

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

November 10, 2016

Minutes

The Board of Trustees of Houston Community College met as a Committee of the Whole on Thursday, November 10, 2016, at the HCC Administration Building, Second Floor Auditorium, 3100 Main, Houston, Texas.

MEMBERS PRESENT

Adriana Tamez, Chair
Robert Glaser, Vice Chair
Carolyn Evans-Shabazz, Secretary
John P. Hansen
Neeta Sane
Dave Wilson

ADMINISTRATION

Cesar Maldonado, Chancellor
Ashley Smith, General Counsel
Teri Zamora, Senior Vice Chancellor, Finance and Administration
Athos Brewer, Vice Chancellor, Student Services/Academic Affairs
William Carter, Vice Chancellor, Information Technology
Madeline Burillo, President, Southwest College
Margaret Ford Fisher, President, Northeast College
William Harmon, President, Central College
Phillip Nicotera, President, Coleman College
Irene Porcarello, President, Southeast College
Janet May, Chief Human Resources Officer
Charles Smith, Chief Facilities Officer
Remmele Young, Associate Vice Chancellor, Government and External Relations
Deborah Chambers, Interim Executive Director, HCC Foundation
Terrance Corrigan, Director Internal Audit

OTHERS PRESENT

Melissa Mihalick, Board Counsel, Bracewell LLP
Melissa Miller-Waters, President, Faculty Senate
Other administrators, citizens, and members of the press

CALL TO ORDER

Dr. Adriana Tamez, Board Chair, called the meeting to order at 12:35 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, Hansen, Tamez, and Wilson)

TOPICS FOR DISCUSSION AND/OR ACTION

REPORT ON ENERGY EFFICIENCY INITIATIVES

Dr. Maldonado noted a report would be provided on the energy efficiency initiatives and introduced Mr. Charles Smith to provide the report.

(Mrs. Sane joined the meeting at 12:36 p.m.)

Mr. Smith noted the students and taxpayers could be better served by improving the condition of each structure by becoming more efficient. He provided a report on the following:

Senate Bill 300 Mandates

- Establish a long-range energy plan
- Reduce the district's annual electric consumption
- Develop energy efficiency strategies that result in net savings for the district or achieved without financial cost
- The initial, short-term capital costs and lifetime costs and savings that may result from implementation of the strategy

State Energy Conservation Office (SECO)

- LoanSTAR Revolving Loan Program
- Schools/Local Government Energy Program
- Texas Energy Partnership
- Texas Building Energy Code

LoanSTAR 1

- LED Lighting Upgrades
- HVAC Renovations

LoanSTAR 2

- LED Lighting Upgrades
- HVAC Renovations
- Retro-commissioning

Energy Star Portfolio Manager

- Portfolio Manager

- Benchmarking
 - Energy Management Guidelines
 - Recognition for Performance
- Energy Planning Process
- Establish Planning Goals
 - Establish Baseline and Base Case
 - Optimize Energy Efficiency
 - Optimize Supply and Distribution System Mix
 - Produce Integrated Plan
 - Execute, Track, Measure

Mr. Wilson expressed appreciation to all the men and women for their service in observance of Veteran's Day.

CHILLER REPLACEMENT PROJECT STAFFORD FINE ARTS BUILDING (PROJECT NO. IFB 17-08)

Motion: Mrs. Sane motioned and Dr. Evans-Shabazz seconded.

Dr. Maldonado noted the item is to authorize the execution of a contract for a chiller replacement at the Stafford Fine Arts Building.

Mr. Glaser inquired of the remaining life span of the building. Dr. Maldonado noted that a strategy is under review for the retirement of certain buildings. Mr. Smith noted the building was pre-engineered in 1977, the college purchased the building in 1990 and renovated it in 2012. He added the exterior shell can be prolonged indefinitely but the new chiller can be relocated if the building is closed. He also noted the current chiller was salvaged from the San Jacinto building at Central College.

Dr. Hansen noted the recommendation is the low bidder; however, expressed concern regarding the enormous difference in project duration. Mr. Smith apprised that the recommended firm would have the chiller in stock and it could be shipped immediately for installation. Dr. Hansen sought confirmation that the project is not time critical. Mr. Smith noted the project needs to be completed by April to comply with state requirements.

Mr. Wilson commended the procurement department for going with the low bidder. He noted the item is considered maintenance and his main objection is borrowing money to do maintenance. He deemed that maintenance needs to come from the operating budget.

Mrs. Sane inquired if Maintenance Tax Notes are being used for any of the deferred maintenance. Mr. Smith noted Maintenance Tax Notes are being used but is not certain of the remaining balance. He noted the intent for using LoanStar money is non-arbitrary.

Mrs. Sane inquired if the next budget cycle discussion could include projects to consider under the Maintenance Tax Notes. Dr. Maldonado noted a review regarding the Maintenance Tax

Notes will be conducted as part of the next budget cycle. He added there is insufficient funds to fund deferred maintenance due to the age of the facilities.

Vote: The motion passed with a vote of 5-1 with Mr. Wilson opposing.

HVAC SYSTEM REPLACEMENT AND RENOVATION WEST LOOP CAMPUS (PROJECT NO. IFB17-07)

Motion: Mrs. Sane motioned and Dr. Evans-Shabazz seconded.

Dr. Maldonado noted the item is authorization to execute a contract for replacement and renovation of a HVAC system. He apprised the project is similar to the previous project through LoanStar.

Mr. Wilson noted he had the same concerns as the previous item. He also inquired on the comment made by Dr. Maldonado that there will never be enough money to fund deferred maintenance from the operating budget. Dr. Maldonado noted the deferred maintenance projects are continually growing and the projects are addressed by order of priority. Mr. Wilson inquired if there is insufficient money for deferred maintenance, then how is the loan going to be repaid. Dr. Maldonado noted the loan is at 1% interest and the deferred maintenance will be a cost savings to fund the payment of the loan. He added that if nothing is done the increased cost over the years will yield the subject expense.

Mr. Wilson inquired if there is a cost saving analysis to support the recommendation. Mr. Smith noted there is a study that provided a utility assessment report, which was sent to SICO to determine if the project meets the LoanStar program requirements.

Mr. Wilson inquired if any of the projects were covered under the \$14 million Chevron program and is if any of the replacements were replaced in 2009 or 2010. Mr. Smith noted Chevron was not a maintenance bond but an energy services contract and noted that some of the lighting installed by Chevron will be replaced with new light technology.

Mrs. Sane noted that a long-term facility assessment was completed in the past and requested if there could be a long-term analysis to assist in identifying maintenance expenses that could be addressed as part of the budget discussion. Mr. Smith noted an assessment is underway and there should be some prediction regarding the maintenance needs. He noted that currently all the systems in each building are being reviewed and the assessment will be presented to the Board upon completion.

Mr. Glaser inquired if there is an estimated lifespan for the chiller. Mr. Smith noted the life is 15/20 years, and the roof top units are being removed and installed under the roof for longer life expectancy.

Mr. Glaser noted there were not many qualified bids responding. Mr. Smith apprised that the tighter the specifications, the less the response. He noted that LoanStar also requires "buy American".

Vote: The motion passed with a vote of 5-1 with Mr. Wilson opposing.

LED LIGHTING RETROFIT MULTI-CAMPUSES (PROJECT NO. IFB 17-03)

Motion: Dr. Evans-Shabazz motioned and Mrs. Sane seconded.

Dr. Maldonado noted the item is to authorize a contract for LED lighting retrofit for multi-campus.

Mr. Wilson registered the same objection as the previous item.

Mrs. Sane inquired from Mr. Wilson if the item is in correlation with the comments made on the previous items approved. Mr. Wilson noted the contract is changing out lighting that was previously done with the Chevron contract. Mrs. Sane inquired if this was the case again. Dr. Maldonado noted the projects are being done on a cost savings basis and incrementing in a positive way the energy savings by utilizing newer technology for energy efficiencies.

Mr. Wilson noted money is being paid on the money borrowed to install the fixtures that are now being removed and the cost should be factored in the analysis. Dr. Maldonado noted the savings from the first baseline is still in place and the second project stands alone in the savings.

Mrs. Sane inquired if the project is essential for moving forward at this point from an efficiency standpoint and inquired of the rationale. Dr. Maldonado noted it is an energy savings.

Mr. Glaser associated with Mr. Wilson's concerns and noted if these savings programs are implemented, it is important to have data from the beginning to the end. He emphasized the importance of reviewing the savings on prior programs. Dr. Maldonado noted the Chevron program got the college to the current operating position and still in place. He noted savings are not being taken from the Chevron program and that this is a standalone project. He inquired of Mr. Smith if the explanation was accurate. Mr. Smith concurred.

Vote: The motion passed with a vote of 5-1 with Mr. Wilson opposing.

AUTHORIZE THERMAL ENERGY CONTRACT FOR NEW BUILDING AT COLEMAN COLLEGE

Motion: Dr. Evans-Shabazz motioned and Mrs. Sane seconded.

Dr. Maldonado noted the item is to authorize and execute a contract or amend the current contract for thermal energy for the new building at Coleman.

Mr. Smith gave an overview of the cost of building a chiller water plant system for the new Coleman College building or subscribing to TECO services, which was comparable to the cost of providing the same services in-house.

(Dr. Tamez stepped out at 1:15 p.m.)

Mr. Smith noted there is a sky bridge that will connect the new building to the old building.

Mr. Wilson inquired if there is a requirement to buy utilities from the Medical Center. Mr. Smith noted it is not a requirement, and apprised the decision was based on the college's best interest.

Mr. Wilson inquired if any utilities are being purchased from the Medical Center. Mr. Smith noted the item is to purchase utilities from the Medical Center.

Mr. Wilson inquired why the item was not included in the CIP project bid. Mr. Smith noted a recommendation was presented and approved by the Board with the intent to purchase from TICO. He noted the college would be better served by connecting the buildings and protecting the safety of the students with a sky bridge. He noted the funds were included in the CIP budget but was excluded from the scope since it was not clearly defined at the time.

(Dr. Tamez returned at 1:19 p.m.)

Mr. Glaser referenced the fiscal impact noting the additional equity and inquired if the costs were in the CIP Bond project budget. Mr. Smith noted there was an allowance in the budget for a connection to a chill water source.

Mr. Wilson inquired to the cost of the kilowatt hour. Mr. Smith explained the charge is based on a million BTUs and the cost is currently \$19.33 per million BTU for chill water.

Vote: The motion passed with a vote of 5-1 with Mr. Wilson opposing.

SPRING BRANCH CAMPUS MASTER PLAN (PROJECT NO. 16-44)

Motion: Dr. Evans-Shabazz motioned and Mrs. Sane seconded.

Dr. Maldonado noted the item is to authorize negotiation and execution of a contract for a Spring Branch Campus Master Plan.

Dr. Hansen noted that when he joined the Board, there was a discussion regarding the relocation of the Spring Branch campus and inquired if the campus will remain at its current location. Dr. Maldonado concurred and noted the relocation is being considered for the Katy campus.

Vote: The motion failed with a vote of 4-2 with Mrs. Sane and Mr. Wilson opposing.

EASTSIDE CAMPUS MASTER PLAN (PROJECT NO. 16-45)

Motion: Dr. Evans-Shabazz motioned and Mr. Glaser seconded.

Dr. Maldonado noted the item is to authorize execution of a contract for the Eastside Campus Master Plan to include use of the Woodridge property recently acquired.

Mrs. Sane inquired of the fiscal impact of the project. Dr. Maldonado noted that under the RFQ the dollar amount cannot be requested until after the contract is awarded. He noted an approximate number could be provided and apprised the negotiation has not been initiated. Mrs. Sane inquired of the funding source and the cost to consider it for approval.

Dr. Tamez noted the item would be within the Chancellor's signature authority and if not, the item would need to come before the Board for approval. Dr. Maldonado expressed that he is not prepared to share an amount at this time.

Dr. Tamez noted if the item exceeded the Chancellor's signature authority to enter into the contract, it would come back to the Board. Dr. Maldonado agreed to bring the contract back if it exceeds his approval limit.

Amended Motion: Mrs. Sane motioned and Dr. Evans-Shabazz seconded to authorize the Chancellor to negotiate a contract with Freese and Nichols and bring back for Board approval if the amount exceeds Chancellor's signature authority.

Mr. Wilson noted that the items appear to be premature as they should tie into the strategic plan. Dr. Hansen noted the items would be considered tactical in which specific operating decisions are being made.

Vote on Amended Motion: The motion passed with a vote of 5-1 with Mrs. Wilson opposing.

Vote: The motion passed with a vote of 5-1 with Mr. Wilson opposing.

Motion to reconsider item F - Spring Branch Master plan (Project 16-44): Mrs. Sane motioned and Dr. Evans- Shabazz seconded.

Vote: The motion passed with a vote of 5-1 with Mr. Wilson opposing.

Amended Motion: Mrs. Sane motioned and Dr. Evans-Shabazz seconded to authorize the Chancellor to negotiate a contract with Hellmuth, Obata & Kassabaum LP (HOK) and bring back for Board approval if the amount exceeds the Chancellor's signature authority.

Mr. Wilson noted that he objected to the item on the grounds that he views it as a tactical plan and not an overall strategic plan. He also noted he objected to bringing the item back for consideration.

Vote on Amended Motion: The motion passed with a vote of 5-1 with Mr. Wilson opposing.

Vote: The motion passed with a vote of 5-1 with Mr. Wilson opposing.

HOUSTON ACADEMY OF MEDICINE - TEXAS MEDICAL CENTER LIBRARY

Motion: Dr. Evans Shabazz motioned and Dr. Hansen seconded.

Dr. Maldonado noted the item is to authorize the execution of an annual renewal contract and noted the library is utilized by faculty and students at Coleman College.

Dr. Hansen inquired if there is a fixed length to the agreement or an option to opt out if no longer needed. Dr. Maldonado noted it is an annual agreement.

Mr. Glaser inquired if there is a way to measure the usage by HCC students or feedback that can be provided. Dr. Maldonado noted the request to capture the data will be discussed with TMC.

Mr. Wilson inquired how the cost compares to the past year. Dr. Maldonado noted there has been a slight year over year increase. Mrs. Teri Zamora noted it is the same cost as last year.

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

INVESTMENT POLICY 2017

Motion: Mr. Glaser motioned and Mrs. Sane seconded.

Dr. Maldonado noted the approval is for the recommended investment changes and the listing of qualified brokers. He noted the policy revisions were included in the supporting documentation highlighted in red.

Mrs. Zamora addressed the substantive changes and noted the remaining changes are clarifying the order of items.

Substantive changes included the following:

- Page 9 - add Texas State University in San Marcos, Texas as an additional training site
- Page 17 - recommend adding acceptance of irrevocable letters of credit as collateralization
- Page 21 - removing the maturity as compared to applicable benchmarks because not a requirement on the quarterly investment report

Mrs. Zamora noted the remaining items were either clarifying words, titles or placement.

Mr. Glaser inquired if the Board would no longer be getting the average yield on the reports and the difficult part is finding the benchmarks. Mrs. Zamora noted the weighted average will still be included and apprised that it is difficult to show the benchmarks due to the report length.

Mrs. Zamora added the listing of qualified brokers was included for approval. Mr. Glaser inquired if there is a policy for adding to the list. Mrs. Zamora noted that anyone who

approaches the college and have the qualifying credentials and certification from SEC are presented to the Board for approval.

Mrs. Zamora noted the revision on page 14 is to self-impose a restriction on how much can be invested in mutual funds. Mr. Wilson inquired if the effort is to increase the parameter of how much to invest. Mrs. Zamora noted the effort is to put restrictions in place but not circumvent the broker.

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

Mr. Wilson inquired why there were not two actions items to separate the policy approval from the qualified brokers' list. Mrs. Zamora noted they have been traditionally brought forth together but in the future they can be placed as separate items on the agenda.

Motion to Combine Items: Mr. Glaser moved to combine items J and K and Mrs. Sane seconded.

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

INVESTMENT REPORT FOR THE MONTH OF SEPTEMBER 2016 AND MONTHLY FINANCIAL STATEMENT AND BUDGET REVIEW FOR SEPTEMBER 2016

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

Mrs. Zamora noted the interest income earned and earnings credit for September is \$229.191 with the weighted average interest rate of .72%. Mrs. Zamora reported a total of \$53.3 million in revenues were received.

Mrs. Sane referenced page 9 and inquired about the Early College High School exemptions. Mrs. Zamora noted both dual credit and early college waivers were recorded in September.

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

REPORT ON BOND CAPITAL IMPROVEMENT PLAN (CIP) RELATED MATTERS

Dr. Maldonado noted the item is a monthly update on the current CIP projects and noted Mr. Smith would provide an overview.

Mr. Smith noted the update would be provided by Mr. Reynaldo Pradia, Executive Director of Construction.

Mr. Pradia apprised that he handles the day to day operations in-house and the project managers who are the Owner Designated Representatives (ODRs). He noted his responsibility is to make sure the CIP guidelines are adhered to by the architects and engineers, troubleshoot

Houston Community College
Committee of the Whole November 10, 2016 - Page 10

any issues along with the fiduciary responsibility to make certain the CIP funds are expended as intended.

Ken Johnson, Jacobs Program Manager for the 2013 CIP noted he coordinates with the Chief Facilities Officer and the Executive Director of Construction. He presented the following:

Capital Improvement Plan

- Initial Organization Chart
- Current Organization Chart

Mr. Adam Schwartzman, Jacobs Program Control continued with the presentation on the following:

- Interns & Apprentices
- October Budget Report
- Small Business Spotlight
- Small Business Top 10

Project updates were presented as follows:

- Greg Kieschnick, HCC Senior Project Manager and ODR - Brays Oaks and Missouri City
- Walter Besosa, HCC Project Manager and ODR - Eastside Workforce Building and Central South
- Kleve Smith, HCC Project Manager and ODR - Acres Homes and Northline
- Bennett Wiggins, Heery International - Felix Fraga STEM and Coleman Health Tower
- Joe O'Con, Jones Lange LaSalle - West Houston Institute
- Greg Ritenour, Freese & Nichols - North Forest
- Bernie Harless, Freese & Nichols and Vergel Gay & Associates - Central Campus Culinary

Mr. Johnson closed the presentation by providing an overview on:

- Upcoming Events
- Permit and Construction Schedule

Mr. Smith added the culinary project delivery date was extended with a construction start date of March 2017.

Mr. Smith added that the ODRs are the single formal point of contact with the contractors in providing instructions and noted the presenters represented the CIP team projects.

Dr. Hansen noted completion dates show West Houston Institute to be completed on January 31, 2017 and that he and Dr. Hodges toured the site and were told the completion date is April

1, 2017. Mr. Smith informed the colleges are given a date for move in and noted the West Houston move in date is April 1, 2017.

Dr. Tamez commended Mr. Smith for bringing forward the team responsible for moving the projects along.

REPORT ON BUDGET TIMELINE FOR FY2018

Dr. Maldonado noted Mrs. Zamora will provide a presentation of the budget timeline FY 2018.

Mrs. Zamora noted the timeline proposed is to allow more input from the Board. She provided an overview of the FY 2018 budget timeline as follows:

February – March 2017 (College Activities)

- Receive input from budget managers regarding budget requests
- Consider staffing levels needed
- Estimate increases in costs due to rate increases from contractors, vendors, employee raises, etc.

February – March 2017 (Board Activities)

- Review and approve Tuition and Fee Rates
- Review and approve Tuition and Fee Optional Exemptions and Waivers

April 2017 (College Activities)

- Develop likely revenue scenarios
- Summarize and prioritize all budget requests received from budget managers

May 2017 (Board Activities)

- Discussion of likely revenue scenarios
- Discussion of budget priorities – expenditures
- Review preliminary skeletal budget, based on revenue assumptions

June 2017 (College Activities)

- Develop final budget recommendation – pending certified tax roll and possibly pending final state appropriation

June 2017 (Board Activities)

- COTW and Regular Meeting – approve Local Option Ad Valorem Tax Exemptions
- Budget Workshop – review budget recommendation (date may vary) pending certified tax roll and final state appropriation
- Special Meeting – approve budget – after receipt of final state appropriation (date may vary) and pending certified tax roll

August 2017 (College Activities)

- Receive certified tax roll approximately August 25

Houston Community College
Committee of the Whole November 10, 2016 - Page 12

September 2017 (College Activities)

- Calculate Effective and Rollback Tax Rates
- Publicize tax hearings and rates
- Recommend appropriate tax rate to fulfill budget passed in June

September 2017 (Board Activities)

- Approve proposed tax rates to fulfill budget passed in June
- Conduct two tax rate hearings

October 2017 (Board Activities)

- Approve appropriate tax rates to fulfill budget passed in June

November 2017 (College Activities)

- Submit approved budget to State of Texas

Dr. Tamez expressed appreciation for the timeline presentation. She inquired if opportunities will be provided for the Board outside the COTW meetings or other avenues for input. Mrs. Zamora noted the months were identified to provide an opportunity to review the skeleton budget in May 2017. She noted electronic communications could also be sent requesting input by the Board.

Mrs. Sane noted budget discussion could also take place at the quarterly retreats.

Dr. Tamez noted the timeline should include the different ways and the approach to be taken in reaching out to the Trustees. She requested to meet with Dr. Maldonado and Mrs. Zamora to identify ways the Board can be more involved in the process.

Dr. Tamez opened the floor for committee meeting reports.

Mr. Glaser acknowledged the Internal Audit department for moving things forward.

Dr. Evans-Shabazz thanked Dr. Brewer, Dr. Sterling and Mr. Garza for the Student Contact Center report and the importance of reaching our students.

Dr. Evans- Shabazz chaired the Academic Affairs/Workforce Committee in the absence of Ms. Loreda. She noted the AAS in Heating, Air Conditioning and Refrigeration degree had been approved by the committee.

ADJOURNED TO CLOSED SESSION

Dr. Tamez adjourned the meeting to Executive Session at 2:31 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. Dr. Tamez stated that any final action, vote or decision of any item discussed in Executive Session would be taken up in Open Session or in a subsequent Public Meeting.

Houston Community College
Committee of the Whole November 10, 2016 - Page 13

Dr. Tamez reconvened the meeting in Open Session at 3:00 p.m. and entertained any motions on pending matters.

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

ADJOURNMENT

With no further business coming before the Board, the meeting adjourned at 3:00 p.m.

Minutes submitted by Sharon R. Wright, Director, Board Services

Minutes Approved as Submitted: December 15, 2016