

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

**April 13, 2017**

**Minutes**

The Board Governance Committee of the Board of Trustees of Houston Community College held a meeting on Thursday, April 13, 2017 at the HCC Administration Building, Second Floor Auditorium, 3100 Main, Houston, Texas.

**MEMBERS PRESENT**

Zeph Capo, Committee Chair  
Robert Glaser, Committee Member  
Neeta Sane, Alternate Committee Member  
Carolyn Evans-Shabazz  
John P. Hansen  
Eva Loreda  
Adriana Tamez  
Dave Wilson

**ADMINISTRATION**

Cesar Maldonado, Chancellor  
Melissa Gonzalez, Vice Chancellor/Chief of Staff  
Ashley Smith, General Counsel  
Teri Zamora, Senior Vice Chancellor, Finance and Administration  
Kimberly Beatty, Vice Chancellor, Instructional Services/Chief Academic Officer  
Athos Brewer, Vice Chancellor, Student Services  
William Carter, Vice Chancellor, Information Technology  
Kurt Ewen, Vice Chancellor, Planning and Institutional Effectiveness  
Madeline Burillo, President, Southwest College  
Margaret Ford Fisher, President, Northeast College  
Zachary Hodges, President, Northwest College  
Donna Spivey for Phillip Nicotera, President, Coleman College  
Irene Porcarello, President, Southeast College  
Jason Wilson, Acting President, Central College  
Janet May, Chief Human Resources Officer  
Robert King, Interim Director, Foundation Office  
Terrence Corrigan, Director, Internal Audit

**OTHERS PRESENT**

Jarvis Hollingsworth, Board Counsel, Bracewell LLP

Melissa Miller-Waters, President, Faculty Senate  
Other administrators, citizens, and representatives from the news media

**CALL TO ORDER**

Mr. Zeph Capo, Committee Chair, called the meeting to order at 2:15 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, Hansen, Sane, Tamez, and Wilson)*

**TOPICS FOR DISCUSSION AND/OR ACTION**

**REPORT ON BOARD EXPENDITURES FOR FISCAL YEAR 2016-17**

Dr. Maldonado noted the item is a report regarding Board travel and community affairs expenditures for September 1, 2016 through February 28, 2017.

Dr. Tamez requested a note be added to show credit for her travel to New Orleans not taken. Mr. Capo noted although it was recorded as expended, credit was received.

Dr. Hansen referenced the Board Account for Community Affairs (BACA) funds and inquired of the limitations regarding the use of funds. Mr. Capo noted each Trustee is allocated \$4,000 per year and apprised that the allowable usage is denoted in the Board Bylaws.

**UPDATE ON FINANCIAL ADVISOR**

Dr. Maldonado apprised that Mrs. Zamora would provide an update regarding the Financial Advisor.

*(Ms. Loreda joined the meeting at 2:22 p.m.)*

Mrs. Zamora provided an update on the Financial Advisor that included the following:

- Historical Perspective – Financial Advisor Contracts
- Board Bylaws- Article E.5 Financial Advisor
- Discussion Points regarding Financial Advisor Duties
- Discussion Points regarding Alignment, Selection and Timing

Mrs. Zamora introduced Mr. Mark Nitcholas and Mr. Ryan O’Hara with Hutchinson Shockey Erley and CO as members of the interim financial advisor team currently on board for day to day decisions until a selection is made.

Mr. Capo referenced page 2 regarding compensation and the reporting line for the financial advisor. He noted a figure of \$200,000 as an annual retainer for 2009 and 2013. He apprised that one of the Board’s concerns is that payment should be regarding expertise. Mr. Capo

inquired of the retainer rate for a financial advisor and the total number of fees paid out on the bond sales from 2013 - 2017. Mrs. Zamora noted the exact number could be provided and added that the expense for 2013-2017 was approximately \$200,000. She noted that every client has different ranges but firms are asked about the payment scale process. She apprised that the structure could be done according to the Board preferences.

Mrs. Sane inquired of the next steps and what role will the Board play. Mrs. Zamora noted the main concern is if the Board wants to explore amending the Bylaws to determine the next steps and consider moving forward with an RFP so the pricing structure can be part of the procurement process.

Mr. Capo recommended reviewing the questions from the Board to provide an opportunity for Trustees to work through some potential language to bring forth in a subsequent meeting.

*(Dr. Evans-Shabazz joined the meeting at 2:32 p.m.)*

Mr. Wilson requested clarification on whether the Financial Advisor contract ended or was it dissolved. He noted the Board had voted against the transfer of the contract assignment to a new owner. Mr. Zamora noted the decision not to transfer in effect ended the contract.

Mr. Wilson inquired if there is proposed refinancing of bonds in the near future. Mrs. Zamora noted none were anticipated.

Mr. Wilson apprised the Board Bylaws require for the Board to engage a Financial Advisor and noted there are a couple individuals on the college staff who could assist with the financial advising. Mrs. Zamora noted there are some areas where an independent Financial Advisor is needed.

Mr. Glaser noted the Financial Advisor should be independent of the administration. He apprised that there needs to be a discussion regarding the reporting line for internal versus external Financial Advisors for everyone to be comfortable.

Mr. Glaser noted his position regarding the payment structure should be separate from the area of professional services and the Financial Advisor to the Board should be paid by the hour, as needed.

Mrs. Sane noted there is a dotted line regarding the reporting for the Financial Advisor. She inquired of Board Counsel the best practice regarding a Financial Advisor and it is a requirement for checks and balances purposes. Mr. Hollingsworth noted that Mr. Glaser was accurate regarding the role of the Financial Advisor and the Bylaws were setup for the Financial Advisor to be an independent advisor to the Board on recommendations from the administration. He noted that the structure varies from institution to institution. He noted if the Board goes a different direction, it will require the Bylaws to change.

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Mrs. Zamora noted the Bylaws specify one thing; however, the operations are different. Dr. Tamez noted the reporting line needs to be reviewed where the purpose of the Financial Advisor is for advising the Board.

Mr. Capo apprised he would be in full alignment for the Financial Advisor ultimately answering to the Board and whether two competing advisors are required. He requested Board Counsel in discussion with the Chancellor and General Counsel to draft specific reasons for engaging a Financial Advisor to the Board and best practice that would allow administration access with direct report to the Board.

Mrs. Sane inquired how the current Bylaws are written. Mr. Hollingsworth apprised the current Bylaws state the Board has their own independent advisor separate from the administration.

Dr. Maldonado noted there are some needs for financial advising for the college and apprised that the current structure does not allow the joint usage. Mr. Capo noted clarification of the rationale for usage should be included in the Bylaws. He noted that Mr. Glaser is correct that an hourly rate compensation is the best way, but should be viewed from a five to ten year perspective.

Ms. Loreda noted financial advising is necessary due to the size of the finances. She emphasized the need for consistency and in obtaining the right advice if considering the hourly rate. She apprised she wants to hear the advice from a Financial Advisor as well as working with the Chancellor's team. Mr. Capo noted the contract would be for one Financial Advisor for no more than a five year period and there would be consistency, if contracted for the hourly rate compensation.

Mr. Glaser noted he is pleased with the discussion regarding having one or two advisors because of who the person will report to and the importance in working with the administration. He noted the Advisor will have to walk a fine line between the two. He added the hourly rate would be better in order to keep the person from the mechanics of the activities that are recommended from the administration.

Dr. Evans-Shabazz inquired of the opportunity for minority participation and how is it regulated if there is an opportunity for participation. Mrs. Zamora noted there is small business program and professional services do "best effort" by allocating some portion of the work. She added it is not regulated with professional services because a percentage is not required. She apprised that the financial advisory profession is closely regulated. Dr. Evans-Shabazz requested that adhering to minority participation be conveyed to the process.

Mr. Wilson noted he wanted to clarify that the legal fees were included in the \$6 million total he referenced earlier. Mrs. Zamora noted the Financial Advisor was paid approximately \$462,000 over the referenced period.

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Mr. Wilson noted the Bond Counsel at the time had advised that the bonds be sold over a period of time. He expressed concern about who reports to who and would like the opportunity to review the structure in more detail.

Mr. Capo asked Mr. Wilson to reiterate that Bond Counsel advised not to sell all the bonds at once. Mr. Wilson noted that the advice was provided by Mr. Tom Sage with Andrews Kurth.

Mrs. Sane noted the current independent advisor is working well and recommended the timeline not be delayed. Mr. Capo noted a draft would be placed on the agenda for the Board Governance Committee in May.

**ADJOURNMENT**

With no further business coming before the Board, the meeting adjourned at 3:04 p.m.

Minutes submitted by Sharon Wright, Director, Board Services

Minutes Approved as Submitted: May 25, 2017