

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

February 27, 2014

Minutes

The Board of Trustees of Houston Community College held a Special Meeting on Thursday, February 27, 2014, at the HCC Administration Building, 2nd 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 Loredo
Sandie Mullins
Carroll G. Robinson
Adriana Tamez
David Wilson

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
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
Tom Sage, Bond Counsel, Andrews & Kurth
Marvin Daniels, Program Manager, Jacobs
Michelle Novak, President, Faculty Senate
Ava Cosey, President, COPA
Other administrators, citizens and representatives from the news media

CALL TO ORDER

Mrs. Neeta Sane, Chair, called the meeting to order at 3:08 p.m. and declared the Board convened to consider matters pertaining to Houston Community College as listed on the duly posted Meeting Notice.

BOND CONSTRUCTION MANAGER-AT-RISK SERVICES (PROJECT NO. RFP 14-04)

Mrs. Sane noted that the item is being presented at the request of administration and she expressed appreciation to administration for the hard work and efforts. She requested that the item be discussed at a workshop to be scheduled in March 2014.

Ms. Mullins inquired how the decision came forth. Mrs. Sane informed that discussion has been held with administration but felt that a workshop with the full board is warranted.

Ms. Mullins inquired if there would be a reissuance of the RFP. Mrs. Sane noted that the delay is not to go back out but to allow time to discuss the item in detail.

Mr. Capo informed that he would like to hear from the bond counsel regarding the process as it relates to the timeline. He apprised that he is one of the individuals who asked for a workshop regarding the Construction Manager at Risk (CMAR) process and what it entails.

Mr. Oliver noted that the concerns raised warrant a workshop discussion. He informed that the request is to hold off on the discussion until a workshop date can be established.

Dr. Tamez apprised that her inquiry is what are the bond covenants and the timeline regarding the arbitrage.

Mrs. Sane noted that a workshop would allow for a full discussion and to have questions answered.

Ms. Mullins inquired if bond counsel could present briefly regarding the timeline.

Mrs. Sane informed that she does not mind having bond counsel address concerns but noted that it is better to discuss at a workshop.

(Mr. Oliver stepped out at 3:18 p.m.)

Mr. Capo apprised that he would like to hear from bond counsel regarding the timeframe to delay.

Mrs. Sane requested bond counsel to come forward to address concerns regarding the timeline.

Mr. Hollingsworth noted that if discussion will be held on the item, then a motion would be needed on the item.

Houston Community College
Special Meeting – February 27, 2014 - Page 3

Mr. Capo informed that he would like to hear from bond counsel if time permits the item to be postponed for a discussion later in March 2014.

Motion - Mr. Glaser moved and Ms. Mullins seconded the motion.

Mr. Capo informed that he has heard the timeline regarding the spending requirement and wants assurance that delaying the item for three weeks will not jeopardize the college.

Mr. Tom Sage apprised that when bonds were issued in March 2013 all the funds were drawn down to save taxpayers money; however, that decision came with a spend down requirement :

- 10% (March 19, 2014)
- 30% (March 19, 2015)
- 60% (March 19, 2016)
- 85% (March 19, 2018)

Mr. Robinson informed that this is the first time that he has heard that the projects are behind schedule. He apprised that he previously asked for spending ratio and was informed everything was on time. He noted that the deadline on submission date has been extended twice.

Mr. Robinson informed that he has serious inquiries regarding the evaluation of the procurement. He apprised that his inquiries will be extensive.

Ms. Mullins inquired of the tax implications. Mr. Sage noted that there are tax implications at each threshold.

Ms. Mullins inquired of the first threshold. Mr. Sage apprised that the first implication is March 2014, which should be met.

Mr. Sage noted that there are very dire consequences if spending requirements are not met:

- Risk and Liability of an Internal Revenue Service Audit
- Hedge Bonds/Entire Bond Issuance Taxable
- Millions of Dollars in Litigation Costs
- Tax Penalties and Interest
- Class Action Law Suit

Dr. Tamez inquired of the next deadline for the 30% requirement. Mr. Sage informed that the deadline would be March 19, 2015.

Mr. Wilson apprised that he talked with bond counsel and noted that he is not clear regarding the arbitrage. He informed that his understanding is that the application is to a positive arbitrage.

Houston Community College
Special Meeting – February 27, 2014 - Page 4

Mr. Sage noted arbitrage is one issue but there are other tax implication issues.

Ms. Loreda inquired if there are any projects ready to go forward.

Mrs. Byas apprised that the actual construction date is July 2015. Mrs. Sane noted that these are the type of questions that could be addressed at the workshop.

Mr. Robinson informed that the money would be paid over 30 years so the notion that you have to get the project started immediately is not the issue.

Mr. Robinson requested that the construction auditing firm to be present at the workshop. He apprised that he would have inquiries regarding the change orders. He noted that his belief is that the \$135 million could be spent.

Mr. Capo informed that the issues raised stem from a lack of understanding of the process and apprised that this is the reason a workshop is needed.

Amended Motion – Mr. Capo moved to table item until a date is identified no later than March 25, 2014 for a workshop. Mr. Robinson seconded.

Dr. Tamez requested in writing the bond covenant with timelines. Mr. Sage informed that the information could be provided.

(Mr. Oliver returned at 3:34 p.m.)

Dr. Tamez inquired if a project-by-project schedule has been established. Mr. Marvin Daniels apprised that a project schedule has been established.

Dr. Tamez rephrased the request to include all projects. Mr. Daniels informed that all projects are scheduled except one.

Vote – The motion passed with a vote of 8-1 with Ms. Mullins opposing.

ADJOURNMENT

With no further business coming before the Board, the meeting adjourned at 3:36 p.m.

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

Minutes Approved as Submitted: April 17, 2014