

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

April 10, 2014

Minutes

The Board of Trustees of Houston Community College met as a Committee of the Whole on Thursday, April 10, 2014, at the HCC Administration Building, 2nd Floor, 3100 Main in Seminar Room B, Houston, Texas.

MEMBERS PRESENT

Neeta Sane, *Chair*
Robert Glaser, *Secretary*
Zeph Capo
Eva Loredo
Sandie Mullins
Carroll G. Robinson
Adriana Tamez
David B. Wilson

ADMINISTRATION

Renee Byas, Acting Chancellor
Destinee Waiters, Acting General Counsel
Shantay Grays, Chief of Staff
William Carter, Vice Chancellor, Information Technology
Charles Cook, Vice Chancellor, Academic Affairs
Diana Pino, Vice Chancellor, Student Services
Fred Zeidman, Vice Chancellor, Institutional Advancement
Margaret Ford Fisher, President, Northeast College
Julian Fisher for Fena Garza, President, Southwest College
Zachary Hodges, President, Northwest College
Irene Porcarello, President, Southeast College
Betty Young, President, Coleman College
Janet May, Chief Human Resources Officer
Remmele Young, Associate Vice Chancellor, Governmental and External Affairs

OTHERS PRESENT

Jarvis Hollingsworth, System Counsel, Bracewell & Giuliani
Michelle Novak, President, Faculty Senate
Ava Cosey, President, COPA
Jorge Rodriguez, Financial Advisor, Coastal Securities
Other administrators, citizens and representatives from the news media

CALL TO ORDER

Mr. Robert Glaser, Acting Chair called the meeting to order at 5:11 p.m. and declared the Board convened to consider matters pertaining to Houston Community College as listed on the duly posted Meeting Notice.

INVESTMENT REPORT FOR THE MONTH OF JANUARY

Motion – Mr. Capo motioned and Ms. Mullins seconded.

Mr. Jorge Rodriguez, Coastal Securities provided an overview of current investments. He noted that the investments continue to be very high quality, secure and liquid. Mr. Rodriguez informed that the weighted average rate increased by .38%.

Mr. Robinson requested that options within the investment policy be explored to see if a 1.5% return is possible. Mr. Rodriguez apprised that he would hold a discussion with administration.

Ms. Mullins asked for an update on the credit rating. Mr. Rodriguez noted that the HCC's credit rating continues to be very good and that updates on the revenue bond issues were received.

Mr. Capo requested clarification as it relates to the Moody's report. Mr. Rodriguez provided an overview of the Moody's Aa2 rating as it relates to the revenue bond refunding transaction and Standard & Poor's AA- rating. He apprised that if the liquidity of the institution along with the fund balance and amount drawn down for continued operations this year becomes a trend, it will jeopardize the current rating.

Mr. Rodriguez noted the agencies will continue to monitor actions taken by the Board relative to the budget cycle in terms of fund balance and creating additional liquidity.

(Mrs. Sane joined the meeting at 5:16 p.m.)

Mr. Capo informed that the current fund balance is extremely over the amount required by the policy and inquired how that factors in with the negative outlook. Mr. Rodriguez apprised that two factors are considered in the rating (1) liquidity, how much reserve is available to immediately drawn down funds if needed and (2) extent of leverage.

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

MONTHLY FINANCE STATEMENT FOR MARCH 2014

Motion – Mr. Robinson motioned and Ms. Mullins seconded.

Mr. Rodriguez noted that two issues affected the negative outlook and apprised that both Moody's and Standard & Poor's have come out with revised criteria for the ratings. He noted that amount of money borrowed by the District has risen around 40%.

Mr. Rodriguez noted that the rating criteria speaks directly to the trends and not a one-time action.

Mrs. Sane informed that a Budget Workshop is scheduled in April and Mrs. Renee Byas and Dr. Thomas Estes will provide options.

Vote – The motioned passed with a vote of 8-0.

PAYMENT TO GARDERE WYNNE SEWELL LLP FOR PROFESSIONAL LEGAL SERVICES RENDERED FOR JANUARY AND FEBRUARY 2014

Motion – Mr. Capo motioned and Dr. Tamez seconded. The motioned passed 7-1-0 with Mr. Wilson opposing.

PAYMENT TO BRACEWELL & GIULIANI LLP FOR PROFESSIONAL SERVICES

Motion – Mr. Capo motioned and Ms. Mullins seconded. The motion passed with a vote of 6-1-1 with Mr. Robinson opposing and Mr. Wilson abstaining.

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

Motion- Mr. Glaser motioned and Ms. Mullins seconded.

Dr. William Carter informed that the item address the final payment to AT&T on the 2004 Capital Improvement Project (CIP) for structured cabling services at the Angela and Felix Morales Building. He apprised that the amount owed is \$322,000. He noted that the work has been completed and is standard and in use with a twenty-year warranty.

Mr. Robinson requested clarity on the item as it seems that AT&T performed work without authorization. He asked for the original contract amount. Dr. Carter informed that the original contract amount was \$102,000. Mr. Robinson inquired of the number of change orders and the aggregated dollar amount for the change orders as well as if the change orders were authorized and if authorizations were consistent with Board policy. He requested the response be provided in writing.

Mr. Robinson requested copies of the policies and procedures that have been implemented to ensure similar circumstances do not arise.

Mr. Winston Dahse apprised that the issue was discovered as a result of a background investigation of an invoice. He noted that the work was completed without authorization.

Dr. Tamez inquired of reasoning of paying for unauthorized work. Mr. Dahse informed that the amount was negotiated down and that the work was performed and accepted. He apprised that Facilities, IT and Accounting worked together to determine the value received.

Mr. Capo requested additional information as it relates to need for the work. Dr. Carter noted that the process could have been done better and noted that the new procedures will help ensure this will not happen again.

Ms. Mullins inquired if a change order policy existed. Mr. Dahse noted that a change order policy existed; however, a change order was not submitted.

Mr. Robinson summarized the action item description and informed that the AT&T contract included structured cabling services at ten locations and that nine of the ten locations were completed on a change order. He informed that the cost of services was higher than the contract amount; however, the cabling services for the Morales Building did not have a valid change order. He inquired if AT&T was paid for any amount of the contract.

Mr. Wilson apprised that he would like to know who is accountable. Mrs. Byas noted that this project was part of the 2004 CIP and that a former administrator approved the change orders.

Ms. Mullins asked if additional invoices will be forthcoming. Mr. Dahse informed that this is the final invoice and it includes both changes orders that were authorized.

Mr. Dahse apprised that due diligence was done to ensure that the work was completed and noted that a change order should have been done; however the services were provided.

(Mr. Wilson stepped out at 5:38 p.m.)

Mr. Capo inquired of the responsibility of AT&T to not complete work without proper authorization and requested an opinion from legal counsel as it relates to HCC's obligation for payment.

(Mr. Wilson returned at 5:39 p.m.)

Mr. Robinson noted that procurement was awarded based on best value/best price. He informed that the procurement process was skewed with change orders driving up the price, which disadvantaged other proposals.

Mr. Robinson requested a copy of the procedures in place to ensure the integrity of the procurement process and that companies are held accountable to the bid amount submitted.

Mrs. Byas apprised that at the time, the procedures were not in place; however, procurement has implemented procedures.

Dr. Tamez requested counsel to provide opinion on legal obligations as the work was not authorized.

Motion – Mr. Capo motioned to table and Mr. Robinson seconded.

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Mrs. Sane noted that all contracts are sent to the Office of General Counsel before being signed and inquired if the contract was approved by the Board. Mrs. Byas informed the contract procedures was implemented within the last year.

ADJOURNED TO CLOSED SESSION

Mrs. Sane adjourned the meeting to Executive Session at 5:46 p.m., notice having previously been given and reiterated in accordance with Sections 551.071, 551.072, and/or 551.074 of the Open Meetings Law. Mrs. Sane stated that any final action, vote or decision on any item discussed in Executive Session would be taken up in Open Session or in a subsequent Public Meeting.

Mrs. Sane reconvened the meeting in Open Session at 9:22 p.m. and entertained motions on pending matters.

(Present: Trustees Capo, Glaser, Loreda, Mullins, Sane, and Wilson)

ADJOURNMENT

With no further business coming before the Board, the meeting adjourned at 9:23 p.m.

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

Minutes Approved as Submitted: May 15, 2014