

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

January 10, 2013

Minutes

The Board of Trustees of Houston Community College held a Special Meeting on Thursday, January 10, 2013, at the HCC Administration Building, 2nd Floor, 3100 Main in Seminar Room A, Houston, Texas.

MEMBERS PRESENT

Bruce Austin, *Chair*
Sandie Mullins, *Vice Chair*
Eva Loredo, *Secretary*
Yolanda Navarro Flores
Herlinda Garcia
Neeta Sane
Carroll G. Robinson
Richard Schechter

ADMINISTRATION

Art Tyler, Deputy Chancellor/COO
Destinee Waiters for Renee Byas, General Counsel
William Carter, Vice Chancellor, Information Technology
Charles Cook, Vice Chancellor, Instruction
Diana Pino, Vice Chancellor, Student Services
Margaret Ford Fisher, President, Northeast College
Fena Garza, President, Southwest College
William Harmon, President, Central College
Zachary Hodges, President Northwest College
Irene Porcarello, President, Southeast College
Betty Young, President, Coleman College of Health Sciences
Remmele Young, Executive Director, Government Relations & Sustainability
Willie Williams, Chief Human Resource Officer

OTHERS PRESENT

Jarvis Hollingsworth, System Counsel, Bracewell & Giuliani
Tom Sage, Bond Counsel, Andrews Kurth
Clarence Grier, RBC Capital Markets
Brian Jacobowski, RBC Capital Markets
Tod Bisch, President, Faculty Senate
James Walker, President, COPA
Other administrators, citizens and representatives from the news media

CALL TO ORDER

Mr. Bruce Austin, Chair, called the meeting to order at 3:45 p.m. and declared the Board convened to consider matters pertaining to Houston Community College as listed on the duly posted Meeting Notice.

RESOLUTION AUTHORIZING PRELIMINARY OFFICIAL STATEMENT AND ISSUANCE OF LIMITED TAX GENERAL OBLIGATION BONDS, SERIES 2013 AND SELECTION OF UNDERWRITING SYNDICATE

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

Mrs. Garcia requested to table the item because information was not received in enough time to review properly.

Mr. Austin requested a review of the consequences if approval of the item is delayed.

Mr. Clarence Grier, RBC Capital Markets noted that the market has been volatile and that his professional advice would be to have the information prepared and ready to go for action. He apprised that there would be approximately two weeks needed to work with underwriters. Mr. Grier noted the cost would be about one basis point, which represents a quarter of a million dollars to tax payers. He informed that the efforts are to capitalize at the right opportunity.

Mr. Robinson apprised that he wanted to go out for all the funds at once. He noted that he is inclined to authorize for the sale of the entire amount, which would prevent from having to come back to the Board.

Mr. Robinson informed that he is not certain that everything is moving in a fashion that is comfortable to him. He expressed he is concerned with getting the necessary items in place to move forward to be able to meet the obligation of spending 80% within 36 months. He apprised that his preference is to authorize up to \$425 million.

Mrs. Sane mentioned the previous presentation and analysis provided by the Financial Advisors. She noted that she is amicable to amending but does not want to overstep any boundaries. She informed that a plan and a project timeline are needed regarding the bond amount that will be borrowed.

Dr. Tyler apprised that the process in developing the total detail plan is underway. He noted that the program management team as well as the project managers need to be hired. He informed that there is a delay due to a death in the family of the Executive Director of Procurement and apprised that procurement has worked diligently to get the process completed.

Mr. Schechter noted that rates have increased on 30-year mortgages. He informed that there is some anxiety regarding not moving forward. Mr. Grier apprised that the long-term trend would possibly be higher. Mr. Schechter noted that he confers with Trustee Robinson to provide a plan where 80% of the \$425 million could be expended within 36 months.

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Dr. Tyler informed that as the plans are developed in more detail, there would possibly be an opportunity to increase the dollar amount requested.

Mr. Austin apprised that the information in the resolution was based on \$300 million; Dr. Tyler noted that the resolution would not change. Mr. Schechter clarified that the resolution should not be affected because the team is final, only the number is changing.

Mrs. Garcia informed that her understanding is that such an important item as this usually goes to the Committee of the Whole for discussion. She apprised that the item referenced information to be provided under separate cover. Dr. Tyler noted that the item was presented to the Board in December.

Mrs. Garcia reiterated that her question was if the Board members were provided the requested information. She informed that the listing of underwriters was received on the day of the meeting. She apprised that delaying approval for several days should not make much of the difference.

Mr. Tom Sage, Bond Counsel, noted that there was a question raised at the Committee of the Whole meeting in December, which was addressed at the time.

Mr. Schechter apprised that the item has been discussed for two months. He informed that the only difference is that the list of recommended underwriters has been provided. He apprised that according to the bond resolution adopted by the Board regarding the process for bond proceeds, the Board is required to accept the highest rated firm and authorize the Chancellor to negotiate a contract.

Ms. Mullins noted that there is another discussion regarding increasing the amount to \$425 million and inquired of the situation regarding the change. Mr. Sage informed that no additional procurement is necessary as the team being selected is for the entire amount.

Ms. Mullins inquired if Dr. Tyler is willing to accept the amendment of \$425 million. Dr. Tyler apprised that administration is comfortable with the approval of up to \$425 million.

Ms. Loreda inquired of the cost for issuance. Mr. Grier noted that there is an RFQ outstanding on the bond side but on the underwriter side is approximately \$2 to \$3 per bond or approximately \$500,000.

Mr. Austin recommended moving forward with the presentation.

Mrs. Garcia noted that the issue is not only about how slowly the information is presented, it is about if the Board is receiving the information in a timely manner to allow Trustees ample time to review. She informed that her questions are as follows:

- Which, if any, of the recommended private firms are minority firms (at least fifty-one percent minority owned)?

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- What is the percentage of minority participation for each of the firms?

Dr. Tyler informed that four of the nine firms qualify as small, local or minority firms. Mr. Grier apprised that the firms are the top firms in the category.

(Mr. Robinson stepped out 4:15 p.m.)

Dr. Tyler noted that a minority participation clause was not included in the RFP and noted that each of the small firms will be provided a book of business. He informed that their financial capacity to perform would determine their small business book.

(Mr. Robinson returned at 4:17 p.m.)

Mr. Grier apprised that there is no limit to what a firm could earn. He noted that the four small firms will be able to perform and have led syndicates for the college in the past.

Mr. Austin recommended providing an overview of each role.

Mr. Grier provided an overview of the HCC Series 2013 Syndicate:

- J.P. Morgan, Book-runner- responsible for coordinating and working with other co-managers to secure the lowest interest rate:
- The following firms would be co-managers:
 - Jefferies
 - Wells Fargo
 - First Southwest
 - Raymond James | Morgan Keegan
 - Loop Capital Markets
 - Ramirez
 - Rice Financial Products
 - Siebert Brandford Shank

(Mrs. Sane stepped out at 4:25 p.m.)

Mr. Grier informed that certain orders will be submitted and apprised that the Book-runner could only receive a certain percentage. He apprised that the rules could be crafted and submitted to the Board before going to the market. He informed that the rules will be fair and transparent.

Mrs. Garcia inquired as to how many of the firms are African American, Asian American or Hispanic. Mr. Grier apprised that Loop Capital Markets is African American owned, Ramirez is Hispanic owned, Rice Financial Products is African American owned and Siebert Branford Shank is women owned.

(Mrs. Sane returned at 4:31 p.m.)

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Mrs. Garcia inquired as to who was the oversight for the Underwriters selection committee and noted that because of the discussion presented, it appears that the item should have been vetted at the Committee of the Whole.

Mrs. Garcia inquired if anyone at the institution had any relationship/conflict of interest with the firms. Mr. Kerry Doucette, Procurement Manager, informed that disclosures statements must be signed as part of the procurement process. Mrs. Garcia requested that the committee members are identified to the Board and copies of their signed disclosure statements be provided.

Mrs. Garcia inquired if underwriters are allowed to purchase these bonds. Mr. Grier noted that part of the process was to utilize their capital to underwrite. He informed that all the firms are capable. He apprised that there are internal policies that each firm will have. Ms. Garcia noted that her question was regarding conflict of interest with the firms. Mr. Grier informed that disclosure of conflict of interest was a part of the procurement process.

Mr. Grier provided an overview of the RFQ process.

(Ms. Loredo stepped out at 4:37 p.m.)

Mrs. Flores inquired as to who aggregated the results. Mr. Grier apprised that RBC Capital received all the responses and that RBC evaluated each of the proposals. He noted that the system procurement process was followed.

(Mrs. Loredo returned at 4:42 p.m.)

Mr. Austin informed that the procurement process yielded the recommendation provided.

(Mrs. Flores stepped out at 4:42 p.m.)

Mr. Grier presented a historical transaction review of firms utilized under the previous bond measure and apprised that some of the firms recommended have been used by the system.

Mr. Grier provided a review of the historic distribution of HCC underwriting business since 2002. He noted that some of the historical firms may not currently be in business.

Motion - Mr. Schechter moved to authorize the administration to issue up to \$425 million in bonds with the first \$300 million to be handled by the 2013 Underwriting Syndicate listed on page 7 and the remaining \$125 million to be handled by the pool of underwriters listed on page 3. Mrs. Sane seconded.

Vote – The motion passed with vote 7-0.

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(Mr. Flores returned at 4:50 p.m.)

Motion – Mr. Schechter moved to approve the resolution authorizing the issuance of HCCS Limited Tax Obligation Bond, Series 2013 including engagement of co-bond counsel and disclosure counsel as found in paragraphs 26 and 27 on page 24 of the resolution. Mrs. Sane seconded.

Mrs. Garcia inquired as to who approved the bond counsel. Mr. Schechter apprised that bond counsel was approved in January 2012.

Mrs. Garcia inquired of minority participation regarding co-bond and disclosure counsel. Mr. Sage provided an overview of the recommended firm and noted that the highest scoring co-bond counsel is not a minority firm; however, they are a national firm.

Mr. Robinson informed that the college does not have a minority program, but does have a small business program.

(Mr. Robinson stepped out at 4:57 p.m.)

Mrs. Garcia inquired of the process for scoring. Mr. Sage noted that there is a tedious process in evaluating the co-bond counsel firms. He informed that the level of expertise is imperative. He apprised that the same concerns are reviewed regarding the disclosure counsel.

(Mr. Robinson returned at 5:00 p.m.)

Mr. Austin inquired if bond counsel would discuss the interest of equity with the firms.

Mrs. Sane noted that policies should be reviewed going forward. She informed that some changes are needed but should be completed under the purview of policy review.

Mr. Austin informed that bond counsel would discuss and bring back a report.

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

Mrs. Flores registered a comment with her vote to request that everyone involved would note that equity is really important as expressed.

ALIEF HAYES - UT TYLER BUILD-OUT (PROJECT NO. 13-05)

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

Mrs. Garcia inquired as to why the item has come before the Board several times. Dr. Tyler noted that the item was previously presented for approval; however, there was a split vote. He informed that there was a question regarding the procurement process and noted that the process was followed; however, the procurement department asked for clarification from the top three ranked firms. He apprised that the procurement

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department re-issued the clarification for all of the firms to provide audited financials, if feasible.

Mrs. Garcia requested an explanation of audited financials versus adequate financials. She noted that the issue once again becomes one of fairness. Dr. Tyler informed that a CPA firm who reviews and tests for controls and validity of numbers presented on the profit and loss statement conducts an audited financial statement. He informed that the fact that a firm presented an audited or adequate financial statement does not guarantee full points because there are other factors, such as, bankruptcy, pending judgments or outstanding liens.

Mrs. Garcia apprised that she would like to know what is the one point difference between the top two firms.

Mr. Robinson noted that he did not vote on the item previously because general counsel advised that he had a one year recuse. He informed that board counsel advised him that there is no limit and apprised that he plans to vote on the item.

Mr. Robinson inquired if there is a requirement for a payment and performance bond. Dr. Tyler noted that the requirement is a part of the procurement. Mr. Robinson informed that he would like administration to note that the Board is knowledgeable and is sensitive of the bond money. He apprised that these nuisances make a difference. He noted that he wants the project approved because triple credit is important.

Dr. Tyler informed that the firms on the list do have bid bonds. Mr. Robinson apprised that the financial statements are not imperative if the bid bond is in place.

Ms. Loreda noted that the question needs to be answered but approval of the item is needed. She informed that for future items the concerns raised by the Board should be resolved.

Mr. Schechter apprised that it is his hope that the Board does not limit their approval to a vote based on financial or bid bonds.

Mrs. Flores inquired if the RFQ address the various questions and inquired if the financial statements were a part of the RFQ.

Motion – Ms. Mullins moved to call the question. Mrs. Sane second. The motion to close discussion failed with a vote of 3-4-1.

Amended Motion – Mrs. Flores moved and Ms. Garcia seconded to approve Horizon International Group.

Mr. Hollingsworth noted that the item was procured on the requirement that negotiation be held with the first firm and if an agreement is not reached, the negotiation would move to the next firm on the ranking.

ADJOURNED TO CLOSED SESSION

Mr. Austin adjourned the meeting to Executive Session at 5:28 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. Austin 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. Austin reconvened the meeting in Open Session at 5:48 p.m. and entertained motions on pending matters.

(Present: Trustees Austin, Garcia, Flores, Loredo, Mullins, Robinson, Sane, and Schechter)

Vote on Amended Motion – The motion failed with vote 2-6 with Mrs. Flores and Mrs. Garcia in favor.

Mr. Austin informed that the information requested has been provided. Mr. Doucette provided an overview of the scoring process.

Mr. Schechter clarified that Horizon received more points for financial statements.

Motion – Mr. Schechter moved and Mrs. Sane seconded to approve Tribble and Stephens as recommended.

Vote on Main Motion – The motion passed with vote of 6-2 with Mrs. Flores and Mrs. Garcia opposing.

(Mr. Schechter left at 5:52 p.m.)

Mrs. Flores requested the justification from Board Counsel regarding the procurement process.

METHOD OF PROJECT DELIVERY FOR BUILD-OUT OF SPACE FOR WORKFORCE PROGRAMS (SOUTHEAST COLLEGE)

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

Ms. Loredo requested specification of the campus. Dr. Tyler noted that it is the main Southeast Campus located at 6815 Rustic.

Mr. Austin informed that it was his understanding that it was the Fraga campus and inquired when will the item be presented for the Fraga Campus. Dr. Tyler apprised that the Fraga campus is under review by Dr. Irene Porcarello's team.

Mr. Robinson inquired of the remaining construction needed at the Fraga campus and the cost. Dr. Tyler noted that the cost is approximately \$2 million. Mr. Dahse informed that it should be presented to the Board within the next couple of months.

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Mr. Robinson inquired what funding will be used for the Fraga project. Dr. Tyler apprised that he would have to review the funding source; however, there may be enough funds in the Maintenance Tax Notes.

(Mrs. Sane stepped out at 5:58 p.m.)

(Mr. Robinson stepped out at 5:58 p.m.)

Ms. Loredo noted that she was informed by Dr. Tyler that Fraga would be on the agenda. Dr. Tyler informed that he mistakenly informed that it was the Fraga building.

(Mrs. Sane returned at 5:59 p.m.)

Mrs. Garcia inquired if there would be additions to the workforce programs. Dr. Porcarello advised that additional programs would be added.

(Mrs. Sane stepped out at 6:00 p.m.)

Mrs. Garcia inquired about enrollment and the fact that late enrollment is no longer allowed at the college. Dr. Tyler noted that late enrollment is no longer allowed; however, there are multiple start opportunities such as second start enrollment.

Mrs. Garcia requested clarification be provided to the community because many students have a misunderstanding that there is no additional enrollment.

(Mr. Robinson returned at 6:03 p.m.)

Mrs. Flores inquired as to what would be done so that all the information is included in the RFP. Dr. Tyler informed that the comments made by the Board and the vendors are considered and implemented in the next series of RFPs as allowed.

Ms. Destinee Waiters, Office of General Counsel apprised that part of the structure used for the last procurement would be incorporated.

Mrs. Flores reminded of the importance of performance bonds.

Mr. Austin noted that there should be a review of the procurement audits that spoke to the issue. He informed that the Board is requesting information in order to make an evidence based decision.

Mrs. Garcia requested that administration follow the example outlined by Mayor Parker for the City of Houston's procurement. Mr. Austin recommended a review of best practices.

Amended Motion – Ms. Loredo moved that the project completed should be the Fraga Campus. Mr. Robinson seconded.

Dr. Tyler inquired if this is an addition or a replacement.

Mr. Robinson apprised that the motion was to substitute.

Ms. Mullins noted that the designation being considered is the Fraga Campus.

Mrs. Garcia informed that the item recommended is the one that should be approved.

Mr. Robinson inquired if there would be an item for the Fraga campus on the agenda for the Regular meeting. Mr. Austin apprised that the item would be presented on the Regular Meeting agenda for January 17, 2013.

Withdraw Amendment – Ms. Loredo withdrew the motion and Mr. Robinson withdrew the second.

Vote – The motion passed with vote of 5-0-1 with Mrs. Flores abstaining.

METHOD OF PROJECT DELIVERY FOR BUILD-OUT OF INSTRUCTIONAL SPACE, NFISD ADMINISTRATION BUILDING (NORTHEAST COLLEGE)

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

Mr. Robinson inquired if there will be additions to this footprint. Mr. Austin inquired as to why the move was necessary. Dr. Tyler noted that the operation at North Forest was housed at a middle school; however, North Forest needs the space being used at the middle school.

Mrs. Flores informed that the Board has the option to select any one of the six methods. She inquired if the item would come back to the Board. Dr. Tyler apprised that the Board has the option of selecting the method.

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

(Mr. Robinson stepped out at 6:25 p.m.)

CONTRACT RENEWAL FOR UTILITIES BROKERAGE SERVICES

Motion – Mrs. Flores moved and Ms. Mullins seconded. The motion passed with a vote of 5-0.

ADJOURNMENT

With no further business coming before the Board, the meeting adjourned at 6:26 p.m.

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

Minutes Approved as Submitted: February 28, 2013