tyler provided an overview of the following:

- Planning Drives the Biennium Budget
 - Schedule of classes
 - Growth projections
 - Philosophy of Resource Use

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- Planning
 - 240 Million – Core schedules drives 80% of all funding
 - \$6 Million – New/expanding program drives 2% of all funding
 - \$3 Million – Innovation drives 1% of all funding
 - \$6 Million – Contingency is 2% of all funding
 - \$45 Million – Debt and other fixed expenses drives 15% of budget

- Budget Development
 - Zero Based
 - Modified Zero Based
 - Based and Growth

- Calculator
 - Bottom up schedule driven
 - 600 units from all college participate

- Timeline
 - Budget by August 31st
 - Update on budget in February
 - Including:
 - Date for tuition fee required
 - Date for tax decision
 - State budget (June Biennium)
 - Balance Budget
 - Reserved requirement

Mrs. Garcia inquired how many times tuition and fees have been raised in the past five years. Dr. Tyler informed that tuition has been raised twice; and is approximately 7% more than it was ten years ago. He noted that it is currently \$68 per credit hour, which is up \$7.00 over the past six years.

Mrs. Garcia asked if the presidents have been asked to review and determine what if anything is no longer needed. She apprised that each college should present to the Board what is not necessary and projected savings.

Dr. Tyler noted that the Chancellor formed a team, Cost Savings Counsel. He noted that over the last three to four years the college has saved more than \$15 million dollars.

Dr. Tyler apprised that the current college rating is AA+ and provided an overview of financing methods as follows:

- General Obligation
- Maintenance Tax Notes
- Junior/Senior Liens
- Commercial Paper/Bank Line of Credit

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- Public Facilities Corporation

Mr. Robinson inquired when the new financial advisors would be in place. Mrs. Byas informed that the procurement is in progress.

(Ms. Mullins arrived at 3:01 p.m.)

ADJOURNMENT

With no further business, the meeting adjourned at 3:24 p.m.

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

Minutes Approved as Submitted: June 25, 2013