

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

**August 14, 2014**

**Minutes**

The Board of Trustees of Houston Community College met as a Committee of the Whole on Thursday, August 14, 2014, at the HCC Administration Building, 2<sup>nd</sup> Floor, 3100 Main in Seminar Room B, Houston, Texas.

**MEMBERS PRESENT**

Neeta Sane, *Chair*  
Christopher W. Oliver, *Vice Chair*  
Robert Glaser, *Secretary*  
Zeph Capo  
Eva Loredó  
Sandie Mullins  
Carroll G. Robinson  
Adriana Tamez  
David B. Wilson

**ADMINISTRATION**

Cesar Maldonado, Chancellor  
E. Ashley Smith, Acting General Counsel  
Shantay Grays, Chief of Staff  
William Carter, Vice Chancellor, Information Technology  
Thomas Estes, Vice Chancellor, Special Projects and Bond Program  
Zachary Hodges, Acting Vice Chancellor, Academic Affairs  
Diana Pino, Vice Chancellor, Student Services  
Teri Zamora, Vice Chancellor, Finance and Planning  
Fred Zeidman, Vice Chancellor, Institutional Advancement  
Margaret Ford Fisher, President, Northeast College  
Fena Garza, President, Southwest College  
William Harmon, President, Central College  
Butch Herod, Acting 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**

Derrick Mitchell, Board Counsel, Bracewell & Giuliani  
Ava Cosey, President, COPA  
Jorge Rodriguez, Financial Advisor, Coastal Securities  
Other administrators, citizens and representatives from the news media

**CALL TO ORDER**

Mrs. Neeta Sane, Chair, called the meeting to order at 4:03 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: Capó, Loredó, Mullins, Robinson, Tamez, Sane and Wilson)*

**PROPOSED OPERATING BUDGET (UNRESTRICTED FUNDS) FOR FISCAL YEAR 2014-2015**

Motion – Mr. Capó and Dr. Tamez seconded.

*(Mr. Glaser joined the meeting at 4:04 p.m.)*

Dr. Maldonado informed that the proposed budget does not contain a Maintenance and Operations (M&O) tax increase as listed on the green sheet item. He apprised that the proposed budget is approximately \$14 million over the previous budget.

*(Mr. Oliver joined the meeting at 4:06 p.m.)*

Mr. Capó inquired if there will be a one cent increase. Mrs. Zamora noted that the 1.2 cents increase is for debt service.

Mr. Capó informed that he would like to emphasize the fact that the tax rate is being held down to 1.2 cents. He apprised that the next budget will require an M&O increase to service the new buildings. Dr. Maldonado noted that there will be a review to keep the number down.

Mr. Robinson informed that he has been asking for a focus on opportunities to generate enterprise revenue before placing an increase on the taxpayers. He apprised that Workforce, Corporate College and enterprise programs should be self-sufficient or reduced accordingly for self-sufficiency. He noted that models should be reviewed for such efforts.

Mr. Robinson informed that another major item for him is incorporating a process to place a percentage of excess funds into scholarships at the end of the fiscal year; however, if there are not funds available, there will be no scholarship allocations.

Mr. Robinson referenced the monthly administrative report provided to the Board by Dr. Maldonado noted approximately 1200 students received scholarships. He apprised that at an event, he was asked about second and third start semesters. He noted that every sixth grade student has been pre-admitted; however, there was no massive announcement regarding the opportunity. Mr. Robinson requested administration to consider an initiative to set up a Fund 5 account for scholarships. He informed that it will not compete with the Foundation, who will administer the scholarships.

Houston Community College  
Committee of the Whole Meeting – August 14, 2014 - Page 3

Mr. Robinson inquired of the budget and custodian for the pre-admission program. Dr. Maldonado apprised that a letter was sent to the school districts for sixth graders with a request that the information be disseminated to the students.

Mr. Robinson noted that the system currently being used is not working to gain awareness of the pre-admission initiative. He requested that someone take authority regarding the initiative.

Mr. Robinson inquired as to who is responsible for the Texas Success Initiative (TSI) website. Dr. Maldonado informed that the TSI is under Student Services.

Mr. Robinson inquired about the healthcare and inquired if it is a health one system. Mrs. Zamora informed that the college follows the state process.

Mr. Robinson requested the requirements as noted by the Southern Association of Colleges and Schools (SACS) regarding the commitment to full-time faculty being equivalent to adjunct faculty. He apprised that the current ratio is 708 full-time faculty and 1208 part-time and noted that the college would be 900 short if factored in the 22 positions requested in the budget. Mr. Robinson informed that the ratio is skewed and requested a review of the faculty ratio.

Mr. Oliver inquired if the 1.2 cent tax increase is for debt services and asked if the property values have increased. Mrs. Zamora apprised that a preliminary evaluation has been received and a final evaluation should be delivered shortly from Harris County.

Mr. Oliver noted that HCC taxes are not raised often. He informed that the college consistently does an excellent job of not raising taxes. Mr. Oliver apprised that the efforts should be to review areas to spend surpluses.

Mr. Wilson noted that his main concern is transferring \$8 million out of the savings to balance the budget. He informed that the comprehensive value financial report shows 50,000 students, which computes to 16.7% decrease in enrollment. Mr. Wilson apprised that if the data he is reviewing is correct, there has been a decrease in enrollment and there needs to be a decrease in expenses as well. He noted that it is good that there is an excess in the reserve.

Mr. Glaser applauded administration for holding the tax rate constant. He informed that many homeowners have experienced the limits regarding property taxes. He apprised that funds need to be spent wisely and noted that taxes need to remain down. Mr. Glaser apprised that transferring \$8 million from the reserve is better than raising taxes.

Dr. Tamez commended administration on presenting a budget that does not raise taxes.

Mr. Capo noted that the Board needs to determine the priorities as it relates to the excess funds in the reserves.

Vote – The motion passed with a vote of 8-1 with Trustee Wilson opposing.

**PROPOSED OPERATING BUDGET (RESTRICTED FUNDS) FOR FISCAL YEAR 2014-2015**

Motion – Mr. Capó moved and Mr. Glaser seconded.

Dr. Maldonado informed that the restricted budget includes financial aid funds, state and federal grants, state insurance contributions, state matching retirement funds and other sources.

Vote – The motion passed with vote of 9-0.

**CAPITAL & TECHNOLOGY PLAN FOR FISCAL YEAR 2014-2015**

Motion – Mr. Glaser moved and Mr. Oliver seconded.

Dr. Maldonado informed that the item listed is to fund the deferred maintenance and security upgrades in the amount of \$7 million as follows:

- Fund 2 Restricted – deferred maintenance needs and security upgrades
- Fund 7 Unexpended Plant – instructional equipment
- Fund 8 Retirement of Debt – upgrade/replacement of IT equipment

Mr. Robinson inquired if unrestricted funds were converted to restricted funds. He apprised that at some point there needs to be a discussion regarding the proposed budget's allowance for downsizing of some items.

Mr. Wilson noted that he will pass on voting for the item until he can review in more detail.

Mr. Robinson inquired if \$11 million would remain in the three accounts after the \$7 million is moved.

Vote – The motion passed with vote of 8-0-1 with Mr. Wilson abstaining.

**SETTLEMENT WITH AT&T FOR STRUCTURED CABLING SERVICES AT ANGELA AND FELIX MORALES BUILDING**

Motion – Mr. Oliver moved and Mr. Glaser seconded.

Dr. Maldonado informed that he has been dealing with the item since his arrival. He requested approval to settle for a maximum amount up to \$322,844.43.

Mr. Oliver apprised that he is voting to clear the item.

Mr. Robinson noted that he is going to vote for the item; however, he expects a new structure that removes with disciplinary swiftness individuals that sign change orders without authority. He informed that his desire is that someone will be held accountable regarding change orders for construction projects.

Dr. Tamez inquired as to how such issues will be prevented in the future and inquired if the person responsible is being held accountable. She inquired as to why the college is held liable.

Dr. Maldonado apprised that he is unable to speak to the work that was completed and yielded to counsel for clarification. Mr. Derrick Mitchell noted that the issue is that the college received a benefit from the services provided.

Dr. Tamez inquired what mechanisms are in place to prevent similar issues in the future. Dr. Maldonado informed that the process in place is a good process; however, it depends on people to follow the rules. He apprised that the effort is to hold people accountable to the process.

Mr. Capo noted that the issue was that work was done without authorization.

Mr. Wilson informed that this cannot happen in the future.

Ms. Loreda apprised that there should still be some negotiation and noted that those involved need to be written up.

Mr. Wilson inquired if negotiations are on-going, does approving the item limit the ability to negotiate.

Ms. Mullins informed that the Board was discussing change orders in a previous committee meeting. She apprised that the presidents and anyone involved with change orders needs to be clear on the process.

Mr. Glaser inquired if there is a mechanism in the Chancellor's process to cover change orders.

Vote – The motion passed with vote of 6-3 with Trustees Capo, Robinson, and Wilson opposing.

**CONSIDER APPROVAL OF GRANT OF RIGHT-OF-WAY TO CITY OF HOUSTON**

Motion – Mr. Glaser moved and Mr. Oliver seconded.

Dr. Maldonado noted that there are no fiscal implications.

Mr. Wilson inquired why there are no funds being received. Dr. Maldonado informed that the college would benefit from the improvements.

Vote – The motion passed with vote of 8-1 with Trustee Wilson opposing.

Mr. Robinson asked the Chancellor to look into the concerns posed by Mr. Wilson.

*(Trustee Robinson stepped out at 4:58 p.m.)*

**BANKING RESOLUTION AUTHORIZATION**

Motion – Mr. Capo moved and Mr. Oliver seconded.

Dr. Maldonado informed that the item is to make authorized signature changes.

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

**CONTRACT RENEWAL FOR INSURANCE COVERAGE**

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

Dr. Maldonado apprised that the college is moving forward with the RFP process and noted that due to the current policy expiration date, the recommendation is to enter into a one-year renewal.

*(Dr. Tamez stepped out at 5:02 p.m.)*

Mr. Oliver noted that he is in favor of the item but recommended bringing the item going forward to allow for negotiation outside of hurricane season.

Ms. Mullins inquired why the item is just now coming to the Board and inquired if the item could be amended to six months to get through hurricane season. She informed that there should be some kind of tickler.

Ms. Loredo apprised that she has the same concerns as Ms. Mullins. She inquired if the term has to be for a year.

*(Dr. Tamez returned at 5:04 p.m.)*

Mr. Oliver noted that the effort should be to begin the process earlier to avoid the same issue next year.

Mr. Wilson referenced the compelling reason regarding reviewing procurement methods of other institutions and informed that state agencies have a different set of rules. Mrs. Zamora apprised that the efforts are to review some of the best practices of other institutions and the state.

Mr. Wilson noted the policy ends August 31, 2014 and the renewal end date is August 31, 2015. Dr. Maldonado informed that he is not comfortable discussing negotiations that are forthcoming.

Vote – The motion passed with vote of 7-1 with Trustee Wilson opposing.

Mrs. Sane requested a motion to discuss items 8, 9, and 10 together.

**INVESTMENT REPORT FOR THE MONTH OF MAY 2014; INVESTMENT REPORT FOR MONTH OF JUNE 2014 AND MONTHLY FINANCIAL STATEMENT FOR JUNE 2014**

Motion – Mr. Capo moved and Mr. Oliver seconded to discuss together.

*(Mr. Robinson returned at 5:11 p.m.)*

Mr. Wilson requested a breakdown of the \$621 million.

Vote – The motion passed with vote of 9-0.

**UPDATE ON BOND CAPITAL IMPROVEMENT PLAN (CIP) RELATED MATTERS**

Mr. Robinson requested that year-to date be added to the report. Dr. Maldonado informed that the number is cumulative.

Mr. Robinson inquired if the college is on track. Dr. Maldonado apprised that the update handed out reflects expenditures closing July 2014.

Dr. Thomas Estes introduced Mr. Charles Smith, Chief Facilities Officer.

Mr. Smith noted that just under \$70 million has been spent to date and approximately \$118 million is projected to be expended by February 2015.

Mr. Robinson informed that a spend down plan was presented and apprised that his inquiry is regarding the status in comparison to the spend down schedule.

Dr. Maldonado noted that a best effort attempt will be made to meet the guidelines. He informed that a meeting has taken place with Bond Counsel and Disclosure Counsel.

Mr. Robinson inquired of the status of apprenticeship and small business. Mr. Smith apprised that he does not have the numbers regarding the apprenticeship and small business because the construction has not started. He noted that there is expectation to meet the 30% target.

Mr. Robinson inquired of the amount spent regarding architectural services. He informed that his effort is to match the small business percentage to the percentage of funds spent. Mr. Robinson apprised that commitments were made. Dr. Maldonado noted that the far right column is the percentage of Small Business Enterprise (SBE) monies spent and informed that a separate column will be added for soft cost.

Mr. Oliver inquired of change orders and Construction Managers at Risk (CMAR).

Mr. Smith informed that the CMARs are engaged to advise of the best economical way to complete a project during the design phase. He apprised that at one point a guaranteed maximum price (GMP) will be provided. Mr. Smith apprised that the change orders could be tracked separately. He noted that everything will be tracked.

Dr. Tamez informed that it is important to hear that everything will be tracked to include small business. She apprised that the effort is to make certain individuals know about the SBE opportunities.

Mr. Smith noted that there is no guarantee that the SBE number will be met but informed that the efforts are being taken to make certain there is an opportunity.

Dr. Tamez apprised that there should be more than an effort of trying to get to the number but that the statement should be that we will reach the goal. Dr. Maldonado informed that the numbers are for clarity and noted that an update will be reported on a monthly basis regarding the numbers.

Mr. Robinson apprised that it is very hard for anyone to state that there are no qualified small businesses. He noted that there is not a category that will not have a qualified small business with the capacity. Mr. Robinson informed that he is sensitive to stating that no qualified small businesses were identified. He apprised that he expects a different mindset regarding the efforts.

Mr. Glaser noted that he attended events where small businesses were invited. He informed that the issue is that there has to be a standard. He apprised that millions have been spent to reach out. Mr. Glaser noted that the equation can only be changed a certain amount of ways to hit the number. He informed that the procurement department goes above and beyond to reach out and noted that the college should not be criticized for not doing its part because it has been doing so. He apprised that there needs to be more done to get people to participate but must hold the standard.

Ms. Mullins inquired of the status for bringing the remaining three CIP projects for discussion. Dr. Maldonado noted that a CIP workshop will be held in September with the anticipation of bringing the projects to the Committee of the Whole or Regular meeting in September.

Dr. Tamez informed that it is by no means an effort to drop the standards but apprised that her expectation as a Trustee is to get to the numbers without lowering the standard.

Mr. Oliver noted that there are a number of people in the communities who are unaware of the procurement meetings. He informed that efforts should be to hold meetings in the South area or in Denver Harbor. He apprised that there needs to a change in the mind set and methodology.

Mr. Wilson noted that the contractor components could be broken down into smaller pieces to assist small businesses with the financial component.

Mrs. Sane informed that the effort is to meet the numbers without lowering the standard.

Mr. Robinson apprised that there should not be a quota because it is illegal. He noted that 35% should not be a ceiling it should be a floor. He informed that he is against the 35% and noted that a good effort could raise the percentage to 50% or 75%. He apprised that there were people in the previous bond who did not meet the standards but received contracts.



Mr. Robinson noted that if millions of dollars are spent on outreach he requested to see the contracts and the number of people attending the events.

Ms. Loredo informed that at the end of the day you see the minorities working and they complain that they are not receiving the contracts. She apprised that measures should be identified to assist the small businesses.

*(Mr. Robinson stepped out at 5:43 p.m.)*

#### **ADJOURNED TO CLOSED SESSION**

Mrs. Sane adjourned the meeting to Executive Session at 5:43 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. Mrs. Sane 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.

Mrs. Sane reconvened the meeting in Open Session at 7:10 p.m. and entertained any motions on pending matters.

*(The following Trustees were present: Capo, Glaser, Loredo, Mullins, Robinson, Sane, and Wilson)*

#### **PROPOSED SETTLEMENT BETWEEN LUCINDA AREVALO AND HCC**

Motion – Ms. Mullins moved and Ms. Loredo seconded.

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

#### **PAYMENT TO GARDERE WYNNE SEWELL LLP FOR PROFESSIONAL LEGAL SERVICES RENDERED MAY - JUNE 2014**

Motion – Ms. Mullins moved and Ms. Loredo seconded.

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

#### **PAYMENT TO MONTY & RAMIREZ LLP FOR PROFESSIONAL LEGAL SERVICES RENDERED JUNE 2014**

Motion – Ms. Mullins moved and Ms. Loredo seconded.

Mr. Robinson inquired if there is an agreement. Mr. Mitchell advised that the firm has an engagement letter on file with the college as one of the approved legal service providers.

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

**ADJOURNMENT**

With no further business coming before the Board, the meeting adjourned at 7:14 p.m.

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

Minutes Approved as Submitted: September 18, 2014