



## **AGENDA**

### **BOARD OF TRUSTEES REGULAR BOARD MEETING**

**November 19, 2015  
4:00 p.m.**

**HCC Administration Building  
3100 Main, 2<sup>nd</sup> Floor Auditorium  
Houston, Texas**

**NOTICE OF A REGULAR MEETING  
OF THE BOARD OF TRUSTEES**

**HOUSTON COMMUNITY COLLEGE**

**November 19, 2015**

Notice is hereby given that a Regular Meeting of the Board of Trustees of the Houston Community College will be held on Thursday, the nineteenth (19<sup>th</sup>) day of November, 2015 at 4:00 p.m., or after, and from day to day as required, at the HCC Administration Building, 2<sup>nd</sup> Floor Auditorium, 3100 Main, Houston, Texas. The items listed in this notice may be considered in any order at the discretion of the Chair or Board and items listed for closed session discussion may be discussed and/or approved in open session and vice versa as permitted by law.

**I. Call to Order**

**II. Prayer and Pledge of Allegiance**

**III. Approval of Minutes**

Approval of Minutes from the Special Meeting (Acceptance of Donation) and Special Meeting ( Second Public Tax Hearing ) on October 1, 2015, Academic Affairs/Student Services Committee, Committee of the Whole, and Special Meetings on October 8, 2015, Regular Meeting on October 22, 2015, and Special Meeting on October 30, 2015.

**IV. Awards, Presentations, and Recognitions**

A. HCC Foundation Check Presentation.

**V. Chairman's Report**

A. Trustees District Reports.

**VI. Chancellor's Report**

A. Student Success Stories.

B. Faculty Senate Report (President of Faculty Senate).

**VII. Hearing of Citizens**

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**VIII. Consent Agenda**

**A. Chancellor Evaluation**

1. Chancellor's Evaluation for 2014-15 and Performance Goals for 2015-16.

**B. Facilities and Finance**

2. Payment of Impact Fees to the City of Houston.
3. Distribution of Anticipated Proceeds from the Sale of Property at MacGregor and 288.
4. Investment Policy 2016.
5. Investment Report for the Month of September 2015.
6. Monthly Financial Statement and Budget Review for September 2015.

**IX. Topics for Discussion and/or Action**

1. Personnel Agenda (Faculty).

**X. Adjournment to closed or executive session pursuant to Texas Government Code Sections 551.071; 551.072 and 551.074, the Open Meetings Act, for the following purposes:**

**A. Legal Matters**

1. Consultation with legal counsel concerning pending or contemplated litigation, a settlement offer, or matters on which the attorney's duty to the System under the Texas Disciplinary Rules of Professional Conduct clearly conflicts with the Texas Open Meetings Laws.

**B. Personnel Matters**

1. Deliberate the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee, or to hear complaints or charges against the chancellor, employees or board members, unless the officer, employee, or board member who is the subject of the deliberation or hearing requests a public hearing.

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**C. Real Estate Matters**

1. Final Payment for San Jacinto Project.
2. Deliberate the purchase, exchange, lease, or value of real property for Agenda items if deliberation in an open meeting would have a detrimental effect on the position of the System in negotiations with a third person.

**XI. Additional Closed or Executive Session Authority**

If, during the course of the meeting covered by this Notice, the Board should determine that a closed or executive meeting or session of the Board should be held or is required in relation to any items included in this Notice, then such closed or executive meeting or session as authorized by Section 551.001 et seq. of the Texas Government Code (the Open Meetings Act) will be held by the Board at that date, hour and place given in this Notice or as soon after the commencement of the meeting covered by the Notice as the Board may conveniently meet in such closed or executive meeting or session concerning:

Section 551.071 – For the purpose of a private consultation with the Board’s attorney about pending or contemplated litigation, a settlement offer, or matters on which the attorney’s duty to the System under the Texas Disciplinary Rules of Professional Conduct clearly conflicts with the Texas Open Meetings Laws.

Section 551.072 – For the purpose of discussing the purchase, exchange, lease or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the governmental body in negotiations with a third person.

Section 551.073 – For the purpose of considering a negotiated contract for a prospective gift or donation to the System if deliberation in an open meeting would have a detrimental effect on the position of the System in negotiations with a third person.

Section 551.074 – For the purpose of considering the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee or to hear complaints or charges against a public officer or employee, unless the officer or employee who is the subject of the deliberation or hearing requests a public hearing.

Section 551.076 – To consider the deployment, or specific occasions for implementation of security personnel or devices, or a security audit.

Section 551.082 – For the purpose of considering discipline of a student or to hear a complaint by an employee against another employee if the complaint or charge

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directly results in a need for a hearing, unless an open hearing is requested in writing by a parent or guardian of the student or by the employee against whom the complaint is brought.

Section 551.084 – For the purpose of excluding a witness or witnesses in an investigation from a hearing during examination of another witness in the investigation.

Should any final action, final decision, or final vote be required in the opinion of the Board with regard to any matter considered in such closed or executive meeting or session, then such final action, final decision, or final vote shall be at either:

- A. The open meeting covered by this Notice upon the reconvening of the public meeting, or
- B. At a subsequent public meeting of the Board upon notice thereof, as the Board shall determine.

**XII. Reconvene in Open Meeting**

**XIII. Adjournment**

**XIV. Dinner**

Following the conclusion of all business, the Board of Trustees will meet for dinner in the Chancellor's Conference Room, 12<sup>th</sup> Floor, Suite 12D15, System Administration Building, 3100 Main, Houston, Texas 77002, where the Board may generally discuss System business, but will not take action on such business.

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**CERTIFICATE OF POSTING OR GIVING NOTICE**

On this 13<sup>th</sup> - day of November 2015 at or before 4:00 p.m., this Notice was posted at a place convenient to the public and readily accessible at all times to the general public at the following locations: (1) the HCC Administration Building of the Houston Community College, 3100 Main, First Floor, Houston, Texas 77002; and (2) the Houston Community College website, [www.hccs.edu](http://www.hccs.edu).

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Rose Sarzoza-Pena  
Manager, Board Services

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

**October 1, 2015**

**Minutes**

The Board of Trustees of Houston Community College held a Special Meeting on Thursday, October 1, 2015 at the HCC Administration Building, Auditorium, 3100 Main, Houston, Texas.

Robert Glaser, *Vice Chair*  
Adriana Tamez, *Secretary*  
Carolyn Evans-Shabazz  
Eva Loredo  
Neeta Sane  
David Wilson

**ADMINISTRATION**

Cesar Maldonado, Chancellor  
Melissa Gonzalez, Chief of Staff  
Ashley Smith, Acting General Counsel  
Kimberly Beatty, Vice Chancellor, Instructional Services, Chief Academic Officer  
Butch Herod, Vice Chancellor, Innovation, Planning and Institutional Analytics  
Teri Zamora, Senior Vice Chancellor, Finance and Administration  
William Harmon, President, Central College  
Madeline Burillo, Interim President, Southwest College  
Diana Castillo for Phillip Nicotera, President, Coleman College

**OTHERS PRESENT**

Jarvis Hollingsworth, Board Counsel, Bracewell & Giuliani  
David White, President, Faculty Senate

**Other administrators, citizens and representatives from the news media**

**CALL TO ORDER**

Mr. Robert Glaser, Chair, called the meeting to order at 3:51 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: Evans-Shabazz, Glaser, Loredo, Sane, Tamez and Wilson).*

**ACCEPTANCE OF DONATION FROM INDUSTRIAL SCAFFOLDING COMMITTEE**

Motion – Mrs. Sane moved and Dr. Evans-Shabazz seconded.

Dr. Maldonado noted that the item is brought before the Board to be in compliance with Board Policy B.1.3.5 (the authority to accept gifts and donations on behalf of HCC shall be vested

solely with the Board). He informed that this is a donation of industrial scaffolding to be utilized in training programs and apprised that the value of scaffolding is \$9,800.

Ms. Loreda inquired about the age of the equipment. Dr. Joanna Kile, Interim Associate Vice Chancellor, Workforce Instruction, informed that three systems are new and one has been used previously and noted that the durable life for the equipment is ten years.

Mr. Glaser thanked the Industrial Scaffolding Committee for their donation.

Dr. Tamez also express appreciation for the donation and recognized the importance of partnerships with industry.

Vote – The motion passed with a vote of 6-0.

**ADJOURNMENT**

With no further business coming before the Board, the meeting adjourned at 3:55 p.m.

*Minutes recorded, transcribed & submitted by:*  
Melinda Davila, Executive Secretary, Board Services

Minutes Approved as Submitted: \_\_\_\_\_



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

**October 1, 2015**

**Minutes**

The Board of Trustees of Houston Community College held a Special Meeting on Thursday, October 1, 2015 at the HCC Administration Building, Auditorium, 3100 Main, Houston, Texas.

**MEMBERS PRESENT**

Robert Glaser, *Vice Chair*  
Adriana Tamez, *Secretary*  
Carolyn Evans-Shabazz  
Eva Loredó  
Sandie Mullins  
Neeta Sane  
David Wilson

**ADMINISTRATION**

Cesar Maldonado, Chancellor  
Melissa Gonzalez, Chief of Staff  
Ashley Smith, Acting General Counsel  
Kimberly Beatty, Vice Chancellor, Instructional Services, Chief Academic Officer  
Butch Herod, Vice Chancellor, Innovation, Planning and Institutional Analytics  
Teri Zamora, Senior Vice Chancellor, Finance and Administration  
William Harmon, President, Central College  
Madeline Burillo, Interim President, Southwest College  
Diana Castillo for Phillip Nicotera, President, Coleman College  
Janet May, Chief Human Resources Officer  
Remmele Young, Associate Vice Chancellor, Governmental and External Affairs

**OTHERS PRESENT**

Jarvis Hollingsworth, Board Counsel, Bracewell & Giuliani  
David White, President, Faculty Senate  
Other administrators, citizens and representatives from the news media

**CALL TO ORDER**

Mr. Robert Glaser, Vice Chair, called the meeting to order at 3:37 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: Evans-Shabazz, Glaser, Loredó, Mullins, Sane, Tamez and Wilson).*

Mr. Glaser informed that October is Down Syndrome Awareness month and noted that it is not about celebrating disabilities it is about celebrating abilities.

Mr. Glaser shared his condolences with the people in Oregon regarding the terrible tragedy at Umpqua Community College.

**SECOND PUBLIC HEARING REGARDING TAX REVENUE CALCULATION AND VOTE**

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

Dr. Cesar Maldonado noted that public hearings are held as part of the process to set the tax rate. He informed that Board will also announce the day, time and location of Special meeting for the Board to adopt the 2015 tax rate.

Mr. Glaser provided the opportunity for citizens to speak before the Board regarding the proposed 2015 tax rate.

Mr. David Hoyer referenced the notice in the newspaper indicating that the tax rate is a two percent increase and noted according to his calculations the proposed rates increase ranges from six to nine percent. Mr. Hoyer referenced recent publicity regarding land purchases and recommended that land should be sold before requesting an increase.

Ms. Teri Zamora clarified the proposed tax rate does not increase; however, due to increases in valuations the dollar amount paid will be increased. Mr. Hoyer informed that his is concerned with the actual dollar amount paid.

Ms. Sane requested clarification regarding the effective tax rate. Ms. Zamora apprised that the effective tax rate would be .099595, which would generate the same amount of taxes as last year. Ms. Zamora noted that the proposed tax rate is .0101942, which is a 2.3 percent difference.

Mr. Wilson informed that if the proposed tax rate was not changed, the average homeowner would pay approximately \$23 more than last year.

Ms. Loredo apprised that she understands the concern regarding the valuation increase and noted that the Board's effort is to alleviate the burden.

Ms. Zamora noted the Board took action in June to raise the exemptions from \$90,000 to \$120,000 seniors over sixty-five and the disabled.

**ADJOURNMENT**

With no further business coming before the Board, the meeting adjourned at 3:50 p.m.

*Minutes recorded, transcribed & submitted by:*  
Melinda Davila, Executive Secretary, Board Services

Minutes Approved as Submitted: \_\_\_\_\_

DRAFT

**MEETING OF THE  
ACADEMIC AFFAIRS/STUDENT SERVICES COMMITTEE  
OF THE BOARD OF TRUSTEES  
HOUSTON COMMUNITY COLLEGE**

**October 8, 2015**

**Minutes**

The Academic Affairs/Student Services Committee of the Board of Trustees of Houston Community College held a meeting on Thursday, October 8, 2015, at the HCC Administration Building, Second Floor Auditorium, 3100 Main, Houston, Texas.

**MEMBERS PRESENT**

Eva Loredo, *Committee Chair*  
David B. Wilson, *Committee Member*  
Zeph Capo, *Alternate Committee Member*  
Carolyn Evans-Shabazz  
Robert Glaser

**ADMINISTRATION**

Cesar Maldonado, Chancellor  
Melissa Gonzalez, Chief of Staff  
Ashley Smith, Acting General Counsel  
Kimberly Beatty, Vice Chancellor, Instructional Services, Chief Academic Officer  
Butch Herod, Vice Chancellor, Innovation, Planning and Institutional Analytics  
Teri Zamora, Senior Vice Chancellor, Finance and Administration  
Margaret Ford Fisher, President, Northeast College  
Madeline Burillo, Interim President, Southwest College  
Zachary Hodges, President, Northwest College  
Phillip Nicotera, President, Coleman College

**OTHERS PRESENT**

Melissa Mahalick, Board Counsel, Bracewell & Giuliani  
David White, President, Faculty Senate  
Jorge Rodriguez, Financial Advisor, Coastal Securities  
Other administrators, citizens and representatives from the news media

**CALL TO ORDER**

Ms. Eva Loredo, Committee Chair, called the meeting to order at 2:04 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, Evans-Shabazz, Glaser, Loredo and Wilson).*

**REPORT ON INTERNATIONAL TRAVEL FOR HCC HONORS COLLEGE STUDENTS**

Ms. Loredo noted that the item has been pulled.

## **STUDENT SUCCESS UPDATE**

Dr. Cesar Maldonado informed that the item is the monthly student success report. He apprised that the focus is on key performance indicators to build accountability metrics.

Dr. Kimberly Beatty shared the framework of the Houston Guided Pathways to Success (GPS) initiative and noted that the idea is to move students through a pathway into completion and informed that it embodies both curriculum and student services. Dr. Beatty presented the GPS framework as follows:

- Connection
- Entry
- Progressing Through
- Completion
- Job Placement
- Aligned Pathways
  - Aligned Mathematics
  - Meta-Majors
- Remediation
- Proactive Advising and Informed Choice
- Partners
  - University of Houston
  - Lone Star College System
  - San Jacinto College
  - Wharton Junior College
  - Complete College America

Dr. Beatty noted that the idea is to move students through a pathway into completion and informed that it embodies both curriculum and student services.

Dr. Maldonado apprised that the GPS is based on data and noted that too many choices end up harming student success. He informed that the Centers of Excellence align with the GPS Meta-Majors.

Mr. Glaser inquired if this is a pilot program or system-wide effort. Dr. Beatty apprised that it is a system-wide initiative. She noted that a hard launch is scheduled for the Fall.

Mr. Glaser asked how the program success will be measured. Dr. Beatty informed that the data aspect is core to the project and that the Executive Director for Research is part of the team and apprised that the assessment models metrics are being developed on the front-end.

Ms. Loreda inquired if the advisors will be reaching out to all of the colleges. She noted that advising is a concern of students. Dr. Beatty informed that as part of Transformation Phase II, the Student Services model and advising are being reviewed and expects systemic changes that may result in advising hours changing.

## **ENROLLMENT UPDATE**

Dr. Maldonado noted that the enrollment presentation will provide the status, historical numbers and enrollment challenges for students graduating from unaccredited high schools.

Ms. Loreda inquired where the unaccredited students are coming from. Dr. Maldonado informed that there are many unaccredited schools in the area and noted that these students are not eligible for financial aid.

Dr. Beatty provided an overview of the following:

- Overall Enrollment Trends 2010-2015
- Fall Enrollment Patterns

Mr. Wilson requested clarification as it relates to the different enrollment numbers. Dr. Beatty informed that unduplicated students by type are only counted for category in the overall enrollment.

Dr. Beatty continued with milestone fall enrollment trends as follows:

- Semester Milestone Points

Dr. Maldonado informed that the census data of the regular term is the number that is recorded by the Texas Higher Education Coordinating Board; however, second start is a big enrollment number, but it is reflected in the Spring numbers.

Dr. Beatty continued the presentation:

- Annual Awards by Type
- Completion
- Enrollment Strategies
  - Registration
  - Early Registration campaign
  - Media campaign
  - Direct mail
  - Recruitment events
  - \$250 Barnes & Noble awards

Mr. Capo inquired if HCC works directly with the Texas Workforce Commission (TWC) to educate individuals that are unemployed. He recommended combing unemployed individuals' short-term funding with award funding to assist with re-entering the workforce. Dr. Beatty apprised that the suggestion will be incorporated going forward.

Dr. Maldonado noted that HCC has an ongoing working relationship with the TWC. Dr. Madeline Burillo informed that HCC has one of the largest awards in both skills development funds and self-sufficiency grants. Mr. Capo recommended marketing these efforts.

Mr. Glaser inquired if there is a mechanism to determine which strategies are most effective in order to redirect the resources to the best media outlets. Dr. Beatty apprised that she believes Communications has tracking mechanisms in place and will provide an answer in the Weekly Administrative Briefing.

Dr. Evans Shabazz suggested providing a survey at registration to gauge which efforts are most effective.

Dr. Beatty shared the long-term enrollment strategies as follows:

- Marketing Annual Plan
- Academic Annual Plan
- Co-curricular Annual Plan
- Recruitment, Success and Completion Annual Plan
- Local College Plans

#### **COLLEGE READINESS REPORT**

Dr. Maldonado noted that the term college readiness means students that meet specific criteria or are enrolled in programs that will enhance their college success.

Dr. Beatty informed that HCC college readiness includes the following initiatives:

- P-16 Initiatives
- Adult Basic Education (ABE)
  - Adult high school
  - Community based job training
  - GED preparation
  - English as a second language
- Developmental Education

Mr. Capo inquired about the purpose of ABE. Dr. Beatty apprised that it could serve as a pathway to GED preparation and then enter into credit or non-credit courses.

Ms. Loreda asked what the cost of ABE per semester is. Dr. Beatty noted that there is a \$20 registration fee.

Mr. Wilson inquired what account are these grants and expenses allocated. Ms. Zamora informed that they are allocated to the restricted fund account, Fund 2 and noted that the grants will have a percentage assigned for administrative fee, which is deposited into the unrestricted budget.

Ms. Loreda requested Dr. Beatty to provide a highlight of the remaining presentation. Dr. Beatty informed that the primary aspects of the dual credit initiative are the P-15 Initiatives and House Bill 5 and presented the following Soar to Success: Dual Credit Program:

- Parent Information Nights: High School and Middle School
- Academic Pathways
- Checklists: Parents, Counselors, Students and Teachers
- Dual Credit Faculty
- Additional Staffing per Region
- Pool of Dedicated Dual Credit Faculty
- New Staffing Model
- Comprehensive MOU Document
- Creation of Faculty and Parent Handbook
- Wraparound Support Services
- Texas Success Initiative (TSI) Academies

Mr. Wilson inquired if the dual credit staff reports to 3100 Main. Dr. Beatty noted that the reporting line is to District but they work directly with the college Presidents and college staff.

Mr. Wilson inquired about the TWC \$4 million electrical grant. Dr. Burillo informed that the \$4 million dollar grant is from the American Apprenticeship Grant from the Department of Labor and is a 5-year grant.

*(Mr. Glaser stepped out at 3:03 p.m.)*

*(Mr. Glaser returned at 3:04 p.m.)*

*(Ms. Mullins joined the meeting at 3:04 p.m.)*

Mr. Capo referenced the overall retention of dual credit students and inquired if the types of dual credit courses drive the retention. Dr. Beatty apprised that some students are very aggressive academically and recognize the potential of dual credit.

*(Mrs. Sane joined the meeting at 3:07 p.m.)*

#### **LIBRARY HOURS OF OPERATION**

Ms. Loreda expressed appreciation for including the library hours and requested an update of the next steps.

Dr. Beatty apprised that the plan is 90% complete and addresses the hours, resources, mission and goals and will be presented in November.

Ms. Loreda announced that the Hispanic Scholarship Luncheon will be held on Friday, October 9, 2015 at Hotel Sonesta.



**ADJOURNMENT**

With no further business coming before the Board, the meeting adjourned at 3:12 p.m.

*Minutes recorded, transcribed & submitted by:*  
Melinda Davila, Executive Secretary, Board Services

Minutes Approved as Submitted: \_\_\_\_\_

DRAFT

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

**October 8, 2015**

**Minutes**

The Board of Trustees of Houston Community College met as a Committee of the Whole on Thursday, October 8, 2015, at the HCC Administration Building, Second Floor Auditorium, 3100 Main, Houston, Texas.

**MEMBERS PRESENT**

Zeph Capo, *Chair*

Robert Glaser, *Vice Chair*

Carolyn Evans-Shabazz

Eva Loredó

Sandie Mullins

Neeta Sane

David Wilson

**ADMINISTRATION**

Cesar Maldonado, Chancellor

Melissa Gonzalez, Chief of Staff

Ashley Smith, Acting General Counsel

Kimberly Beatty, Vice Chancellor, Instructional Services, Chief Academic Officer

William Carter, Vice Chancellor, Information Technology

Butch Herod, Vice Chancellor, Innovation, Planning and Institutional Analytics

Teri Zamora, Senior Vice Chancellor, Finance and Administration

Margaret Ford Fisher, President, Northeast College

Madeline Burillo, Interim President, Southwest College

Zachary Hodges, President, Northwest College

Phillip Nicotera, President, Coleman College

Irene Porcarello, President, Southeast College

Janet May, Chief Human Resources Officer

Carrie Williams, Executive Director, HCC Foundation

**OTHERS PRESENT**

Melissa Mihalick, Board Counsel, Bracewell & Giuliani

David White, President, Faculty Senate

Lillie Aranda, President, COPA

Other administrators, citizens and representatives from the news media

**CALL TO ORDER**

Mr. Zeph Capo, Chair, called the meeting to order at 3:34 p.m. 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, Evans-Shabazz, Glaser, Loreda, Mullins, Sane and Wilson).*

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

Dr. Maldonado noted that Mr. Charles Smith will provide the update on the Bond Capital Improvement Plan (CIP).

Mr. Smith informed that all information is accessible to the public on the website, simply type “HCC Bond” in the browser. He reported that currently there are 28 interns in the CIP program. Mr. Smith apprised that 50% of the projects have building permits and are in construction and noted that 30% of total funds were expended. He informed that small business participation is at 38%.

Mr. Smith provided an update of the Bond Oversight Committee (BOC) quarterly meeting, which was held on September 28, 2015 and mentioned that the presentation was in the Weekly Administrative Briefing last week.

Mr. Capo requested clarification regarding all projects staying within budget and discussion relating to inflationary cost. Mr. Smith apprised that HCC utilizes the project triangle, which ties the budget to the scope of work and schedule being performed. He noted that the budgets and scope were fixed and allowed the schedule to float.

Ms. Mullins inquired about the BOC requesting more visibility in the community. Mr. Smith informed that it relates to stories that arise and educating on the facts.

Mr. Smith noted that weekly meetings are held to manage the bond projects.

Mr. Wilson referenced the IRS spending deadline date. Mr. Smith estimated that 60% needs to be spent by March 19<sup>th</sup>. Mr. Smith apprised that the spending is 20% per year.

Mr. Glaser inquired if we are on schedule with the openings with various facilities. Mr. Smith apprised that we are on schedule with the openings.

Mr. Capo requested clarification regarding the projects square footage. Mr. Smith informed that downsizing was done on all projects; however, some areas are easy to condense and decisions were based on the actual amount of space needed for the program. Mr. Smith apprised that all programs are intact.

Mr. Capo inquired if the external audit reports are available online. Mr. Smith informed that the reports could be placed online.

**INVESTMENT REPORT FOR THE MONTH OF AUGUST 2015 AND MONTHLY FINANCIAL STATEMENT AND BUDGET REVIEW FOR AUGUST 2015**

Motion – Mr. Glaser moved and Dr. Evans-Shabazz seconded.

Ms. Teri Zamora informed \$250,000 interest ended the year at \$2.6 million given a 4.9% rate. She appraised to always strive to reach the normal goal and by the end of the year have \$5.11 million investments of the college funds.

Ms. Zamora presented the preliminary financial report for the Month of August. She noted the books are not closed for 2015. She noted as of August 31, 2015, we collected 100.4% of what was budgeted in revenues and spent 94% of what was budgeted in expenditures. The revenues shows a 5.8 % increase over the previous year and expenses shows a 2.4% increase over the previous year. She noted unrestricted account shows a \$22 million net increase. Mr. Wilson inquired of what the closing adjustment would be. Mrs. Zamora estimated \$5 million.

Mr. Glaser noted that these are the numbers for the new administration team and thanked administration and staff for their efforts.

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

**PROPOSED AUXILIARY FUND BUDGET FOR FISCAL YEAR 2015-2016**

Motion – Mrs. Sane moved and Mr. Glaser seconded.

Dr. Maldonado appraised the item is being brought back due to lack of time to review.

Ms. Zamora provided an overview of the auxiliary budget and reviewed the individual categories.

Ms. Mullins inquired of the process of scholarship funds. Ms. Zamora appraised the purpose of the scholarship is to reward students with certain characteristics. There is not an application process. Students who qualify are award until all funds depleted.

Ms. Mullins requested confirmation that the only active international program is Saigon Tech. Mrs. Zamora appraised that Saigon Tech is the only active international program.

Ms. Loreda inquired if the scholarship money is going into the Foundation. Ms. Zamora noted that these funds are separate. She informed that the Foundation has an application where this process is based on the FASFA filings and students are automatically awarded.

Mrs. Sane asked how many students are expected to fall into this category. Ms. Zamora appraised that the estimation is to award 1,000 students per semester. It is a first come first serve basis.

Mr. Wilson requested the process for allocating marketing and media from the auxiliary funds. Ms. Zamora clarified the difference between the contracts and certain contracts would come to the Board for approval.

Ms. Loredo recommended more marketing for Neo's Café to decrease the loss. Dr. Maldonado noted that the instruction part interrupts the restaurant operations and the loss does not reflect the benefits of instruction space. We expect some change in the revenues once the new Culinary Arts facility is complete.

Mr. Glaser appreciates the efforts to assist students.

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

**UPDATE ON STRATEGIC PLANNING**

Dr. Edmund Herod informed of a strategic plan advisory council meeting. He thanked both Trustees Glaser and Sane for their participation.

Dr. Herod provided an overview of the working groups.

Mr. Glaser thanked the individuals for participating. Mrs. Sane thanked Dr. Herod for his hard work and leadership.

**ADJOURNED TO CLOSED SESSION**

Mr. Capo adjourned the meeting to Executive Session at 4:16 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. Capo 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. Capo reconvened the meeting in Open Session at 4:46 p.m. and entertained any motions on pending matters.

*(The following Trustees were present: Capo, Evans-Shabazz, Glaser, Loredo and Wilson).*

**ADJOURNMENT**

With no further business coming before the Board, the meeting adjourned at 4:47 p.m.

*Minutes recorded, transcribed & submitted by:*  
Melinda Davila, Executive Secretary, Board Services

Minutes Approved as Submitted: \_\_\_\_\_

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

**October 8, 2015**

**Minutes**

The Board of Trustees of Houston Community College held a Special Meeting on Thursday, October 8, 2015 at the HCC Administration Building, Auditorium, 3100 Main, Houston, Texas.

**MEMBERS PRESENT**

Zeph Capo, *Chair*  
Robert Glaser, *Vice Chair*  
Carolyn Evans-Shabazz  
Eva Loreda  
Sandie Mullins  
Neeta Sane  
David Wilson

**ADMINISTRATION**

Cesar Maldonado, Chancellor  
Melissa Gonzalez, Chief of Staff  
Ashley Smith, Acting General Counsel  
Kimberly Beatty, Vice Chancellor, Instructional Services, Chief Academic Officer  
William Carter, Vice Chancellor, Information Technology  
Butch Herod, Vice Chancellor, Innovation, Planning and Institutional Analytics  
Teri Zamora, Senior Vice Chancellor, Finance and Administration  
Margaret Ford Fisher, President, Northeast College  
Madeline Burillo, Interim President, Southwest College  
Zachary Hodges, President, Northwest College  
Phillip Nicotera, President, Coleman College  
Irene Porcarello, President, Southeast College  
Carne Williams, Executive Director, HCC Foundation

**OTHERS PRESENT**

Melissa Mihalick, Board Counsel, Bracewell & Giuliani  
David White, President, Faculty Senate  
Jorge Rodriguez, Financial Advisor, Coastal Securities  
Other administrators, citizens and representatives from the news media.

**CALL TO ORDER**

Mr. Zeph Capo, Chair, called the meeting to order at 3:30 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, Evans-Shabazz, Glaser, Lored, Mullins, Sane, and Wilson).*

Dr. Maldonado introduced Dr. Melissa Gonzalez, Chief of Staff. Mr. Capo welcomed Dr. Gonzalez.

***APPROVE THE 2015 TAX RATE FOR MAINTENANCE & OPERATIONS AND DEBT SERVICE***

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

Mr. Capo announced that the first public hearing was held on Tuesday, September 22, 2015 at 3:30 p.m. at the HCC Administration Building, 3100 Main Street, 2nd Floor Auditorium, and the second public hearing was held on Thursday, October 1, 2015 at 3:30 p.m. at the HCC Administration Building, 3100 Main Street, 2nd Floor Auditorium.

Dr. Cesar Maldonado informed that this item was to approve the 2015 tax rate for Maintenance and Operations and Debt Service.

Vote – The motion passed with a vote of 6-1 with Trustees Capo, Evans-Shabazz, Glaser, Lored, Mullins, and Wilson in favor and Trustee Sane opposing.

**ADJOURNMENT**

With no further business coming before the Board, the meeting adjourned at 3:33 p.m.

*Minutes recorded, transcribed & submitted by:*  
Melinda Davila, Executive Secretary, Board Services

Minutes Approved as Submitted: \_\_\_\_\_

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

**October 22, 2015**

**Minutes**

The Board of Trustees of Houston Community College held a Regular Meeting on Tuesday, October 22, 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*  
Carolyn Evans-Shabazz  
Eva Loreda  
Sandie Mullins  
Neeta Sane  
David Wilson

**ADMINISTRATION**

Cesar Maldonado, Chancellor  
Melissa Gonzalez, Chief of Staff  
Ashley Smith, Acting General Counsel  
Kimberly Beatty, Vice Chancellor, Instructional Services, Chief Academic Officer  
William Carter, Associate Vice Chancellor, Information Technology  
Butch Herod, Vice Chancellor, Innovation, Planning and Institutional Analytics  
Teri Zamora, Senior Vice Chancellor, Finance and Administration  
Julian Fisher for Madeline Burillo, Interim President, Southwest College  
Margaret Ford Fisher, President, Northeast College  
William Harmon, President, Central College  
Zachary Hodges, President, Northwest College  
Phillip Nicotera, President, Coleman College  
Irene Porcarello, Interim President, Southeast College  
Janet May, Chief Human Resources Officer  
Carme Williams, Executive Director, HCC Foundation  
Remmele Young, Associate Vice Chancellor, Governmental and External Affairs

**OTHERS PRESENT**

Jarvis Hollingsworth, Board Counsel, Bracewell & Giuliani  
David White, President, Faculty Senate  
Lillie Aranda, President, COPA  
Other administrators, citizens and representatives from the news media



**CALL TO ORDER**

Mr. Zeph Capo, Chair, called the meeting to order at 3:34 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, Evans-Shabazz Glaser, Mullins, Sane, Tamez and Wilson)*

Mr. Capo recognized Donna Bahorich, Chairwoman of the State Board of Education. He informed that HCC is partnering with the State Board of Education on an accountability standards symposium.

**PRAYER AND PLEDGE OF ALLEGIANCE**

Ms. Sandie Mullins led the prayer and the pledges.

**APPROVAL OF MINUTES**

Motion – Mrs. Sane motioned and Dr. Tamez seconded.

Vote - The motion passed with vote of 7-0. The following minutes were approved:

Minutes from the Academic Affairs/Student Services Committee, Audit Committee, Committee of the Whole, and Special meetings on September 10, 2015, Regular meeting on September 17, 2015, and Special meeting on September 17, 2015

**AWARDS, PRESENTATIONS, AND RECOGNITIONS**

- **Port of Houston Authority Partnership Agreement Sponsorship**

Mr. Capo announced that the Port of Houston Authority has awarded the Southeast College Workforce Development a \$10,000 partnership agreement sponsorship to support the Maritime Logistics program at Jack Yates and Stephen F. Austin high schools, and the Eastside Campus, respectively.

Mr. Capo noted that the funds will support faculty certification training, development of career and guided pathways, curriculum enhancements in Logistics-Maritime and experiential learning experiences. He informed that HCC Southeast College and the Port of Houston Authority will plan and host an annual workshop at Southeast College for approximately 200 high school students enrolled in Logistics classes at Yates, Sterling and Austin High Schools.

Mr. Capo stated that it is an honor to earn the continued support of the Port of Houston Authority to assist HCC students for this important workforce industry in Houston. Mr. Capo invited Port of Houston Authority representatives Gilda Ramirez, Sr. Director of Small Business and Educational Outreach and Dawona Miles, Maritime Education Coordinator to come forward for the check presentation. Also joining at the podium were Dr. Irene Porcarello, President, HCC Southeast and Dr. Johnella Bradford, Director,

Transformation, Innovation Center at HCC Southeast, HCC Foundation Board Member, Marcia Fashingbauer and HCC Foundation Executive Director, Carme Williams.

**CHAIRMAN'S REPORT:**

Mr. Capo opened the floor for Trustee Reports:

- **Trustee District Reports**

District VI - Ms. Mullins announced that partnerships, enrollment and students are up in her district.

District IV – Dr. Evans-Shabazz noted that Coleman College groundbreaking will be held on Tuesday, October 27, 2015.

District II – Mr. Wilson apprised that he attended HCC Northeast Hispanic Heritage Month Career Planning Fair and Musical Concert and was very impressed with the event at Northeast College.

District VII - Ms. Sane appraised thanked the strategic planning team members for including District VII. She noted that the District VII community is happy.

District III - Dr. Tamez thanked administration, faculty and staff for their role in transformation.

*(Trustee Loreda joined the meeting at 4:00 p.m.)*

District I – Mr. Capo noted he attended the Association of Community College Trustees Annual Leadership Congress.

- **Birthday Recognitions**

Mr. Capo recognized Trustee Carolyn Evans-Shabazz who celebrated a birthday on October 13<sup>th</sup> and Trustee Adriana Tamez who will celebrate a birthday on October 25<sup>th</sup>.

- **Board Meeting Schedule**

Mr. Capo announced the next scheduled meeting date for the Committee and Committee of the Whole meetings is Thursday, November 12, 2015 and the Regular Meeting will be on Thursday, November 19, 2015.

**CHANCELLOR'S REPORT**

Dr. Cesar Maldonado provided the Chancellor's Report:

- **Hispanic Scholarship Committee Recognition**

Congratulations to Trustees Capo, Glaser, Loreda and Tamez for hosting a successful Hispanic Scholarship Council Luncheon! This year's fifth annual HCC Hispanic Scholarship Committee (HSC) Luncheon which was held on Friday, October 9 at the Royal Sonesta helped HSC to raise more than \$72,000 for scholarships for Hispanic students interested in HCC. Congratulations again Trustees and to the entire committee on a job well done!

- **Minority Male Initiative's Annual Golf Classic**

The Minority Male Initiative's Annual Golf Classic was also a huge success. Over 91 players and 23 teams of golfers participated in this year's event to raise over \$45,000 in support of the HCC MMI Program. Congratulations to the MMI committee and the trustees whom served, Trustees Oliver, Loredo and Glaser - on another successful event to support such a worthy cause.

- **Faculty & Staff Campaign**

Also, the Foundation's 2015 Faculty and Staff campaign raised over \$100,000 for student scholarships and to enhance the educational experience at HCC, which is a new record breaking number. Each year more and more faculty and staff participate in the annual campaign investing in the very students they teach and work with daily!

- **Student Success Stories**

Dr. Maldonado noted that HCC recognizes current and former students for their hard work, determination, dedication and leadership on and off campus. He informed that HCC is proud to honor and celebrate their accomplishments; they are the definition of success stories at HCC Beatty. The following students were recognized:

- Siomara Ellis, Central College
- Christopher Williams, Coleman College
- Vince Kiel, Northeast College
- Jun Gao, Northwest College
- Alexis Vences, Southeast College
- Dalia Hatem De Khattar, Southwest College

- **Recognition of April Pikes and First Responders**

A senseless act of cruelty happened to one of our own on April 28 when HCC Police Officer April Pikes was stabbed repeatedly while working an extra security job at the Meyerland Walmart. I'm happy to report that following amazing medical treatment, Officer Pikes is back on active duty with the HCC PD.

There are many in the community who came to her aid as first responders. Without these men and women, she may not have been able to make it back to work with us. I'd like Chief Greg Cunningham to introduce these exceptional people to you so that we can acknowledge their efforts in saving the life of Officer Pikes.

*(Trustee Loredo joined the meeting at 4:00 p.m.)*

- **Faculty Senate Report**

Mr. David White, President, Faculty Senate recognized Riche Senate VP, Ms. Melissa Water, President Elect.

Mr. White reminded that community college can be the target of those who would do evil. He appraised that that Administration and Police Department have a difficulty job in maintaining and enhancing the security of students, staff, and faculty. The Senate Faculty appreciates what they do for us.

**CONSENT AGENDA**

Motion – Mr. Oliver moved and Ms. Mullins seconded to approve the consent agenda with the exception of item A.1. The motion passed with a vote of 7-0. The following items were approved:

- Monthly Financial Statement and Budget Review for the Month of August 2015
- Proposed Auxiliary Fund Budget for Fiscal Year 2015-2016

**INVESTMENT REPORT FOR THE MONTH OF AUGUST 2015**

Mr. Wilson moved and Mr. Glaser seconded.

Mr. Wilson inquired regarding the Capital Investment Plan book value change. He inquired the difference of \$270 million. Ms. Teri Zamora noted the amount is the net amount used for \$20 million for operations and \$10 million for Capital Investment Plan.

Mr. Wilson inquired if the funds will be replaced back to be used for the CIP. Ms. Zamora clarified that August is the month that money is expended; however, not much is received. She noted that in the months that the revenues exceed expenses, funds are replenished.

Mr. Wilson asked \$129 million spent on the CIP and \$139 million spent in March 2015. Mr. Capo asked Board Counsel to clarify if the question relates to the action item. Ms. Zamora clarified that the additional amount was paid for capitalized interest. Mr. Wilson asked for clarification at another time.

Mr. Glaser inquired if the college is still on track with the budget. Ms. Zamora confirmed the college is on budget.

Ms. Sandie Mullins clarified that it is a snapshot of that moment in time and that the money will go back.

Dr. Maldonado clarified that the investment report does not reflect the balance.

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

**TOPICS FOR DISCUSSION AND/OR ACTION**

**REPORT ON INTERNATIONAL TRAVEL FOR HCC HONORS COLLEGE STUDENTS**

Mr. David Wilcox informed that the course embodies international travel and the students are prepared for eight weeks. He apprised that the students do complete a research paper and noted that the trip raises awareness and created global citizens.

**BOARD EXPENDITURE REPORT FOR FISCAL YEAR 2014-2015**

Dr. Maldonado informed that the item is the annual report for Fiscal Year 2014-2015 and included travel.

**PERSONNEL AGENDA (ADMINISTRATOR)**

Motion – Ms. Sane moved and Dr. Tamez seconded.

Dr. Maldonado apprised that the recommendation is to name Ashley Smith as General Counsel and noted that he has been serving as Acting General Counsel.

Mr. Wilson inquired if that level of administration required to be posted.

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

**PERSONNEL AGENDA (FACULTY)**

Motion – Mrs. Sane moved and Dr. Tamez seconded. The motion passed with a vote of 7-0.

**ADJOURNED TO CLOSED SESSION**

Mr. Capo adjourned the meeting to Executive Session at 4:32 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. Capo 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. Capo reconvened the meeting in Open Session at 4:56 p.m. and entertained any motions on pending matters.

*(The following Trustees were present: Capo, Evans-Shabazz, Glaser, Loreda, Mullins, Tamez and Wilson)*

Mr. Capo welcomed the Port of Houston Authority Representatives for the check presentation.

Dr. Irene Porcarello noted that this repeated renewal grant has served over 300 students.

Ms. Gilda thanked the Board and apprised that it is a pleasure to partner with HCC. She noted that the POHA is appreciative of the opportunity to work with students and announced that the program has grown from 100 to 1,000 students. Ms. Gilda thanked Drs. Bradford and Porcarello.

**DE LA CRUZ, INDEPENDENCIA V. HOUSTON COMMUNITY COLLEGE, CAUSE NO. 2013-28123 IN THE 80TH JUDICIAL DISTRICT COURT, HARRIS COUNTY, TEXAS**

Motion – Mr. Wilson motioned to move as per the terms discussed in closed session. Dr. Tamez seconded.

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

**ADJOURNMENT**

With no further business coming before the Board, the meeting adjourned at 5:05 p.m.

*Minutes recorded, transcribed & submitted by:*  
Melinda Davila, Executive Secretary, Board Services

Minutes Approved as Submitted: \_\_\_\_\_

DRAFT

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

**October 30, 2015**

**Minutes**

The Board of Trustees of Houston Community College held a Special Meeting on Friday, October 30, 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*  
Carolyn Evans-Shabazz  
Eva Loreda  
David Wilson

**ADMINISTRATION**

Cesar Maldonado, Chancellor  
Melissa Gonzalez, Chief of Staff  
Ashley Smith, General Counsel  
Butch Herod, Vice Chancellor, Innovation, Planning and Institutional Analytics  
Teri Zamora, Senior Vice Chancellor, Finance and Administration  
Madeline Burillo, Interim President, Southwest College  
Margaret Ford Fisher, President, Northeast College  
Zachary Hodges, President, Northwest College  
Irene Porcarello, President, Southeast College  
Janet May, Chief Human Resources Officer  
Remmele Young, Associate Vice Chancellor, Governmental and External Affairs

**OTHERS PRESENT**

Jarvis Hollingsworth, Board Counsel, Bracewell & Giuliani  
David White, 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 9:13 a.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, Evans-Shabazz, Glaser and Wilson)*

**PRESENTATION ON INTERNATIONAL INITIATIVES**

Dr. Cesar Maldonado noted that over the past couple of months there has been a dialogue on the model and the framework for international initiatives. He informed that the model is different than past agreements with Saigon and Qatar.

Dr. Butch Herod spoke on and referenced a 2015 report from Rice University's Kinder Institute that HCC student profile mirrors the diversity of the city and noted that the economy is similar and linked to global markets. HCC is meeting this challenge, and the Office of International Initiatives in playing a critical role in developing the programs and partnerships.

*(Trustee Loreda arrived at 9:16 a.m.)*

Dr. Herod presented the following:

- New Direction and Strategies
  - Partner with local business on international Initiatives
  - Train local workers for overseas employment
  - Bring foreign workers to HCC for training
  - Issuance of J-1 visas
  - Contracts for Services abroad (short-term only)
  - Two Examples of International Initiatives – Mexico and Qatar
- Our Environment
  - Houston is an International City
  - Houston Companies with International Affiliates
  - Top 15 countries of HCC International Students
- Support for Faculty and Students
- Global Competencies
- Local Policy Proposal
- Conclusion

Mr. Capo thanked the administration for listening to the Board Member's feedback for the policy conclusion, so Board Members can communicate to their community that there will be no campuses being built outside of Houston.

Mr. Wilson informed that he represents District II and his constituents are not supportive of international initiatives, they are more concerned with local initiatives.

Mr. Glaser also thanked the administration and appreciated the alignment of providing services and opportunities to the international companies within the community.

Dr. Evans-Shabazz noted she believes in taking care of home first; however, she believes that her district and international initiatives could work together.



Ms. Loredo stated that she has always believed in taking care of home first, but supports the idea, and apprised that she thinks the model presented will enable HCC to serve local and international since there will be something to compare against.

*(Trustee Tamez arrived at 9:36 a.m.)*

Ms. Loredo noted the safety to HCC administration, faculty and staff should always be a consideration. She informed that each international initiative provides opportunity to explore.

Mr. Capo referenced the policy proposal and recommended listing priorities and key indicators to assist with analyzing the proposals. He apprised he would like a rubric established to assist with the decision making process.

Mr. Wilson inquired if consultants are still being paid in regard to Qatar, and if Saigon Tech is a private school. Mrs. Teri Zamora noted the contract expired August 31, 2015. Dr. Maldonado informed that Saigon Tech is a private school, and apprised that most of the schools in Saigon are private. It is a co-location and an approved HCC location. He noted that the current contract with Saigon Tech expires in 2017.

#### **TASB POLICY WORKSHOP**

Dr. Maldonado informed discussion with the Board has taken place on reformatting polices, into TASB (Texas Association of School Boards) format for statutes and polices to be easily accessible.

Mr. Ashley Smith apprised the Board's commitment to transparency led to the charge to refine, perfect, the presentation of the laws, policy and procedures. He introduced TASB representatives Amy Kadlecek, Policy Consultant and Amy Magee, Senior Attorney for Community Colleges.

Ms. Kadlecek noted TASB provides the following services:

- Telephone Consultation
- Sample Policies
- Drafts of Policy Revisions
- Annual TASB numbered Update
- Local District Updates (LDU)
- Policy on Line (POL)

Ms. Kadlecek informed that a customized policy manual for the college district will be the end product.

- Purpose of Written Policy
  - Provides directives for the administration, staff, students, and stakeholders.
  - Shows that the college district is fair, reasonable, even-handed, not arbitrary and capricious on how to handle issues and decisions.

- Provides a legal basis for the actions the taken.
- What is Regulation
  - Provide details and specifics required to implement policy
  - Serve as a directive for staff action
  - Receive board review, but not adoption
- Structure of Policy Manual
  - Basic district foundations
  - Local governance
  - Business and support services
  - Personnel
  - Instruction
  - Students
  - Community and Governmental Relations
  - Table of contents
- Policy On Line
  - Access from mobile devices
  - Search engine
  - Browse sections
  - Topics index
  - Administrative login
  - Updates
- Board's Role
  - Be familiar with the sections/structure of the manual
  - Consider the issue in light of the college district's mission statement
  - Consult your TASB Policy Consultant and Legal Services Attorney before writing or adopting policy changes
- Final Steps
  - Maintain the college district's historical file
  - Revise regulations to match policy changes
    - Administrative procedures and guidelines
    - Student handbook/catalog
    - Employee handbook

Amy Magee stated when developing policies, statues and state laws are taken into consideration, along with considering SACS accreditation requirements..

Dr. Tamez inquired if TASB would work with HCC IT with the online policy. Ms. Kadelecek informed TASB formats the online policy and HCC uploads to the final product.

Mr. Capo inquired of the processes to ensure that local and legal policies align and noted that the local has a tighter policy. He also inquired if Board bylaws would be separate. Mr. Hollingsworth stated the Board bylaws would be kept as a separate document.

Mr. Wilson requested an overview of TASB. Ms. Magee informed TASB is comprised of school districts, other colleges' membership and a Board of elected officials.

Mr. Wilson asked if TASB is authorized by the state and inquired of the cost associated with the policy manual. There is a cost for the development of the manual and minimal costs for updates. Mr. Wilson inquired if HCC moves forward, if there is an opt-out clause. HCC is currently a member, but policy online is a service and there is a cost associated.

Dr. Maldonado informed that the alternative is to complete the work in-house, which would be a significant cost, as compared to the annual fee of \$15,000.

Mr. Glaser compared the services to using licensed software. He informed that he supports the transparency and efficiency on office scale management. He thanked the presenters.

Ms. Loredo expressed appreciation for the presentation and the importance of the information being kept up to date with the state and other institutions.

Mr. Capo recessed the meeting at 10:23 a.m. and reconvened 10:30 a.m.

*(The following Trustees were present: Capo, Evans-Shabazz, Glaser, Tamez and Wilson)*

#### **LEGISLATIVE UPDATE**

Mr. Jarvis Hollingsworth, Board Counsel, Bracewell and Giuliani, provided a 2015 a legislative update as follows:

- HB 23 Ethics: Conflict Disclosure, effective September 1, 2015

*(Trustee Loredo joined the meeting at 10:37 a.m.)*

Mr. Capo requested clarification of vendor gifts. Mr. Hollingsworth noted three categories of vendor: contract with the institution, attempting to contract with the institution, and a representative or agent of a vendor.

Mr. Wilson compared scholarship fundraising activities and vendor making purchases for the event.

- Value (What is the value?)

Mr. Wilson inquired if making a contribution as a board member considered to be a vendor.

Mr. Hollingsworth apprised the college has a policy that states the college prohibits entering into a contract with a business entity to include board members and family members. (Policy A.2.7). But the policy number will change once entering into TASB format.

*(Dr. Tamez stepped out at 10:55 a.m.)*

Mr. Hollingsworth stated disclosures will be posted online and must be filed within seven days by employees, vendors, and board members. He further explained the violations of failing to meet the requirements.

- Violation
  - Employee
  - Vendor
- Gifts
  - Lodging
  - Transportation
  - Entertainment

*(Dr. Tamez returned at 10:57 a.m.)*

Mr. Glaser inquired of the process to identify which business are vendors to the college. Mr. Hollingsworth noted Procurement does provide black-out notice. He informed there is a requirement that administration provide the solicitation and principles of the entities.

Mr. Hollingsworth referenced requirements and principles stated in Article A section 5 E of the Board bylaws referring to Procurement.

Mr. Glaser inquired how to conduct business with vendors, when you are a business owner and determine who is conducting business with HCC. Requesting an avenue to be put in place for compliance.

Mr. Capo requested Board Counsel to review case law relating to vendors and everyday business.

Mr. Hollingsworth continued with his presentation:

- HB 763: Open Government, effective June 9, 2015

Mr. Capo asked for clarification on the signatures requirements.

- HB 1295: Disclosure of Interested Parties in Contracts and Research, effective September 1, 2015

Mr. Wilson asked for clarification of the suppliers of subcontractors.

Mr. Glaser inquired about total contract value and renewals.

Mr. Hollingsworth continued with his presentation:

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- HB 3357: Posting Method for Board Meeting Notice, effective September 1, 2015
- SB 27: Online Broadcast of Meeting by Telephone Conference Call, effective September 1, 2015
  
- HB 2049: Indemnification Duties of Engineers and Architects, effective September 1, 2015
- HB 2634: Construction Managers-at-Risk, effective September 1, 2015
- SB 573: Possession, Transport, or Sale of Prohibited Weapons, effective September 1, 2015
- HB 910: Open Carry Law, effective January 1, 2016
- SB 11: Campus Carry, effective August 1, 2017
- SB 273: Offenses Relating to Carrying Concealed Handguns and Relevant Signage, effective September 1, 2015
- SB 386: School Marshalls, effective September 1, 2015
- HB 669: Sexual Assault on Campus, effective in the Fall 2015 Semester
- HB 484: Eligibility to be a Candidate or Holder of Public Office, effective September 1, 2015
- SB 1703: Deadlines for Election Procedures, effective September 1, 2015

Mr. Hollingsworth concluded his presentation and requested the Board to contact him or General Counsel with any additional questions.

**ADJOURNMENT**

With no further business coming before the Board, the meeting adjourned at 11:38 a.m.

*Minutes recorded, transcribed & submitted by:*  
Rose Sarzoza-Pena, Manager, Board Services

Minutes Approved as Submitted: \_\_\_\_\_

# ACTION ITEM

Meeting Date: November 19, 2015

Committee: *Chancellor Evaluation*

ITEM NO.	ITEM TITLE	PRESENTER
<b>1</b>	Chancellor's Evaluation for 2014-15 and Performance Goals for 2015-16	Dr. Adriana Tamez Dr. Cesar Maldonado

## RECOMMENDATION

Review, discuss and approve the Chancellor's Evaluation for 2014-15 and approve Performance Goals for 2015-16.

## COMPELLING REASON/RATIONALE

According to the Board bylaws, the Board shall evaluate the Chancellor on an annual basis.

## FISCAL IMPACT

To be determined.

## LEGAL REQUIREMENT

N/A

## STRATEGIC GOAL ALIGNMENT

*Strategic Initiative:* Support and Innovation.

This item is applicable to the following:

Central     Coleman     Northeast     Northwest     Southeast     Southwest     3100

11/13/2015 4:09 PM

# ACTION ITEM

Meeting Date: November 19, 2015

Committee: *Facilities and Finance*

ITEM NO.	ITEM TITLE	PRESENTER
<b>2</b>	<b>Payment of Impact Fees to the City of Houston</b>	<b>Dr. Cesar Maldonado Teri Zamora Charles Smith</b>

## RECOMMENDATION

Recommend Houston Community College deny the City of Houston demand for payment of municipal utility impact fees for HCC constructions projects.

## COMPELLING REASON/RATIONALE

The City of Houston has stated it will not grant certificates of occupancy for any pending HCC construction projects, and is no longer expected to release additional CIP construction permits unless HCC pays impact fees to the City of Houston. By law, HCC is exempt from the mandatory payment of impact fees, but the Board of Trustees can agree to voluntarily pay such fees.

## DESCRIPTION OR BACKGROUND

Since 2007, Texas Local Government Code Section 395.022 has provided that "school districts" are not required to pay utility impact fees for new development, unless the school district's Board of Trustees consents to the payment by entering into a contract with a city to pay the fees. In January 2013, the Texas Attorney General issued an opinion concluding that junior college districts are considered "school districts" for purposes of this statutory exemption.

The City of Houston disagrees with the conclusion of the Texas Attorney General, and has stated that it will not issue certificates of occupancy for any HCC construction projects until HCC pays impact fees. The City administration has offered as a one-time settlement that it will accept payment of 75% of the calculated fees as a means of informally resolving the dispute without litigation.

## FISCAL IMPACT

Estimated to be \$ 472,918.64 for all 2013 CIP Bond projects.

## LEGAL REQUIREMENT

Under Section 395.022(b) of the Texas Local Government Code, school districts are not required to pay utility impact fees to a city for new development unless the Board of Trustees for the district consents to the payment by entering into a contract with the city to pay the fees.

Texas Attorney General Opinion GA-0984, issued on January 29, 2013, clarified that junior college districts are considered to be "school districts" for purposes of the impact fee exemption contained in Section 395.022(b). As such, HCC's payment of any amount of impact fees to a city must be authorized by the Board of Trustees.

## STRATEGIC GOAL ALIGNMENT

*Strategic Initiative:* None.

This item is applicable to the following:

Central     Coleman     Northeast     Northwest     Southeast     Southwest     3100

# ACTION ITEM

Meeting Date: November 19, 2015

Committee: *Facilities and Finance*

ITEM NO.	ITEM TITLE	PRESENTER
<b>3</b>	<b>Distribution of Anticipated Proceeds from the Sale of Property at MacGregor and 288</b>	<b>Dr. Cesar Maldonado Teri Zamora Charles Smith</b>

## RECOMMENDATION

Authorize the budgeting of approximately \$13,629,203 representing reimbursement to the CIP fund from the anticipated sale proceeds of \$13,850,000 (appraised value) from the property located at MacGregor and 288, to Bond CIP projects.

## COMPELLING REASON/RATIONALE

Approval to distribute pending sale proceeds to CIP projects is requested to allow the spirit and intent of the CIP concepts to be met within the limits of the total funds available. Approving the distribution at this time will allow for project scopes to be adjusted, building permits to be applied for, and progress to continue on various projects.

## DESCRIPTION OR BACKGROUND

The current budgets on the projects described below are not sufficient to complete the projects as fully envisioned. Selling the property described above, which is no longer needed for further development of the Coleman campus, will enable other projects to be more fully completed. Specific uses of requested funding include:

- Alief Hayes Road - Adjusts IT budget to cover the build-out of the fourth floor for Allied Health.
- Northline - Ensures that four additional classrooms in the Academic Building can be constructed as planned, caused by increased costs associated with the Central Plant.
- North Forest - Provides for the restoration of state of the art Automotive Technology spaces in support of the COE. (Allows current facility to be re-deployed in support of autobody and diesel.)
- Central Campus - Ensures that the planned Culinary Arts building can be completed without shelling any spaces.
- Coleman - Partial restoration of borrowed funds as promised in the original Action Item.

## FISCAL IMPACT

Any additional sales proceeds beyond \$13,629,203 will go to fund balance.

Project	Project Name	CIP Project Budget	Amount to be Reallocated	Less Land and Related Cost	CIP Current Estimate
A	Alief Hayes Road	13,600,000	429,203	-	14,029,203
I	Northline	24,425,000	1,400,000	-	25,825,000
J	North Forest	35,350,000	8,500,000	-	43,850,000
L	Central Campus	27,130,000	1,900,000	-	29,030,000
N	Coleman*	110,000,000	1,400,000	(13,629,203)	97,770,797
<b>Total</b>			<b>\$13,629,203</b>	<b>(\$13,629,203)</b>	

\*Total adjusted cost of the Coleman project, net of land is \$106,370,979. Remaining amount currently slated to come from fund balance.



## LEGAL REQUIREMENT

None

## STRATEGIC GOAL ALIGNMENT

*Strategic Initiative:* Support Innovation

This item is applicable to the following:

Central     Coleman     Northeast     Northwest     Southeast     Southwest     3100

# ACTION ITEM

Meeting Date: November 19, 2015

Committee: *Facilities and Finance*

ITEM NO.	ITEM TITLE	PRESENTER
<b>4</b>	<b>Investment Policy 2016</b>	<b>Dr. Cesar Maldonado Teri Zamora</b>

## RECOMMENDATION

Review and approve the HCC Investment Policy and investment strategies, with recommended changes, as required by the Texas Government Code, Chapter 2256, and Public Funds Investment Act.

Review and adopt list of qualified brokers, and authorize the investment officer to utilize these brokers through the fiscal year as deemed appropriate for investment transactions.

## COMPELLING REASON/RATIONALE

The governing body shall adopt a written instrument by rule, order, ordinance or resolution stating that it has reviewed the investment policy, investment strategies, and list of qualified brokers; and that the written instrument so adopted shall record any changes to the investment policy, investment strategies and list of qualified brokers.

## DESCRIPTION OR BACKGROUND

The Board of Trustees adopted the existing written investment policy on November 18, 2014.

## FISCAL IMPACT

Provide safety and liquidity of principal and a reasonable return on our investments in prevailing economic and investment environments.

## LEGAL REQUIREMENT

The Texas Government Code, Chapter 2256, Public Funds Investment Act, requires the governing body of an investing entity to review its written investment policy and strategies not less than annually, and review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions for the System.

## STRATEGIC GOAL ALIGNMENT

*Strategic Initiative:* Support Innovation

Attachment Title(s): **1. Investment Policy**  
**2. List of Qualified Brokers**

This item is applicable to the following:

Central  Coleman  Northeast  Northwest  Southeast  Southwest  3100

# **HOUSTON COMMUNITY COLLEGE SYSTEM**

## **INVESTMENT POLICY**

**Approved by the Board of Trustees on**

**November ~~18, 2014~~19, 2015**

# **HOUSTON COMMUNITY COLLEGE SYSTEM, TEXAS INVESTMENT POLICY**

## **PREFACE**

The purpose of this document is to set forth specific investment policy and strategy guidelines for the Houston Community College System (the “HCCS”) in order to achieve the goals of safety, liquidity, public trust, and yield for all investment activity. The Board of Trustees of HCCS (the “Board”) shall review its investment strategies and policy not less than annually. This policy serves to satisfy the statutory requirements (specifically the Public Funds Investment Act, Chapter 2256 of the Texas Government Code [the “Act”]) to define, adopt and review a formal investment strategy and policy.

It is the policy of HCCS that, giving due regard to the safety and risk of investment, all available funds shall be invested in conformance with State and Federal regulations, applicable Bond Resolution requirements, adopted Investment Policy and adopted Investment Strategy.

Effective investment strategy development coordinates the primary objectives of HCCS’ Investment Policy and cash management procedures with investment security risk/return analysis to enhance interest earnings by increasing the available “investment period.” Maturity selections shall be based on cash flow and market conditions to take advantage of interest earnings as viable and material revenue to all HCCS funds. HCCS’ portfolio shall be designed and managed in a manner responsive to the public trust and consistent with the Investment Policy.

Each major fund type has varying cash flow requirements and liquidity needs. Therefore, specific strategies shall be implemented considering the fund’s unique requirements.

# HOUSTON COMMUNITY COLLEGE SYSTEM INVESTMENT POLICY

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### Attachments:

- A. Certification Form

## INVESTMENT POLICY

1. **PURPOSE.** The purpose of this Investment Policy (the “Policy”) is to comply with the Act, which requires that the HCCS annually adopt a written investment policy for the investment of its funds and funds under its control. This document will set forth specific investment policy and strategy guidelines for HCCS in order to achieve the goals of ensuring safety of principal, maintaining adequate liquidity, maintaining public trust for all investment activities, and achieving the best allowable yield commensurate with the risk criteria of this Policy.
2. **POLICY.** It is the policy of the HCCS that after allowing for the anticipated cash flow requirements and giving due consideration to the safety and risks of investments, all available funds shall be invested in conformance with these legal and administrative guidelines to target a risk-commensurate rate of return.

Effective cash management is recognized as essential to good fiscal management. An active cash management and investment policy will be pursued to take advantage of investment interest as a viable and material source of revenue. HCCS’ portfolio shall be designed and managed in a manner intended to optimize this revenue resource, to be responsive to the public trust, and to be in compliance with legal requirements and limitations. HCCS will invest its funds in a manner that will provide optimal security and a reasonable rate of return while meeting the daily cash flow demands.

Investments shall be made with the primary objectives of:

- ❖ **Safety** and preservation of principal,
- ❖ Maintenance of sufficient **liquidity** to meet operating needs,
- ❖ **Public trust** from prudent investment activities, and
- ❖ Risk-commensurate **yield** on the portfolio.

3. **INVESTMENT STRATEGY.** HCCS maintains a portfolio that utilizes specific investment strategy considerations designed to address the unique characteristics of the fund groups represented in the portfolio. A comprehensive and proactive cash management program will be maintained to monitor and control all funds, to ensure maximum utilization, and to yield a risk-commensurate rate of return. The investment strategy emphasizes low credit risk, diversification, and the management of maturities. In order to minimize risk of loss due to interest rate fluctuations, investment maturities will not exceed the anticipated cash flow requirements of the funds. The composite portfolio will have a dollar weighted average maturity of two (2) years or less. The management of maturities is accomplished by structuring the maturity dates of the direct investments in a laddered allocation. In this structure, longer-term maturities will be purchased to enhance yield while shorter-term maturities are positioned to cover cash flow needs. The allowable investment instruments as defined in Section 7 of this Policy reflect the avoidance of credit risk. Diversification is accomplished by allocating investments among a variety of alternatives and maturity terms.

3.1 **The primary investment strategies** as specified in this Policy (See Section 2.) are listed below, in their order of importance:

- Safety and preservation of principal;
- Maintenance of sufficient liquidity to meet operating needs;
- Seek at all times to maintain public trust by adhering to the above stated objectives; and
- Achieve a risk-commensurate rate of return on the investment portfolio.

3.2 **The list of investments authorized** by this Policy intentionally excludes some investments allowed by State Law. The restrictions limit possible credit risk and provide the conservatively appropriate measure of safety. Within the investment objectives, the investment strategy is to utilize authorized investments for maximum advantage to HCCS.

3.3 **The general portfolio strategy for the aggregate portfolio is to** increase the interest earnings for funds identified as being available for investment over longer periods of time based upon a cash requirements projection. The following general portfolio strategies will be considered:

3.3.1 **Strategy No. 1.** Satisfying liquidity requirements through the use of financial institution deposits, local government investment pools and money market mutual funds. An investment pool or money market mutual fund is an entity created to invest funds jointly on behalf of its participants. Funds are usually available from investment pools and money market mutual funds on a same-day basis, meaning the pools or funds have a high degree of liquidity. Because of the size and expertise of their staff, investment pools and money market mutual funds are able to prudently invest in a variety of investment types.

3.3.2 **Strategy No. 2.** Building a laddered structure of authorized investments with staggered maturities for all or part of the longer-term investable funds. The benefits of this laddered approach include the following:

- It is straight-forward and easily understood;
- It represents a prudent diversification method;
- All investments remain within the approved maturity horizon;
- It helps minimize the impact of volatile interest rate changes;
- It will normally allow HCCS to capture a reasonable portion of the yield curve; and,
- It provides predictable cash flow with scheduled maturities and reinvestment opportunities.

3.3.3 **Strategy No. 3.** Pursuant to the Act, HCCS may, at its discretion, contract with an investment management firm registered under the Investment Advisors Act of 1940 (15 U.S.C. Section 80b-1 et seq.) and with the State

Securities Board to provide for investment and non-discretionary management of its public funds or other funds under its control.

An appointed Investment Advisor shall act solely in an advisory and administrative capacity, within the guidelines of this Policy. At no time shall the Advisor take possession of investments or funds or otherwise be granted authority to transact business on behalf of HCCS. Any contract awarded by HCCS for investment advisory services must be approved by the Board and may not exceed two years, with an option to extend by mutual consent of both parties.

The Investment Advisor contracted by HCCS shall abide by the Prudent Expert Rule, whereby investment advice shall, at all times, be given with the judgment and care, under circumstances then prevailing, which persons paid for their special prudence, discretion and intelligence in such matters exercised in the management of their client's affairs, not for speculation by the client or production of fee income by the advisor or broker, but for investment by the client with emphasis on the probable safety of the capital while considering the probable income to be derived.

Chapter 2263 of the Texas Government Code mandates certain actions by governing boards of State entities involved in the management and investment of State funds and adds disclosure requirements for outside financial advisors and service providers. Ethics and disclosure requirements for outside financial advisors and service providers are in Chapter 2263.01 through 2263.06 of the Texas Government Code.

3.3.4 **Strategy No. 4 - Hold until Maturity.** The strategy of HCCS is to maintain sufficient liquidity in its portfolio so that it does not need to sell or liquidate an investment prior to maturity. Should it become necessary to sell or liquidate an investment prior to maturity, where the sale proceeds are less than the current book value, the Investment Officers have the authority to take such action.

3.4 **The specific investment strategies for the HCCS fund or fund group(s)** utilize four strategy considerations designed to address the unique characteristics of the fund group(s) represented in the portfolio(s), all authorized investments shall be suitable for each fund-type strategy and marketability shall be managed by maturity limitations:

3.4.1 Investment strategies for operating funds and pooled funds containing operating funds have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. The secondary objective is to create a portfolio structure that will experience minimal volatility during economic cycles through diversification by investment type, maturity date, and issuer.



- 3.4.2 Investment strategies for debt service funds shall have as the primary objective the assurance of investment liquidity adequate to cover the debt service obligation on the required payment date(s). These funds have predictable payment schedules. Investments purchased shall not have a stated final maturity date which exceeds the next unfunded debt service payment date, or funds shall be maintained in other shorter-term options to be available for debt service payments. Additionally, debt service funds shall be invested according to the restrictions and/or requirements of the related bond covenants.
- 3.4.3 Investment strategies for bond funds and debt service reserve funds shall have as the primary objective the ability to generate a dependable revenue stream to the appropriate debt service fund with low degree of volatility. Managing the Debt Service Reserve Fund's portfolio maturities to not exceed the call provisions of the bond issue will reduce the investment's market risk if HCCS' bonds are called and the reserve fund liquidated. Except as may be required by the bond ordinance specific to an individual issue, investments should be of high quality, with short to medium term maturities. No investment maturity shall exceed the final maturity of the bond issue. Additionally, bond and debt service reserve funds shall be invested according to the restrictions and/or requirements of the related bond covenants.
- 3.4.4 Investment strategies for special projects or capital projects funds will have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. Market conditions and arbitrage regulations will influence the investment of capital project funds. When market conditions allow, achieving a positive spread to applicable arbitrage yield is the desired objective; although at no time shall the anticipated expenditure schedule be exceeded in an attempt to increase yield.
4. **SCOPE.** This Policy shall govern the investment of all financial assets considered to be part of HCCS and includes all funds or fund types as described in the HCCS Audited Financial Report ("AFR") and any other funds which have been contractually delegated to HCCS for management purposes. HCCS may add or delete funds as required by law, or for proper accounting procedures. This Policy does not include funds governed by approved trust agreements, or assets administered for the benefit of HCCS by outside agencies under retirement or deferred compensation programs. Additionally, bond funds (including debt service and reserve funds) are governed by bond ordinances and are subject to the provisions of the Internal Revenue Code and applicable Federal regulations governing the investment of bond proceeds.

5. **INVESTMENT OBJECTIVES.** HCCS shall manage and invest its cash with four primary objectives, listed in order of priority: **safety, liquidity, public trust, and yield.** The safety of the principal invested always remains the primary objective. All investments shall be designed and managed in a manner responsive to public trust and consistent with all applicable Texas statutes, this Policy, and any other approved, written administrative procedures.

HCCS shall maintain a comprehensive cash management program that includes prompt collection of accounts receivable, processing vendor payments in accordance with invoice terms, and prudent investment of available cash. Cash management is defined as the process of managing monies in order to assure maximum cash availability and optimal yield on short-term investment of pooled idle cash.

The four objectives of HCCS' investment activities shall be as follows (in the order of priority):

- 5.1 **Safety.** Safety of principal invested is the foremost objective in the investment decisions of HCCS. Each investment transaction shall seek to ensure the preservation of capital in the overall portfolio. The risk of loss shall be controlled by investing only in authorized investments as defined in this Policy, by qualifying the financial institutions with whom HCCS will transact, and by portfolio diversification. Safety is defined as the undiminished return of the principal on HCCS' investments.
- 5.2 **Liquidity.** HCCS' investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that investments mature concurrent with cash needs to meet anticipated demands. Because all possible cash demands cannot be anticipated, a reasonable portion of the portfolio will also be placed in investment options which offer same day liquidity for short-term funds.
- 5.3 **Public Trust.** All participants in HCCS' investment program shall seek to act responsibly as custodians of the public trust. Investment Officers shall avoid any transaction which might involve a conflict of interest or otherwise impair public confidence in HCCS' ability to govern effectively. All personnel of HCCS having either a direct or indirect role in the process of investing idle funds shall act responsibly as custodians of the public trust.
- 5.4 **Yield.** HCCS' investment portfolio shall be designed with the objective of attaining a risk-commensurate rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objective described above. The core of investments is limited to relatively low risk instruments in anticipation of earning a fair return relative to the risk being assumed.

6. **INVESTMENT RESPONSIBILITY AND CONTROL.** The authority for investing funds rests with the Board. As provided in this Policy, the daily operation and management of HCCS' investments are the responsibility of the following persons. These individuals must be qualified and capable in making investment decisions.

6.1 **Designation of Investment Officers for HCCS.** The Board delegates the authority to invest HCCS funds to the ~~Vice Chancellor of Finance and Planning~~Sr. Vice Chancellor of Finance & Administration and the Treasurer. Therefore, the ~~Vice Chancellor of Finance and Planning~~Sr. Vice Chancellor of Finance & Administration and the Treasurer are the Primary Investment Officers for HCCS and are authorized to deposit, withdraw, invest, transfer or manage in any other manner the funds of HCCS.

All persons involved in investment activities, but not officially designated as Investment Officers will be referred to in this Policy as "Investment Personnel." No persons may engage in an investment activity except as provided under the terms of this Policy and the procedures established by the ~~Vice Chancellor of Finance and Planning~~Sr. Vice Chancellor of Finance & Administration or the Treasurer. The ~~Vice Chancellor of Finance and Planning~~Sr. Vice Chancellor of Finance & Administration or Treasurer shall be responsible for executing all transactions undertaken, and shall establish a system of controls to regulate the activities of Investment Personnel. The system of controls shall be designed to provide reasonable assurance that the assets of HCCS are protected from loss, theft or misuse. The concept of reasonable assurance recognizes that:

- (1) the cost of a control should not exceed the benefits likely to be derived; and,
- (2) the valuation of costs and benefits requires estimates and judgments by management.

The Treasurer and the ~~Vice Chancellor of Finance and Planning~~Sr. Vice Chancellor of Finance & Administration shall be designated as the Primary Investment Officers for HCCS and shall be responsible for investment decisions and activities under the direction of the Board. The Deputy Treasurer is approved as a Secondary Investment Officer to serve in the absence of the Treasurer. The Treasurer is responsible for daily investment decisions and activities. However, ultimate responsibility for investment decisions will rest with both the ~~Vice Chancellor of Finance and Planning~~Sr. Vice Chancellor of Finance & Administration and the Treasurer. Commitment of financial and staffing resources in order to maximize total return through active portfolio management shall be the responsibility of the Board.

6.2 **Prudence.** The standard of prudence to be applied by an Investment Officer shall be the "prudent person" rule, which states, "investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as

well as the probable income to be derived." In determining whether the Investment Officer has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration the following:

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6.2.1 The investment of all funds over which the Investment Officer had responsibility rather than a consideration as to the prudence of a single investment; and,

6.2.2 whether the investment decision was consistent with the written Investment Policy and procedures of HCCS.

6.3 **Due Diligence.** An Investment Officer acting in accordance with written policies and procedures and exercising due diligence, shall not be held personally responsible for a specific investment's credit risk or market price changes. All Investment Officers and Personnel involved in investment activities will be bonded.

6.4 **Ethical Standards and Conflicts of Interest.** All HCCS Investment Officers and Personnel having a direct or indirect role in the investment of HCCS funds shall act as custodians of the public trust avoiding any transaction which might involve a conflict of interest, the appearance of a conflict of interest, or any activity which might otherwise discourage public confidence. Investment Officers and Personnel involved in the investment process shall refrain from any personal business activity that could conflict with proper execution of the investment program, or which could impair the ability to make impartial investment decisions.

An Investment Officer who has a personal business relationship with a depository bank or with any entity seeking to sell an investment to HCCS shall file a statement with the Texas Ethics Commission and the HCCS Board disclosing that personal business interest. Investment Officers shall disclose any material interests in financial institutions with which they also conduct business on behalf of HCCS. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Investment Officers and Personnel shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of HCCS.

An Investment Officer who is related within the second degree of affinity or consanguinity to an individual seeking to sell an investment to HCCS shall file a statement disclosing that relationship. A statement required under this subsection must be filed with the Texas Ethics Commission and the Board.

6.5 **Training.** Each member of the Board shall attend at least one training session related to the person's responsibilities within six months after taking office or assuming duties. The training will include education in investment controls, security risks, strategy risks, market risk, diversification of investment portfolio, and compliance with the Act.

In order to ensure qualified and capable investment management, the Investment Officers shall attend at least one training session containing at least 5 hours of instruction relating to the Officer's responsibility under the Act within six (6)

months after assuming duties, and attend an investment training session not less than once each State fiscal biennium, receiving an additional five (5) hours of training. The investment training session shall be provided by the following approved training sources; the Texas Higher Education Coordinating Board, the Government Finance Officers Association (National and Texas), the Government Treasurers Organization of Texas, the Texas Municipal League, the Government Investment Officers Association, and the University of North Texas Center for Public Management.

6.6 **Internal Control.** The Primary Investment Officer shall establish a system of internal controls. The controls shall be designed to prevent loss of public funds due to fraud, error, misrepresentation, unanticipated market changes, or imprudent actions. HCCS' independent external auditors, in conjunction with their annual financial audit, shall perform a compliance audit of management controls and adherence to HCCS' established Investment Policy. The internal controls shall address the following points:

- ❖ Control of collusion;
- ❖ Separation of transactions authority from accounting and record keeping;
- ❖ Custodial safekeeping;
- ❖ Avoidance of physical delivery securities;
- ❖ Clear delegation of authority to subordinate staff members; and
- ❖ Written confirmation for telephone (voice) transactions for investment and wire transfers.

7. **AUTHORIZED INVESTMENTS.** As stated previously, safety of principal is the primary objective in investing HCCS funds and can be accomplished by limiting two types of risk: credit risk and interest rate risk. Credit risk is the risk associated with the financial failure of an investment issuer or backer. Interest rate risk is the risk that the value of a portfolio will decline due to an increase in the general level of interest rates. In order to provide for safety of principal as HCCS' primary objective, only certain investments are authorized as acceptable investments for HCCS. HCCS is not required to liquidate investments that were authorized investments at the time of purchase. The following list of authorized investments for HCCS intentionally excludes some investments authorized by law. These restrictions are placed in order to limit possible risk and provide the conservatively appropriate measure of safety to HCCS funds.

7.1 **Authorized and Acceptable Investments.** The authorized list of investment instruments are as follows:

7.1.1 **Obligations of, or Guaranteed By Governmental Entities** – The following as authorized by Section 2256.009 (a) of the Public Funds Investment Act:

- (1) Obligations, including letters of credit, of the United States or its agencies and instrumentalities;
- (2) Direct obligations of this State or its agencies and instrumentalities;

- (3) Collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States, with the exception of those excluded in Section 7.2 of this Policy;
- (1) Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, this State or the United States or their respective agencies and instrumentalities including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; and
- (2) Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent.

7.1.2 **Financial Institution Deposits.** A deposit issued by, or placed with, a depository institution that has its main office or a branch office in this State, and is:

- (1) guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor;
- (2) secured by obligations that are described by the Public Funds Collateral Act and eligible within the Policy; and
- (3) collateralized in accordance with Section 12.2.2 of this Policy.

In addition to the above provisions, HCCS may invest in certificates of deposit through a broker or depository institution that has its main office or a branch office in this State and is selected as required by the Act. The broker or depository institution must arrange for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of HCCS. The full amount of the principal and accrued interest of each of the certificates of deposit must be insured by the United States or an instrumentality of the United States.

HCCS must either appoint the depository institution or broker as custodian for the HCCS with respect to the certificates of deposit, or require delivery versus payment settlement.

7.1.3 **Eligible Local Government Investment Pools.** Public funds investment pools which invest in instruments and follow practices allowed by the current law as defined in the Act, provided that:

- the investment pool has been authorized by the Board of Trustees;
- the investment pool has an advisory board as specified in the PFIA.

- the pool shall have furnished the Investment Officer an offering circular containing the information required by the Act;
- the pool shall furnish the Investment Officer investment transaction confirmations with respect to all investments made with it;
- the pool shall furnish to the Investment Officer monthly reports containing the information required in the Act;
- the pool is continuously rated no lower than “AAA” or “AAA-m” or an equivalent rating by at least one nationally recognized rating service;
- the pool marks its portfolio to market daily;
- the pool is compliant with all requirements of the Act; and
- the pool’s investment philosophy and strategy are consistent with this Policy.

7.1.4 **Repurchase Agreements.** Repurchase Agreements must have a defined termination date and must be secured by a combination of cash and obligations of the United States or its agencies and instrumentalities.

7.1.4.1 The Repurchase Agreement must be placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State of Texas.

7.1.4.2 The collateral underlying the Repurchase Agreement must be pledged to HCCS, held in an account in the name of HCCS, and deposited at the time the investment is made with HCCS’ custodial (safekeeping) agent.

7.1.4.3 No repurchase agreement shall be entered into unless a Repurchase Agreement has been executed between HCCS and its trading partner.

7.1.4.4 All repurchase agreement transactions will be on a delivery versus payment basis.

7.1.4.5 Securities pledged as collateral for repurchase agreements must have a market value greater than or equal to 102 percent of the outstanding principal plus accrued interest of the agreement at all times.

7.1.5 **Regulated No-Load Money Market Mutual Funds.** These investments are authorized, under the following conditions:

- the money market mutual fund is registered with and regulated by the Securities and Exchange Commission;



- the fund provides HCCS with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940;
- the investment objectives include the maintenance of a stable net asset value of one dollar (\$1.00) per share; and
- the fund is continuously rated no lower than "AAA" or an equivalent rating by at least one nationally recognized rating service

HCCS may not invest funds under its control in an amount that exceeds 10% of the total assets of any individual money market mutual fund.

7.1.6 **Regulated No-load Mutual Fund** is an authorized investment if the mutual fund:

- is registered with the Securities and Exchange Commission;
- has an average weighted maturity of less than two years;
- is invested exclusively in obligations approved by the Act;
- is continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than AAA or its equivalent.
- complies with the information and reporting requirements for investment pools as prescribed in the Public Funds Investment Act.

HCCS may not invest funds under its control in an amount that exceeds 15% of the total monthly average fund balance, excluding bond proceeds, reserves and debt service funds. In accordance with the Act, HCCS may not invest any proceeds of bond issuances, bond reserve funds or funds held for debt service in a mutual fund described in this section.

7.1.7 **Securities Lending Program** in accordance with the Act.

7.2 **Investment Instruments NOT Authorized.** State law specifically prohibits investment in the following securities:

- 7.2.1 Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal.
- 7.2.2 Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest.
- 7.2.3 Collateralized mortgage obligations that have a stated final maturity date of greater than ten years.

7.2.4 Collateralized mortgage obligations, the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

8. **CREDIT RATING REVIEW AND EFFECT OF LOSS OF REQUIRED RATING.** Not less than quarterly, the Investment Officers will obtain the current credit rating for each held investment that is required to maintain a minimum credit rating, from a reliable source to ensure that the investment has maintained the required minimum rating. The Investment Officers will take all prudent measures that are consistent with this Policy to liquidate an investment that is downgraded to less than the required minimum rating.

9. **DIVERSIFICATION.** Diversification of investment instruments shall be utilized to avoid incurring unreasonable risks resulting from over-concentration of investments in a specific maturity, a specific issue, or a specific class of investments. With the exception of U.S. Government securities, as authorized in this Policy, fully collateralized financial institution deposits, and authorized local government investment pools, no more than fifty percent (50%) of the total investment portfolio will be invested in any one security type. Diversification of the portfolio considers diversification by maturity dates and diversification by investment instrument.

9.1 **Diversification by Maturities.** The longer the maturity of investments the greater their price volatility. Therefore, it is HCCS' policy to concentrate its investment portfolio in shorter-term investments in order to limit principal risks caused by change in interest rates. HCCS will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, HCCS will not directly invest in instruments maturing more than ten (10) years from the date of purchase. However, the above described obligations, certificates, or agreements may be collateralized using longer date instruments. HCCS shall diversify the use of investment instruments to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions or maturities. Maturity scheduling shall be managed by the Investment Officers so that maturities of investments shall be timed to coincide with projected cash flow needs.

The entire HCCS portfolio, including funds at HCCS' primary depository bank, shall comprise one pooled fund group, and the maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio is two (2) years or less. Investment maturities for debt service interest and sinking funds and/or other types of reserve funds whose use is longer-term, may not exceed ten (10) years or the maturity date of the applicable bond issue.

9.2 **Diversification by Investment Instrument.** Diversification by investment instrument shall not exceed the following guidelines for each type of instrument:

**Percentage of Portfolio**  
**(Maximum at Time of Purchase)**

U.S. Treasury Obligations	100%
U.S. Government Agency Securities and Instrumentalities of Government-Sponsored Corporations	80%
U.S. Agency Step-Up Options	10%
Authorized Local Government Investment Pools	100%
Fully Collateralized Financial Institution Deposits	100%
Fully Collateralized Repurchase Agreements	10%
SEC-Regulated No-Load Money Market Mutual Funds	50%
SEC-Regulated No-Load Mutual Funds (excluding bond funds)	15%
Obligation of States, Agencies, Counties, Cities and other government entities	20%

10. **AUTHORIZED BROKER/DEALERS AND FINANCIAL INSTITUTIONS.** Financial institutions (federally insured banks) with and through whom HCCS invests shall be state or national banks. No public deposit shall be made except in a qualified public depository as established by State laws. Broker/dealers authorized to provide investment services to HCCS will include only those authorized by the Board. All primary banking services will be governed by a depository contract awarded by the Board. In addition, Investment Officers shall maintain a list of authorized brokers/dealers and investment pools that are authorized by the Board.

All investment providers will be required to provide a certification of having read HCCS' Investment Policy signed by a qualified representative of the organization, acknowledging that the organization has implemented reasonable procedures and controls in an effort to preclude imprudent investment activities arising out of investment transactions conducted between HCCS and the organization.

- 10.1 **Broker/Dealers.** Brokers/dealers with whom HCCS does business must supply the following, as appropriate: (1) audited financial statements; (2) proof of Financial Industry Regulatory Authority (FINRA) certification; (3) proof of state registration; and (4) completed broker/dealer questionnaire.
- 10.2 **Selection Criteria** for federally insured financial institutions shall include the following: (1) the financial institution must be insured by the FDIC; (2) the financial institution must be incorporated under the laws of the State of Texas or of the United States of America; and (3) the financial institution must be eligible under the Act.
11. **DELIVERY VERSUS PAYMENT.** It is the policy of HCCS that all security transactions entered into with HCCS shall be conducted on a “**DELIVERY VERSUS PAYMENT**” (DVP) basis through the Federal Reserve System or other appropriate settlement system. By doing this, HCCS funds are not released until HCCS has received the securities purchased. HCCS shall authorize the release of funds only after the safekeeping bank has received the purchased or pledged security in the safekeeping account of HCCS.

## 12. **SAFEKEEPING AND COLLATERALIZATION**

12.1 **Safekeeping.** All securities owned by HCCS shall be held by its safekeeping agent, except the collateral for bank deposits. The collateral for bank deposits will be held in a Federal Reserve Bank, a Federal Home Loan Bank, or other custodial institution acceptable to HCCS in an account in HCCS' name. Original safekeeping receipts shall be obtained and held by HCCS. HCCS shall contract with a bank or banks for the safekeeping of securities either owned by HCCS as part of its investment portfolio or held as collateral to secure financial institution deposits.

12.2 **Collateralization.** Consistent with the requirements of the Public Funds Collateral Act, it is the policy of HCCS to require full collateralization of all HCCS funds on deposit with a depository bank. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 107~~2~~<sup>2</sup>% of market value of principal and accrued interest on the deposits or investments reduced to the extent that the deposits are insured by the Federal Deposit Insurance Corporation (FDIC) unless otherwise noted in this section. Securities pledged as collateral shall be held in HCCS' segregated account at the Federal Reserve Bank, the Federal Home Loan Bank or by an independent third party with whom HCCS has a custodial agreement. The agreement is to specify the acceptable investment securities as collateral, including provisions relating to possession of the collateral, the substitution or release of investment securities, ownership of securities, and the method of valuation of securities. The agreement must clearly state that the custodian bank is instructed to release purchased and collateral securities to HCCS in the event HCCS has determined that the depository bank has failed to pay on any matured investments in certificates of deposit, or has determined that the funds of HCCS are in jeopardy for whatever reason, including involuntary closure or change of ownership. A clearly marked pledge receipt must be supplied to and retained by HCCS. Release of collateral or substitution of securities must be approved by the HCCS.

12.2.1 HCCS may accept the following as collateral for bank deposits;

- FDIC coverage;
- U.S. Government securities; including bonds, certificates of indebtedness, or notes, irrevocable letters of credit, or other evidence of indebtedness of the United States that is guaranteed as to principal and interest by the United States or its agencies and instrumentalities,
- State of Texas bonds; including obligations, the principal and interest on which, are unconditionally guaranteed or insured by the State of Texas,
- Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of the State of Texas or the United States or their respective agencies and instrumentalities.

- Bonds issued by other Texas governmental entities (e.g. City, County, school district, or special districts) with a remaining maturity of twenty (20) years or less. Bonds must be (and must remain) rated at least "A" or its equivalent; or
- A surety bond that meets the requirements of the Act.

12.2.2 For certificates of deposit and other evidences of deposit the market value of collateral will always equal or exceed 107~~2~~% of the principal plus accrued interest of deposits at financial institutions.

12.2.3 Financial institutions with whom HCCS invests or maintains other deposits, shall require the custodian to provide monthly, and as requested by the Investment Officers, a listing of the collateral pledged to HCCS, marked to current market prices. The listing shall include total pledged securities itemized by name, type, description, CUSIP, par value, current market value, maturity date, and Moody's or Standard & Poor's rating, if applicable. HCCS and the financial institution shall jointly assume the responsibility for ensuring that the collateral is sufficient.

12.2.4 **Collateralized Deposits.** Consistent with the requirements of State law, HCCS requires all bank deposits to be federally insured or collateralized. Financial institutions serving as HCCS depositories will be required to sign a "Depository Agreement" with HCCS. The collateralized deposit portion of the Agreement shall define HCCS' rights to the collateral in the event of default, bankruptcy, or closing and shall establish a perfected security interest in compliance with Federal and State regulations, including:

- the Agreement must be in writing;
- the Agreement has to be executed by the Depository and HCCS contemporaneously with the acquisition of the asset;
- the Agreement must be approved by the Board of Directors or the Designated Committee of the Depository and a copy of the meeting minutes must be delivered to HCCS; and,
- the Agreement must be part of the Depository's "official record" continuously since its execution.

12.2.5 **Competitive Pricing.** In making investment purchases, the Investment Officers shall compare yields on potential investments to yields on US Treasury Bills and Notes, money market accounts at HCCS' depository bank, and local government pools. Three competitive quotes will be obtained for all purchases of Securities, Fully Collateralized Repurchase Agreements, and Obligations of States, Agencies, Counties, other government entities and Cities.

HCCS may solicit quotes for certificates of deposit:

1. orally;
2. in writing;
3. electronically; or
4. in any combination of those methods.

HCCS recognizes that a competitive quote process is not always necessary or is not always in the best interest of HCCS. On these occasions, the Investment Officers are authorized to purchase a security without seeking a competitive quote. The following are three occasions that are authorized:

1. Market conditions are changing rapidly
2. The security is a “new issue” that is still in the primary market
3. A specific type of security, maturity date, or rate or return is sought that may not be immediately available.

13. **PERFORMANCE.** HCCS’ investment portfolio will be managed in accordance with the parameters specified within this Policy. The portfolio shall be designed with the objective to obtain a market rate of return on investments commensurate with investment risk constraints and cash flow requirements of HCCS. The dollar-weighted average yield to maturity shall be the standard for calculating portfolio rate of return.

14. **REPORTING.** The Investment Officers shall submit a signed quarterly investment report that complies with the Act, summarizes the investment strategies employed in the most recent quarter, describes the portfolio in terms of investment instruments, maturities, risk characteristics, and total investment return for the quarter.

14.1 **Annual Audit of Reports.** The reports prepared by the Investment Officers shall be formally reviewed at least annually by an independent auditor as part of the annual audit and the result of the review shall be reported to the Board by that auditor.

14.2 **Methods.** The quarterly investment report shall include a succinct management summary that provides a clear picture of the status of the current investment portfolio and transactions made over the past quarter. This management summary will be prepared in a manner, which will allow HCCS to ascertain whether investment activities during the reporting period have conformed to the Investment Policy. The report will be provided to the Board. The report will include the following:

14.2.1 A listing of individual instruments held at the end of the reporting period. This list will include the name of the fund or pooled group fund for which each individual investment was acquired;

- 14.2.2. Unrealized gains or losses resulting from appreciation or depreciation by listing the beginning and ending book and market value of instruments for the period. Market values shall be obtained from financial institutions or portfolio reporting services independent from the broker/dealer from which the security was purchased;
- 14.3.3 Fully accrued interest for the reporting period;
- 14.3.4 Average weighted yield to maturity as compared to applicable benchmarks;
- 14.3.5 Listing of investments by maturity date;
- 14.3.6 The percentage of the total portfolio which each type of investment represents; and
- 14.3.7 Statement of compliance of HCCS' investment portfolio with State Law and the investment strategy and policy approved by the Board.

15. **INVESTMENT POLICY ADOPTION AND AMENDMENT.** HCCS' Investment Policy shall be adopted by resolution of the Board. It is HCCS' intent to comply with State laws and regulations. HCCS' written policies and procedures for investments are subject to review not less than annually to stay current with changing laws, regulations and the needs of HCCS. The Board must adopt a written instrument that it has reviewed the Investment Policy and investment strategies and the written resolution so adopted shall record any changes made to the Investment Policy or strategies.

**INVESTMENT POLICY**

**TEXAS PUBLIC FUNDS INVESTMENT ACT  
CERTIFICATION BY BUSINESS ORGANIZATION**

This certification is executed on behalf of the Houston Community College System, Houston, Texas (the "HCCS") and \_\_\_\_\_ (the "Business Organization") pursuant to the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "Act") in connection with investment transactions conducted between the HCCS and the Business Organization.

The undersigned Qualified Representative of the Business Organization hereby certifies on behalf of the Business Organization that:

1. The undersigned is a Qualified Representative of the Business Organization offering to execute an investment transaction with the Investor as such terms are used in the Public Funds Investment Act, Chapter 2256, Texas Government Code; and
2. The Qualified Representative of the Business Organization has received and reviewed the Investment Policy furnished by the HCCS; and
3. The Qualified Representative of the Business Organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the Business Organization and the HCCS that are not authorized by the HCCS' Investment Policy, except to the extent that this authorization is dependent on an analysis of the makeup of the HCCS' entire portfolio or requires an interpretation of subjective investment standards.

Qualified Representative of Business Organization:

Firm: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_



# ACTION ITEM

Meeting Date: November 19, 2015

Committee: *Facilities and Finance*

ITEM NO.	ITEM TITLE	PRESENTER
<b>5</b>	<b>Investment Report for the Month of September 2015</b>	<b>Dr. Cesar Maldonado Teri Zamora</b>

## RECOMMENDATION

Approve the Investment Report for the month of September 2015.

## COMPELLING REASON/RATIONALE

The monthly report advises the Board on the status of the investment portfolio and complies with the relevant statute.

## DESCRIPTION OR BACKGROUND

This report provides information related to the various investments of the college, including book values and market values.

## FISCAL IMPACT

The interest income earned and earnings credit for the month totaled \$219,313 and the interest income earned and earnings credit for the fiscal year totaled \$219,313. The weighted average interest rate (WAR) at September 30, 2015 is .41%.

The Investment Report attached identifies HCC's investment holdings for the month ending September 30, 2015. It includes the unexpended proceeds of the various bond issues. The portfolio is highly liquid and secure with 74% of the assets invested in local government pools, money markets funds, short-term certificates of deposit and interest bearing checking accounts. All pools and money market funds are rated at the highest level. Certificates of deposit, high yield savings and other bank deposits are secured with U.S. Treasuries/agencies. The balance of the portfolio is invested in U.S. Treasuries and government-sponsored entities/agencies with "AAA" credit ratings. Interest rates have remained historically low.

## LEGAL REQUIREMENT

This report is required by the Public Funds Investment Act (Texas Government Code 2256.023) to be submitted to the governing body of Houston Community College no less than quarterly.

## STRATEGIC GOAL ALIGNMENT

*Strategic Initiative:* Support Innovation

Attachment Title(s): **Investment Report - September 2015**

This item is applicable to the following:

Central     Coleman     Northeast     Northwest     Southeast     Southwest     3100

**HOUSTON COMMUNITY COLLEGE SYSTEM**  
**INVESTMENT PORTFOLIO COMPOSITION**  
**As of SEPTEMBER 30, 2015**

Beginning Book Value (SEPTEMBER 1, 2015)	\$	511,746,087
Beginning Market Value (SEPTEMBER 1, 2015)	\$	511,417,083
Additions/subtractions (Book value - Net)	\$	(1,449,784) *
Change in Market value	\$	221,111
Ending Book value (SEPTEMBER 30, 2015)	\$	510,296,303
Ending Market value (SEPTEMBER 30, 2015)	\$	510,185,241
Unrealized Gain/(Loss)	\$	(111,062)
WAM (73% of Portfolio's weighted average maturity - All Funds)		1

**This report is in compliance with the investment strategies approved in Houston Community College System investment policy and is in accordance with the Public Funds Investment Act of 1999.**

Note: This month's Investment does not include funds on deposit with Bank Of America which is earning higher than market yield from earning credits.

* Net amount provided/used for Operations	(1,502,455)
Net amount provided/used for CIP /Others	52,671
	<u>(1,449,784)</u>

**EXECUTIVE SUMMARY**  
**INVENTORY HOLDINGS REPORT**  
**September 30, 2015**

	<u>Ending Book Value</u>	<u>Ending Market Value</u>	<u>Unrealized Gain (Loss)</u>
US Treasuries	18,986,800	19,001,151	14,351
US Agencies	115,261,473	115,136,060	(125,413)
Local government pools	10,130,283	10,130,283	-
Money market funds	183,563,643	183,563,643	-
High yield savings	2,342,444	2,342,444	-
Certificates of deposit	145,250,000	145,250,000	-
Interest bearing checking	34,761,661	34,761,661	-
Total	<u>510,296,303</u>	<u>510,185,241</u>	<u>(111,062)</u>

WAR (weighted average interest rate) 0.41%

**INVESTMENTS**  
**INVENTORY HOLDINGS REPORT (OPERATING AND OTHERS)**  
As of **SEPTEMBER 30, 2015**

Description	Held At	Coupon Rate	Purchase Date	Maturity Date	Par	Beginning Mkt. Value	Beginning Book Value	Purchased (Redeemed)	Ending Book Value	Ending Mkt. Value	Change in Mkt. Value	Unrealized Gain/(Loss)
Fannie Mae ARM Pool 708686	Bank of America	2.48%	02/22/05	05/01/33	51,262	54,548	52,860	(189)	52,671	54,187	(166)	1,516
Fannie Mae ARM Pool 805454	Bank of America	2.64%	12/23/04	12/01/34	45,133	48,339	51,147	(156)	50,991	48,113	(79)	(2,878)
Federal Home Loan Bank US Domestic Multi-step cpn Bond Structured Note	Bank of America	1.50%	07/30/12	07/30/27	2,000,000	1,928,934	2,000,000	0	2,000,000	1,952,256	23,322	(47,744)
Freddie Mac Domestic MTN Unsecured Bond	Bank of America	1.00%	08/22/12	02/22/18	1,000,000	995,618	1,000,000	0	1,000,000	998,730	3,112	(1,270)
Federal Home Loan Bank US Domestic Unsecured	Bank of America	0.25%	01/23/15	01/22/16	2,000,000	1,999,878	1,999,720	0	1,999,720	2,000,150	272	430
Federal Home Loan Bank US Domestic Unsecured	Bank of America	0.52%	07/10/14	09/12/16	1,080,000	1,077,946	1,078,304	0	1,078,304	1,079,235	1,290	931
Federal Home Loan Bank US Domestic Unsecured	Bank of America	0.27%	08/19/15	02/22/16	1,000,000	998,738	998,598	0	998,598	999,316	578	719
Federal Home Loan Bank US Domestic Unsecured	Bank of America	0.33%	08/24/15	04/20/16	10,000,000	9,981,700	9,978,667	0	9,978,667	9,987,090	5,390	8,423
Federal Home Loan Bank US Domestic Multi-step cpn Bond Structured Note	Bank of America	2.00%	07/30/12	07/30/27	1,080,000	1,030,161	1,080,000	0	1,080,000	1,043,001	12,840	(36,999)
Federal Home Loan Bank US Domestic Multi-step cpn Bond Structured Note	Bank of America	2.00%	08/27/12	11/27/24	1,600,000	1,571,339	1,600,000	0	1,600,000	1,587,264	15,925	(12,736)
Federal Home Loan Bank US Domestic Multi-step cpn Bond Structured Note	Bank of America	2.00%	07/30/12	07/30/27	2,675,000	2,602,251	2,675,000	0	2,675,000	2,634,506	32,255	(40,494)
Federal Farm Credit Bank US Domestic Unsecured	Bank of America	2.00%	04/11/13	04/11/18	10,000,000	9,976,300	10,000,000	0	10,000,000	10,000,990	24,690	990
Fannie Mae US Domestic Multi-step cpn Bond Structured Note	Bank of America	2.00%	06/13/13	06/13/18	10,000,000	9,982,670	10,000,000	0	10,000,000	9,984,340	1,670	(15,660)
Federal Home Loan Bank US Domestic Multi-step CPN BND Unsecured series 0001	Bank of America	1.00%	06/30/14	06/26/19	5,000,000	5,004,620	5,000,000	(5,000,000)	-	-	-	-
U.S. Treasury Notes US Govt. National	Bank of America	0.80%	07/10/14	06/30/16	4,000,000	4,004,220	4,001,250	0	4,001,250	4,006,876	2,656	5,626
Federal Farm Credit Bank US Domestic Unsecured	Bank of America	1.38%	09/24/14	09/18/17	3,000,000	3,001,293	2,999,670	(2,999,670)	-	-	-	-
Unsecured	Bank of America	0.50%	02/02/15	01/26/16	5,000,000	5,000,385	5,000,000	0	5,000,000	5,002,915	2,530	2,915
Fannie Mae US Domestic Multi-step cpn Bond Structured Note	Bank of America	1.22%	04/01/15	12/26/17	2,000,000	2,000,790	2,000,000	(2,000,000)	-	-	-	-
Federal Home Loan Bank US Domestic Unsecured	Bank of America	0.25%	04/07/15	03/11/16	5,000,000	4,998,540	4,998,425	0	4,998,425	4,999,460	920	1,035
Federal Home Loan Bank US Domestic Unsecured	Bank of America	0.65%	04/07/15	03/11/16	5,000,000	4,998,540	4,998,425	0	4,998,425	4,999,460	920	1,035
Federal Home Loan Bank US Domestic series 000 unsecured	Bank of America	0.25%	04/13/15	04/13/17	2,775,000	2,772,874	2,775,000	0	2,775,000	2,778,191	5,317	3,191
Freddie Mac Global Unsecured Bond	Bank of America	0.25%	05/21/15	01/27/17	5,000,000	4,992,365	4,994,550	0	4,994,550	4,999,040	6,675	4,490
Federal Home Loan Bank GLOBAL Unsecured	Bank of America	0.75%	05/21/15	10/28/16	5,000,000	4,993,470	5,000,000	0	5,000,000	5,001,270	7,800	1,270
Federal Home Loan Bank US Domestic Unsecured	Bank of America	0.70%	05/21/15	04/29/16	5,000,000	4,995,385	4,998,850	0	4,998,850	4,998,500	3,115	(350)
U.S. Treasury Notes US Govt. National	Bank of America	0.25%	05/21/15	03/31/17	5,000,000	4,990,170	4,995,300	0	4,995,300	4,999,155	8,985	3,855
U.S. Treasury Notes US Govt. National	Bank of America	0.25%	05/21/15	10/31/16	5,000,000	4,993,100	4,996,500	0	4,996,500	4,998,895	5,795	2,395
Federal Farm Credit Bank US Domestic Unsecured	Bank of America	0.50%	05/21/15	03/27/17	5,000,000	4,988,700	4,993,550	0	4,993,550	4,997,705	9,005	4,155
U.S. Treasury Notes US Govt. National	Bank of America	0.50%	05/21/15	04/30/17	5,000,000	4,987,240	4,993,750	0	4,993,750	4,996,225	8,985	2,475
Federal Home Loan Bank US Domestic Unsecured	Bank of America	1.22%	05/26/15	05/26/16	5,000,000	4,993,245	4,996,500	0	4,996,500	4,996,025	2,780	(475)
Freddie Mac MTN Domestic Unsecured Bond	Bank of America	0.50%	05/29/15	08/25/17	10,000,000	9,974,890	10,000,000	0	10,000,000	9,996,160	21,270	(3,840)
Freddie Mac MTN Domestic Unsecured Bond	Bank of America	0.25%	05/29/15	05/25/17	5,000,000	4,995,590	5,000,000	0	5,000,000	5,003,015	7,425	3,015
Federal Home Loan Bank US Domestic Unsecured	Bank of America	0.70%	06/17/15	05/25/17	5,000,000	4,995,675	5,000,000	0	5,000,000	5,001,510	5,835	1,510
Freddie Mac MTN Domestic Unsecured Bond	Bank of America	0.70%	06/30/15	06/30/17	5,000,000	4,997,545	5,000,000	(5,000,000)	-	-	-	-
Federal Home Loan Dicount note US Domestic	Bank of America	0.70%	09/25/15	02/12/16	10,000,000	-	-	9,992,222	9,992,222	9,993,630	-	1,408
Plant Fund Interest Checking (10060-7201)	Bank Of America	0.11%	09/01/15			66,503	66,503	7	66,510	66,510	0	0

Description	Held At	Coupon Rate	Purchase Date	Maturity Date	Par	Beginning Mkt. Value	Beginning Book Value	Purchased (Redeemed)	Ending Book Value	Ending Mkt. Value	Change in Mkt. Value	Unrealized Gain/(Loss)
Debt Service 2001A Bond Int Checking (10080)	Bank Of America	0.11%	09/01/15			465,025	465,025	22	465,047	465,047	0	0
HCCS Merchant service (10012)	Bank Of America	0.30%	09/01/15			7,933,154	7,933,154	(1,517,091)	6,416,064	6,416,064	0	0
Checking Acoount- 10010-7306-2006 Jr. lien	Bank Of America	0.11%	09/01/15			229	229	0	229	229	0	0
LTD2013 Tax Bond Grneral Checking A/C (10090)	Bank Of America	0.11%	09/01/15			1,375,634	1,375,634	24,505,232	25,880,866	25,880,866	0	0
LTD2003 Tax Bond Checking A/C (10092)	Bank Of America	0.11%	09/01/15			1,931,320	1,931,320	209	1,931,529	1,931,529	0	0
Managed PFI Account-10100-1110	Bank Of America	0.20%	09/01/15			1,416	1,416	0	1,416	1,416	0	0
Merrill Lynch, Pierce, Fenner & smith (1110)	Bank Of America	0.04%	09/01/15			455,869	455,869	23	455,892	455,892	0	0
Public Fund Money Market_Premier (159406615)	Regions Bank	0.18%	09/01/15			50,626,248	50,626,248	30,007,084	80,633,333	80,633,333	0	0
Public Fund Money Market_Premier (185913820)- fund 1110	Regions Bank	0.15%	09/01/15			102,460,604	102,460,604	13,815	102,474,418	102,474,418	0	0
Chase High Yield Savings (A/C 2049911718)	Chase Bank	0.03%	09/01/15			266,325	266,325	547,839	814,164	814,164	0	0
Chase High Yield Savings (A/C 3000684286)	Chase Bank	0.03%	09/01/15			1,528,242	1,528,242	38	1,528,280	1,528,280	0	0
Fixed Time Deposit with Unity Bank	Unity Bank	0.26%	06/09/15	06/09/16		100,000	100,000	0	100,000	100,000	0	0
Fixed Time Deposit with Unity Bank	Unity Bank	0.25%	10/18/14	10/18/15		150,000	150,000	0	150,000	150,000	0	0
Certificate of Deposit	Chase Bank	0.43%	03/22/13	09/22/15		50,000,000	50,000,000	(50,000,000)	0	0	0	0
Certificate of Deposit	Chase Bank	0.49%	07/25/13	01/24/16		5,000,000	5,000,000	0	5,000,000	5,000,000	0	0
Certificate of Deposit	Chase Bank	0.50%	04/03/13	04/03/16		40,000,000	40,000,000	0	40,000,000	40,000,000	0	0
Certificate of Deposit	Chase Bank	0.49%	07/25/13	07/24/16		5,000,000	5,000,000	0	5,000,000	5,000,000	0	0
Certificate of Deposit	Chase Bank	0.69%	03/22/13	03/22/17		30,000,000	30,000,000	0	30,000,000	30,000,000	0	0
Certificate of Deposit	Chase Bank	0.49%	07/25/13	07/24/17		5,000,000	5,000,000	0	5,000,000	5,000,000	0	0
Certificate of Deposit	Chase Bank	0.99%	03/23/13	03/21/18		20,000,000	20,000,000	0	20,000,000	20,000,000	0	0
Certificate of Deposit	Chase Bank	0.98%	03/22/13	03/22/18		20,000,000	20,000,000	0	20,000,000	20,000,000	0	0
Certificate of Deposit	Chase Bank	1.02%	04/03/13	04/03/18		20,000,000	20,000,000	0	20,000,000	20,000,000	0	0
Corporate Overnight Fund	Lone Star	0.18%	09/01/15			1,598,463	1,598,463	232	1,598,696	1,598,696	0	0
Tex Pool	State Street Bank	0.06%	09/01/15			8,530,991	8,530,991	596	8,531,587	8,531,587	0	0
<b>TOTAL</b>						<b>511,417,083</b>	<b>511,746,087</b>	<b>(1,449,785)</b>	<b>510,296,303</b>	<b>510,185,241</b>	<b>221,111</b>	<b>(111,062)</b>

# ACTION ITEM

Meeting Date: November 19, 2015

Committee: *Facilities and Finance*

ITEM NO.	ITEM TITLE	PRESENTER
<b>6</b>	<b>Monthly Financial Statement and Budget Review for September 2015</b>	<b>Dr. Cesar Maldonado Teri Zamora</b>

## RECOMMENDATION

Approve the Financial Statement for the month of September 2015.

## COMPELLING REASON/RATIONALE

The monthly report advises the Board on the status of the finance of the college.

## DESCRIPTION OR BACKGROUND

This report provides information related to the various funds of the college, including fund balances, comparison to previous year and comparison to budget.

## FISCAL IMPACT

Awareness and review of financial information throughout the year helps to inform decision making, and allows for mid-year adjustments, as needed.

## LEGAL REQUIREMENT

N/A

## STRATEGIC GOAL ALIGNMENT

*Strategic Initiative:* Support Innovation

Attachment Title(s): **Financial Statement - September 2015**

This item is applicable to the following:

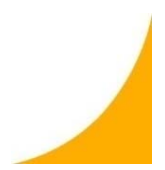
Central     Coleman     Northeast     Northwest     Southeast     Southwest     3100



# **Summary Operating Statements**

**For the Period  
September 1, 2015 - September 30, 2015  
For the Meeting of the Board of Trustees - November 12, 2015**

**for  
Houston Community College System  
&  
Houston Community College Public Facility Corporation**



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For the Period September 1, 2015 - September 30, 2015

## Houston Community College System

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**Houston Community College System  
Summary of Financial Statements  
As of September 30, 2015**

In the Unrestricted Fund as of September 30, 2015, total revenue received is \$54.8 million. This represents 16.9% of budgeted annual revenues of \$324.6 million. Expenses total \$26.3 million to date; which is 8.1% of the total expense budget of \$324.6 million. Compared with the same time last year, revenue shows a 0.2% increase, and expenses are 0.8% higher than the prior year. Actual net revenue is \$28.5 million to-date. That translates into a like amount increase in fund balance.

Salaries increased 8.1%. This increase is due namely to the compensation study alignment and an across the board salary increase of 2% for full-time employees.

Total revenue and expenses are expected to fall within budget plan at year end.



**HOUSTON COMMUNITY COLLEGE SYSTEM**  
**Unaudited Fund Balances and Activities - All Funds**  
**as of September 30, 2015**

	Unrestricted	Restricted	Auxiliary	Loan & Endowments	Scholarship	Agency	Unexpended Plant	Capital and Technology	Retirement of Debt	Investment in Plant	Public Facility Corp.	Grand Total
Fund Balance as of 9/1/2015, <i>Unaudited</i>	\$ 123,710,238	\$ 510,035	\$ 7,828,062	\$ 509,932	\$ (0)	\$ -	\$ 3,991,336	\$ 9,660,509	\$ 52,039,009	\$ 248,278,791	\$ (3,133,924)	\$ 443,393,989
<b>Revenues</b>	54,796,089	6,676,825	1,067,516	-	26,289,573	-	579,823	-	2,166,486	-	-	91,576,312
<b>Expenses</b>												
Salaries	16,695,611	475,115	147,556	-	94,731	-	23,107	-	-	-	-	17,436,120
Employee Benefits	2,121,150	1,237,691	38,202	-	-	-	5,340	-	-	-	-	3,402,383
Supplies & General Exp	232,462	8,431	1,799	-	-	-	-	-	-	-	-	242,692
Travel	35,893	10,569	4,026	-	-	-	400	-	-	-	-	50,887
Marketing Costs	878	20	4,770	-	-	-	-	-	-	-	-	5,668
Rentals & Leases	170,906	-	6,000	-	-	-	-	-	-	-	-	176,906
Insurance/Risk Mgmt	4,416,854	1,953	-	-	-	-	-	-	-	-	-	4,418,807
Contracted Services	75,646	-	540	-	-	-	-	970	5,892	-	-	83,048
Utilities	172,330	-	10,476	-	-	-	-	-	-	-	-	182,807
Other Departmental Expenses	130,666	8,762	31,176	-	-	-	-	-	-	-	-	170,603
Instructional and Other Materials	732,936	480	13,857	-	-	-	-	-	-	-	-	747,273
Maintenance and Repair	5,603	17,184	-	-	29,472	-	-	7,734	-	-	-	59,993
Transfers (In)/Out*	1,538,043	4,000,000	-	-	(1,538,043)	-	500,000	(9,000,000)	4,500,000	-	-	(0)
Debt	-	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay	434	-	-	-	-	-	1,145,281	60,073	-	-	-	1,205,787
Depreciation	-	-	-	-	-	-	-	-	-	1,814,381	-	1,814,381
Scholarship Distribution	-	-	-	-	27,637,721	-	-	-	-	-	-	27,637,721
Total Expenses	26,329,412	5,760,204	258,402	-	26,223,880	-	1,674,128	(8,931,223)	4,505,892	1,814,381	-	57,635,074
<b>NET REVENUE/(EXPENSES)</b>	28,466,677	916,621	809,115	-	65,693	-	(1,094,305)	8,931,223	(2,339,405)	(1,814,381)	-	33,941,238
<b>Fund Balance Entries</b>	-	-	-	-	-	-	748,962	5,806	-	120,807	-	875,575
<b>Fund Balance as of 09/30/2015</b>	<b>\$ 152,176,915</b>	<b>\$ 1,426,656</b>	<b>\$ 8,637,177</b>	<b>\$ 509,932</b>	<b>\$ 65,693</b>	<b>\$ -</b>	<b>\$ 3,645,993</b>	<b>\$ 18,597,538</b>	<b>\$ 49,699,604</b>	<b>\$ 246,585,217</b>	<b>\$ (3,133,924)</b>	<b>\$ 478,210,801</b>

\*Transfers include student revenue bond payment funds, scholarship matching funds, and transfers to Unexpended Plant and Capital and Technology Funds

**HOUSTON COMMUNITY COLLEGE SYSTEM**  
**Comparison to Budget and Comparison to Previous Fiscal Year**  
**as of September 30, 2015**  
**8.3% of Year Expended**

**HCCS CURRENT UNRESTRICTED**

	Year-to-Date Actuals Thru September 30, 2015			Actuals as a % of Budget	Year-to-Date Actuals Thru September 30, 2015	Year-to-Date Actuals Thru September 30, 2014	Increase (Decrease) FY2016 Compared to FY2015	% Increase (Decrease)
<b>REVENUES</b>								
State Appropriations	\$ 8,399,449	\$ 69,995,427	12.0%	\$ 8,399,449	\$ 8,297,871	\$ 101,578	1.2%	
Ad Valorem Taxes	9,741	136,000,000	0.0%	9,741	5,618	4,122	73.4%	
Tuition, Net	17,322,420	40,925,000	42.3%	17,322,420	17,096,409	226,011	1.3%	
Fees	26,290,173	65,325,000	40.2%	26,290,173	26,626,571	(336,398)	-1.3%	
Other Local Income	134,736	2,250,000	6.0%	134,736	141,738	(7,001)	-4.9%	
Tuition & Fee, Net -- Extended Learning	2,593,671	9,500,000	27.3%	2,593,671	2,466,609	127,062	5.2%	
Indirect Cost Revenues, Grant	45,900	620,000	7.4%	45,900	63,715	(17,815)	-28.0%	
<b>Total Revenues</b>	<b>54,796,089</b>	<b>324,615,427</b>	<b>16.9%</b>	<b>54,796,089</b>	<b>54,698,530</b>	<b>97,559</b>	<b>0.2%</b>	
<b>EXPENSES</b>								
Salaries	16,695,611	191,585,111	8.7%	16,695,611	15,451,281	1,244,330	8.1%	
Employee Benefits	2,121,150	21,210,175	10.0%	2,121,150	2,684,939	(563,789)	-21.0%	
Supplies Gen Exp	232,462	5,479,024	4.2%	232,462	188,413	44,050	23.4%	
Travel	35,893	1,845,778	1.9%	35,893	40,806	(4,913)	-12.0%	
Marketing Costs	878	999,764	0.1%	878	55,030	(54,152)	-98.4%	
Rental & Leases	170,906	2,469,473	6.9%	170,906	153,197	17,709	11.6%	
Insurance/Risk Mgmt	4,416,854	5,551,305	79.6%	4,416,854	6,076,167	(1,659,313)	-27.3%	
Contract Services	75,646	23,392,302	0.3%	75,646	176,209	(100,563)	-57.1%	
Utilities	172,330	10,246,651	1.7%	172,330	39,388	132,943	337.5%	
Other Departmental Expenses	130,666	2,482,648	5.3%	130,666	93,093	37,573	40.4%	
Instructional & Other Materials	732,936	9,662,286	7.6%	732,936	234,358	498,578	212.7%	
Maintenance & Repair	5,603	1,329,364	0.4%	5,603	9,937	(4,334)	-43.6%	
Transfers/Debt	1,538,043	40,713,014	3.8%	1,538,043	921,147	616,896	67.0%	
Contingency	-	4,513,704	0.0%	-	-	-	0.0%	
Capital Outlay	434	3,134,828	0.0%	434	7,188	(6,754)	-94.0%	
<b>Total Expenses</b>	<b>\$ 26,329,412</b>	<b>\$ 324,615,427</b>	<b>8.1%</b>	<b>\$ 26,329,412</b>	<b>\$ 26,131,153</b>	<b>198,259</b>	<b>0.8%</b>	
<b>NET REVENUE/(EXPENSES)</b>	<b>\$ 28,466,678</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 28,466,678</b>	<b>\$ 28,567,378</b>	<b>\$ (100,700)</b>	<b>-0.4%</b>	

# HOUSTON COMMUNITY COLLEGE SYSTEM

## Auxiliary Budget By Fund as of September 30, 2015

### Auxiliary Funds - Uncommitted Portion

	Main Leasing	Misc. Auxiliary *	Foundation	Marketing	Bookstore Commission	International Student Services	Cafe Club NEO 3100 Main	Scholarships	Subtotal Uncommitted
<b>Fund Balance – September 1, 2015 (Unaudited)</b>									<b>\$ 3,422,158</b>
<b>FY2016</b>									
Revenue	416,569	70,078	-	-	-	-	41,839	-	528,486
Salaries	20,750	37,499	9,125	-	-	22,523	20,298	-	110,194
Benefits	5,582	14,185	2,127	-	-	5,663	5,203	-	32,759
Supplies Gen Exp	-	499	-	-	-	-	-	-	499
Travel	-	-	537	-	-	-	-	-	537
Marketing Costs	-	-	-	4,770	-	-	-	-	4,770
Rental & Leases	-	6,000	-	-	-	-	-	-	6,000
Contract Services	90	-	-	-	-	-	-	-	90
Utilities	10,476	-	-	-	-	-	-	-	10,476
Departmental Expenses	-	31,176	-	-	-	-	-	-	31,176
Instructional & Other Materials	600	-	-	-	-	-	13,257	-	13,857
Maintenance & Repair	-	-	-	-	-	-	-	-	-
Insurance/Risk Mgmt	-	-	-	-	-	-	-	-	-
Exemptions and Waivers	-	-	-	-	-	-	-	260,659	260,659
Transfer/Debt	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-
<b>Total Expense</b>	<b>37,497</b>	<b>89,359</b>	<b>11,788</b>	<b>4,770</b>	<b>-</b>	<b>28,186</b>	<b>38,759</b>	<b>260,659</b>	471,017
<b>Contribution to Fund Balance</b>	<b>379,072</b>	<b>(19,281)</b>	<b>(11,788)</b>	<b>(4,770)</b>	<b>-</b>	<b>(28,186)</b>	<b>3,080</b>	<b>(260,659)</b>	<b>57,469</b>
<b>Auxiliary Fund Balance - Uncommitted Portion</b>									<b><u>\$ 3,479,628</u></b>

\* Expenditures in this category include mailroom, child day care, Minority Male Initiative, Govt. Relation, Mobile Go, etc.

# HOUSTON COMMUNITY COLLEGE SYSTEM

## Auxiliary Budget By Fund

as of September 30, 2015

### Auxiliary Funds - International and Committed Portions

	International			Committed					Total
	Saigon Tech	International Initiatives	Subtotal International	Minority Business Development Agency	Student Vending Commission	Student Activity Fee	Student Athletic Fee	Subtotal Committed	Total Auxiliary
<b>Fund Balance – September 1, 2015 (Unaudited) FY2016</b>			<b>\$ 1,827,145</b>	<b>\$ -</b>	<b>\$ 324,132</b>	<b>\$ 1,079,349</b>	<b>\$ 1,175,278</b>	<b>\$ 2,578,759</b>	<b>\$ 7,828,062</b>
Revenue	-	-	-	330	10,500	452,707	336,752	800,289	1,328,775
Salaries	-	-	-	-	-	13,022	24,340	37,362	147,556
Benefits	-	-	-	-	-	211	5,232	5,443	38,202
Supplies Gen Exp	48	-	48	-	-	120	1,132	1,251	1,799
Travel	-	-	-	-	-	3,489	-	3,489	4,026
Marketing Costs	-	-	-	-	-	-	-	-	4,770
Rental & Leases	-	-	-	-	-	-	-	-	6,000
Contract Services	-	-	-	-	-	450	-	450	540
Utilities	-	-	-	-	-	-	-	-	10,476
Departmental Expenses	-	-	-	-	-	-	-	-	31,176
Instructional & Other Materials	-	-	-	-	-	-	-	-	13,857
Maintenance & Repair	-	-	-	-	-	-	-	-	-
Insurance/Risk Mgmt	-	-	-	-	-	-	-	-	-
Exemptions and Waivers	-	-	-	-	-	600	-	600	261,259
Transfer	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-
<b>Total Expense</b>	<b>48</b>	<b>-</b>	<b>48</b>	<b>-</b>	<b>-</b>	<b>17,892</b>	<b>30,704</b>	<b>48,595</b>	<b>519,661</b>
<b>Contribution to Fund Balance</b>	<b>(48)</b>	<b>-</b>	<b>(48)</b>	<b>330</b>	<b>10,500</b>	<b>434,815</b>	<b>306,048</b>	<b>751,694</b>	<b>809,115</b>
<b>Auxiliary Fund Balance - Intl, Committed, Total</b>			<b>\$ 1,827,097</b>	<b>\$ 330</b>	<b>\$ 334,632</b>	<b>\$ 1,514,164</b>	<b>\$ 1,481,327</b>	<b>\$ 3,330,452</b>	<b>\$ 8,637,177</b>

**HOUSTON COMMUNITY COLLEGE**  
**FY 2015-16 Adjusted Budget by Divisions**  
**as of September 30, 2015**

<b>Budgeted Expenditures</b>	<b>CENTRAL</b>	<b>NORTH WEST</b>	<b>NORTH EAST</b>	<b>SOUTH WEST</b>	<b>SOUTH EAST</b>	<b>COLEMAN</b>	<b>EXTENDED LEARNING</b>	<b>ACADEMIC INSTRUCTION</b>
Salary	\$ 10,211,679	\$ 9,426,136	\$ 12,186,999	\$ 11,110,765	\$ 5,756,770	\$ 12,877,946	\$ 11,579,162	\$ 52,956,916
Employee Benefits	-	-	-	-	-	-	-	-
Supplies & Gen	239,592	206,035	232,590	303,349	225,812	296,946	190,959	305,051
Travel	31,600	72,876	27,541	43,736	34,480	128,697	85,461	153,903
Marketing Costs	23,645	39,207	56,019	26,182	101,774	12,500	286,057	9,006
Rentals & Leases	2,270	57,971	935,099	484,749	77,305	479,343	26,718	24,510
Insurance/Risk Mgmt	-	-	-	-	-	-	-	511
Contracted Services	284,291	238,415	68,991	9,108	70,342	145,881	143,752	374,188
Utilities	5,125	-	4,600	1,826	-	-	-	-
Other Departmental Expenses	22,111	67,516	30,565	24,316	66,140	92,713	55,916	81,374
Instructional And Other Materials	293,907	72,572	125,383	86,879	52,376	255,419	873,672	1,231,186
Maintenance and Repair	138,855	25,304	127,856	16,489	10,926	73,180	121,311	39,966
Transfers/Debt	-	-	1,186	-	-	-	-	-
Contingency	527,115	700,612	443,900	459,173	400,000	520,000	300,000	-
Capital Outlay	433,772	41,351	46,452	207,574	67,757	98,210	128,968	332,295
<b>Total</b>	<b>\$ 12,213,962</b>	<b>\$ 10,947,995</b>	<b>\$ 14,287,181</b>	<b>\$ 12,774,146</b>	<b>\$ 6,863,682</b>	<b>\$ 14,980,835</b>	<b>\$ 13,791,976</b>	<b>\$ 55,508,906</b>

**HOUSTON COMMUNITY COLLEGE**  
**FY 2015-16 Adjusted Budget by Divisions**  
**as of September 30, 2015**

Budgeted Expenditures	CHANCELLOR	FINANCE & ADMIN.	SUSTAINABILITY	INSTRUCTIONAL SERVICES	STUDENT SERVICES	SYSTEM	Grand Total
Salary	\$ 6,251,544	\$ 29,522,868	\$ 3,208,606	\$ 16,415,952	\$ 5,341,424	\$ 4,738,344	\$ 191,585,111
Employee Benefits	-	-	-	-	-	21,210,175	21,210,175
Supplies & Gen	628,100	1,008,292	160,011	259,401	122,886	1,300,000	5,479,024
Travel	176,675	235,551	71,180	744,578	39,500	-	1,845,778
Marketing Costs	265,000	173,739	6,635	-	-	-	999,764
Rentals & Leases	67,100	244,510	61,179	3,319	5,400	-	2,469,473
Insurance/Risk Mgmt	5,550,000	-	-	794	-	-	5,551,305
Contracted Services	2,988,575	15,163,180	77,119	100,965	1,201,442	2,526,053	23,392,302
Utilities	-	1,702,344	-	94	-	8,532,662	10,246,651
Other Departmental Expenses	806,000	565,306	101,799	521,132	47,760	-	2,482,648
Instructional And Other Materials	57,000	5,690,024	35,373	560,597	327,898	-	9,662,286
Maintenance and Repair	5,200	764,216	4,688	444	929	-	1,329,364
Transfers/Debt	200,000	43,591	-	-	-	40,468,237	40,713,014
Contingency	150,000	246,064	271,601	200,000	250,000	45,239	4,513,704
Capital Outlay	83,700	1,660,577	16,830	2,786	14,556	-	3,134,828
<b>Total</b>	<b>\$ 17,228,894</b>	<b>\$ 57,020,262</b>	<b>\$ 4,015,021</b>	<b>\$ 18,810,062</b>	<b>\$ 7,351,795</b>	<b>\$ 78,820,710</b>	<b>\$ 324,615,427</b>

**Houston Community College**  
**Balance Sheet By Fund**  
**For Month Ended September 30, 2015**

	<u>CURRENT &amp; LOAN FUNDS<sup>1</sup></u>	<u>PLANT &amp; BOND FUNDS<sup>2</sup></u>	<u>Total All Funds</u>
<b>ASSETS</b>			
Current Assets:			
Cash & cash equivalents	\$ 132,394,525	\$ 54,474,182	\$ 186,868,707
Restricted cash & cash equivalents	(63,601)	-	(63,601)
Short term Investments	-	-	-
Accounts/Other receivable (net)	26,768,063	3,162,786	29,930,848
Deferred charges	8,073	-	8,073
Prepays	1,897,920	1,346,598	3,244,517
Total Current Assets	<u>161,004,980</u>	<u>58,983,565</u>	<u>219,988,545</u>
Non-current Assets:			
Restricted cash & cash equivalents	-	194,511,913	194,511,913
Restricted long-term investments	-	117,120,435	117,120,435
Long-term investments	17,016,777	-	17,016,777
Capital Assets, net	-	949,008,428	949,008,428
Total Non-current Assets	<u>17,016,777</u>	<u>1,260,640,777</u>	<u>1,277,657,554</u>
<b>Total Assets</b>	<u><u>\$ 178,021,757</u></u>	<u><u>\$ 1,319,624,342</u></u>	<u><u>\$ 1,497,646,099</u></u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	9,021,552	4,523,489	13,545,041
Accrued liabilities	2,123,851	1,514,736	3,638,587
Compensated absences	2,526,083	-	2,526,083
Funds held for others	642,034	189,209	831,243
Deferred revenue	891,863	229,281	1,121,145
Notes payable-current portion	-	8,783,299	8,783,299
Bonds payable-current portion	-	24,520,000	24,520,000
Capital lease obligations-current	-	-	-
Total Current Liabilities	<u>15,205,383</u>	<u>39,760,014</u>	<u>54,965,398</u>
Non-current Liabilities:			
Deposits	-	-	-
Notes payable	-	153,344,686	153,344,686
Bonds payable	-	752,257,231	752,257,231
Capital lease obligations	-	55,734,058	55,734,058
Total Non-current Liabilities	<u>-</u>	<u>961,335,976</u>	<u>961,335,976</u>
<b>Total Liabilities</b>	<u><u>\$ 15,205,383</u></u>	<u><u>\$ 1,001,095,990</u></u>	<u><u>\$ 1,016,301,373</u></u>
<b>Fund Balance-</b>			
<b>August 31, 2015 Unaudited</b>	132,558,268	313,969,646	446,527,914
Revenues Over Expenditures			
Unrestricted	29,275,792		29,275,792
Restricted	982,314		982,314
Net Investment in Plant		4,558,705	4,558,705
<b>Total Fund Balances, Unaudited</b>	<u><u>\$ 162,816,374</u></u>	<u><u>\$ 318,528,351</u></u>	<u><u>\$ 481,344,725</u></u>
<b>Total Liabilities &amp; Fund Balances</b>	<u><u>\$ 178,021,758</u></u>	<u><u>\$ 1,319,624,341</u></u>	<u><u>\$ 1,497,646,099</u></u>

<sup>1</sup> Includes Unrestricted, Restricted, Loan & Endowment, Scholarship, Agency and Auxiliary Funds.

<sup>2</sup> Includes Unexpended Plant, Retirement of Debt and Investment in Plant Funds.

# Houston Community College

## Exemptions & Waivers Through September 30, 2015

Account	FY 2014-15		FY 2015-16
	End of Year Activity	Year-to-Date Activity thru 09/30/2014	Year-to-Date Activity thru 09/30/2015
<b>Tuition</b>			
<b>Budget:</b>			
Adjusted Budget FY 2015-16, Net			\$ 40,308,204
<b>Revenues Received:</b>			
Tuition	45,771,753	19,909,413	20,033,908
<b>Waivers &amp; Exemptions:</b>			
Dual Credit & Early College HS	(5,045,017)	(2,096,435)	(2,142,107)
Other	(1,603,037)	(716,569)	(569,381)
Total Waivers & Exemptions	(6,648,054)	(2,813,004)	(2,711,488)
<b>Total Tuition Revenue, Net</b>	<b>\$ 39,123,700</b>	<b>\$ 17,096,409</b>	<b>\$ 17,322,420</b>
<b>Tuition - Extended Learning</b>			
<b>Budget:</b>			
Budget FY 2015-16, Net			\$ 6,565,665
<b>Revenues Received:</b>			
Tuition	8,931,465	2,606,784	2,704,331
<b>Waivers &amp; Exemptions:</b>			
Department of Corrections	(2,021,386)	(140,175)	(110,660)
<b>Total EL Tuition Revenue, Net</b>	<b>\$ 6,910,079</b>	<b>\$ 2,466,609</b>	<b>\$ 2,593,671</b>

Exemptions & Waivers	FY 2014-15		FY 2015-16	
	End of Year Activity	Year-to-Date Activity thru 09/30/2014	Year-to-Date Activity thru 09/30/2015	Actuals % Inc/(Dec)YTD vs. PriorYTD
Dept of Corrections	\$ 1,946,863	\$ 140,175	\$ 110,660	-21.1%
Dual Credit Waiver	3,562,408	2,039,665	1,197,982	-41.3%
Early College High School	1,482,609	56,770	944,125	1563.1%
<b>Other:</b>				
Employee Fee Exemptions	61,121	24,033	23,538	-2.1%
Firemen	12,870	6,876	2,020	-70.6%
Hazelwood	942,773	443,337	296,744	-33.1%
Deaf & Blind	190,174	77,885	89,948	15.5%
High Ranking Hi SCH Grad	1,805	1,235	775	-37.2%
Child of Disabled Vet ETC	7,264	5,086	1,444	0.0%
Nonres Teach/Research Asst	6,363	2,655	80	-97.0%
Nonres Competitive Scholar	8,558	1,239	-	-100.0%
Senior Citizens	13,668	6,269	5,305	-15.4%
Scholarship Distribution	2,800	-	-	0.0%
A VISA Waiver (Non-Alien Waiver)	888	-	-	0.0%
Foster Children-Resident	247,117	129,816	73,062	-43.7%
Undocumented Students	5,723	3,174	1,062	0.0%
TX Tomorrow Waiver	6,076	-	-	0.0%
Surviving Spouse/Children	-	-	1,681	0.0%
Peace Officer Exemption	3,868	187	615	229.8%
Adopted Student Waiver	91,719	14,777	73,107	0.0%
Stipends	250	-	-	0.0%
Total Other Exemptions	1,603,037	716,569	569,381	-20.5%
<b>Grand Total Exemptions &amp; Waivers</b>	<b>\$ 8,594,917</b>	<b>\$ 2,953,179</b>	<b>\$ 2,822,148</b>	<b>-4.4%</b>



# ACTION ITEM

Meeting Date: November 19, 2015

Committee: *Board Governance*

ITEM NO.	ITEM TITLE	PRESENTER
<b>1</b>	Personnel Agenda (Faculty)	Dr. Cesar Maldonado

## RECOMMENDATION

Approve the personnel action item for November 2015.

## COMPELLING REASON/RATIONALE

Full-time contract Faculty is hired under one-year term contracts on an annual basis under Board Policy A.7.1.

## DESCRIPTION OR BACKGROUND

The hiring process for full time faculty involves a review of credentials, a screening process, evaluation and interview by the hiring authority.

## FISCAL IMPACT

Funds for these faculty positions are provided for in the 2016 Unrestricted Budget.

## LEGAL REQUIREMENT

N/A

## STRATEGIC GOAL ALIGNMENT

*Strategic Initiative:* Support Innovation

Attachment Title(s): **Personnel Agenda - Faculty (November 2015)**

This item is applicable to the following:

Central     Coleman     Northeast     Northwest     Southeast     Southwest     3100

***Personnel Agenda -***  
**Faculty (For Board Approval)**

**Board Meeting: November 19, 2015**

**FACULTY (REGULAR) – FOR BOARD APPROVAL**

<b><u>Name</u></b>	<b><u>Previous Organization</u></b>	<b><u>Proposed Title/Organization</u></b>	<b><u>FLSA/Grade</u></b>	<b><u>Previous Salary</u></b>		<b><u>Current Salary</u></b>		<b><u>Effective Date</u></b>
<b>1. Daza, Christopher</b>	St. Luke's Episcopal Hospital	to F/T Radiography Technology Instructor	FAC/06 10.5 months	\$ 56,316	yr.	\$ 47,783	yr.	10-12-15
<b>2. Gardiner, Simone</b>	HCCS F/T Coordinator Academic Grant Program	to F/T Student Success (Education) Academic	FAC/12 10.5 months	\$ 50,982	yr.	\$ 56,488	yr.	10-16-15

***Credentials & Selection Process -***  
**Faculty (For Board Approval)**

**Board Meeting: November 19, 2015**

**FACULTY (REGULAR) – FOR BOARD APPROVAL**

<b><u>Name</u></b>	<b><u>Job Title/Requirements</u></b>	<b><u>Nominee’s Credentials</u></b>		<b><u>Selection Process</u></b>	
<b>1. Daza, Christopher</b>	<i>Radiography Technology Instructor</i> Bachelor’s degree or higher in radiography or related field required.  Minimum three (3) years of direct work experience in general radiography required.	BS in Radiologic Tech. Instructor X Ray Technologist	0 yrs. 3 mos. 3 yrs.	3 mos. 0 mo.	Job Vacancy Notice-4863 -HR Referred-7 -Screening committee evaluated and reviewed-2 -Hiring authority evaluated and interviewed-1 -Applicant selected-External New Hire F/T
		<b>Total</b>	<b>3 yrs</b>	<b>3 mos.</b>	
<b>2. Gardiner, Simone</b>	<i>Student Success (Educ.) Academic</i> A Master’s degree or higher from an accredited college or university in Psychology, Counseling or Education (Curriculum & Instruction, Special Education, Administration, Counseling or higher education) or a master’s or higher with 18 hours in the aforementioned qualifying fields is required.	PHD in Educational Leadership Program Manager Academic Advisor Adjunct Instructor Student Service Rep.	4 yrs. 2 yrs. 3 yrs.	2 mos. 6 mos. 9 mos. 8 mos.	Job Vacancy Notice-N/A -HR Referred-N/A -Screening committee evaluated and reviewed-N/A -Hiring authority evaluated and interviewed-N/A -Applicant selected-Internal HCC F/T
		<b>Total</b>	<b>11 yrs.</b>	<b>1 mo.</b>	