

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

August 10, 2015

Minutes

The Board of Trustees of Houston Community College held a Special Meeting on Monday, August 10, 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
Shantay Grays, Chief of Staff
E. Ashley Smith, Acting General Counsel
Kimberly Beatty, Vice Chancellor, Instructional Services, Chief Academic Officer
Fheryl Prestage for William Carter, Vice Chancellor, Information Technology
Butch Herod, Vice Chancellor, Innovation, Planning and Institutional Analytics
Irene Porcarello, Interim Vice Chancellor, Student Services
Teri Zamora, Senior Vice Chancellor, Finance and Administration
Margaret Ford Fisher, President, Northeast College
Fena Garza, President, Southwest College
Zachary Hodges, President, Northwest College
Rudy Soliz, Interim 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
Other administrators, citizens and representatives from the news media

CALL TO ORDER

Mr. Zeph Capo, Chair, called the meeting to order at 10:06 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, Mullins, and Wilson)

PROPOSED OPERATING BUDGET (UNRESTRICTED FUNDS) FOR FISCAL YEAR 2015-2016

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

Dr. Maldonado informed that the item was to discuss the proposed budget for FY 2015-16 in the amount of \$324,615,427. He apprised that Mrs. Zamora would provide an overview of the proposed budget.

(Ms. Loredo and Mrs. Sane joined the meeting at 10:10 a.m.)

Mrs. Zamora provided an overview of the summary:

- Fiscal Year will be a Year of Transition
- Maintain a Fiscally Responsible Fund Balance
- Facilitate Moderate Growth
- Continue Initiatives Begun in Recent Years

(Ms. Loredo stepped out at 10:14 a.m.)

Mrs. Zamora provided an overview of enrollment trends for 2013-2015. She informed that there is a forecast of one percent growth for FY 2015-2016.

Mrs. Zamora apprised that the Texas Higher Education Coordinating Board (THECB) has a designated date in September for enrollment certified numbers; however, HCC counts the second start program and dual credit for the Fall, which is denoted for the Spring by the THECB.

(Dr. Tamez joined the meeting at 10:16 a.m.)

Mrs. Zamora provided an overview comparing the Fall 2015 and Fall 2014. She noted that students whose financial aid was not valid were deregistered on June 30th. She informed that this allows students current with payment and financial aid to access more classes.

Ms. Mullins inquired of the cause for the drop in 2013 and 2014. Mrs. Zamora apprised that she is unable to determine what was done during the previous administration that caused the drop.

Mrs. Sane inquired if there is a decrease in enrollment for other institutions. Dr. Maldonado noted that other colleges are down and deferred to Dr. Kimberly Beatty. Dr. Beatty informed that there are some other institutions with a decrease in enrollment.

Mrs. Zamora apprised that the college has initiated an all hands on deck process and conducting an outreach for students, which has resulted in increased enrollment.

Dr. Maldonado noted that one of the changes was deregistration due to non-payment and informed that the advantage allows the time to work the accounts. He apprised that there is a heavy effort to get students registered for the start of the semester and noted that deregistering at the first of August provides a more manageable number.

Mr. Capo inquired as to how students are handled for financial aid. He inquired if individuals who qualify for grants are blocked from being deregistered. Mrs. Zamora informed that students are deregistered when they are selected by the Department of Education for verification. She apprised that students who have received financial aid are not deregistered.

(Ms. Loreda returned at 10:23 a.m.)

Ms. Loreda noted that one of her concerns is regarding the students who arrive and are not familiar with the campus and they are not greeted and given directions. Mrs. Zamora informed that she is unable to speak for the campuses operations but for financial aid, available funds were utilized for part-time staffing to provide more “hands-on-deck”.

Dr. Maldonado informed that the students need to be greeted; he also apprised that this is part of improving the student experience.

Dr. Evans-Shabazz noted that she attended a workshop and participated in a Secret Shopper activity that provided the opportunity to see what the experience is like for the student.

Ms. Mullins informed that there has been a change in administration and recommended adopting the customer service culture approach from the top down. She noted that a simple smile could assist in capturing the students’ attention.

Mr. Glaser apprised that enrollment has been an issue since he has been on the Board. He noted that the quality of students should not be sacrificed and informed that completion numbers will be important to him.

Mr. Capo inquired if all the work study funds are being drawn down. He apprised that every opportunity should be exhausted to get students enrolled. Mrs. Zamora noted that all federal dollars were utilized for financial aid and work-study.

Dr. Tamez thanked Southeast and Central colleges for their efforts in walking the students through the registration process.

Mrs. Zamora continued the presentation with a review of the revenues. She informed that projected revenues increased approximately \$4 million for 2015 versus the original budget.

Mrs. Sane inquired if the revenue increase could be allocated to budget items that would improve the student services and making certain the students feel welcomed.

Mrs. Zamora apprised that an increase in the revenue for FY 2016 will be due to the oncoming of the airport system agreement and scaffolding programs that will provide significant revenues. She noted that the fund balance transfer will not be needed for this budget year.

Mrs. Zamora informed that there will not be a recommendation to increase tuition and fees or ad valorem tax. She apprised that the recommendation is projected because the tax roll has not been received. She noted at this point in time that there should be a small decrease in the debt portion due to increased valuations.

Mrs. Sane inquired as to when the Board will enter a discussion regarding the use of funds saved. Mrs. Zamora informed that the discussion could be held today or when the tax rate is approved.

Dr. Maldonado noted that the Board would have to take action to move the tax rate from the debt services to Maintenance and Operations (M&O).

Mrs. Sane inquired if there has been an analysis regarding the use of the savings. Mrs. Zamora informed that there is a rollback number and apprised that the proposed rate displays how far the college can go without exceeding the rollback number.

Mrs. Sane inquired if the recommendation would be to keep the tax rate the same as last year and utilize the extra money. She apprised that she does not want to leave out any options for utilizing extra money.

Mr. Capo inquired if there was a possibility to reinvest the extra funds for debt payoff. Mrs. Zamora noted that what is presented in the revenue budget is the total taxes but there are moving pieces that cannot be determined until the tax roll is received. She informed that the calculations are just below the rollback and apprised that this will be part of the tax rate discussion.

Ms. Mullins apprised that the money saved should be used to educate the students and should not be used for services other than those that support getting the students in and out.

Dr. Tamez inquired of the requirement regarding the reserves. Mrs. Zamora noted that the comfort is three to four months of operating expenses. She informed that it is one of the areas that the rating agencies review.

Mrs. Zamora agreed that there must be conservative efforts to new facilities are coming on board in 2016 and 2017 there is no recommendation to lower taxes. She informed that there is hesitation in using the funds before identifying the operational costs. Mrs. Zamora apprised that some of the funds would be preserved as an income stream which may be used in 2017.

Mrs. Sane recommended providing options to the Board regarding the savings. She noted that she would like to see the options before considering the tax rate.

Mr. Glaser informed that he associates with Ms. Mullins in that the funds belong to the taxpayers. He expressed appreciation to administration efforts to balance the budget. He apprised that the taxpayers must be considered when making the decision.

Mrs. Sane noted that previously when the tax rate was reduced there was an increase in the tuition. She informed that her concern was to make certain that the students are not carrying a burden of tuition increases.

Ms. Loredo noted that she would like to see some consideration of lowering the rate for out-of-district students.

Mrs. Zamora provided an overview of the expenses and provided the following Strategic Increase Items:

- Payoff Westgate PFC Note
- 2% Salary Increase for Full-time Employees
- Total Pay Increases Resulting from Compensation Study
- 25 New Full-time Faculty Positions
- Increase in Benefit Costs
- Net Savings from Reorganization, Funding Centers of Excellence, Refinancing and Other

Ms. Loredo inquired if part-time employees would receive a pay increase. Mrs. Zamora noted that part-time employee increases were not part of the compensation study. Mrs. Zamora informed that the committee recommended that the part-time pay increase be reviewed.

Mrs. Sane inquired if the 6% increase will bring all faculty up to speed. Mrs. Zamora apprised that the recommendation from the Compensation Committee is 13% and noted that remaining increases will come forth in additional years.

Mr. Capo inquired why the \$8 million savings going back into the fund balance is not being utilized to pay off the Public Facilities Corporation to allow funds in the current budget to be allocated for the faculty increase. He apprised that he is going to continue to be adamant about the level of pay differential between bachelors, masters, and doctorate degree. He noted that the impression is that higher education is not valued.

Mrs. Zamora informed that the funds could be used but apprised that the \$8 million would be set aside for the operation of the buildings that will be coming online in 2017.

Ms. Mullins inquired when there will be a discussion regarding excess property. Dr. Maldonado apprised that a consultant is being engaged to review the options. He noted that a recommendation should be coming before the Board in September or October.

Ms. Mullins inquired where the money is regarding the athletics fields. Mrs. Zamora informed that the money is still allocated for the athletic fields.

Mrs. Zamora provided an overview of the structure of the Centers of Excellence. She apprised that each of the colleges except for Coleman have two centers. She noted that instructional programs such as business, visual/performing arts, and academics are not run from a college budget.

Mrs. Zamora provided an overview of the 2015-16 proposed budget summary and detailed expenses.

Ms. Loredo requested clarification regarding the Centers of Excellence home location. Mrs. Zamora informed that the headquarters for the centers are at a specific location and provided an example regarding Coleman.

Ms. Loredo apprised that she wants to make certain the funding for the centers are following the students. Mrs. Zamora noted that the directors for the centers would be responsible for making certain that faculty are dispersed to the locations where needed.

Dr. Maldonado informed that the fixed costs are covered by the overall budget but noted that the numbers reflected on page 21 are the variable cost for Centers of Excellences at the colleges.

(Mr. Capo stepped out at 11:43 a.m.)

Dr. Beatty apprised that she would be meeting with the presidents, directors and other experts to determine the vision and direction of the centers. She noted she is also meeting with four-year institutions to explore partnership opportunities.

(Mr. Capo returned at 11:45 a.m.)

(Ms. Mullins and Mr. Wilson stepped out at 11:45 a.m.)

Dr. Tamez inquired about the process for informing the community regarding the Centers of Excellence. Dr. Porcarello apprised that there has been a lot of outreach to the community to inform of the Centers.

(Ms. Mullins returned at 11:48 a.m.)

Dr. Tamez inquired how the school districts (ISDs) are being informed about the Centers of Excellence. Dr. Maldonado noted that both short-term and long-term methods are being reviewed to increase enrollment of students and informing the ISDs regarding the Centers of Excellence.

(Mr. Wilson returned at 11:51 a.m.)

Mrs. Sane inquired if there is consistency throughout the district regarding the Centers of Excellence. Dr. Porcarello informed that the outreach effort of Operation Eagle is being

undertaken throughout the district. Dr. Maldonado apprised that Dr. Beatty has been meeting with the ISDs and asked Dr. Beatty to provide an overview of the efforts.

- Dual credit success coach to assist students with getting into college.
- All tenth graders are being tested for college readiness.
- Continue efforts with HB 5 and meeting with ISDs.
- Planning joint professional development day for faculty at all ISDs to get better acquainted with the efforts.

Mrs. Sane inquired about the budget allocated for these efforts. Mrs. Zamora referenced the budget overview on page 21 and noted that the cost is included in the budget.

Dr. Evans-Shabazz informed that she requested material from Dr. Porcarello and apprised that her efforts are to take the college to the community. Dr. Evans-Shabazz noted that she would be interested in having recruiters at various events that could provide information and assistance with enrollment. She informed that there needs to be dual partnerships regarding the four-year institutions.

Ms. Mullins inquired if students are getting in and out and if the pipeline regarding workforce is being reviewed. Dr. Maldonado apprised that the Centers of Excellence will have directors who will be subject matter experts responsible for driving the numbers.

(Mrs. Sane stepped out at 11:57 a.m.)

Mrs. Zamora continued the budget overview as follows:

- Current Unrestricted by Expense Type
- Unrestricted Expenditure by Completer
- Unrestricted Fund Balance
- THECB Composite Financial Index

(Mrs. Sane returned at 12:02 p.m.)

Mr. Wilson noted that the budget is being presented to the Board for approval without any input from him as a Trustee. He inquired about the funds that were reserved for the Teachers Retirement System.

(Mrs. Sane stepped out at 12:05 p.m.)

Mrs. Zamora noted that the allocation would be booked in September 2016.

Mr. Wilson inquired about the full time faculty to meet Southern Association of Colleges (SACS) requirements. Mrs. Zamora informed that the effort is to keep faculty at 50% between full-time and part-time and apprised that the programs are reviewed to make certain that everything has a minimum of 50% taught by full time faculty.

(Mrs. Sane returned at 12:06 p.m.)

Mr. Wilson referenced the enrollment slide on page 7 and inquired if there is current knowledge of the enrollment. Mrs. Zamora noted that enrollment is projected through the start of classes.

Mr. Wilson informed that it should be clarified that the enrollment is projected and noted that currently the enrollment is down by 8%.

Mr. Wilson inquired as to why numbers were used from 2012 and 2013. Mrs. Zamora apprised that she used a trend depicting the budget through the years. She noted that she could provide the actual numbers.

Mr. Wilson informed that it is hard to make a decision on numbers that are not actual numbers. He informed that the numbers for enrollment in the budget presentation do not match those reported by the Texas Higher Education Coordinating Board.

Mr. Wilson referenced the Centers of Excellence on page 20 of the presentation and apprised that approximately \$80 million is going to the colleges and the balance will be at 3100 Main. He noted that the Chancellor's budget is now \$12 million and there are no details. Mrs. Zamora noted that there are several departments reporting to the Chancellor that did not previously report to him.

Mr. Wilson expressed disappointment that a \$324 million dollar budget is being presented for approval without input from him as a Trustee. Mr. Capo informed that on June 23, 2015 the Board was presented with a budget workshop that included a timeline that clarified that approval of a final budget would be in August 2015.

(Mrs. Sane stepped out at 12:15 p.m. and returned 12:15 p.m.)

Mr. Capo noted that there is a motion to approve and a second to approve the budget and called the vote.

Vote – The motion passed with a vote of 6-2 with Trustees Mullins and Wilson opposing.

ADJOURNED TO CLOSED SESSION

Mr. Capo adjourned the meeting to Executive Session at 12:16 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 1:29 p.m. and entertained any motions on pending matters.

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

APPROVAL OF PROPOSED SETTLEMENT AGREEMENT BETWEEN HCC AND RENEE BYAS

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

Mr. Capo read the following statement into the record:

I would like to make a statement as the Chairman of the Houston Community College Board of Trustee: We remain confident in our case and in ultimately prevailing should this case had gone to trial, but at what cost; the expenses to defend the institution against multiple legal claims, including questions on the validity of her contract; and to protect the integrity of our actions are significantly increasing. They do not serve our students and their quest for success, nor do they support the important transformational work happening across the college. They simply helped perpetuate a past, which many of us not connected to and which we all have a responsibility to move away from. Our Board will be asked to approve a mediated settlement whereby the college will pay her \$150,000, an amount consisted with what we originally offered, the amount owed under her contract if it were valid and if there were no defenses to this enforcement. The settlement provides an additional sum of money which will be paid in full by our insurance company.

As we put this chapter behind us, we wish her only the best in her future endeavors. As Board Chair, my focus is to ensure that we continue to build on the strong relationship with the current administration and its focus on transforming the institution while supporting the great work of the faculty across our district, who are absolute in their focus on student success.

Mr. Capo called for the vote.

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

CAPITAL & TECHNOLOGY PLAN FOR FISCAL YEAR 2015-2016

The item was moved to the Committee of the Whole agenda for August 13, 2015.

ADJOURNMENT

With no further business coming before the Board, the meeting adjourned at 1:32 p.m.

Minutes recorded, transcribed & submitted by:

Melinda Davila, Executive Secretary, Board Services

Minutes Approved as Submitted: September 17, 2015