



## **AGENDA**

### **BOARD OF TRUSTEES**

#### **REGULAR MEETING**

**June 15, 2017**

**4:00 PM**

**HCC Administration Building  
3100 Main, 2nd Floor Auditorium  
Houston, Texas**

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

**June 15, 2017**

Notice is hereby given that a Regular Meeting of the Board of Trustees of the Houston Community College will be held on Thursday, June 15, 2017 at 4:00 PM, or after, and from day to day as required, at the HCC Administration Building, 2nd 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**

- A. Approve Minutes for May 2017

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

- A. Student Success Stories
- B. Farewell Recognition of Dr. Kimberly Beatty, Vice Chancellor, Instructional Services and Chief Academic Officer
- C. Diversity & Inclusion Champion Awards
- D. Student, Faculty and/or Staff Recognitions
- E. Newspring Gift Acknowledgement
- F. Recognition of Juneteenth

**V. Chairman's Report**

- A. Trustees District Reports

**VI. Chancellor's Report**

- A. Chancellor's Report
- B. Faculty Senate Report
- C. United Student Council Report

**VII. Hearing of Citizens**

**VIII. Consent Agenda**

**A. Board Governance**

- 1. Proposed Amendment to Article E, Section 5 of the Board Bylaws Relating

to Financial Advisor

2. Proposed Amendment to Article G, Section 7 of the Board Bylaws Relating to Electronic Agenda (As Amended)
3. Proposed Revision to CAK (Local) - Investment Policy to Clarify Investment Officers

**B. Finance**

4. Approve the Sale of Property Located on Little York Road
5. Central South Campus Construction Center of Excellence Equipment Purchase (Cooperative Purchase)
6. Child Development Laboratory School (Project No. RFP 17-46)
7. Authorization to Execute a New Interlocal Cooperation Agreement for the Assessment and Collection of Taxes with Fort Bend County
8. Authorize Execution of Amendment to Contract with Grant Thornton LLP
9. Monthly Investment Report, Financial Statement and Budget Review for April 2017
10. Donation Acceptance

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

**C. Finance**

11. Proposed Operating Budget (Unrestricted Funds) for Fiscal Year 2017-2018
12. Authorization to Execute a Settlement Agreement with Teal Construction and Friendswood Contracting Company Regarding the Fraga Building Located at 301 N. Drennan Street, Houston, Texas
13. Authorization to Initiate a Lawsuit Against PDG Architects, Inc. and ASA Dally, Inc. Regarding the Fraga Building Located at 301 N. Drennan Street, Houston, Texas

**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**

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**

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

**C. Real Estate Matters**

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, employee or board member to hear complaints or changes against an officer, employee or board member unless the officer, employee or board member 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 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. Appendix - No Action Required**

**XV. Dinner**

### **CERTIFICATE OF POSTING OR GIVING NOTICE**

On this **12th day of June 2017**, 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's website: [www.hccs.edu](http://www.hccs.edu).

Posted By:

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Sharon R. Wright  
Director, Board Services

# ACTION ITEM

**Meeting Date:** June 15, 2017

**Approval of Minutes**

ITEM #	ITEM TITLE	PRESENTER
A.	Approve Minutes for May 2017	Dr. Cesar Maldonado Sharon Wright

## RECOMMENDATION

Approve meeting minutes for May 2017.

## COMPELLING REASON/RATIONALE

In accordance to the Board bylaws, the Board shall prepare and keep minutes of each open meeting.

## DESCRIPTION OR BACKGROUND

The following Board meetings were held in May 2017:

- Academic Affairs/Workforce Committee on May 18, 2017
- Audit Committee on May 18, 2017
- Board Governance Committee on May 18, 2017
- Committee of the Whole on May 18, 2017
- External Relations Committee on May 18, 2017
- Special Meeting on May 18, 2017
- Regular Meeting on May 25, 2017
- Special Meeting on May 25, 2017

## FISCAL IMPACT

None

## LEGAL REQUIREMENT

In accordance to Board Bylaws, Article G, Section 9

## STRATEGIC ALIGNMENT

### 2. ORGANIZATIONAL STEWARDSHIP

*B. Improve and streamline business transactions and process*

## ATTACHMENTS:

Description	Upload Date	Type
Draft Minutes - May 2017	6/9/2017	Attachment

**This item is applicable to the following:** District

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

**May 18, 2017**

**Minutes**

The Academic Affairs/Workforce Committee of the Board of Trustees of Houston Community College held a meeting on Thursday, May 18, 2017 at the HCC Administration Building, Second Floor Auditorium, 3100 Main, Houston, Texas.

**MEMBERS PRESENT**

Adriana Tamez, Committee Chair  
Robert Glaser, Committee Member  
John P. Hansen, Committee Member  
Neeta Sane, Alternate Committee Member  
Zeph Capo  
Carolyn Evans-Shabazz  
Eva Loreda  
Dave Wilson

**ADMINISTRATION**

Cesar Maldonado, Chancellor  
Melissa Gonzalez, Vice Chancellor/Chief of Staff  
Nicole Montgomery for Ashley Smith, General Counsel  
Teri Zamora, Senior Vice Chancellor, Finance and Administration  
Kimberly Beatty, Vice Chancellor, Instructional Services/Chief Academic Officer  
Athos Brewer, Vice Chancellor, Student Services  
William Carter, Vice Chancellor, Information Technology  
Kurt Ewen, Vice Chancellor, Planning and Institutional Effectiveness  
Julian Fisher for Madeline Burillo, President, Southwest College  
Margaret Ford Fisher, President, Northeast College  
Muddassir Siddiqi, President, Central College  
Kathy Anzivino for Zachary Hodges, President, Northwest College  
Phillip Nicotera, President, Coleman College  
Irene Porcarello, President, Southeast College  
Robert King, Interim Executive Director, HCC Foundation  
Terrence Corrigan, Director, Internal Audit

**OTHERS PRESENT**

Melissa Mihalick, Board Counsel, Bracewell LLP  
Melissa Miller-Waters, President, Faculty Senate  
Other administrators, citizens and representatives from the news media



## **CALL TO ORDER**

Dr. Adriana Tamez, Committee Chair, called the meeting to order at 12:49 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, Glaser, Hansen, Loreda, Sane, Tamez and Wilson)*

## **TOPICS FOR DISCUSSION AND/OR ACTION**

### **UPDATE ON DIVISION OF EXTENDED LEARNING CENTER OF EXCELLENCE**

Dr. Maldonado noted the Division of Extended Learning is a revenue generating division that provides instruction and services to the community and apprised that Dr. Kimberly Beatty would provide an overview.

Dr. Beatty apprised that Dr. Terry Kidd, Dean of Extended Learning would provide an update on the Division of Extended Learning.

Dr. Kidd provided an overview to include the following:

- Division of Extended Learning:
  - Continuing Education Workforce Programs
    - Ø Business
    - Ø Public Safety
    - Ø Construction Trades
    - Ø Transportation
    - Ø Information Technology
    - Ø Health Sciences
    - Ø Industrial Technology and Energy
    - Ø Languages
  - Apprenticeship Programs
    - Ø Independent Electrical Contractors (IEC)
    - Ø Plumbers
    - Ø Masonry
    - Ø Ironworkers
    - Ø Asbestos Workers
    - Ø Operating Engineers
    - Ø Painters
    - Ø Glaziers
    - Ø Pipefitters
    - Ø Sheet Metal
    - Ø Stationary Engineers
  - Corrections Education Program
  - Online Continuing Education Programs

- Center of Health Care Professionals
- The Accelerated Teacher Certification Program
- The VAST Academy
- Revenue Generating Sources
- Continuing Education to Credit Programs – CE Transfers to SCH
- Pathway: Continuing Education to Credit Programs
- Divisional Transformation
- Future Developments, 2017-2018

Mr. Capo expressed appreciation to administration for correcting the issues with the apprenticeship program. He noted he is interested in seeing a segment for the seniors and continued expansion to meet the needs of the senior adult culture community.

Mr. Capo noted he has concerns regarding the teacher accelerated program and inquired what will be done to fix the program. He inquired if qualified coaches have been identified for the students. Mr. Kidd noted the accelerated teaching program leadership is being replaced. He added that students are receiving more rapid responses to their inquiries. Mr. Kidd apprised that 75 people have been recruited to go through the program with an additional 35 being processed.

Ms. Loreda noted the programs for seniors needs to be streamlined to make it easier for them to register. She apprised that seniors inquired if the computer literacy program could be done at a slower pace.

Dr. Tamez inquired as to the process for engaging senior citizens to register for the programs. Dr. Kidd noted the college is working with various organizations where the programs are presented to the seniors. Dr. Tamez requested a listing of the community-based organizations the college works with in registering seniors.

Mr. Wilson inquired if the contact hour reimbursement rate for the apprentice and the jail programs are paid the same as the academic contact hours. Dr. Kidd noted the contact hour reimbursement is the same as that of the college.

Dr. Tamez requested clarification regarding reimbursement from Mrs. Zamora. Mrs. Zamora noted the rate is the same for the contact hour. Mr. Wilson noted that the CEU column in the CFAR is listed separately from the academic and workforce. Mrs. Zamora noted they are tracked separately and treated differently for reporting purposes; however, the same dollar amount is received for all types.

#### **UPDATE ON VOCATIONAL NURSING PROGRAM**

Dr. Maldonado noted an update on the status of the Vocational Nursing Program with some historical perspective would be provided by Dr. Beatty.

Dr. Beatty provided an update that included the following:

- Possible Nursing Educational Pathways
  - CNA
  - LVN
  - ADN
  - BSN

Dr. Maldonado noted the partnership with UHD will provide the last step for the BSN.

Dr. Beatty apprised that Dr. Nicotera would continue with the presentation. Dr. Nicotera presented on the following:

- Current Accreditation Status
  - Full Approval – ADN Program
  - Warning
  - Conditional – VN Program
  - Full Closure

Dr. Nicotera noted the VN program received a conditional status, which means the college is not able to accept any new students and provided a review of the contributing factors to the conditional status for the VN program:

- Decreased admission standards
- Increased enrollment
- Decreased skill attainment
- Vocational Nursing NCLEX-PN Pass Rates

Dr. Nicotera noted the passing score dropped significantly in 2014. He apprised that corrective measures were implemented in 2014 once the decline was realized and a self-study was created as part of the mandated corrective measures.

Dr. Tamez inquired if anything changed regarding the administration of the NCLEX. Dr. Nicotera noted there was no change in the administration of the exam.

Mrs. Sane inquired as to who sets the admission standards for the community colleges. Dr. Nicotera noted the standards are set by the individual college programs and standards were dropped in 2011-2013. He apprised that from 2011-2013 there was an enrollment of 130 students where the norm is 50-60 per year.

Mrs. Sane inquired if there are any checkpoints to assess the students. Dr. Nicotera noted the checkpoints have been implemented as they progress.

Mr. Glaser inquired of the student requirements prior to taking the NCLEX and if there were any warning signs showing a potential issue with taking the test. Dr. Nicotera noted students needed to complete the one year certificate program. He added that students were re-admitted into the program and were repeating courses when unsuccessful. Mr. Glaser noted his disappointment with not noticing the problem sooner.

Dr. Beatty noted a new president was hired in 2015 and corrective actions were put in place. She added that to date there is a 100% passing rate reflective of the results of the intervention.

Mr. Capo inquired of how the test results are obtained. Dr. Nicotera noted results are provided once a year; however, the college is requesting an update from the Texas Board of Nursing every quarter for better tracking purposes.

Mr. Glaser inquired of the number of students included in the 100% pass rate. Dr. Nicotera apprised that ten students are included.

Mrs. Sane inquired of what corrective measures were taken since 2014 to prevent other programs from being in the same situation once the ADN program was placed on conditional status. Dr. Beatty noted the nursing timeline slide would address her concern.

*(Dr. Evans-Shabazz joined the meeting at 1:20 p.m.)*

Dr. Beatty provided an overview of the Nursing Program Timeline from 2011- 2017 as follows:

- 2011
  - Pre-requisite standards reduced (ADN)
  - Enrollment doubled in one year exceeding program capacity (ADN)
- 2012
  - Pre-requisite standards reduced (ADN & LVN)
  - Enrollment doubled in one year exceeding program capacity (ADN & LVN)
- 2013
  - Pre-requisite standards reduced (ADN & LVN)
  - Enrollment doubled in one year exceeding program capacity (ADN & LVN)
  - 2011 cohort takes NCLEX with a 66% pass rate
- 2014
  - President dismissed
  - Acting president appointed
  - LVN 2011 cohort, 68% NCLEX
  - ADN 2012 cohort, 70% NCLEX
  - ADN Self-study conducted
  - ADN Corrective measures identified
- 2015
  - LVN Warning Status

- New President named
- LVN Self-study conducted
- TBON approved self-study and corrective measures
- LVN pass rate increased to 76.5%
- ADN pass rate increases to 80%
- ADN corrective measures implemented
- ADN 2013 cohort 78% NCLEX
- 2016
  - Dean Health Sciences hired
  - LVN & ADN corrective measures implemented
  - LVN pass rate increase to 74%
  - Internal program audit commissioned by the Chancellor for LVN & ADN
  - TBON reinstates full approval status for ADN
- 2017
  - Dean of Nursing hired
  - LVN & ADN faculty take professional development
  - TBON places LVN program on conditional status
  - LVN & ADN Program Directors removed
  - LVN & ADN Program Directors identified
  - LVN continuing with corrective measures
  - As of May 17, LVN 100% pass rate

Mrs. Sane inquired how the LVN program reached the conditional status. Dr. Beatty noted the self-study was implemented in 2016 and the scores come in cycles, with the cycle ending in December. She added the corrective measures are reflective of the improved results.

Ms. Loreda noted the Board was not aware the 80% passing rate was needed every year. Dr. Nicotera apprised that if scores are below 80% for three consecutive years, the program is placed in conditional status.

Mr. Nicotera apprised that scores arrive in December and the Texas Board of Nursing (TBON) sends the scores to the colleges for examinee verification in February. He added the TBON meets in April to determine the status of the program and sends out letters notifying the college to prepare a self-study which takes places from April – August. Dr. Nicotera noted the approval letter of the corrective actions was received on September 15, 2016 but corrective measures were already being implemented that were carried over from the ADN program.

*(Mr. Glaser stepped out at 1:30 p.m.)*

Mrs. Sane noted she was not aware of the problems within the system prior to standards being lowered. Dr. Beatty noted the decline in the pass rate did not exist prior to reducing standards and increasing enrollment.

Mrs. Sane inquired how can personnel be held accountable and justify that personnel contributed to the issue. Dr. Beatty noted she was informed by faculty that they were pressured from previous administration to modify the standards beginning in 2014. She apprised that upon the arrival of Dr. Maldonado, the program was reviewed and corrective measures were implemented.

Mr. Wilson noted there may have been several mistakes made to get to this point and responsibility needs to be taken but directives came from the past Board to drop the standards. Mrs. Sane noted it could not be stated that the Board gave the directives to lower the admission standards. She noted that her inquiry was regarding what happened between 2014 and 2017.

Mr. Wilson noted that corrective measures need to be in place. He referenced Dr. Beatty's statement that immediate actions were taken and apprised that the definition of immediate could vary. Mr. Wilson noted he is embarrassed by the situation and apprised that everyone needs to share the blame for the issue and move forward.

Dr. Tamez noted they are all disappointed about the situation and that from her perspective, there needs to be continuous feedback on how the students are doing and not be taken by surprise. She inquired if the results were provided in 2016 to review, would the passing rate have been met. Dr. Nicotera noted the student scores are requested from the Nursing Board on a quarterly basis. He referenced the slide regarding Implementation of Best Practices and noted the students are required to take a simulated NCLEX exam, which gauges to see if the student is on task to be successful.

Dr. Tamez inquired if the pre-testing is taking place, why are the students not being successful. Dr. Nicotera noted the college cannot stop the students from taking the exam after they complete the program. He noted that after the implementation of best practices, more assistance is provided to the student for a greater opportunity to be successful on the exam. Dr. Beatty noted an evaluation model has been put in place to include success coaches to determine if all the measures are effective. She added this is the first year of the evaluation model.

Mr. Capo noted some level of responsibility is from the top down because the focus was on the ADN program to the detriment of the LVN program. He inquired as to what other programs outside of the nursing programs have industry related standards that could have potential downgrading of status and where are the warning flags for gauging a proactive approach. Dr. Beatty noted a planning cycle is in place where all programs are in a four year cycle with inputs that include the number of students enrolled, completers, and workforce placement. She noted changes are made based on the metrics as the evaluation cycle is reviewed to either modify curriculum or deactivate the program.

Mr. Capo noted he is concerned that there are issues not provided to the Board to review or monitor. He inquired how can it be worked out and asked if it could be placed on an annual calendar or divided among Trustees.

Dr. Tamez noted that when the scores are received for the nursing program, they should be reported to the Board.

*(Mr. Glaser returned at 1:48 p.m.)*

Ms. Loredo expressed appreciation for the update. She apprised she was on the Board during the timeframe regarding the issues and the focus was on improving the enrollment numbers and changes were discussed. She noted students should be encouraged to take advantage of the resources available. Ms. Loredo noted the staff should be willing to go over and beyond to assist the students.

*(Dr. Tamez stepped out at 1:49 p.m.)*

Mrs. Sane referenced the transformation implemented to correct the measures. She noted these measures should be part of the transformation. She referenced Ms. Loredo comments and noted she does not recall the Board approving to lower the admission standards or interfering in any changes.

Mrs. Sane requested that when the score report is provided as requested by Dr. Tamez, that it needs to explain what the report means, what is being presented and what is expected from the Board.

*(Dr. Tamez returned at 1:50 p.m.)*

Dr. Nicotera continued with the overview to include:

- Implementation of Best Practices
  - Modified admission standards
  - Implemented standardized exams
  - Hired Dean of Nursing
  - Developed review course
  - Offered structured open skills lab
  - Initiated adaptive quizzing
  - Implemented success coaches
  - Established mandatory remediation
- Next Steps
  - Identify new program leadership
  - Create a unified, collaborative nursing department
  - Assign faculty based on expertise and experience
  - Utilize faculty for both programs

- Increase use of simulation
- Strategically increase enrollment
- Strive for national accreditation

Mr. Glaser inquired if either of the programs were in conditional status before. Dr. Nicotera noted he was not aware of any. Mr. Glaser noted a system needs to be in place to avoid any future issues. He added that the nursing shortage is vital but a realistic look needs to be taken as to where the college fits in the area and use the review regarding future growth of the program. Mr. Nicotera apprised that the programs have been restructured to avoid any recurrences.

#### **ADJOURNMENT**

With no further business coming before the Board, the meeting adjourned at 1:56 p.m.

Minutes submitted by Sharon Wright, Director, Board Services

Minutes Approved: \_\_\_\_\_



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

**May 18, 2017**

**Minutes**

The Audit Committee of the Board of Trustees of Houston Community College held a meeting on Thursday, May 18, 2017 at the HCC Administration Building, Second Floor Auditorium, 3100 Main, Houston, Texas.

**Members Present**

Robert Glaser, Committee Member  
Neeta Sane, Committee Member  
Dave Wilson, Alternate Committee Member  
Zeph Capo  
John P. Hansen  
Eva Loredó

**Administration**

Cesar Maldonado, Chancellor  
Melissa Gonzalez, Vice Chancellor/Chief of Staff  
Nicole Montgomery for Ashley Smith, General Counsel  
Teri Zamora, Senior Vice Chancellor, Finance and Administration  
Kimberly Beatty Vice Chancellor, Instructional Services/Chief Academic Officer  
Athos Brewer, Vice Chancellor, Student Services  
Kurt Ewen, Vice Chancellor, Planning and Institutional Effectiveness  
Julian Fisher for Madeline Burillo, President, Southwest College  
Margaret Ford Fisher, President, Northeast College  
Muddassir Siddiqi, President, Central College  
Kathy Anzivino for Zachary Hodges, President, Northwest College  
Phillip Nicotera, President, Coleman College  
Irene Porcarello, President, Southeast College  
Robert King, Interim Executive Director, HCC Foundation  
Terrance Corrigan, Director, Internal Audit

**Others Present**

Melissa Mihalick, Board Counsel, Bracewell LLP  
Mellissa Miller-Waters, President, Faculty Senate  
Other administrators, citizens, and representatives from the news media

**CALL TO ORDER**

Mrs. Neeta Sane, Committee Member, called the meeting to order at 12:13 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: Hansen, Loreda, Sane, and Wilson)*

**TOPICS FOR DISCUSSION AND/OR ACTION**

**INTERNAL AUDIT QUARTERLY REPORT**

Dr. Maldonado apprised that Mr. Terrance Corrigan would provide a quarterly status update of the annual audit plan.

*(Mr. Glaser joined the meeting at 12:14 p.m.)*

*(Mr. Capo joined the meeting at 12:15 p.m.)*

Mr. Corrigan provided an update to include the following:

- Projects in Finalization/Report Completion Phase
  - 17-1-1 Procurement – Contracting Legal Policy Compliance
  - 17-2-1 Procurement – Vendor Set-up
  - 17-2-2 Procurement – Third Party Relationships
  - 17-5 Campus Safety & Security Operations Management
    - Ø 17-5-1 Central College
    - Ø 17-5-2 Northeast College
    - Ø 17-5-3 Coleman College
- Major Administrative Projects
  - 17-7 Automated Internal Audit Management System Implementation
  - 17-8 FY 2018 Audit Planning and ERM Assessment
- Audit Observations Follow-up Report

Mr. Corrigan noted there has not been any fraud allegations or misappropriations of assets.

Mr. Glaser inquired about the development of the Compliance Department and the staffing status. Dr. Maldonado noted a response on the staffing forecast will be provided in the Weekly Administrative Briefing (WAB). He noted policy development with training and compliance information will be added to the General Counsel report for the next meeting.

**REPORT ON QUARTERLY CONTROL AND COMPLIANCE ATTESTATION**

Dr. Maldonado noted the quarterly attestation for compliance report contained no exceptions and no material issues to be disclosed and opened the floor for questions.

*(Mr. Glaser stepped out at 12:17 p.m.)*

**ADJOURNMENT**

With no further business coming before the Board, the meeting adjourned at 12:18 p.m.

Minutes submitted by Sharon Wright, Director, Board Services

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

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

**May 18, 2017**

**Minutes**

The Board Governance Committee of the Board of Trustees of Houston Community College held a meeting on Thursday, May 18, 2017 at the HCC Administration Building, Second Floor Auditorium, 3100 Main, Houston, Texas.

**MEMBERS PRESENT**

Zeph Capo, Committee Chair  
Robert Glaser, Committee Member  
Neeta Sane, Alternate Member  
Carolyn Evans-Shabazz  
John P. Hansen  
Eva Loreda  
Adriana Tamez  
Dave Wilson

**ADMINISTRATION**

Cesar Maldonado, Chancellor  
Melissa Gonzalez, Vice Chancellor/Chief of Staff  
Ashley Smith, General Counsel  
Teri Zamora, Senior Vice Chancellor, Finance and Administration  
Kimberly Beatty, Vice Chancellor, Instructional Services/Chief Academic Officer  
Athos Brewer, Vice Chancellor, Student Services  
William Carter, Vice Chancellor, Information Technology  
Kurt Ewen, Vice Chancellor, Planning and Institutional Effectiveness  
Remmele Young, Associate Vice Chancellor, External Relations  
Julian Fisher for Madeline Burillo, President, Southwest College  
Margaret Ford Fisher, President, Northeast College  
Zachary Hodges, President, Northwest College  
Phillip Nicotera, President, Coleman College  
Irene Porcarello, President, Southeast College  
Muddassir Siddiqi, President, Central College  
Robert King, Interim Executive Director, HCC Foundation  
Terrence Corrigan, Director, Internal Audit

**OTHERS PRESENT**

Melissa Mihalick Board Counsel, Bracewell LLP  
Melissa Miller-Waters, President, Faculty Senate

Houston Community College  
Board Governance Committee – May 18, 2017 – Page 2

Other administrators, citizens, and representatives from the news media

**CALL TO ORDER**

Mr. Zeph Capo, Committee Chair, called the meeting to order at 2:11 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, Hansen, Lored, Tamez, and Wilson)*

*(Mrs. Sane joins the meeting at 2:12 p.m.)*

**TOPICS FOR DISCUSSION AND/OR ACTION**

**PROPOSED AMENDMENT TO ARTICLE E, SECTION 5 OF THE BOARD BYLAWS RELATING TO FINANCIAL ADVISOR**

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

Mr. Capo noted the revisions are presented out of a previous discussion regarding the Financial Advisor and requested Board Counsel to explain the revisions.

Ms. Mihalick noted the revisions requested were for clarification on the Financial Advisor reporting process. She noted provisions were added to include the evaluation of the advisor, the agreement and additional duties for consistency to the provisions that apply to the external audit function.

Mr. Capo requested the rationale be explained regarding the deletion of items B and C. Mrs. Zamora noted the removal of the items were due to the Financial Advisor not being utilized in the role of an investment advisor.

Mr. Capo inquired if the investment advice is coming from internal individuals or a separate advisor engagement. Mrs. Zamora noted there is no separate engaged investment advisor and apprised it is done internally along with the investment partners to establish a consistent role for the advisor based on what is practiced.

Mr. Glaser noted the revisions were not aligned to what he envisioned as discussed in previous meetings. He apprised he envisioned the Board Financial Advisor would advise the Board on debt financing handled by Administration and not have an active position in the financing activities. He noted the Board Financial Advisor would be similar to that of Board Counsel. Mr. Glaser added that he prefers to have two independent advisors.

Mr. Capo noted there was discussion to allow the Administration to have access to the Financial Advisor to remove the duplication of cost.

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Board Governance Committee – May 18, 2017 – Page 3

Mr. Wilson inquired as to the need of a Financial Advisor when there are qualified individuals on staff. He noted that if a Financial Advisor is going to be engaged, they should be separate from administration and not paid on a commission basis.

Mr. Capo inquired if the compensation process for the Financial Advisor be added to the Board Bylaws. Ms. Mihalick noted the compensation should not be included in the Bylaws as it would require the Bylaws to be revised each time there is a change in the fee structure and/or contract.

Mr. Capo inquired about the staff decisions outlined in the Financial Advisor section of the Bylaws. Mrs. Zamora noted the college has always functioned with one Financial Advisor. She apprised that the goal was to clarify the Bylaws to reflect what is currently being practiced. She noted the Financial Advisor has multiple functional roles and has access to things that internal staff does not. She noted the staff does need access to a Financial Advisor for functionality purposes. She added that it is unusual for the Financial Advisor to report to the Board.

Mrs. Zamora noted her understanding regarding the item was to clean up the Bylaws and apprised that she was not aware that the request was for two advisors.

Mrs. Sane inquired of the actual role of the Financial Advisor and if there are going to be monitoring the activities of administration and what is being achieved with one individual. Dr. Maldonado noted the relationship that exists has not been a problem from a functional standpoint. He noted the change discussed with the committee Chair was to edit the Bylaws to reflect the current practice.

Mr. Capo noted there are three options:

- Keep the current structure and not adhere to the Bylaws;
- Allow Administration to engage their own Financial Advisor to answer to administration only; or
- Engage one Financial Advisor for both Board and administration.

Mr. Capo noted the other option would be to remove the section from the Bylaws. He motioned to strip the Financial Advisor language from the Bylaws altogether and there would not be a financial advisor answering to the Board. Mrs. Sane noted to add that the administration would engage their own Financial Advisor through a procurement process.

Motion: Mr. Capo moved and Mrs. Sane seconded to delete Section 5 of Article E from the Board Bylaws relation to the Financial Advisor.

Mr. Glaser noted the functions are different and it is the responsibility of the administration to get things done and the Board is responsible to see the oversight of the activity performed by the Administration. He noted the current Bylaws shift the responsibilities to the administration.

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Ms. Loredó noted she agrees with the motion and noted there should be language included for Administration to report to the Board.

Dr. Tamez inquired what is customary among other institutions. Ms. Mihalick recommended postponing the item to allow for a peer review and noted that Mrs. Zamora had additional information regarding the Financial Advisor.

Mrs. Zamora noted the College would be the only institution with two Financial Advisors and apprised that most institutions have an established longstanding relationship with their Financial Advisors. She apprised that she could not affirmatively speak to whether the Financial Advisor at other institutions is included in the Board Bylaws and noted most Financial Advisors report to Administration.

Dr. Hansen moved to defer consideration until further review.

Mr. Capo noted he would withdraw his motion and requested Mrs. Sane withdraw the second to allow administration the opportunity to review other peer institutions.

Mrs. Sane apprised she does not want two Financial Advisors and noted the Chancellor is ultimately responsible and does not want a person overseeing the operational activities of administration. She inquired as to how the checks and balances would be implemented.

Motion Withdrawn: Mr. Capo and Mrs. Sane withdrew the motion.

Mr. Capo requested Board Counsel and Mrs. Zamora provide an option A and B for the meeting next month to include a comparison of peer institutions. Mrs. Sane recommended contacting ACCT for comparison and best practices.

**PROPOSED AMENDMENT TO ARTICLE G, SECTION 5 OF THE BOARD BYLAWS RELATING TO VOTING PROCEDURES**

Mr. Capo noted the agenda item is relating to the Article G, Section 5 on Voting Procedures.

Ms. Mihalick apprised the Bylaws revisions are proposed to further ensure the accuracy in Board meeting procedures and the voting process.

Mr. Glaser noted the Bylaws revision appears to be overreached and unnecessary, and noted that there are only nine members.

Ms. Loredó noted she would like to see consistency and that either all members vote electronically or manually. She added that the Board Services should not be put in a position to have to cast a vote on behalf of the Board and apprised that individuals are available to assist members in casting the vote electronically.

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Mr. Wilson noted he has requested the cost for the electronic system and added that the individuals are paid to assist. He apprised that the electronic method takes longer and is burdensome, cumbersome and noted he is opposed to it.

Mr. Hansen noted he associated with Mr. Glaser and that the item should not be included in the Bylaws.

Mr. Capo noted the college is in the 21 Century and less printing of the voluminous books is preferred. Mr. Capo noted the cost of the system is much less costly than having legal counsel review issues relating to the concern. He noted he prefers to see an electronic record of vote.

Mrs. Sane noted she is in favor of electronic voting but noted the agenda should be sent to the Board electronically. She added she does not want a hard copy of the agenda sent to her and recommended adding the language to include that an electronic agenda will be sent to the Trustees.

Mr. Capo recommend the Board Chair have Board Services poll the Trustees electronically regarding their preferred method in receiving the agenda and that the Trustees provide a response in writing.

Dr. Maldonado requested Trustees be polled at the dais as to who prefers printed agendas.

Mrs. Sane noted she does not desire to receive any printed agenda books.

Mr. Wilson requested the Committee Chair stick to the issues and not lower the décor of the Board.

Dr. Hansen noted the issue with the electronic agenda is the inability for note annotation. Mr. Capo noted the system does have the capability for making notes.

Mr. Capo requested a training opportunity be provided prior to the next meeting to allow the Trustees to be more familiar with the NOVUS system components.

Dr. Evans-Shabazz noted that the decision had already been made by Trustees regarding their preferred method of receiving agendas and it was not part of the item.

Ms. Loreda apprised that if a Trustee does not vote electronically the vote is not recorded and noted the willingness to work with Trustee Wilson to have the vote recorded electronically.

Call for the Question: Mrs. Sane called for the question.

Mr. Capo noted there had been a call for the question which supersedes all other activity. He requested from Board Counsel the language regarding electronic voting and whether it is



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recorded if not done electronically and if additional specific language needs to be included. Ms. Mihalick noted it is implied but more language can be include for clarity.

Dr. Tamez requested if an amendment could be made to add more language. Mr. Capo noted if amended at the table, a vote to not close debate would have to be made.

Ms. Mihalick requested if Mrs. Sane would like to make a motion to amend with the language she proposed. Mrs. Sane noted she called for the question because the item needs to be amended and she is not ready to vote on the item.

Ms. Mihalick noted there needed to be a vote on the call for the question to end debate.

Vote to Call for the Question to End Debate: The motion passed with a vote of 3-0.

Vote to Withdraw Motion: The motion passed with a vote of 3-0.

Mr. Capo noted the item would be deferred until next month.

**ADJOURNMENT**

With no further business coming before the Board, the meeting adjourned at 2:57 p.m.

Minutes submitted by Sharon Wright, Director, Board Services

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

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

**May 18, 2017**

**Minutes**

The Board of Trustees of Houston Community College met as a Committee of the Whole on Thursday, May 18, 2017, at the HCC Administration Building, Second Floor Auditorium, 3100 Main, Houston, Texas.

**MEMBERS PRESENT**

Eva Loreda, Chair  
Neeta Sane, Secretary  
Zeph Capo  
Carolyn Evans-Shabazz  
Robert Glaser  
John P. Hansen  
Adriana Tamez  
Dave Wilson

**ADMINISTRATION**

Cesar Maldonado, Chancellor  
Melissa Gonzalez, Vice Chancellor/Chief of Staff  
Ashley Smith, General Counsel  
Teri Zamora, Senior Vice Chancellor, Finance and Administration  
Kimberly Beatty, Vice Chancellor, Instructional Services/Chief Academic Officer  
Athos Brewer, Vice Chancellor, Student Services  
William Carter, Vice Chancellor, Information Technology  
Kurt Ewen, Vice Chancellor, Planning and Institutional Effectiveness  
Julian Fisher for Madeline Burillo, President, Southwest College  
Margaret Ford Fisher, President, Northeast College  
Muddassir Siddiqi, President, Central College  
Zachary Hodges, President, Northwest College  
Phillip Nicotera, President, Coleman College  
Irene Porcarello, President, Southeast College  
Robert King, Interim Executive Director, HCC Foundation  
James Walker, Interim Chief Facilities Officer  
Terrence Corrigan, Director, Internal Audit

**OTHERS PRESENT**

Melissa Mihalick, Board Counsel, Bracewell LLP  
Melissa Miller-Waters, President, Faculty Senate  
Other administrators, citizens and representatives from the news media

**CALL TO ORDER**

Ms. Eva Loreda, Chair, called the meeting to order at 4:13 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, Hansen, Loreda, Sane, and Wilson)*

*(Mr. Capo joined the meeting at 4:15 p.m.)*

*(Dr. Tamez joined the meeting at 4:15 p.m.)*

**TOPICS FOR DISCUSSION AND/OR ACTION**

**BANKING RESOLUTION AUTHORIZATION**

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

Dr. Maldonado apprised that the request is for approval of the Banking Resolutions and noted Mrs. Zamora would address any questions.

Mrs. Zamora noted the item provides the banks with updated changes of personnel, titles, and signatures.

Mr. Wilson inquired if Blackrock was a subsidiary of Bank of America. Mrs. Zamora noted they were a subsidiary on the investment side but not the banking side. Mr. Wilson noted he was opposed to Bank of America due to the ownership of Blackrock.

*(Mr. Glaser joined the meeting at 4:18 p.m.)*

Vote: Motion passed with a vote of 7-1 with Mr. Wilson opposing.

**LANDSCAPING & GROUNDS MAINTENANCE SERVICES, SERVICE AREA 1 (PROJECT NO. RFP 17-10)**

Motion: Dr. Evans-Shabazz motioned and Dr. Tamez seconded.

Dr. Maldonado noted the request is to negotiate and execute a contract with Landscape Professionals of Texas.

Mr. Capo noted that in reviewing the scoring pieces the subcontractors listed indicated none met the small business qualifications.

*(Dr. Tamez stepped out at 4:22 p.m.)*

Mr. Rogelio Anasagasti, Executive Director of Procurement noted the prime contractor proposed 39% small business commitment; however only 4% of the firms proposed qualified

for the college approved certifications. He added that HCC is proactively working with the proposed firms in obtaining the certifications. Mr. Anasagasti noted that although no points are allocated today, the small business participation would be infused within the length of the contract.

*(Dr. Tamez returned at 4:23 p.m.)*

Mr. Wilson noted previous discussions had been held in breaking up contracts to get more small business involvement. Mrs. Zamora apprised the contract is being divided into areas where the service area includes Central, Coleman and System administration for small business participation.

Dr. Evans-Shabazz requested publications be considered that are more widely distributed and utilized in the African American community. She noted that if the circulation utilized centers on a particular area of town the opportunity is limited for African Americans to view. She apprised that she is fine if this is the best method but requested it be changed if not.

Ms. Loredo recommended that Dr. Evans-Shabazz submit names of any particular community periodicals for consideration. Dr. Evans-Shabazz mentioned the Forward Times and the Defender. She noted that her objective was to get the information out to African American community.

Mr. Glaser inquired if the contract would be tracked to determine if dividing it would affect the college financially and if the actions are making a difference. Mrs. Zamora noted this was a new venture for the college and that the quality, cost and reliability will be tracked.

Mr. Glaser inquired if tracking is done regarding how vendors view the solicitation and if so, what are the results. Mrs. Zamora noted the effort is to direct the vendors to the website instead of spending on advertising. Mr. Anasagasti noted the objective is to drive the traffic to the website that is current and contains real time information. He noted that a simple question included in the RFP could be implemented to determine how they learned about the solicitation notice.

Mrs. Sane noted that the point made by Mr. Glaser is good because it shows how the vendors are hearing about HCC.

Vote: Motion passed with a vote of 8-0.

Ms. Loredo noted the agenda would be taken out of order and Item H regarding the Report on Sports Partnerships would be considered next.

*(Dr. Evans-Shabazz stepped out at 4:30 p.m.)*

## **REPORT ON SPORTS PARTNERSHIPS**

Dr. Maldonado noted Ms. Linda Toyota would provide an update on the partnerships with the Texans, Rockets and Dynamo.

Ms. Toyota provided an overview of the value of the sports partnerships to include:

- Overall Strategy
- Special Target Audiences
- Strategic Details
- Partnerships
  - Texans

*(Dr. Evans-Shabazz returned at 4:38 p.m.)*

- Rockets
- Dynamo

Mr. Capo noted the programmatic costs were not included and inquired if there would be a recommendation made as to which partnership would be of priority. He also inquired about other options regarding how the marketing dollars can be spent. Mr. Capo noted that as a Trustee he would review prioritizing one over the other and how it aligns with other marketing avenues.

## **REPORT ON MARKETING STRATEGY FOR TEXANS PARTNERSHIP**

Dr. Maldonado noted that Ms. Toyota would provide an overview of the marketing partnership with the Texans.

Ms. Toyota provided a video and overview of the partnership with the Texans regarding the Veterans and students relationships.

Ms. Toyota noted that over half a million visits were made to the Texans website regarding the visit by the Coleman College Physical Therapy students. She noted that HCC receives about 2.5 million views a month and added that Coleman has about 300 leads every month. Ms. Toyota noted that social media is impactful when discussing value. She added that marketing opens doors to people who want to know more about HCC.

## **SPONSORSHIP AGREEMENT WITH HOUSTON TEXANS**

Motion: Dr. Tamez motioned and Dr. Evans-Shabazz seconded.

Dr. Maldonado noted the item is a request to execute a four year sponsorship agreement with the Houston Texans with an option to cancel after the second year. He added Ms. Toyota would present the summary of the agreement.

Ms. Toyota noted the recommendation was a four year term effective August 2, 2017 – July 31, 2021. She apprised that the first year investment would be at \$477,619 with a 3% escalation per year with no opt-out option available after the second year.

Mr. Wilson inquired about the annual advertising budget and how much is paid for the television ads. He also inquired if there is any data to show what was received in total regarding the advertisement with the sports partnerships.

Mr. Wilson inquired of the amount of the Rockets and Dynamo contracts. Ms. Toyota noted the Rockets and Dynamo contracts are for one year under \$200,000 each.

Mrs. Sane noted the benefits to the contracts are to increase student enrollment and seek scholarship donors. She inquired of the data that supports increased enrollment and the donor base from the partnerships over the last four years. Ms. Toyota noted the data is not available and apprised that questions as how students heard about HCC is being included in the application process.

Mr. Sane noted the partnerships have existed for three years and inquired of the data and the benefits to rationalize the partnerships. Ms. Loredó noted the data has never been requested. Mrs. Sane noted she has asked for the data in the past and requested the data for the last three years.

Mr. Capo noted the data had been requested in the past with a review regarding investment in sports partnerships versus other options. He inquired about the college receiving three times the value based on the programmatic value and the best place to measure the return on the benefits.

Vote: Motion failed with a vote of 3-5 with Trustee Loredó, Dr. Evans-Shabazz and Dr. Tamez in favor and Trustees Sane, Capo, Glaser, Wilson and Dr. Hansen opposing.

**PROFESSIONAL MECHANICAL, ELECTRICAL & PLUMBING ENGINEERING SERVICES (PROJECT NO. RFQ 17-34)**

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

Dr. Maldonado noted the item is a request to execute a contract with the highest ranked firms on an "as needed basis".

Vote: Motion passed with a vote of 8-0.

*(Dr. Tamez stepped out at 5:09 p.m.)*

**ADOPTION OF FORT BEND AND HARRIS COUNTY LOCAL OPTION EXEMPTIONS TAX YEAR 2017**

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

Dr. Maldonado noted the item was for approval of the local option exemption for tax year 2017.

Mr. Glaser inquired of the fiscal impact to raise from 10% to 20%. Mrs. Zamora noted that it would be approximately \$35 million if raised to 20%.

Mr. Wilson inquired if taxes are paid on values over \$120,000 for over 65. Mrs. Zamora noted over 65 would get a 10% homestead exemption and an additional \$120,000 exemption and pay taxes on the value greater than \$120K. Mr. Wilson inquired as to what other institutions are doing. Mrs. Zamora referred to the attachment that provided a comparison on what is being done at other institutions in the area.

Mr. Capo inquired about the impact on the homestead exemption if the legislation rollback rate does pass. Mrs. Zamora noted the taxpayers would be subject to the \$35 million.

Mr. Capo inquired if the homestead exemption could be used as a backup plan should the bill go into effect. Mrs. Zamora noted the numbers would have to be calculated and apprised that the effects of the legislature would not go into effect until next year.

Mr. Glaser proposed an amendment to increase the exemption from 10% to 15% due to increase in home valuation.

Motion to amend: Mr. Glaser motioned and Mr. Wilson seconded to increase the exemption from 10% to 15%.

Mr. Glaser noted the proposed Senate bill would not go into effect until next year and the recommended amendment would be effective this year.

Mrs. Sane noted she would like to establish consistency in the percentage amount and apprised she would like to wait for the outcome of the budget since the impact of the bill would not take place until next year.

Mr. Wilson noted as an example that if the homestead exemption increased to 15%, it would be a \$75,000 exemption on a \$500,000 home and the \$25,000 would cost the district approximately \$17.5 billion.

Mrs. Zamora noted the homestead exemption is costing the college about \$35 million at 10% and an increase to 15% would save approximately \$25 on a \$500,000 home each year.

Mr. Capo inquired of any options to consider for seniors and disabled if the rollback rate changed. Mrs. Zamora noted that for every \$1,000 raised it would cost the college \$75,000 in tax revenue.

Mr. Glaser inquired if there would be any credit regarding homestead exemptions. Mrs. Zamora noted it is a straight calculation of what is received this year and next.

Vote on Amendment: Motion failed with a vote of 2-5 with Trustees Glaser and Wilson in favor and Trustees Loreda, Sane, Capo and Drs. Evans-Shabazz and Hansen opposing.

Vote: Motion passed with a vote of 7-0.

### **MONTHLY INVESTMENT REPORT, FINANCIAL STATEMENT AND BUDGET REVIEW FOR MARCH 2017**

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

Dr. Maldonado apprised the item is regarding the monthly investment report, financial statement, and budget review for March 2017. He noted Mrs. Zamora would provide an overview.

Mrs. Zamora noted questions were received regarding the fund balance activities and the response was provided in the Weekly Administrative Briefing (WAB) and noted additional information would be provided relative to the month of March.

Mrs. Zamora referenced page 2 regarding the Fund Balance and explained that the top half is the income statement on a cash basis and at the end of the year it rolls over into accruals. Mrs. Zamora added that previous Trustees requested to know what the Fund Balance would look like at the end of the year and noted the information was added at the bottom half of the Fund Balance Sheet. She apprised that one of the inquiries was why the Fund Balance is not moving from one fund to another. Mrs. Zamora informed that the balance is moved to an asset at the end of the month and subtracted at the end of the year as capitalizing assets. She added that when debt is paid off, the interest remains as an expense at the end of the year, but the principal moves over to the balance sheet reflecting a reduction of liabilities.

Mrs. Zamora noted all the debt for the Public Facility Corporation (PFC) has been paid and the last building is being transferred over in August making the balance zero.

Mrs. Sane noted the Fund Balance Statement as produced does not record all the assets. She referenced the unexpended plant fund and inquired about the corresponding entries not reflected. Mrs. Zamora noted the other side of the transaction is not reflected because the year to date expenditures would not be seen as noted on the current sheet. Mrs. Sane requested additional information be included on the monthly Balance Sheet on expenditures and assets. Mrs. Zamora apprised that an additional sheet could be added to provide more details.

Mrs. Zamora noted the total difference on the Fund Balance on page 2 and page 8 was due to the PFC Fund Balance and page 8 is reflecting only HCC property.



Mr. Glaser noted that in summary of what Mrs. Sane stated, it is more of a Cash Flow Statement because it does not line up with the Balance Sheet and items listed are not expenses. Mrs. Zamora noted they are expenditures against the budget. Mr. Glaser noted it needs to be correctly titled a Cash Flow Statement. Mrs. Zamora noted the format is being worked on to be more descriptive.

Mr. Capo referenced the unrestricted fund balance and inquired if \$66 million more is being collected in revenue by the end of August. Mrs. Zamora noted it would be a combination of tuition, state appropriations and property taxes.

Mr. Capo inquired if there is anticipation of less net revenue this year than in comparison to last year. Mrs. Zamora noted projections indicate net revenues over expenses would be about \$7 million by the end of the year.

Mr. Capo noted discussions have not taken place since 2014 in regards to having a strategic priority vision on the additional revenues being added to the Fund Balance. Mrs. Zamora noted the unspent monies are being used to pay down debt and other purposes. Mr. Capo apprised that it is important the Board set priorities on how to spend the additional revenue.

Vote: Motion passed with a vote of 7-0.

*(Dr. Evans-Shabazz stepped out at 5:40 p.m.)*

#### **REPORT ON PREPAREDNESS FOR INCIDENTS INVOLVING WEAPONS**

Dr. Maldonado noted Chief Greg Cunningham, HCC Police Department would provide an overview of the preparedness for incidents involving weapons and noted the presentation did not require closed session discussion.

Chief Cunningham provided a report to include an overview of the following:

- National Crime Trends
- Selected College Crime Trends
  - Homicides
  - Forcible Sex Offenses
  - Robbery
- Efforts to Prepare to Date
  - NIMS compliant emergency plans
  - Updated Active Shooter Response Training
  - Annual Law Enforcement Officer (LEO) drills conducted
  - Active Shooter Training for Faculty, Students and Staff
- Action Items Now
- How an Event Will Unfold Today

*(Mrs. Sane stepped out at 5:48 p.m.)*

- Where to Find the Information
- Who Are the Mutual Aid Assets
- Mission Going Forward

Mr. Glaser expressed appreciation for the presentation and noted the knowledge is good for everyone. He apprised that finances need to be tracked regarding campus carry due to the unfunded state mandate.

Mr. Capo inquired if crosswalk discussions have been held with the legal and/or police department on what are the best practices to a streamline connection of the training.

Chief Cunningham noted attendance for training events are recorded. He added attendance of speaking events are captured based on who does the presentation within the police organization or at an outside organization. Chief Cunningham noted the police department is working in unison with Risk Management who reports to legal.

Mr. Capo referenced the national trends slide and inquired if there is concern when viewed at three years. Chief Cunningham noted the bar appears at length, but it reflects only one or two cases. He noted the campuses are in good shape and need to be prepared.

Mr. Capo inquired if the staffing ratios are at capacity at the police level and the emergency response center. Chief Cunningham noted the department is making progress to staff and be at full capacity by the summer.

*(Mrs. Sane returned at 5:57 p.m.)*

Mr. Capo inquired if there is adequate policy language in place to protect the officers regarding Campus Carry. Chief Cunningham noted the law gives some liability exemptions to officers provided policy and procedures are followed.

*(Ms. Loreda left at 6:00 p.m. and Mrs. Sane presided.)*

#### **REPORT ON ENERGY EFFICIENCY INITIATIVES**

Dr. Maldonado noted Mr. James Walker, Interim Chief Facilities Officer would provide the update on the current energy efficiencies.

Mr. Walker reported on ways to improve energy efficient and provided an overview that included the following:

- SECO – LoanSTAR
- LED Lighting Upgrade
- Administration Control System Upgrade

- West Loop HVAC Upgrade
- Stafford Fine Arts Chiller Replacement
- LoanSTAR2 Lighting Upgrades
- Loan STAR2 HVAC Upgrades
- Retro-Commissioning
- Energy Planning Process
- Senate Bill 300 (81R)

Mr. Wilson inquired if the lighting retrofit kits are Class A, B, or C, and are they UL approved. Mr. Walker noted they are Class A and UL approved.

Mr. Wilson inquired of both the LoanSTAR contract amounts. Mr. Walker noted the LoanSTAR1 is \$4.2 million and LoanSTAR2 is \$7.1 million. Mr. Wilson inquired where and how the debt is recorded on the books. Mrs. Zamora noted it acts like a grant on the books and reimburses when money is spent. She added it shows up like debt; however, none was recorded in the last fiscal year end but more will appear next year.

Mr. Glaser inquired if it is normal to invest in a 19 year payback period on an item. Mrs. Zamora noted the program is a two-fold that allows for replacements as needed.

Mr. Capo inquired of the life expectancy of the replacement of a new unit. Mr. Walker noted it is roughly 20 years.

Mr. Capo noted he made a request regarding the energy savings in regards to the Chevron project. Dr. Maldonado noted administration would review the inquiry log regarding the request.

#### **UPDATE ON CAMPUS CARRY**

Dr. Maldonado noted that Dr. Kimberly Beatty would provide an update on Campus Carry.

Dr. Beatty provided an update that included the following:

- Planning Process
  - December 2015 – Open Campus Carry Committee Design
  - Spring 2016 – Procedures/Implementation of Open Carry; Listening Tours; Policy Development
  - Fall 2016 – Policy Development; Legal Review
  - Spring 2017 – Present Policy to Board of Trustees; Develop Implementation Plan
  - Fall 2017 and Beyond – Implement Campus Carry; Provide Quarterly Reports
- Spring 2017
  - April 30 – Complete Information Forums

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- May – Weapons Free Designation (WFD) Committee convene biweekly through September 2017; WFD Committee determine weapons free zones based upon the law and policy
- May 4 – Post application for WFD; Launch mandatory training
- May 8 – Charge the WFD Committee
- May 9 – Letter to ISD partners
- May 13 – Develop communication to the college community; Order state-approved signage
- Policy and Website Links

Mr. Glaser inquired as to who comprises the WFD Committee. Dr. Beatty noted it is a shared governance committee.

Mr. Wilson inquired of the status regarding carrying while in an open meeting as it relates to Mr. Capo's inquiry. Dr. Maldonado noted the inquiry was submitted to the Attorney General to provide an opinion. Mr. Wilson inquired if it will prevent Campus Carry from taking effect in the fall. Dr. Maldonado noted the college will follow the mandate.

Mr. Capo noted the Campus Carry item was approved by the Board.

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

Dr. Maldonado noted the monthly update on the CIP would be provided by Mr. Ken Johnson with Jacobs Engineering.

Mr. Johnson provided an overview of the CIP to include:

- Interns and Apprentices
- April Budget Report
- Small Business Spotlight
- Small Business Top 10
- Acres Homes
- Central South
- West Houston Institute

Dr. Hansen inquired why the fences are still up with no construction taking place at the West Houston Institute. Mr. Johnson noted minor punch items need to be completed, final report needs to be submitted and issues with the contractor on the lab floors.

Mr. Johnson continued with the presentation:

- Missouri City
- Northline
- Felix Fraga STEM

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- Coleman Health Tower
- North Forest
- Central
- Upcoming Events
- Permit & Construction Schedule (All permits received)

Mr. Wilson referenced the Project Budget Summary page and inquired of the money for the Central College Culinary building. Dr. Maldonado noted the project is listed as Project L on the summary.

Mr. Wilson referenced the comment made by Mr. Johnson regarding the beams at North Forest. Mr. Johnson noted there had been an unforeseen soil condition and the work has been done to secure the beams. Mr. Wilson inquired if it was more beneficial to have torn down the building. Mr. Johnson noted he has heard both sides of the argument.

Mr. Glaser inquired of status regarding occupancy permits. Mr. Johnson noted the occupancy permits are current and noted some are still conditional pending final inspection.

Mr. Glaser inquired of the status regarding the Conn's building. Mrs. Zamora noted it is anticipated that the tenant will move in by the summer.

**ADJOURNMENT**

With no further business coming before the Board, the meeting adjourned at 6:36 p.m.

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

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

**MEETING OF THE  
EXTERNAL RELATIONS COMMITTEE  
OF THE BOARD OF TRUSTEES  
HOUSTON COMMUNITY COLLEGE**

**May 18, 2017**

**Minutes**

The External Relations Committee of the Board of Trustees of Houston Community College held a meeting on Thursday, May 18, 2017, at the HCC Administration Building, Second Floor Auditorium, 3100 Main, Houston, Texas.

**MEMBERS PRESENT**

Neeta Sane, Committee Chair  
Zeph Capo, Committee Member  
Adriana Tamez, Committee Member  
Robert Glaser  
John P. Hansen  
Eva Loreda  
Dave Wilson

**ADMINISTRATION**

Cesar Maldonado, Chancellor  
Melissa Gonzalez, Vice Chancellor/Chief of Staff  
Nicole Montgomery for Ashley Smith, General Counsel  
Teri Zamora, Senior Vice Chancellor, Finance and Administration  
Kimberly Beatty, Vice Chancellor, Instructional Services/Chief Academic Officer  
Athos Brewer, Vice Chancellor, Student Services  
William Carter, Vice Chancellor, Information Technology  
Kurt Ewen, Vice Chancellor, Planning and Institutional Effectiveness  
Remmele Young, Associate Vice Chancellor, Governmental and External Affairs  
Julian Fisher for Madeline Burillo, President, Southwest College  
Margaret Ford Fisher, President, Northeast College  
Muddassir Siddiqi, President, Central College  
Kathy Anzivino for Zachary Hodges, President, Northwest College  
Phillip Nicotera, President, Coleman College  
Irene Porcarello, President, Southeast College  
Robert King, Interim Executive Director, HCC Foundation  
Terrence Corrigan, Director, Internal Audit

**OTHERS PRESENT**

Melissa Mihalick, Board Counsel, Bracewell LLP  
Mellissa Miller-Waters, President, Faculty Senate  
Other administrators, citizens, and representatives from the news media

### **CALLED TO ORDER**

Mrs. Neeta Sane, Committee Chair, called the meeting to order at 12:19 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, Hansen, Loreda, Sane, and Wilson)*

### **TOPICS FOR DISCUSSION AND/OR ACTION**

#### **REPORT AND LEGISLATIVE ACTIVITIES**

Dr. Maldonado apprised that Mr. Remmele Young, Associate Vice Chancellor of External Relations would provide an update regarding the 85th Legislative activities.

*(Mr. Glaser joined the meeting at 12:20 p.m.)*

Mr. Young noted the Legislative Session will concluded on May 29, 2017.

Mr. Young provided an update to include the following:

- Discussion Topics
- Appropriations Bill – SB1 (Senate Passage)
- Appropriations Bill (House on SB1)
- HCC Senate Funding Estimate
- HCC House Funding Estimate
- HCC Exceptional Items (Article XI)
- Conference Committee Conferees
- HCC Bill Track Overview
  - Dual Credit
  - Community College Baccalaureate Degrees

Mr. Young apprised that Dr. Maldonado met with Senator Seliger. Dr. Maldonado noted the significance was that the language was favorable to the position of the college. He apprised that offering the degree would require the same level of quality and rigor as the general academic teaching institutions, the financial implications would not affect community college funding and the reimbursing rate would be at the same level as community colleges. Dr. Maldonado added that additional criteria needs to be met to enter into the arena and noted the bill is in a favorable position.

*(Dr. Tamez joined the meeting at 12:29 p.m.)*

Dr. Hansen referenced Brazosport College as having 220 baccalaureate programs and inquired of the salaries. Dr. Maldonado noted that the salary range for the candidates coming out of the programs is approximately \$70,000 in terms of the placement and success rate.

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Mr. Glaser referenced the contact hour reimbursement and inquired if the funding would come from the same contact hour funds. Dr. Maldonado noted it comes from the same funding pool referenced in Mr. Young's presentation. He noted the reimbursement rate would be at the community college rate and not at the university rate.

Mr. Glaser inquired if a community college offering a baccalaureate degree would have more reimbursement per contact hour due to students enrolling in more hours. Dr. Maldonado noted students would not be carrying as many hours as the ones attending a university.

Mr. Wilson noted he is confused in regards to the method of reporting for contact hour calculations. Mrs. Sane noted the concern should be discussed during the Academic Affairs Committee meeting.

Mrs. Sane inquired of the HCC tax valuation amount. Mrs. Zamora noted it is approximately \$190 billion.

*(Mr. Wilson stepped out at 12:34 p.m.)*

Mrs. Sane inquired if HCC would be able to offer baccalaureate degrees and noted that a policy discussion could be held. Mr. Young concurred with Mrs. Sane that they could be offered under the bill as it is proposed.

Mr. Young proceeded with the overview:

- Transfer and Articulation
- Financial Aid and Workforce
- Additional Bills
  - Ø HB 961
  - Ø SB2
  - Ø HB15
  - Ø SB4
  - Ø HB 3512 & SB 1604

Mr. Capo inquired about the status of HB 961 to be considered. Mr. Young noted it passed the House and needs to be moved to the Senate by May 29<sup>th</sup>.

Mrs. Loreda inquired if anything is done to encourage lending companies to limit the loan amount offered to students and are students being referred. Mrs. Zamora noted that there are guidelines of what is required and can be received per semester as part of the federal loan program.

*(Mr. Wilson returned at 12:45 p.m.)*



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Dr. Maldonado noted the HB 3512 bracketing is for the county adjacent to Harris in the Lee College service area regarding a school district wanting to start their own community college if not serviced.

Mrs. Sane inquired about the sponsors of the bill. Mr. Young noted the bill was sponsored by Representative Faircloth who is from Galveston County and Senator Creighton who is from northeast of Houston.

Mr. Capo referenced SB 4 and inquired of the language regarding any costs that may be incurred or reimbursed if not passed. Mr. Young apprised that he would have to research and could provide an update.

**ADJOURNMENT**

With no further business coming before the Board, the meeting adjourned at 12:49 p.m.

Minutes submitted by Sharon Wright, Director, Board Services

Minutes Approved: \_\_\_\_\_

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

**May 18, 2017**

**Minutes**

The Board of Trustees of Houston Community College held a Special Meeting on Thursday, May 18, 2017 at the HCC Administration Building, Second Floor Auditorium, 3100 Main, Houston, Texas 77007.

**MEMBERS PRESENT**

Eva Loreda, Board Chair  
Neeta Sane, Secretary  
Zeph Capo  
Carolyn Evans-Shabazz  
Robert Glaser  
John Hansen  
Adriana Tamez  
Dave Wilson

**ADMINISTRATION**

Cesar Maldonado, Chancellor  
Melissa Gonzalez, Vice Chancellor/Chief of Staff  
Ashley Smith, General Counsel  
Teri Zamora, Senior Vice Chancellor, Finance and Administration  
Athos Brewer, Vice Chancellor, Student Services  
William Carter, Vice Chancellor, Information Technology  
Kurt Ewen, Vice Chancellor, Planning and Institutional Effectiveness  
Julian Fisher for Madeline Burillo, President, Southwest College  
Margaret Ford Fisher, President, Northeast College  
Muddassir Siddiqi, President, Central College  
Zachary Hodges, President, Northwest College  
Phillip Nicotera, President, Coleman College  
Irene Porcarello, President, Southeast College  
Robert King, Interim Executive Director, HCC Foundation  
Terrence Corrigan, Director, Internal Audit

**OTHERS PRESENT**

Melissa Mihalick, Board Counsel, Bracewell LLP  
Melissa Miller-Waters, Faculty Senate President  
Other administrators, citizens, and representatives from the news media

## **CALL TO ORDER**

Ms. Eva Loredo, Chair, called the meeting to order at 2:57 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, Hansen, Loredo, Sane, Tamez, and Wilson)*

## **TOPICS FOR DISCUSSION AND/OR ACTION**

### **BUDGET WORKSHOP REGARDING STRATEGIC BUDGET INITIATIVES FOR FISCAL YEAR 2017-2018**

Dr. Maldonado noted the report would be on the strategic budget initiatives for the 2017-2018 cycle to be presented by Mrs. Teri Zamora.

Mrs. Zamora requested the Board members keep their budget resource materials binder for use as a budget development tool and as a resource throughout the year.

*(Mr. Capo stepped out at 3:01 p.m.)*

Mrs. Zamora noted the focus would be on tab 3 in the budget book regarding Strategic Initiatives. She noted approximately 94 initiatives would be considered according to budget availability.

*(Mr. Capo returned at 3:03 p.m.)*

Mrs. Zamora provided an overview of the top fourteen (14) priorities regarding the Strategic Initiatives influencing the unrestricted budget.

- 1 Enact Year 3 of Compensation Study Adjustments
- 2 2% Salary Increase for Full Time Employees
- 3 14 Additional Full Time Faculty Positions
- 4 Increase – Benefit Costs
- 5 Increase – Operation/Maintenance Costs of New CIP Facilities
- 6 Increase –Staffing of New CIP Facilities (Portion not provided in 2017)
- 7 Customer Relationship Management System (CRM)
- 8 Planning Process for Port Academy
- 9 Development of Challenger Center Project
- 10 Exploration of Process Technology Plant
- 11 Net reduction in debt payments
- 12 West Houston Institute
- 13 Completion of Student Services Transformation
- 14 Tutors and Technology to Implement PULSE

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Dr. Tamez referenced item 8 regarding the Port Academy and inquired about the \$100,000. Dr. Maldonado apprised it was for the development of the feasibility study.

Dr. Hansen referenced item 12 regarding the West Houston Institute (WHI) and requested clarification of what is included in the Performance Excellence pillar and whether it included furnishings. Mrs. Zamora noted furniture and equipment is not included.

*(Dr. Evans-Shabazz stepped out at 3:04 p.m.)*

Mrs. Zamora reference item 6 regarding the WHI and noted the \$420,000 includes the base manning needed for new facilities to hire building personnel and item 12 references those individuals who will be hired to report directly to the Director and operate the programs.

*(Dr. Evans-Shabazz returned at 3:08 p.m.)*

*(Ms. Loreda stepped out at 3:08 p.m.)*

Ms. Zamora continued with the overview of the priority items.

*(Ms. Loreda returned at 3:13 p.m.)*

Mr. Glaser inquired on the additional faculty positions and whether it is due to student enrollment or program growth. Dr. Beatty apprised that the 14 faculty positions is a net and that about 50 faculty will be hired due to retirement and program growth. Dr. Maldonado noted that for compliance with the Southern Association of Colleges and Schools (SACS) the goal is to have 50% credited hours taught by full time faculty while shifting the burden away from adjuncts.

Dr. Maldonado noted the Challenger Center project is administered by the Challenger Foundation and it is an academic STEM center targeting students from third grade through college freshmen as a learning lab for STEM fields.

Mr. Glaser inquired if there are any partnerships established for funding assistance. Dr. Maldonado noted the project is considered a college readiness initiative and not far along to reach out to ISDs. Mr. Glaser noted his concern of spending money on a development outside of the college's scope.

Mr. Wilson referenced item 11 and noted the item is a savings and inquired why it is included. Mrs. Zamora noted the item allows for the affordability of some of the initiatives.

Mr. Glaser inquired if there were any other program savings recorded on the list. Mrs. Zamora noted there is a recirculating process the departments follow to review their budgets and the list is what departments cannot afford to have and need. Mr. Glaser apprised that maybe there is way to fund from savings rather than an addition to the budget. Mrs. Zamora noted savings are constantly recycled to avoid seeking additional funds.

Dr. Evans- Shabazz inquired if the planning process for the Port Academy would affect engagement of the HISD programs and would it be combining the maritime programs. Dr. Maldonado noted discussion will be held with HISD on the programmatic design of the project.

Mrs. Loreda apprised that there are four HISD maritime academies currently in place. Dr. Maldonado noted it would be separate from the current programs and it includes a partnership with HISD and the Port Authority.

Mrs. Sane inquired about the sequencing and referenced the homestead exemptions. She inquired if it is premature and should the discussion wait until after the legislative session. Mrs. Zamora noted that no action is requested on the item. She noted that a recommended budget will be presented next week with the anticipation of a final review for action in June after the legislative session.

Dr. Hansen inquired if consideration has been given in raising the homestead exemption and apprised that the ISDs have \$25,000 exemption. Mrs. Zamora noted the college operates on a different statute than the ISDs and the \$5,000 is set by the state. She added that the percentage can be changed.

Mr. Capo inquired about the timeframe regarding the hiring process for full time faculty. He inquired if notification is provided to the deans regarding lack of applicant documents. Mrs. Zamora noted the hiring process for faculty has been streamlined. Dr. Beatty noted the hiring is done in a collective group process and dedicated individuals from Talent Management working with committees to assist with the faculty hiring. She noted that a more systematic approach can be identified to assure the process.

Mr. Capo inquired if the process is applicable to adjunct faculty hiring. Dr. Beatty noted the adjunct faculty pool is left open to recruit actively.

Mr. Capo reference General Salary Increase (GSI) and inquired as to where everyone else stands in comparison to this year. Mrs. Zamora noted a review is conducted to see where the college stands in comparison to other institutions and data is unavailable for the coming year. She noted one to three percent is the norm. Mr. Capo requested that any available information be provided prior to the request for budget approval.

Mr. Capo referenced the compensation study increase for faculty to move to market level and inquired which of the factors are correct. Mrs. Zamora noted the GSI is compounded.

#### **FEASIBILITY STUDY FOR FAR WEST HOUSTON IN HCC SERVICE DELIVERY AREA**

Motion: Mr. Capo motioned and Dr. Tamez seconded.

Dr. Maldonado noted the request is for authorization to conduct a feasibility study and for Administration to provide a recommendation to the Board.

Mr. Capo inquired as to how to make certain all of the communities are brought along with complete information. Mr. Capo thanked Mr. Wilson for the robo calling and noted he was able

to discuss it with his constituents and all but one would support the efforts. Mr. Capo requested written documentation be provided to one of his constituents on the project. He requested that when more data is available, sites be identified to provide information to the constituents.

Dr. Tamez noted she is in favor of the feasibility study.

Dr. Hansen inquired if the Chancellor had any idea of the cost of the feasibility study. Dr. Maldonado noted he is not certain of the estimate cost, but it would be within his authority limit with the individual contracts that would include communications, financial analysis and preliminary site drawings. Dr. Hansen asked for clarification on the Chancellor's \$100K threshold. Dr. Maldonado apprised it would be per agreement. He noted he could develop an estimate to provide to the Board and added that he does not anticipate the cost to exceed \$100,000 per consultant engaged.

Dr. Tamez inquired if the feasibility study exceeds the Chancellor's signature authority, would it come back to the Board. Dr. Maldonado noted an estimate could be provided in the Weekly Administrative Briefing (WAB) and apprised that he is not able to provide an amount at this time.

Mr. Capo inquired if a typical feasibility study would include what is in mind or would it include other contracts as mentioned. Mr. Capo requested clarification on the contracts in order for due diligence. Dr. Maldonado noted all the information needs to be provided to the Board to make an informed decision on the project. He noted that no funds will be spent on construction and design if the Board does not support the effort. He noted the study would involve reaching out to the communities to understand the project.

Mr. Wilson noted the reason for breaking the contracts into smaller parts is to fall within the Chancellor's signature authority to avoid having to obtain Board approval and appearing to circumvent the rules. He noted he felt uncomfortable with the item being opened ended.

Mrs. Sane noted she has expressed her concerns regarding the project and the fiscal impact. She apprised that a feasibility study on the project has already been conducted.

Ms. Loreda noted she also received the calls and noted the constituents were more in favor once clarification was provided. She noted she is in favor of the feasibility study that will identify what needs to be provided to the area without hurting the local area. She noted the project will be successful provided the community is informed.

Dr. Maldonado noted that Administration is willing to cap the expenditures at \$300,000 and any additional costs would come back before the Board.

Dr. Tamez read the definition of a feasibility study and noted that is what should be relayed and it should involve all communities.

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Mr. Capo concurred with Dr. Tamez and added that the communication contract needs to come after the study has been completed to share with the community and cap at \$250,000.

Motion to Amend to Cap Feasibility Study to \$250,000: Mr. Capo moved to cap at \$250,000 and Dr. Evans-Shabazz seconded.

Vote on Amendment: The motioned passed with a vote of 6-1-1 with Mr. Wilson opposing and Mrs. Sane abstaining.

Mr. Glaser inquired as to how much has been expended so far. Mrs. Zamora noted \$94,000 has been spent. Mr. Glaser inquired if community outreach would include local and outside. Dr. Maldonado noted it would include both.

*(Dr. Tamez stepped out at 3:49 p.m.)*

*(Mr. Glaser stepped out at 3:50 p.m.)*

*(Mr. Glaser returned at 3:50 p.m.)*

Vote: The motion failed with a vote of 4-2-1 with Mr. Glaser and Mr. Wilson opposing and Mrs. Sane abstaining.

*(Dr. Tamez returned at 3:51 p.m.)*

**ADJOURNMENT**

With no further business coming before the Board, the meeting adjourned at 3:51 p.m.

Minutes submitted by Sharon Wright, Director, Board Services

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

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

**May 25, 2017**

**Minutes**

The Board of Trustees of Houston Community College held a Regular Meeting on Thursday, May 25, 2017 at the HCC Administration Building, Second Floor Auditorium, 3100 Main, Houston, Texas.

**MEMBERS PRESENT**

Eva Loreda, Chair  
Christopher Oliver, Vice Chair  
Neeta Sane, Secretary  
Zeph Capo  
Carolyn Evans-Shabazz  
Robert Glaser  
John P. Hansen  
Adriana Tamez  
Dave Wilson

**ADMINISTRATION**

Cesar Maldonado, Chancellor  
Melissa Gonzalez, Vice Chancellor/Chief of Staff  
Ashley Smith, General Counsel  
Teri Zamora, Senior Vice Chancellor, Finance and Administration  
Kimberly Beatty, Vice Chancellor, Instructional Services/Chief Academic Officer  
Athos Brewer, Vice Chancellor, Student Services  
William Carter, Vice Chancellor, Information Technology  
Kurt Ewen, Vice Chancellor, Planning and Institutional Effectiveness  
Madeline Burillo, President, Southwest College  
Margaret Ford Fisher, President, Northeast College  
Muddassir Siddiqi, President, Central College  
Zachary Hodges, President, Northwest College  
Phillip Nicotera, President, Coleman College  
Irene Porcarello, President, Southeast College  
Janet May, Chief Human Resources Officer  
Robert King, Interim Executive Director, HCC Foundation  
Terrence Corrigan, Director, Internal Audit  
James Walker, Interim, Chief Facilities Officer



**OTHERS PRESENT**

Jarvis Hollingsworth, Board Counsel, Bracewell LLP

Melissa Miller-Waters, President, Faculty Senate

Other administrators, citizens and representatives from the news media

**CALL TO ORDER**

Ms. Eva Loredo, Chair, called the meeting to order at 4:06 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, Hansen, Loredo, Oliver, and Wilson)*

*(Mrs. Sane joined the meeting at 4:07 p.m.)*

**PRAYER AND PLEDGE OF ALLEGIANCE**

Mrs. Loredo recognized the students and their leaders representing the Alief Taylor High School NJROTC. Dr. John P. Hansen led the Board and guests in prayer. Alief Taylor High School NJROTC posted the colors and led the pledges.

*(Mr. Glaser joined the meeting at 4:10 p.m.)*

**APPROVAL OF MINUTES FOR APRIL 2017**

Motion: Mr. Capo motioned and Dr. Hansen seconded.

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

The following minutes were approved:

- Special Meeting on April 4, 2017
- 50<sup>th</sup> Anniversary Celebration Committee on April 13, 2017
- Academic Affairs/Workforce Committee on April 13, 2017
- Board Governance Committee on April 13, 2017
- Committee of the Whole on April 13, 2017
- External Relations Committee on April 13, 2017
- Special Meeting on April 13, 2017
- Strategic Planning Committee on April 13, 2017
- Student Success/Services Committee on April 13, 2017
- Regular Meeting on April 20, 2017
- Special Meeting on April 20, 2017

*(Dr. Tamez joined the meeting at 4:16 p.m.)*

## **AWARDS, PRESENTATIONS AND RECOGNITIONS**

The following presentation were made regarding recognitions and/or awards:

- Ruth A. Allen Pioneer in Texas Working-Class History Award
  - Dr. Michael Botson, Faculty, History Department
- NISOD Award Recipients:
  - Corey Acklemire, Faculty, Art Department
  - Rick Harrington, Faculty, Audio Recording/Filmmaking
  - Robin Raborn, Faculty, Academic Student Success
  - Shahjahan Rizvi, Faculty, Chemistry
  - Megan Sovine, Faculty, Speech
  - Jennifer Stidham, Faculty, Public Service Librarian
  - Mohamad Tlass, Faculty, Pharmacy Technician
  - Brigid Wilson, Faculty, VAST/Occupational Life Skills
- Phi Theta Kappa Chapter:
  - Josue Rodriguez, President
  - Jaime John Manaay, Vice President of Scholarship
  - Furqan Khan, Vice President of Leadership
  - Nhu Le, Vice President of Service
  - Thao Nguyen, Vice President of Membership
  - Rebecca De La Cruz, Public Relations
  - Tazeen Fatima, Administrative

*(Dr. Tamez stepped out at 4:30 p.m.)*

- East Harris County Manufacturers Association (EHCMA)  
A donation of \$70,255 to the HCC Foundation to support students enrolled in the following COEs: Advanced Manufacturing, Material Science, Construction, Global Energy, and Logistics.

*(Mr. Glaser stepped out at 4:35 p.m.)*

*(Dr. Tamez returned at 4:35 p.m.)*

- Recognition of Asian Heritage Month by Mr. Gordon Quan
- Student Success Stories (Coleman College)
  - Brenda Torres
  - Charmaine Easley

*(Mr. Glaser returns at 4:45 p.m.)*

## CHANCELLOR'S REPORT

Dr. Maldonado reported on the following:

- HCC 2017 graduation ceremonies for District, GED and VAST Academy recognized the commitment of students and the faculty and staff who helped the students in achieving their goals. Graduation speakers included Mayor Sylvester Turner, Mr. Chris Canetti, Houston Dynamos President, Dr. Maude Ferguson, and Dr. Kimberly Beatty
- 2016-2017 Veteran graduates and the Texans Scholarships for Service Awards recipients were honored in partnership with the Houston Texans
- FORWARD Fun Day was held throughout the district for HCC faculty and staff who support the ongoing transformation of HCC
- HCC Asian Scholarship Program Inspiring Results and Excellence (A. S. P. I. R. E.) recognized Dr. Muddassir Siddiqi and Ms. Linda Toyota
- On May 1, 2017, the signing of the historic MOU agreement between HCC and Alief ISD took place providing automatic admission to HCC to eligible graduating high school seniors.
- The Financial Aid Department earned a Telly Award for its White House Student Loan Debt Challenge videos
- HCC participated in the LULAC Cinco de Mayo Parade
- HCC Alumnus Hugo Ortega received the James Beard Foundation Award for Best Chef: Southwest
- The annual HCC Fashion Fusion event partnered with the Museum of Fine Arts highlighting HCC student designers on a show inspired by *Adios Utopia: Dreams and Deceptions in Cuban Art Since 1950*
- HCC launched the iOS Coding and Design School (iCDS) training to start this summer on developing APPLE iOS applications and coding
- Total earned media value tallied nearly \$2,87,600
- **Entrepreneurship Program Report**  
Dr. Maldonado noted Dr. Kurt Ewen, Vice Chancellor, Planning and Institutional Effectiveness would present on the Entrepreneurship program. Dr. Ewen noted it was a program a program that was started ten years ago and introduced Dr. Maya Durnovo,

Chief Entrepreneurial Initiatives Officer to provide the Entrepreneurial Initiatives presentation.

Dr. Durnovo presented on the Entrepreneurship program that included the following:

- Entrepreneurial Initiatives
- Timeline
- Entrepreneurial Initiatives Organization
  - Goldman Sachs 10,000 Small Businesses
  - Minority Business Development Agency
  - The Corporate College
- Texas Workforce Commission Projects
- Student Innovation & Entrepreneurship
- Local Events

Mr. Capo expressed appreciation and thanked the department regarding the work. He apprised that he is comfortable with the professional work being done in the community.

Mr. Glaser also expressed appreciation for the program.

• **Faculty Senate Report**

Dr. Melissa Miller-Waters provided the Faculty Senate report to include the following:

- Participated and observed as president events for and worked by students and faculty to put students at the center
- Attended the honoring and cording ceremony of Veteran students and faculty at NRG
- Attended the EDUC 1300 faculty professional development

*(Mr. Oliver stepped out at 5:04 p.m.)*

- Faculty Senate hosted the All Faculty Retreat and expressed appreciation to Dr. Kimberly Beatty, Dr. Steve Levy, Mrs. Teri Zamora and Mr. Warren Hurd for their support

*(Mr. Oliver returned at 5:06 p.m.)*

- Coleman faculty working with curriculum designers in the IIED to redesign courses and curriculum to align with learning objectives
- Appreciation extended to the Board and administration for supporting the third year of the compensation plan

- **United Student Council Report**

Dr. Maldonado noted that Mr. Josue Rodriguez would provide the United Student Council report.

Mr. Rodriguez, USC President provided a report to include appreciation to the administration for the smooth and exciting 2017 commencement ceremony. He added that as a graduate himself, he was grateful for an astonishing ceremony. Mr. Rodriguez noted USC extended congratulations to HCC for the establishment of the APPLE partnership.

## **CHAIRMAN'S REPORT**

### **A. Trustee District Reports:**

- District VI - Dr. Hansen noted 1,000 commitment letters to Alief High School students were sent out and two meetings regarding fall registration were attended by over 100 students at each meeting. He apprised that over 300 students are in the enrollment process from the letters sent out. He attended the UT Tyler senior design showcase expo of 80 graduates on April 28 and on May 2 he attended the Business Plan competition with 90 participants.
- District IV - Dr. Evans-Shabazz noted she attended the Texas Southern University's Maroon and Gray Gala and the Jack Yates High School Maritime Banquet honoring the graduates. She also attended the 2017 HCC Graduation ceremony.
- District II - Mr. Wilson apprised that he also attended the Jack Yates High School Maritime Banquet. He noted Northeast College sponsored a Truck Driving Rodeo where 100 drivers from Walmart, HEB, UPS and others competed. He added he attended the East End Chamber meeting where Dr. Azita Aghosseini, Instructor at the COE Global Energy was the guest speaker. Mr. Wilson noted the Fire Academy had sixty graduates. He asked of everyone to remember those who served our country on Memorial Day.
- District IX - Mr. Oliver noted he attended the 2017 HCC Graduation and various activities in his district including a Mother's Day celebration at the Multi-service Center. He conveyed get well wishes to Mr. Jesse Boone and Ms. Bessie Swindle, both community members.
- District VI - Mrs. Sane expressed thanks to Drs. Tamez and Evans-Shabazz and Trustee Loreda for having attended the ASPIRE reception honoring Dr. Siddiqi, President of Central College. She announced the ASPIRE Gala will take place in September 2017. She noted she served as a panelist at a meeting hosted by the Asian Chamber of Commerce and that she is planning a youth leadership

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conference for District VII. She added she was very proud of the MOU signing with Alief ISD.

*(Dr. Evans-Shabazz stepped out at 5:16 p.m.)*

- District - Mr. Capo announced the passing of Ms. Marisol Rodriguez who had served as his campaign treasurer and was a constituent of District I. He noted he would like to set up a scholarship in her honor for women going into politics or social justice.

*(Dr. Evans-Shabazz returned at 5:19 p.m.)*

Mr. Capo noted he had conversations within his community and reflected on the Trustee training held throughout the year and the definition of the word "session".

*(Mr. Wilson stepped out 5:23 p.m.)*

- District V - Mr. Glaser noted he attended the VAST, GED and the District graduation ceremonies. He also participated in a scholarship event within the Bellaire area and attended several other community meetings including an A+Challenge meeting with higher education participants.
- District III - Dr. Tamez thanked the community of District III and congratulated the 2017 HCC graduates. Dr. Tamez read a statement regarding how honored she is to serve as a trustee and represent the community and expressed her concerns regarding actions being undertaken by Trustee Wilson.

*(Mr. Wilson returned at 5:30 p.m.)*

*(Dr. Tamez stepped out at 5:30 p.m.)*

- District VIII - Ms. Loreda noted she attended multiple graduations and events throughout the district. She apprised she is proud to serve the institution, students and community. She noted she was contacted by the media. She added she will continue to do her duty as a Trustee and the Trustees should work together as one to promote the college.

*(Dr. Tamez returned at 5:32 p.m.)*

She expressed thanks to those who attended the APPLE event on a short notice. Ms. Loreda thanked and encouraged everyone to push forward. She also reminded everyone that Monday is Memorial Day and to remember the veterans.

**B. Board Meeting Schedule**

Ms. Loreda noted the Committee of the Whole meeting is scheduled for Thursday, June 8, 2017 at 4:00 p.m. and Committees meetings will be held prior to the COTW as needed. The next Regular meeting is scheduled for Thursday, June 15, 2017 at 4:00 p.m.

**C. Birthday Recognition**

Ms. Loreda expressed Happy Birthday wishes to Trustees Capo and Glaser who recently celebrated their birthdays.

**CONSENT AGENDA**

Motion: Mr. Capo motioned and Mr. Oliver seconded to approve the Consent Agenda with the exception of agenda items: A.1.

The following items were approved:

- Landscaping & Grounds Maintenance Services, service Area 1 (Project No. RFP 17-10)
- Professional Mechanical, Electrical & Plumbing Engineering Services (Project No. RFQ 17-34)
- Adoption of Fort Bend and Harris County Local Option Exemptions Tax Year 2017
- Monthly Investment Report, Financial Statement and Budget Review for March 2017

Vote: Motion passed with a vote of 9-0.

**BANKING RESOLUTION AUTHORIZATION**

Motion: Mr. Wilson motioned and Mr. Oliver seconded.

Mr. Wilson noted he was opposing the item due to Bank of America relationships with Black Rock investments.

Vote: Motion passed with a vote of 8-1 with Mr. Wilson opposing.

**TOPICS FOR DISCUSSION AND/OR ACTION**

**REPORT ON CHANCELLOR EVALUATION TIMELINE**

Dr. Maldonado noted the item is to provide a report to the Board regarding the evaluation timeline.

Dr. Beatty referenced the handout in the book and shared the critical contractual dates of July 15 regarding the deadline for the Chancellor's self-evaluation, a report on Pillar 4 of the strategic plan in August and the Chancellor's evaluation delivered in writing by August 31.

Dr. Tamez noted ACCT provided a timeline packet to include both the Board Self-Evaluation and Chancellor Evaluation. She apprised that ACCT will guide the data collection process and requested the Trustees review the material provided. Dr. Beatty added that on June 15 the instrument and the Chancellor's self-evaluation will be available for viewing.

*(Ms. Loreda stepped out at 5:41 p.m. and Mr. Oliver presided.)*

#### **PERSONNEL AGENDA – FACULTY**

Motion: Mr. Capo motioned and Dr. Tamez seconded.

Dr. Maldonado noted the agenda item was for approval of full time faculty contracts.

Mr. Capo noted there were SACS reports requesting sections be taught by 50% or more by full time faculty and inquired if positions were posted. Dr. Maldonado noted 50 positions were posted.

*(Ms. Loreda returned at 5:43 p.m.)*

Mr. Wilson inquired of the threshold that needs to come before the Board for approval and inquired how the staff listed in the appendix are approved. Dr. Maldonado noted staff positions are not contract and do not need Board approval. Mr. Wilson inquired if there is a salary limit that requires Board approval. Mr. Hollingsworth noted that all employment contracts are approved by the Board.

Vote: Motion passed with a vote of 8-0-1 with Mr. Wilson abstaining.

#### **REPORT ON STRATEGIC PLAN**

Dr. Maldonado noted an update on the action plans implemented across the pillars of the Strategic Plan would be provided by Dr. Beatty.

*(Mr. Oliver stepped out at 5:46 p.m.)*

Dr. Beatty reported on Pillar III: Performance Excellence that included the following:

- Action Plan Progress
- Performance Excellence – KPIs
  - Enrollment
  - Recognition & Awards
  - Accreditations

Mr. Capo expressed appreciation to Dr. Beatty for exceeding the work.



### **COMPREHENSIVE REPORT ON HCC STUDENT DEBT**

Dr. Maldonado noted a report on student debt would be provided by Ms. JoEllen Soucier, Executive Director, Financial Aid.

*(Mr. Oliver returned at 5:51 p.m.)*

Ms. Soucier noted a report with emphasis on federal loan debt would be provided and added that an average of 15,000 students borrow each year with an average loan of \$5500 each year and 9,000 are full PELL eligible. She added that upon her arrival the default rate was at 21.5% or one out of every five students were unable to pay their loan. Ms. Soucier apprised that the college cannot limit the amount a student can borrow by law and but is required to provide entrance counseling. She noted that it can be offered on an annual basis but is not mandated.

Ms. Soucier presented on the following:

- Federal Direct Student Loans
- Financial Coaches and The White House Debt Challenge
- Default and Student Outreach

Ms. Soucier noted the draft default rate as of February 2017 is 11.7% making it an 8.5% reduction in one year due to the efforts put in place. She noted the goal is for HCC is to be less than 11% and apprised the national average default rate for community colleges was 18% in 2013.

Dr. Hansen inquired if \$5,500 is the total debt acquired while a student is attending HCC or per year. Ms. Soucier noted the figures represent per year. She added students borrow an average of \$19,000 while attending HCC. Dr. Hansen noted the figure is a wide margin compared to the cost of tuition. Ms. Soucier noted most students are borrowing for living expenses.

Mr. Capo inquired if loan amounts are tracked back if defaulted over 15-20 years. Ms. Soucier noted the default rate is calculated after three years when student went into repayment.

Mr. Glaser inquired if default rate means delinquent on the payment. Ms. Soucier noted it is when payment had not been made in 270 days.

Mr. Glaser inquired why the college is prohibited from limiting the amount students can borrow and why the push back. Ms. Soucier apprised that she testified before Congress in April and denoted the same concerns allowing more flexibility in terms of student debt education. She added that the federal government does not allow barriers and counseling is considered a barrier.

Dr. Evans-Shabazz expressed appreciation to the Chancellor and the administration for the efforts to lower student loan debt.

## **REPORT ON SURVEY OF ENTERING STUDENT ENGAGEMENT (SENSE) RESULTS**

Dr. Maldonado noted an update would be provided by Dr. Beatty and Dr. Ewen on the annual findings received on SENSE.

Dr. Ewen noted the report is self-reported information and allows for improvements and better questions for first time entering students.

Dr. Beatty presented on the following:

- 2016 Benchmarks Results
  - Early Connections
  - High Expectations and Aspirations
  - Clear Academic Plan and Pathway
  - Effective Track to College Readiness
  - Engaged Learning
  - Academic and Social Support Network
- Benchmark Comparison 2015-2016

Mr. Wilson inquired about the effective track to college readiness. Dr. Beatty noted it is a series of questions asked whether a student perceives if there is a clear pathway for college readiness as they entered the college.

Mr. Wilson inquired if this happens in high school. Dr. Beatty noted it is a beginning point and continues when they enroll.

*(Dr. Evans-Shabazz stepped out at 6:08 p.m.)*

## **REPORT ON STUDENT AWARDS**

Dr. Maldonado noted an overview on the student awards structure would be provided by Dr. Beatty.

Dr. Beatty recognized Dr. Amber Holloway for her research on what colleges are doing for president and chancellor awards regarding student engagement.

Dr. Beatty presented on the following:

- Chancellor's Awards
  - Frequency
  - Criteria
  - Selection Process
  - Formal
  - Award
- College Awards
  - Presidential
  - Student Life

- o Programmatic

Mr. Oliver inquired why only two awards and is it due to budgetary reasons. Dr. Maldonado noted it is a total of twelve with two awarded at each college.

Ms. Loredo expressed appreciation to all the HCC family for their hard work and making it a great year.

#### **ADJOURNED TO CLOSED SESSION**

Ms. Loredo adjourned the meeting to Executive Session at 6:13 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. Ms. Loredo 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.

Ms. Loredo reconvened the meeting in Open Session at 6:44 p.m. and entertained any motions on pending matters.

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

#### **ADJOURNMENT**

With no further business coming before the Board, the meeting adjourned at 6:44 p.m.

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

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

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

**May 25, 2017**

**Minutes**

The Board of Trustees of Houston Community College held a Special Meeting on Thursday, May 25, 2017 at the HCC Administration Building, Second Floor Auditorium, 3100 Main, Houston, Texas 77007.

**MEMBERS PRESENT**

Eva Loreda, Board Chair  
Christopher Oliver, Vice Chair  
Neeta Sane, Secretary  
Zeph Capo  
Carolyn Evans-Shabazz  
Robert Glaser  
John Hansen  
Dave Wilson

**ADMINISTRATION**

Cesar Maldonado, Chancellor  
Melissa Gonzalez, Vice Chancellor/Chief of Staff  
Ashley Smith, General Counsel  
Teri Zamora, Senior Vice Chancellor, Finance and Administration  
Athos Brewer, Vice Chancellor, Student Services  
William Carter, Vice Chancellor, Information Technology  
Kurt Ewen, Vice Chancellor, Planning and Institutional Effectiveness  
Madeline Burillo, President, Southwest College  
Margaret Ford Fisher, President, Northeast College  
Zachary Hodges, President, Northwest College  
Phillip Nicotera, President, Coleman College  
Irene Porcarello, President, Southeast College  
Muddassir Siddiqi, President, Central College  
Robert King, Interim Executive Director, HCC Foundation  
Terrence Corrigan, Director, Internal Audit

**OTHERS PRESENT**

Jarvis Hollingsworth, Board Counsel, Bracewell LLP  
Melissa Miller-Waters, Faculty Senate President  
Other administrators, citizens and representatives from the news media

**CALL TO ORDER**

Ms. Eva Loreda, Chair, called the meeting to order at 2:11 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, Hansen and Loreda)*

**TOPICS FOR DISCUSSION AND/OR ACTION**

**BUDGET WORKSHOP REGARDING PROPOSED UNRESTRICTED BUDGET FOR FISCAL YEAR 2017-2018**

Dr. Maldonado noted the item is a continuation of the budget process to discuss the unrestricted budget proposal for 2017-2018. He apprised Mrs. Teri Zamora would provide an overview of the proposed budget.

*(Mrs. Sane joined the meeting at 2:13 p.m.)*

*(Mr. Glaser joined the meeting at 2:13 p.m.)*

*(Mr. Wilson joined the meeting at 2:13 p.m.)*

Mrs. Zamora noted she would present the unrestricted budget which is the main operating fund that included the following:

- Executive Summary
- Budget Assumptions
- Budget Goals
- Centers of Excellence (Added an Automotive COE)
- College Locations (Service Area Map)
- Budget Timeline for FY 2018
- Completers
  - Unrestricted Expenditures by Completer
- Unrestricted Budget – Revenues
  - Revenue Recommendations – FY 2018
  - Estimated Unrestricted Revenues – FY 2018

*(Ms. Loreda stepped out at 2:23 p.m.)*

- Sources of Unrestricted Revenue

*(Ms. Loreda returned at 2:25 p.m.)*

Houston Community College  
Special Meeting – May 25, 2017 – Page 3

- Tuition/Fee Comparative Rates – Fall 2016
- Ad Valorem Tax Comparative Rates – 2017

*(Mr. Oliver joined the meeting at 2:29 p.m.)*

- Estimated Impact of Proposed Tax Increase to Homeowner
- History of Maintenance and Operations (M&O) Tax Rate
- History of Debt Tax Rate
- Unrestricted Budget – Expense
  - Priority Strategic Initiatives Influencing Budget – FY 2018
  - Priority Strategic Initiatives Influencing Budget – FY 2015 thru FY 2018
  - Proposed Budget by Expense Type – FY 2018
  - Budget Summary by Expense Type – FY 2015 thru FY 2018

*(Mrs. Sane stepped out at 2:35 p.m.)*

- Proposed Budget Summary – FY 2018
- Related Budget Information
  - Unrestricted Fund Balance
  - Salary Increases Being Considered by Peer Community Colleges

Dr. Hansen referenced the \$201.3 billion estimated tax base and inquired about the percent increase was from last year. Mrs. Zamora noted the increase was 3.4% as estimated from the counties.

Dr. Hansen noted an 8.3% increase on revenues is based on the recommended tax rate and inquired of the TRE rule. Mrs. Zamora noted the proposed rate is under 8% with variations and in accordance with the rollback calculation using Harris County's software. Dr. Hansen inquired of the maximum tax rate proposed and of the plan if the state reduces the maximum rate. Mrs. Zamora apprised the rationale was to capture the tax base available at this time to accommodate the buildings coming on board and apprised that the state mandate would go into effect next year.

Mrs. Sane referenced the priorities and noted enrollment should be a priority. She apprised that enrollment should be a top priority for the following benefits: educating more students, additional contact hour reimbursement and fully utilizing the additional space coming online. Mrs. Zamora noted there are several initiatives to increase enrollment included in the priorities.

Mrs. Sane inquired of the percentage of enrollment increase expected with the initiatives. Mrs. Zamora noted there will probably be a slight decrease in revenues due to the international market.

Mrs. Sane inquired of the international and domestic enrollment. Mrs. Zamora noted the college budgets normally for a 2% increase.

Dr. Evans-Shabazz noted concerns about the minority student enrollment and inquired as to how to become tuition free. Mrs. Zamora noted funds are placed in the auxiliary budget for student scholarships.

*(Mrs. Sane stepped out at 2:50 p.m.)*

*(Mr. Glaser stepped out at 2:50 p.m.)*

Mrs. Zamora noted that other options could be explored such as breaking the general pool of the scholarship funds down to cover more students.

Dr. Evans-Shabazz inquired as to what happens when a student leaves with an unpaid balance. She inquired if there are funds to assist those returning students to be able to pay off the balance. Mrs. Zamora noted the college provides several options and works with the students to pay off outstanding debt.

*(Mrs. Sane returned at 2:52 p.m.)*

*(Mr. Glaser returned at 2:52 p.m.)*

Mr. Oliver inquired if the presentation is the same as the one provided at the March Board Retreat. Mrs. Zamora noted the presentation includes some of the information provided at the retreat.

Mr. Oliver associated with Dr. Evans-Shabazz and inquired what could be done to assist students. Mrs. Zamora noted she would have to defer to the HCC Foundation representative.

Mr. Oliver noted enrollment has declined and inquired as to what efforts are being taken to increase enrollment. Mrs. Zamora noted one effort is to capture subsets of students taking the GED.

*(Mr. Capo joined the meeting at 2:53 p.m.)*

Mr. Wilson noted that if the college's debt was paid off students could attend free. He referenced unfunded state mandates and inquired of the characterization of the state rules on service areas as unfunded mandates. Mrs. Zamora noted the state funding is the same for the service areas and permits charging more to those who are out of district to replace the property tax not paid by the students. Mrs. Zamora noted HCC has three subsets of students: in service area, not in service area and those who live in the service area outside the taxing district.

Mr. Wilson referenced the three tiers of tuition and noted that a foreign student pays \$1,800 and someone who lives in the taxing district pays approximately \$7,600 from taxes and state reimbursement and out of state pays \$3,100; therefore, in essence, the in-district student is subsidizing the cost of attendance for the other students. He requested the tuition tiers be considered in the future.

Mr. Wilson referenced page 25 regarding the marketing costs and inquired if there are any marketing costs unaccounted in the auxiliary budget. Mrs. Zamora noted \$2 million is paid for marketing costs from the auxiliary budget.

Mr. Wilson reference page 28 and noted the high travel cost for Northwest and Coleman and inquired as to the reason. Mrs. Zamora noted the travel referenced for Coleman is for mileage due to instructors checking on students spread throughout the city and noted she would have to review the reason for Northwest College.

Mr. Wilson referenced the lease at Northeast-Pinemont and Coleman and inquired on the lease expiration for Pinemont. Mrs. Zamora noted the lease expires on August 31, 2018 and noted the cost for Coleman is rent for housing the Pharmacy Tech program in the McGovern building. She added the program is scheduled to move out this summer.

Mr. Wilson referenced contracted services and inquired of the figures. Mrs. Zamora noted the COEs provide training or maintenance of equipment that is managed through contracted services.

Mr. Wilson noted he personally views that items should be properly budgeted for and sees the contingency numbers as a slush fund that should not be included in the budget. He added that he would like excess revenue used to pay off debt. Mrs. Zamora noted that a larger debt payoff would be recommended if there are additional revenues.

Dr. Maldonado noted additional debt has been paid down since his arrival and noted that the debt management plan that was put in place would continue.

Mr. Capo noted there should be a thorough discussion regarding the debt management plan.

Mr. Capo noted he is sensitive about increasing tuition. He noted the college is a center for international students and a thorough review should be given to the scenario that would impact enrollment and efficiency rates. He apprised that he does not want students not be able to attend college for whatever the reason and a complete picture needs to be reviewed.

Dr. Maldonado referenced Mr. Wilson's comment regarding the average cost and noted the numbers are not determined by averaging the numbers because it skews the results as referenced by Mr. Wilson.



Mr. Glaser referenced page 16 and noted he was not aware that proposing to increase the tax rate was to get the maximum tax rate. He also noted he is sensitive to tuition rates but the college is not here to subsidize opportunities at tax payers' expense. He apprised that the budget should be viewed from a different framework and the "take it or lose it" option on the ad valorem tax should not be utilized especially with a declining enrollment.

Mr. Glaser noted he does not disagree with Mrs. Sane's comments about increasing enrollment which has been more of a result than a goal. He apprised that the college offers opportunities. He noted subsidizing tuition to a degree is good but the budget needs to be reviewed regarding the tax rate. Mrs. Zamora noted 95 strategic initiatives were included in the budget packet. She noted a revenue was identified that could cover the expenses of the initiatives with a cut-off cap.

Mr. Glaser noted the initiatives should be prioritized and not take the maximum from taxpayers. He inquired how it ties into the Fund Balance of \$22 million. Mrs. Zamora noted a portion of it is cash flow.

Dr. Hansen commented in response to questions from Dr. Evans-Shabazz, Trustees Oliver and Sane in regards to free tuition. He noted that it requires someone to pay more money and there is little evidence the state/federal government would cover it. He apprised the other option is to raise local property taxes, which is not feasible under state law.

Dr. Hansen noted there are ways to increase enrollment and referenced the P-SOAR Program where students are identified early on and more students could be identified as potential students. He noted there are a lot of students capable of doing community college work and apprised that the early college numbers show that students are acknowledging the opportunity to attend HCC. He apprised the true numbers will be reflected at the end of the summer.

Dr. Hansen noted that academic issues are not the only reason students drop out and added that it is due to the lack of financial assistance, lack of food, healthcare and housing. Ms. Loreda noted she serves on a committee that attended a training on addressing students struggling to attend college.

Mrs. Sane associated with Dr. Hansen and apprised that one of the Legislative Appropriations Request (LAR) was case management advising. She recommended the additional revenue be allocated to advising to reduce the dropout rate and offset the expense not funded by the Legislature.

Mrs. Zamora noted a large Food Bank initiative will be rolled out in the fall. She apprised that selected students would receive 60 pounds of groceries twice a month based on need. Mrs. Zamora noted food trucks would be at Northeast and West Loop and added that completion rates would be reviewed regarding the initiative on the pilot program. Mrs. Loreda noted that a great number of alumni participated at the Food Bank on May 6, 2017.

Dr. Evans-Shabazz noted the letters of pre-enrollment were an initiative implemented by her predecessor. She inquired as to what happens to the students when dual credit enrollment is not offered at those schools. Dr. Beatty apprised that all the ISD schools have dual credit enrollment programs and noted the letter of commitment distributed in Alief ISD would also be distributed to all the graduating students in the other ISDs.

Dr. Evans-Shabazz noted she had spoken to the Chancellor in regards to the homeless population. She apprised that GED programs will be offered at community-based organizations.

Dr. Evans-Shabazz referenced Dr. Hansen remarks on income tax and noted that not all individuals have an income to file a tax return. Mrs. Zamora noted that under the FASFA process, the IRS can verify income and TASFA is state aid for those who do not qualify for FASFA.

#### **ADJOURNMENT**

With no further business coming before the Board, the meeting adjourned at 3:34 p.m.

Minutes submitted by Sharon Wright, Director, Board Services

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

# ACTION ITEM

**Meeting Date:** June 15, 2017

**Consent-Board Governance**

ITEM #	ITEM TITLE	PRESENTER
1.	Proposed Amendment to Article E, Section 5 of the Board Bylaws Relating to Financial Advisor	Trustee Zeph Capo Dr. Cesar Maldonado Teri Zamora

## RECOMMENDATION

Approve proposed revisions to Board bylaws regarding the Financial Advisor.

## COMPELLING REASON/RATIONALE

The proposed revisions will clarify the role of the Financial Advisor and further define the duties.

## DESCRIPTION OR BACKGROUND

This proposed revision emerged from previous Board Governance Committee discussion.

Subsequent review of the five other large urban community colleges in Texas revealed that none of them reference the Financial Advisor in their Board Bylaws, and that all of them have one Financial Advisor serving both the Board of Trustees and the administration to meet the College's needs.

A conversation with ACCT confirmed that while there is no express need for the Financial Advisor to be referred to in the Board Bylaws, it does not create a conflict. Inclusion helps to clarify the relationship between the Financial Advisor, the Board of Trustees and the administration.

Pursuant to discussion in the last Governance Committee meeting, two options of this provision are being provided for consideration.

## FISCAL IMPACT

None

## LEGAL REQUIREMENT

None

## STRATEGIC ALIGNMENT

## 2. ORGANIZATIONAL STEWARDSHIP

*B. Improve and streamline business transactions and process*

## ATTACHMENTS:

Description	Upload Date	Type
Proposed Amendment to Board Bylaws - Article E, Section 5 (Redlined Version)	6/9/2017	Attachment
Proposed Amendment to Board Bylaws - Article E, Section 5 (Clean Version)	6/9/2017	Attachment

**This item is applicable to the following:** District

## Article E: Personnel Appointed By and Reporting Directly to the Board

Responsible Board Committee: Board Governance

Responsible Department/Group: Board of Trustees

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**1. APPOINTMENTS.** All appointments by the Board shall be made in accordance with Board policy and state law.

**2. CHANCELLOR.** The Chancellor shall be the chief executive officer of the College and as such, shall recommend the organizational plan for the College as well as candidates for administrative and faculty positions within the College. The contract for this position shall have a limit of four years. The Board shall evaluate the Chancellor on an annual basis. The Chancellor has a fiduciary duty to the College, including, but not limited to, the duty to:

- a. Developing a qualified administrative organization and providing the College with academic and fund-raising leadership.
- b. Preparing the annual budget and submitting it to the Board for approval.
- c. Establishing administrative relationships among members of the College community.
- d. Preparing and approving the curriculum.
- e. Appointing campus committees, as needed. The Chancellor will review all appointed committees with the Board prior to establishment, and will provide the Board with a semi-annual report of the membership of each committee
- f. Preparing the agenda for Board meetings in coordination with the Board Chair and making regular reports to the Board regarding the status of the College.
- g. Promoting College political effectiveness at the state and local levels.
- h. Supervising the development and implementation of a system to evaluate faculty and staff.
- i. Assisting the Board in policy development, its yearly self-assessment, and meeting its own training requirements.
- j. Forging a relationship of mutual respect with each Trustee.

- k. Understanding each district of the College and its educational needs.
- l. Enforcing fiduciary and academic accountability of the College to the general public.
- m. Promoting College unity at all levels, emphasizing equality, diversity, and respect for all individuals.
- n. Interpreting the College to the community.
- o. Providing the Trustees with important information in a timely manner before all others and having background information and research compiled on issues of particular importance to the Board, with sufficient time for study by Trustees before a vote.
- p. Serving as the official spokesperson for the College.
- q. Maintaining open channels of communication throughout the College.
- r. Handling employee disciplinary issues, including termination when appropriate.
- s. In the event of a catastrophe, emergency, or natural disaster affecting the College, contracting for the replacement, construction, or repair of College equipment or facilities if emergency replacement, construction, or repair is necessary for the health and safety of College students and staff.
- t. Enhancing the image and well-being of the College.

### 3. EXTERNAL AUDITOR AND INTERNAL AUDITOR.

**External Auditor.** The External Auditor shall be an independent and objective party to provide advice to the Board. The External Auditor shall be approved by the Board, and shall report directly to the Board, with access to the Chancellor. The Board will periodically evaluate the performance of the External Auditor and may dismiss or assign a new External Auditor at any time with or without cause. All engagement letters with the External Auditor shall be signed by the Board Chair. The Board shall select an auditing firm for a designated period, not to exceed five (5) years, and shall rotate External Auditors every five (5) years.

- a. An auditing firm selected by the Board as External Auditor is not eligible to submit a proposal immediately following any period during which it was engaged by the Board as External Auditor. The selected External Auditor may not serve simultaneously as the Internal Auditor.
- b. The Board shall outline its expectations regarding the annual financial statement audit and performance audit, if requested, and as may be directed by the Board. The Board also may arrange for self-requested audits to perform specific audit services. The External Auditor shall evaluate all financial operations of the College and prepare reports to the Board. Among the duties of the External Auditor are:
  - 1) to perform audit activities necessary to assure that College resources are being properly managed and accounted for, that the College has effective and adequate internal controls, and that internal operating colleges are reliable.
  - 2) to assure that the College is complying with approved policies and statutory requirements.
  - 3) to develop an annual audit plan for the College's financial audit which shall be presented to the Chancellor and the Audit Committee of the Board.
  - 4) to meet with the Board as requested and to report the results of the audit to the Board.

The External Auditor is prohibited from providing non-audit services to HCC.

**Internal Auditor.** The Internal Auditor shall report administratively to the Chancellor, and shall report functionally to the Board Audit Committee. The Internal Auditor shall be selected by the Board from candidates approved and provided by the Chancellor. The Chancellor shall recommend three (3) names to the Board as the finalists, each with a minimum of 10 years of experience as a full-time Auditor. The Internal Auditor shall be evaluated by the Chancellor after consultation with the Audit Committee and may only be dismissed by the Chancellor after obtaining approval of the Board. Duties of the Internal Auditor are to:

- a. Coordinate audit efforts with those of the External Auditor.
- b. Perform all duties in accordance with the Standards for the Professional Practice of Internal Auditing, the Code of Ethics, the Statements on Internal Auditing Standards, and the Statement of Responsibilities of Internal Auditing, each as established by the Institute of Internal Auditors.
- c. Meet regularly with the Board and the Audit Committee to review audits performed, audits in progress, and future audits.
- d. Conduct independent, protective and constructive audits so as to review effectiveness of controls, financial records, and operations.
- e. Analyze data obtained for evidence of deficiencies in controls, duplication of effort, or lack of compliance with College policies and procedures.
- f. Prepare reports and make recommendations on findings to the Chancellor and the Board.
- g. Provide audit education and Internal Control training.
- h. Offer advisory services, Control Self-Assessment (CSA) services, and workshops.

#### **4. BOARD COUNSEL AND GENERAL COUNSEL.**

**Board Counsel.** The Board Counsel shall provide legal advice to the Board. The Board Counsel shall be approved by a majority vote of the Board, shall report directly to the Board (with access to the Chancellor), and may be dismissed or reassigned by the Board without cause. The Board Counsel shall represent the College in all assigned legal matters. The Board Counsel shall attend all Board and Board committee meetings. Duties of the Board Counsel include:

- a. Provide advice and counsel to the Board.
- b. Maintain the Board bylaws and certain Board policies and procedures, and recommend amendments, as needed.
- c. Handle assigned legal matters for or on behalf of the College, such as preparation of legal opinions as requested by the Board or the Chancellor.
- d. Render legal services in connection with assigned legal matters.
- e. Perform any other legal services as may be required by the Board or requested by the Chancellor.

All matters assigned to Board Counsel shall be assigned in accordance with the Guidelines. Any reports required under these guidelines will be submitted to the Board Governance Committee.



Upon recommendation of the Chancellor, or on its own motion, the Board may employ other outside counsel to address legal matters in special situations. The outside counsel shall report directly to the Board, with access to the Chancellor. All Board retention of counsel shall be subject to approval of the Board. If the Board Chair is required to retain legal services prior to obtaining approval of the Board, such retention must be approved by the Board at the next meeting.

**General Counsel.** The General Counsel shall provide legal advice to the Chancellor. The General Counsel shall be appointed by the Board, upon recommendation of the Chancellor, and shall report directly to the Chancellor, with access to the Board. The General Counsel shall attend all Board and Board committee meetings. Duties of the General Counsel include:

- a. Provide legal advice and counsel to the Chancellor, administration and faculty.
- b. Maintain the College's policies and recommend amendments, as needed.
- c. Handle routine legal matters for or on behalf of the College.
- d. Perform other legal services as may be required by the Board or assigned by the Chancellor.

**5. FINANCIAL ADVISOR.** The Financial Advisor shall be approved by the Board, shall report directly to the Board, with ~~access to the indirect reporting to the~~ Chancellor ~~or designees, and may be dismissed or reassigned by the Board without cause.~~ The Board may periodically evaluate the performance of the Financial Advisor as needed, and may dismiss or assign a new Financial Advisor at any time without cause. All engagements or agreements with the Financial Advisor shall be signed by the Board Chair. The Chancellor may periodically engage other project-oriented financial consultants as needed. The Financial Advisor shall offer guidance to the Board in all financial matters. Duties of the Financial Advisor include:

- a. Evaluating College indebtedness.
- ~~b. Recommending asset allocation.~~
- ~~c. Evaluating investment strategies.~~
- ~~d.b.~~ Evaluating acquisition strategies.
- ~~c.~~ Evaluating long and short term financial planning.
- ~~e.d.~~ Advise regarding current conditions in relevant debt market and analyze financing alternatives.

The Board shall select the Financial Advisor for a designated period, not to exceed five (5) years, and shall rotate Financial Advisors every five (5) years.

## Article E: Personnel Appointed By and Reporting Directly to the Board

Responsible Board Committee: Board Governance

Responsible Department/Group: Board of Trustees

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**1. APPOINTMENTS.** All appointments by the Board shall be made in accordance with Board policy and state law.

**2. CHANCELLOR.** The Chancellor shall be the chief executive officer of the College and as such, shall recommend the organizational plan for the College as well as candidates for administrative and faculty positions within the College. The contract for this position shall have a limit of four years. The Board shall evaluate the Chancellor on an annual basis. The Chancellor has a fiduciary duty to the College, including, but not limited to, the duty to:

- a. Developing a qualified administrative organization and providing the College with academic and fund-raising leadership.
- b. Preparing the annual budget and submitting it to the Board for approval.
- c. Establishing administrative relationships among members of the College community.
- d. Preparing and approving the curriculum.
- e. Appointing campus committees, as needed. The Chancellor will review all appointed committees with the Board prior to establishment, and will provide the Board with a semi-annual report of the membership of each committee
- f. Preparing the agenda for Board meetings in coordination with the Board Chair and making regular reports to the Board regarding the status of the College.
- g. Promoting College political effectiveness at the state and local levels.
- h. Supervising the development and implementation of a system to evaluate faculty and staff.
- i. Assisting the Board in policy development, its yearly self-assessment, and meeting its own training requirements.
- j. Forging a relationship of mutual respect with each Trustee.

- k. Understanding each district of the College and its educational needs.
- l. Enforcing fiduciary and academic accountability of the College to the general public.
- m. Promoting College unity at all levels, emphasizing equality, diversity, and respect for all individuals.
- n. Interpreting the College to the community.
- o. Providing the Trustees with important information in a timely manner before all others and having background information and research compiled on issues of particular importance to the Board, with sufficient time for study by Trustees before a vote.
- p. Serving as the official spokesperson for the College.
- q. Maintaining open channels of communication throughout the College.
- r. Handling employee disciplinary issues, including termination when appropriate.
- s. In the event of a catastrophe, emergency, or natural disaster affecting the College, contracting for the replacement, construction, or repair of College equipment or facilities if emergency replacement, construction, or repair is necessary for the health and safety of College students and staff.
- t. Enhancing the image and well-being of the College.

### 3. EXTERNAL AUDITOR AND INTERNAL AUDITOR.

**External Auditor.** The External Auditor shall be an independent and objective party to provide advice to the Board. The External Auditor shall be approved by the Board, and shall report directly to the Board, with access to the Chancellor. The Board will periodically evaluate the performance of the External Auditor and may dismiss or assign a new External Auditor at any time with or without cause. All engagement letters with the External Auditor shall be signed by the Board Chair. The Board shall select an auditing firm for a designated period, not to exceed five (5) years, and shall rotate External Auditors every five (5) years.

- a. An auditing firm selected by the Board as External Auditor is not eligible to submit a proposal immediately following any period during which it was engaged by the Board as External Auditor. The selected External Auditor may not serve simultaneously as the Internal Auditor.
- b. The Board shall outline its expectations regarding the annual financial statement audit and performance audit, if requested, and as may be directed by the Board. The Board also may arrange for self-requested audits to perform specific audit services. The External Auditor shall evaluate all financial operations of the College and prepare reports to the Board. Among the duties of the External Auditor are:
  - 1) to perform audit activities necessary to assure that College resources are being properly managed and accounted for, that the College has effective and adequate internal controls, and that internal operating colleges are reliable.
  - 2) to assure that the College is complying with approved policies and statutory requirements.
  - 3) to develop an annual audit plan for the College's financial audit which shall be presented to the Chancellor and the Audit Committee of the Board.
  - 4) to meet with the Board as requested and to report the results of the audit to the Board.

The External Auditor is prohibited from providing non-audit services to HCC.

**Internal Auditor.** The Internal Auditor shall report administratively to the Chancellor, and shall report functionally to the Board Audit Committee. The Internal Auditor shall be selected by the Board from candidates approved and provided by the Chancellor. The Chancellor shall recommend three (3) names to the Board as the finalists, each with a minimum of 10 years of experience as a full-time Auditor. The Internal Auditor shall be evaluated by the Chancellor after consultation with the Audit Committee and may only be dismissed by the Chancellor after obtaining approval of the Board. Duties of the Internal Auditor are to:

- a. Coordinate audit efforts with those of the External Auditor.
- b. Perform all duties in accordance with the Standards for the Professional Practice of Internal Auditing, the Code of Ethics, the Statements on Internal Auditing Standards, and the Statement of Responsibilities of Internal Auditing, each as established by the Institute of Internal Auditors.
- c. Meet regularly with the Board and the Audit Committee to review audits performed, audits in progress, and future audits.
- d. Conduct independent, protective and constructive audits so as to review effectiveness of controls, financial records, and operations.
- e. Analyze data obtained for evidence of deficiencies in controls, duplication of effort, or lack of compliance with College policies and procedures.
- f. Prepare reports and make recommendations on findings to the Chancellor and the Board.
- g. Provide audit education and Internal Control training.
- h. Offer advisory services, Control Self-Assessment (CSA) services, and workshops.

#### **4. BOARD COUNSEL AND GENERAL COUNSEL.**

**Board Counsel.** The Board Counsel shall provide legal advice to the Board. The Board Counsel shall be approved by a majority vote of the Board, shall report directly to the Board (with access to the Chancellor), and may be dismissed or reassigned by the Board without cause. The Board Counsel shall represent the College in all assigned legal matters. The Board Counsel shall attend all Board and Board committee meetings. Duties of the Board Counsel include:

- a. Provide advice and counsel to the Board.
- b. Maintain the Board bylaws and certain Board policies and procedures, and recommend amendments, as needed.
- c. Handle assigned legal matters for or on behalf of the College, such as preparation of legal opinions as requested by the Board or the Chancellor.
- d. Render legal services in connection with assigned legal matters.
- e. Perform any other legal services as may be required by the Board or requested by the Chancellor.

All matters assigned to Board Counsel shall be assigned in accordance with the Guidelines. Any reports required under these guidelines will be submitted to the Board Governance Committee.

Upon recommendation of the Chancellor, or on its own motion, the Board may employ other outside counsel to address legal matters in special situations. The outside counsel shall report directly to the Board, with access to the Chancellor. All Board retention of counsel shall be subject to approval of the Board. If the Board Chair is required to retain legal services prior to obtaining approval of the Board, such retention must be approved by the Board at the next meeting.

**General Counsel.** The General Counsel shall provide legal advice to the Chancellor. The General Counsel shall be appointed by the Board, upon recommendation of the Chancellor, and shall report directly to the Chancellor, with access to the Board. The General Counsel shall attend all Board and Board committee meetings. Duties of the General Counsel include:

- a. Provide legal advice and counsel to the Chancellor, administration and faculty.
- b. Maintain the College's policies and recommend amendments, as needed.
- c. Handle routine legal matters for or on behalf of the College.
- d. Perform other legal services as may be required by the Board or assigned by the Chancellor.

**5. FINANCIAL ADVISOR.** The Financial Advisor shall be approved by the Board, shall report directly to the Board, with indirect reporting to the Chancellor or designees. The Board may periodically evaluate the performance of the Financial Advisor as needed, and may dismiss or assign a new Financial Advisor at any time without cause. All engagements or agreements with the Financial Advisor shall be signed by the Board Chair. The Chancellor may periodically engage other project-oriented financial consultants as needed. The Financial Advisor shall offer guidance to the Board in all financial matters. Duties of the Financial Advisor include:

- a. Evaluating College indebtedness.
- b. Evaluating acquisition strategies.
- c. Evaluating long and short term financial planning.
- d. Advise regarding current conditions in relevant debt market and analyze financing alternatives.

The Board shall select the Financial Advisor for a designated period, not to exceed five (5) years, and shall rotate Financial Advisors every five (5) years.

# ACTION ITEM

**Meeting Date:** June 15, 2017

**Consent-Board Governance**

ITEM #	ITEM TITLE	PRESENTER
2.	Proposed Amendment to Article G, Section 7 of the Board Bylaws Relating to Electronic Agenda (As Amended)	Jarvis Hollingsworth

## RECOMMENDATION

Approve amendment to Article G, Section 7 of the Board Bylaws (as amended in Board Governance Committee) to require electronic delivery of agenda materials to Board members, unless a Board member requests a paper copy in writing.

## COMPELLING REASON/RATIONALE

Electronic delivery of the agenda and related materials will improve the efficiency of Board processes and procedures.

## DESCRIPTION OR BACKGROUND

The proposed amendment requires that the agenda and related materials be delivered to Board members electronically unless otherwise requested in writing by the Board member.

## FISCAL IMPACT

N/A

## LEGAL REQUIREMENT

N/A

## STRATEGIC ALIGNMENT

### 2. ORGANIZATIONAL STEWARDSHIP

*B. Improve and streamline business transactions and process*

## ATTACHMENTS:

Description	Upload Date	Type
Proposed Amendment to Article G, Section 7 (Redline)	6/9/2017	Cover Memo
Proposed Amendment to Article G, Section 7 (Clean)	6/9/2017	Cover Memo

**This item is applicable to the following:** District

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# ***BYLAWS OF THE BOARD OF TRUSTEES OF THE HOUSTON COMMUNITY COLLEGE***

**Adopted January 1, 2010**

**Amended June 29, 2010**

**Amended September 23, 2010**

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**Amended May 25, 2017**



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- Sec. 3. Applicability**
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- Sec. 10. Misuse of Official Information**
- Sec. 11. Mechanisms for Enforcement**  
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### **ARTICLE B: POWERS OF THE BOARD**

- Sec. 1. Authority**
- Sec. 2. Delegation of Authority in Emergency**
- Sec. 3. Policy Direction**
- Sec. 4. Board Leadership**

### **ARTICLE C: ELECTIONS**

### **ARTICLE D: OFFICERS OF THE BOARD**

- Sec. 1. Election**
- Sec. 2. Chair**
- Sec. 3. Vice Chair**
- Sec. 4. Secretary**

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**ARTICLE E: PERSONNEL APPOINTED BY AND REPORTING  
DIRECTLY TO THE BOARD**

- Sec. 1. Appointments**
- Sec. 2. Chancellor** *(Amended January 21, 2016)*
- Sec. 3. External Auditor and Internal Auditor** *(Amended April 16, 2015, February 25, 2016)*
- Sec. 4. Board Counsel and General Counsel** *(Amended February 27, 2014, February 25, 2016, June 16, 2016)*
- Sec. 5. Financial Advisor** *(Amended February 25, 2016)*

**ARTICLE F: COMMITTEES**

- Sec. 1. General**
- Sec. 2. Appointed Committees**
- Sec. 3. Committee of the Whole Meetings** *(Amended June 24, 2014)*
- Sec. 4. Standing Committees** *(Amended June 29, 2010, April 21, 2016)*
- Sec. 5. Special/Ad Hoc Committees**
- Sec. 6. Appointments to Outside Entities**
- Sec. 7. Community Advisory Committees**

**ARTICLE G: GENERAL BOARD MEETINGS**

- Sec. 1. Open Meetings**
- Sec. 2. Definitions**
- Sec. 3. Time and Location** *(Amended December 2, 2010)*
- Sec. 4. Notice**
- Sec. 5. Voting** *(Amended April 16, 2015, Amended June 15, 2017)*
- Sec. 6. Order of Business**
- Sec. 7. Agenda** *(Added April 16, 2015)*
- Sec. 8. Rules of Order**
- Sec. 9. Minutes and Recordings**
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- Sec. 4. Public Statements and the Media** *(Amended January 21, 2016)*
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### **EXHIBITS**

- Exhibit A. Houston Community College Board of Trustees and Senior Staff Conflict of Interest Certification**
- Exhibit B. Code of Ethics Complaint Form**
- Exhibit C. HCC Trustee Board Account for Community Affairs Request**
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- Exhibit E. Board member Complaint Form**

## Article G: General Board Meetings

Responsible Board Committee: Board Governance

Responsible Department/Group: Board of Trustees

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**1. OPEN MEETINGS.** The Board shall hold regular meetings for purposes of handling College business. All meetings shall be held in compliance with the Texas Open Meetings Act. Citizens are welcome to attend meetings of the Board. Trustees shall adhere to the Board Code of Conduct and promote Board Leadership at all times.

**2. DEFINITIONS.**

**A "meeting" occurs when:**

- a. A quorum of members of the Board deliberate with each other or with any other person; and
- b. Such quorum discusses, considers, or takes formal action on public business or public policy that the Board supervises or controls.

"Deliberation" means an exchange, verbal, electronic or otherwise, between a quorum of Board members (or between them and any other person) concerning any issue within the jurisdiction of the Board or any public business.

No deliberation that affects public business is allowed to take place in any setting other than a duly posted meeting of a quorum of Board members.

**3. TIME AND LOCATION.** Unless otherwise provided, the regular meeting of the Board shall be held on the third Thursday of each month at the HCC Building, 3100 Main Street. Such meetings may be recessed from day to day until the completion of business. The time for special and emergency meetings of the Board shall be as stipulated in the notice for the meeting.

**4. NOTICE.** Written notice of all meetings shall be posted at the central administration building and the website by the Board Services Office. Furthermore, notice shall be furnished for posting to the Harris County Clerk, the Fort Bend County Clerk, and upon request, to the media. Notice of all meetings shall provide for the possibility of a closed or executive session during an open meeting, as provided by law.

**5. VOTING.** Each Trustee's vote, or failure to vote, shall be recorded by name. Only Trustees present in person may vote. Absent Trustees may listen to the proceedings by electronic media, but may not vote on the proceedings. No proxy votes shall be allowed. Other than situations in which a two-thirds vote is required, a majority vote of the total membership of the Board will be required in order for the Board to act.

**6. ORDER OF BUSINESS.** The Board Chair and the Chancellor shall decide the order of business for meetings. (See HCC POLICY MANUAL)

**7. AGENDA.** At the direction of the Board chair, the Chancellor shall prepare and present an agenda at least 7 calendar days prior to the regular Board meeting, having followed the agenda preparation process established by the Board. An item shall be added to the agenda by the written request of three (3) Trustees submitted to the Chancellor or Board Chair at least seven (7) days prior to the meeting.

Either the Board Chair or the Chancellor, at his or her discretion, may pull any item noticed for discussion and/or action from the agenda without further action by the Board unless that item has been added by the written request of three (3) Trustees, in accordance with the procedures outlined above.

Copies of the electronic agenda and related materials shall be delivered to Board members by Board Services. Paper copies of the agenda and related materials shall be delivered to Board members upon a written request submitted to Board Services.

**8. RULES OF ORDER.** Robert's Rules of Order (most current edition) shall constitute the rules of procedure applicable to all meetings of the Board, when not in conflict with any provisions of law or these bylaws. The Board may suspend the rules, as needed, by a two-thirds vote of the composition of the full Board.

**9. MINUTES AND RECORDINGS.** The Board shall prepare and keep minutes and/or make a tape recording of each open meeting. The minutes and tapes are public records and shall be available for public inspection and copying upon request to the Board office. Any person in attendance can make an audio or video recording of any or all of an open meeting, subject to reasonable rules adopted by the Board to maintain order.

**10. SPECIAL MEETINGS.** Special meetings of the Board may be called by either the Chair at his/her own discretion, or by the independent requests of three (3) Trustees who must call for the meeting in writing, specifying the date, time, place, and purpose of the meeting. Special meetings must be duly posted.

**11. CLOSED MEETINGS/EXECUTIVE SESSION.** Trustees, employees and agents of the College shall not divulge to any person the substance of matters discussed at any closed meeting, except as otherwise required or allowed by law. Closed meetings shall be held as allowed by law to have discussions and deliberations of College matters that cannot be made public. A further objective would be to protect the attorney-client privilege recognized by law.

**12. PROHIBITIONS.** No Board member shall knowingly call or aid in calling or organizing a closed meeting that is not permitted under the Open Meetings Act. No Board member shall knowingly close or aid in closing a regular meeting to the public (except as permitted under the Open Meetings Act). No Board member shall participate in a closed meeting that is not permitted under the Open Meetings Act.

**13. CITIZEN PARTICIPATION.** The Board shall provide opportunities at its meetings for citizens to address the Board, but shall impose reasonable restraints on the number, length, and frequency of presentations, so long as it does not unfairly discriminate among views seeking expression.

**14. DISRUPTION.** It is a criminal offense for a person, with intent to prevent or disrupt a lawful meeting, to substantially obstruct or interfere with the meeting by physical action or verbal utterance. The Board may immediately remove from the meeting any person causing a substantial disruption.

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# ACTION ITEM

Meeting Date: June 15, 2017

Consent-Board Governance

ITEM #	ITEM TITLE	PRESENTER
3.	Proposed Revision to CAK (Local) - Investment Policy to Clarify Investment Officers	Dr. Cesar Maldonado Teri Zamora

## RECOMMENDATION

Review and approve changes to the CAK (Local) - HCC Investment Policy, updating the titles and addition of personnel.

## COMPELLING REASON/RATIONALE

The investment officers designated in the Investment Policy need to be changed to reflect current staffing and allow investment activities to continue. No other changes are being proposed at this time; however, the Board of Trustees will be requested to perform the annual review and approval of the Investment Policy and investment strategies in November as required by the Texas Government Code, Chapter 2256, or Public Funds Investment Act.

## DESCRIPTION OR BACKGROUND

Annually, typically in November each year, the Board of Trustees is required to 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. This written instrument also identifies any changes to the Investment Policy, investment strategies and list of qualified brokers.

## FISCAL IMPACT

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

## LEGAL REQUIREMENT

The Texas Government Code, Chapter 2256, or Public Funds Investment Act, requires the governing body of an investing entity to review its written investment policy and strategies not less than annually.

## STRATEGIC ALIGNMENT

### 2. ORGANIZATIONAL STEWARDSHIP

*B. Improve and streamline business transactions and process*

## ATTACHMENTS:

Description	Upload Date	Type
CAK (Local) - Investment Policy (Redlined Version)	5/21/2017	Attachment



**This item is applicable to the following:** District

APPROPRIATIONS AND REVENUE SOURCES  
INVESTMENTS

CAK  
(LOCAL)

PURPOSE

The purpose of this Investment Policy (the “Policy”) is to comply with the Chapter 2256 of the Texas Government Code, also known as the Public Funds Investment Act (the “Act”), which requires that the College District 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 the College District 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.

POLICY

It is the policy of the College District 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. The College District’s 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. The College District 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:

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

INVESTMENT  
STRATEGY

The College District 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 the "Authorized Investments" section of this Policy reflect the avoidance of credit risk. Diversification is accomplished by allocating investments among a variety of alternatives and maturity terms.

PRIMARY  
INVESTMENT  
STRATEGIES

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

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

AUTHORIZED  
INVESTMENTS

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 the College District.

GENERAL PORTFOLIO  
STRATEGY

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:

1. **Investment Pools and Mutual Funds.** 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. When prudently selected, investment pools and money market mutual funds are able to efficiently invest in a variety of investment types.

2. **Laddered Investments.** 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 College District to capture a reasonable portion of the yield curve; and,
  - It provides predictable cash flow with scheduled maturities and reinvestment opportunities.
3. **Investment Advisor.** Pursuant to the Act, College District 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 the College District. Any contract awarded by the College District 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 the College District 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.

4. **Liquidity and Maturity.** The strategy of the College District 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.

SPECIFIC  
INVESTMENT  
STRATEGY

The specific investment strategies for the College District 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:

1. **Operating and Pooled Funds.** 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.
2. **Debt Service Funds.** 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. **Bond and Debt Service Reserve Funds.** 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 the College District's 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.
4. **Special Projects or Capital Projects Funds.** 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.

SCOPE

This Policy shall govern the investment of all financial assets considered to be part of the College District and includes all funds or fund types as described in the College District Audited Financial Report ("AFR") and any other funds which have been contractually delegated to the College District for management purposes. The College District 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 the College District 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.

INVESTMENT  
OBJECTIVES

The College District 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.

The College District 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 the College District's investment activities shall be as follows (in the order of priority):

1. **Safety.** Safety of principal invested is the foremost objective in the investment decisions of the College District. 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 the College District will transact, and by portfolio diversification. Safety is defined as the undiminished return of the principal on the College District's investments.
2. **Liquidity.** The College District's 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.
3. **Public Trust.** All participants in the College District's investment program shall seek to act responsibly as custodians of the public trust. Investment Officers shall

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avoid any transaction which might involve a conflict of interest or otherwise impair public confidence in College District's ability to govern effectively. All personnel of the College District having either a direct or indirect role in the process of investing idle funds shall act responsibly as custodians of the public trust.

4. **Yield.** The College District's 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.

INVESTMENT  
RESPONSIBILITY AND  
CONTROL

The authority for investing funds rests with the Board. As provided in this Policy, the daily operation and management of the College District's investments are the responsibility of the following persons. These individuals must be qualified and capable in making investment decisions.

INVESTMENT OFFICER  
DESIGNATION

The Board delegates the authority to invest the College District funds to the Sr. Vice Chancellor of Finance & Administration ~~and the Treasurer~~, Associate Vice Chancellor of Finance & Accounting, and the Executive Director of Capital, Debt & Investments. Therefore, the Sr. Vice Chancellor of Finance & Administration ~~and the Treasurer~~, Associate Vice Chancellor of Finance & Accounting, and the Executive Director of Capital, Debt & Investments are the "Primary Investment Officers" for the College District and are authorized to deposit, withdraw, invest, transfer or manage in any other manner the funds of the College District. ~~The Deputy Treasurer is approved as a Secondary Investment Officer to serve in the absence of the Treasurer.~~

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 ~~Sr. Vice Chancellor of Finance & Administration or the Treasurer~~ Primary Investment Officers. The ~~Sr. Vice Chancellor of Finance & Administration or Treasurer~~ Primary Investment Officers 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 the College District 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 Sr. Vice Chancellor of Finance & Administration shall be designated as the~~ Primary Investment Officers for the College District ~~and~~ shall be responsible for investment decisions and activities under the direction of the Board. The ~~Treasurer~~ Executive Director of Capital, Debt & Investments is responsible for daily investment decisions and activities. However, ultimate responsibility for investment decisions will rest with ~~both~~ the 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.

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:

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,
2. Whether the investment decision was consistent with the written Investment Policy and procedures of the College District.

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

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market price changes. All Investment Officers and Personnel involved in investment activities will be bonded.

ETHICAL STANDARDS  
AND CONFLICTS OF  
INTERESTS

All College District Investment Officers and Personnel having a direct or indirect role in the investment of the College District 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 financial institution or with any entity seeking to sell an investment to College District shall file a statement with the Texas Ethics Commission and the College District 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 the College District. 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 the College District.

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

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

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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, the Texas State University of San Marcos, and the University of North Texas Center for Public Management.

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. The College District's independent external auditors, in conjunction with their annual financial audit, shall perform a compliance audit of management controls and adherence to the College District's 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.

AUTHORIZED  
INVESTMENTS

As stated previously, safety of principal is the primary objective in investing the College District 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 the College District's primary objective, only certain investments are authorized as acceptable investments for the College District. The College District is not required to liquidate investments that were authorized investments at the time of purchase. The following list of authorized investments for the College District 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 the College District funds.

AUTHORIZED AND  
ACCEPTABLE  
INVESTMENTS

1. **Obligations of, or Guaranteed By Governmental**

**Entities**. The following as authorized by Section 2256.009 (a) of the Public Funds Investment Act:

- Obligations, including letters of credit, of the United States or its agencies and instrumentalities;
- Direct obligations of this State or its agencies and instrumentalities;
- 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 the “Unauthorized Investment Instruments” section of this Policy;
- 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
- 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.

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:

- guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor;
- secured by obligations that are described by the Public Funds Collateral Act and eligible within the Policy; and
- collateralized in accordance with the “Market Value of Collateral” section of this Policy.

In addition to the above provisions, the College District 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 the College District. 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.

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

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.
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.

- a. 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.
  - b. The collateral underlying the Repurchase Agreement must be pledged to the College District, held in an account in the name of the College District, and deposited at the time the investment is made with the College District's custodial (safekeeping) agent.
  - c. No repurchase agreement shall be entered into unless a Repurchase Agreement has been executed between the College District and its trading partner.
  - d. All repurchase agreement transactions will be on a delivery versus payment basis.
  - e. 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.
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 the College District 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
- The College District may not invest funds under its control in an amount that exceeds 10% of the total assets of any individual money market mutual fund.
6. **Regulated No-load Mutual Fund.** This 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.

The College District 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, the College District 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. The College District may not invest funds under its control in an amount that exceeds 10% of the total assets of any individual mutual fund.

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

UNAUTHORIZED  
INVESTMENT  
INSTRUMENTS

1. Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal.
2. Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest.
3. Collateralized mortgage obligations that have a stated final maturity date of greater than ten years.
4. Collateralized mortgage obligations, the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

CREDIT RATING  
REVIEW AND EFFECT  
OF LOSS

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.

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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.

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.

BY MATURITIES

The longer the maturity of investments the greater their price volatility. Therefore, it is the College District's policy to concentrate its investment portfolio in shorter-term investments in order to limit principal risks caused by change in interest rates. The College District will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the College District 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. 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 College District portfolio, including funds at the College District's 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.

BY INVESTMENT  
INSTRUMENT

The College District shall diversify the use of investment instruments to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions or maturities. Diversification by investment instrument shall not exceed the following guidelines for each type of instrument:



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**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%

AUTHORIZED  
BROKERS/DEALERS  
AND FINANCIAL  
INSTITUTIONS

Financial institutions (federally insured banks) with and through whom the College District 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 the College District 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 the College District's 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 the College District and the organization.

BROKER/DEALERS

Brokers/dealers with whom the College District 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.

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SELECTION CRITERIA	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 eligible under the Act.
DELIVERY VERSUS PAYMENT	It is the policy of the College District that all security transactions entered into with the College District shall be conducted on a <b>“DELIVERY VERSUS PAYMENT”</b> (DVP) basis through the Federal Reserve System or other appropriate settlement system. By doing this, the College District funds are not released until the College District has received the securities purchased. The College District shall authorize the release of funds only after the safekeeping bank has received the purchased or pledged security in the safekeeping account of the College District.
SAFEKEEPING	All securities owned by the College District shall be held by its safekeeping agent, except the collateral for financial institution deposits. The collateral for financial institution deposits will be held in a Federal Reserve Bank, a Federal Home Loan Bank, or other custodial institution acceptable to College District in an account in the College District’s name. Original safekeeping receipts shall be obtained and held by the College District. The College District shall contract with a bank or banks for the safekeeping of securities either owned by the College District as part of its investment portfolio or held as collateral to secure financial institution deposits.
COLLATERALIZATION	Consistent with the requirements of the Public Funds Collateral Act, it is the policy of the College District to require full collateralization of all the College District funds on deposit with a financial institution. In order to anticipate market changes and provide a level of security for all funds, the collateralization market value minimum level for pledged securities will be 102% 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 the College District’s segregated account at the Federal Reserve Bank, the Federal Home Loan Bank or by an independent third party with whom the College District 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 the College District in the event the College District has determined that the financial institution has failed to pay on any matured investments in certificates of deposit, or has determined that the funds of the College District 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 the College District. Release of collateral or substitution of securities must be approved by the College District.

The College District may accept irrevocable letters of credit issued by the Federal Home Loan Bank. The value of the letter of credit must equal 100% of principal plus anticipated accrued interest on deposits at the financial institution.

ACCEPTED  
COLLATERAL

The College District may accept the following as collateral for financial institution deposits;

- FDIC coverage;
- Obligations of the U.S. Government or its agencies and instrumentalities; including bonds, certificates of indebtedness, or notes, irrevocable letters of credit, or other evidence of indebtedness of the United States,
- 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.

MARKET VALUE OF  
COLLATERAL

For certificates of deposit and other evidences of deposit the market value of securities pledged as collateral will always equal or exceed 102% of the principal plus accrued interest of deposits at financial institutions. Irrevocable letters of credit issued by the

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Federal Home Loan Bank must equal 100% of principal and anticipated accrued interest on deposits at financial institutions.

PLEDGED  
COLLATERAL LISTING

Financial institutions with whom the College District 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 the College District, 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. The College District and the financial institution shall jointly assume the responsibility for ensuring that the collateral is sufficient.

COLLATERALIZED  
DEPOSITS

Consistent with the requirements of State law, the College District requires all financial institution deposits to be federally insured or collateralized. Financial institutions serving as the College District depositories will be required to sign a "Depository Agreement" with the College District. The collateralized deposit portion of the Agreement shall define the College District's 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 the College District 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 the College District; and,
- the Agreement must be part of the Depository's "official record" continuously since its execution.

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 the College District's depository bank, Certificates of Deposit, and local government pools. Three competitive quotes will be obtained for all purchases of Securities, Fully Collateralized Repurchase Agreements, and

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Obligations of States, Agencies, Counties, other government entities and Cities.

College District may solicit quotes for certificates of deposit:

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

The College District recognizes that a competitive quote process is not always necessary or is not always in the best interest of the College District. 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.

PERFORMANCE

The College District’s 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 the College District. The dollar-weighted average yield to maturity shall be the standard for calculating portfolio rate of return.

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.

ANNUAL AUDIT

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.

APPROPRIATIONS AND REVENUE SOURCES  
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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 the College District 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:

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;
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;
3. Fully accrued interest for the reporting period;
4. Listing of investments by maturity date;
5. The percentage of the total portfolio which each type of investment represents; and
6. Statement of compliance of the College District's investment portfolio with State Law and the investment strategy and policy approved by the Board.

INVESTMENT POLICY  
AMENDMENT AND  
ADOPTION

The College District's Investment Policy shall be adopted by resolution of the Board. It is the College District's intent to comply with State laws and regulations. The College District's 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 the College District. 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.

**ATTACHMENT A**

**SAMPLE**

**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 ("HCC") 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 HCC 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 HCC; 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 HCC that are not authorized by HCC's Investment Policy, except to the extent that this authorization is dependent on an analysis of the makeup of HCC's entire portfolio or requires an interpretation of subjective investment standards.

Qualified Representative of Business Organization:

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

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

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

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

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

Certified for Investment Policy Dated: November 17, 2016

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PURPOSE

The purpose of this Investment Policy (the “Policy”) is to comply with the Chapter 2256 of the Texas Government Code, also known as the Public Funds Investment Act (the “Act”), which requires that the College District 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 the College District 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.

POLICY

It is the policy of the College District 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. The College District’s 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. The College District 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:

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

INVESTMENT  
STRATEGY

The College District 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 the "Authorized Investments" section of this Policy reflect the avoidance of credit risk. Diversification is accomplished by allocating investments among a variety of alternatives and maturity terms.

PRIMARY  
INVESTMENT  
STRATEGIES

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

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

AUTHORIZED  
INVESTMENTS

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 the College District.

GENERAL PORTFOLIO  
STRATEGY

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:

1. **Investment Pools and Mutual Funds.** 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. When prudently selected, investment pools and money market mutual funds are able to efficiently invest in a variety of investment types.

2. **Laddered Investments.** 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 College District to capture a reasonable portion of the yield curve; and,
  - It provides predictable cash flow with scheduled maturities and reinvestment opportunities.
3. **Investment Advisor.** Pursuant to the Act, College District 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 the College District. Any contract awarded by the College District 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 the College District 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.

4. **Liquidity and Maturity.** The strategy of the College District 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.

SPECIFIC  
INVESTMENT  
STRATEGY

The specific investment strategies for the College District 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:

1. **Operating and Pooled Funds.** 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.
2. **Debt Service Funds.** 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. **Bond and Debt Service Reserve Funds.** 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 the College District's 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.
4. **Special Projects or Capital Projects Funds.** 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.

SCOPE

This Policy shall govern the investment of all financial assets considered to be part of the College District and includes all funds or fund types as described in the College District Audited Financial Report ("AFR") and any other funds which have been contractually delegated to the College District for management purposes. The College District 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 the College District 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.

INVESTMENT  
OBJECTIVES

The College District 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.

The College District 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 the College District's investment activities shall be as follows (in the order of priority):

1. **Safety.** Safety of principal invested is the foremost objective in the investment decisions of the College District. 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 the College District will transact, and by portfolio diversification. Safety is defined as the undiminished return of the principal on the College District's investments.
2. **Liquidity.** The College District's 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.
3. **Public Trust.** All participants in the College District's 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 College District's ability to govern effectively. All personnel of the College District having either a direct or indirect role in the process of investing idle funds shall act responsibly as custodians of the public trust.

4. **Yield.** The College District's 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.

INVESTMENT  
RESPONSIBILITY AND  
CONTROL

The authority for investing funds rests with the Board. As provided in this Policy, the daily operation and management of the College District's investments are the responsibility of the following persons. These individuals must be qualified and capable in making investment decisions.

INVESTMENT OFFICER  
DESIGNATION

The Board delegates the authority to invest the College District funds to the Sr. Vice Chancellor of Finance & Administration, Associate Vice Chancellor of Finance & Accounting, and the Executive Director of Capital, Debt & Investments. Therefore, the Sr. Vice Chancellor of Finance & Administration, Associate Vice Chancellor of Finance & Accounting, and the Executive Director of Capital, Debt & Investments are the "Primary Investment Officers" for the College District and are authorized to deposit, withdraw, invest, transfer or manage in any other manner the funds of the College District.

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 Primary Investment Officers. The Primary Investment Officers 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 the College District 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 Primary Investment Officers for the College District shall be responsible for investment decisions and activities under the direction of the Board. The Executive Director of Capital, Debt & Investments is responsible for daily investment decisions and activities. However, ultimate responsibility for investment decisions will rest with the Sr. Vice Chancellor of Finance & Administration. Commitment of financial and staffing resources in order to maximize total return through active portfolio management shall be the responsibility of the Board.

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:

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,
2. Whether the investment decision was consistent with the written Investment Policy and procedures of the College District.

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.

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ETHICAL STANDARDS  
AND CONFLICTS OF  
INTERESTS

All College District Investment Officers and Personnel having a direct or indirect role in the investment of the College District 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 financial institution or with any entity seeking to sell an investment to College District shall file a statement with the Texas Ethics Commission and the College District 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 the College District. 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 the College District.

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

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



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Organization of Texas, the Texas Municipal League, the Government Investment Officers Association, the Texas State University of San Marcos, and the University of North Texas Center for Public Management.

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. The College District's independent external auditors, in conjunction with their annual financial audit, shall perform a compliance audit of management controls and adherence to the College District's 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.

AUTHORIZED  
INVESTMENTS

As stated previously, safety of principal is the primary objective in investing the College District 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 the College District's primary objective, only certain investments are authorized as acceptable investments for the College District. The College District is not required to liquidate investments that were authorized investments at the time of purchase. The following list of authorized investments for the College District 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 the College District funds.

AUTHORIZED AND  
ACCEPTABLE  
INVESTMENTS

1. **Obligations of, or Guaranteed By Governmental Entities.** The following as authorized by Section 2256.009 (a) of the Public Funds Investment Act:
  - Obligations, including letters of credit, of the United States or its agencies and instrumentalities;
  - Direct obligations of this State or its agencies and instrumentalities;
  - 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 the “Unauthorized Investment Instruments” section of this Policy;
  - 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
  - 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.
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:
  - guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor;
  - secured by obligations that are described by the Public Funds Collateral Act and eligible within the Policy; and
  - collateralized in accordance with the “Market Value of Collateral” section of this Policy.

In addition to the above provisions, the College District 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 the College District. 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.

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

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.
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.
  - a. 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.

- b. The collateral underlying the Repurchase Agreement must be pledged to the College District, held in an account in the name of the College District, and deposited at the time the investment is made with the College District's custodial (safekeeping) agent.
- c. No repurchase agreement shall be entered into unless a Repurchase Agreement has been executed between the College District and its trading partner.
- d. All repurchase agreement transactions will be on a delivery versus payment basis.
- e. 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.

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 the College District 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

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

6. **Regulated No-load Mutual Fund.** This 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.

The College District 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, the College District 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. The College District may not invest funds under its control in an amount that exceeds 10% of the total assets of any individual mutual fund.

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

UNAUTHORIZED  
INVESTMENT  
INSTRUMENTS

1. Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal.
2. Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest.
3. Collateralized mortgage obligations that have a stated final maturity date of greater than ten years.
4. Collateralized mortgage obligations, the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

CREDIT RATING  
REVIEW AND EFFECT  
OF LOSS

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

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consistent with this Policy to liquidate an investment that is downgraded to less than the required minimum rating.

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.

BY MATURITIES

The longer the maturity of investments the greater their price volatility. Therefore, it is the College District's policy to concentrate its investment portfolio in shorter-term investments in order to limit principal risks caused by change in interest rates. The College District will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the College District 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. 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 College District portfolio, including funds at the College District's 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.

BY INVESTMENT  
INSTRUMENT

The College District shall diversify the use of investment instruments to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions or maturities. Diversification by investment instrument shall not exceed the following guidelines for each type of instrument:

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**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%

AUTHORIZED  
BROKERS/DEALERS  
AND FINANCIAL  
INSTITUTIONS

Financial institutions (federally insured banks) with and through whom the College District 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 the College District 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 the College District's 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 the College District and the organization.

BROKER/DEALERS

Brokers/dealers with whom the College District 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.

SELECTION CRITERIA

Selection Criteria for federally insured financial institutions shall include the following: (1) the financial institution must be insured by

APPROPRIATIONS AND REVENUE SOURCES  
INVESTMENTS

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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 eligible under the Act.

DELIVERY VERSUS  
PAYMENT

It is the policy of the College District that all security transactions entered into with the College District shall be conducted on a **“DELIVERY VERSUS PAYMENT”** (DVP) basis through the Federal Reserve System or other appropriate settlement system. By doing this, the College District funds are not released until the College District has received the securities purchased. The College District shall authorize the release of funds only after the safekeeping bank has received the purchased or pledged security in the safekeeping account of the College District.

SAFEKEEPING

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

COLLATERALIZATION

Consistent with the requirements of the Public Funds Collateral Act, it is the policy of the College District to require full collateralization of all the College District funds on deposit with a financial institution. In order to anticipate market changes and provide a level of security for all funds, the collateralization market value minimum level for pledged securities will be 102% 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 the College District's segregated account at the Federal Reserve Bank, the Federal Home Loan Bank or by an independent third party with whom the College District 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



APPROPRIATIONS AND REVENUE SOURCES  
INVESTMENTS

CAK  
(LOCAL)

instructed to release purchased and collateral securities to the College District in the event the College District has determined that the financial institution has failed to pay on any matured investments in certificates of deposit, or has determined that the funds of the College District 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 the College District. Release of collateral or substitution of securities must be approved by the College District.

The College District may accept irrevocable letters of credit issued by the Federal Home Loan Bank. The value of the letter of credit must equal 100% of principal plus anticipated accrued interest on deposits at the financial institution.

ACCEPTED  
COLLATERAL

The College District may accept the following as collateral for financial institution deposits;

- FDIC coverage;
- Obligations of the U.S. Government or its agencies and instrumentalities; including bonds, certificates of indebtedness, or notes, irrevocable letters of credit, or other evidence of indebtedness of the United States,
- 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.

MARKET VALUE OF  
COLLATERAL

For certificates of deposit and other evidences of deposit the market value of securities pledged as collateral will always equal or exceed 102% of the principal plus accrued interest of deposits at financial institutions. Irrevocable letters of credit issued by the Federal Home Loan Bank must equal 100% of principal and anticipated accrued interest on deposits at financial institutions.

APPROPRIATIONS AND REVENUE SOURCES  
INVESTMENTS

CAK  
(LOCAL)

PLEDGED  
COLLATERAL LISTING

Financial institutions with whom the College District 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 the College District, 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. The College District and the financial institution shall jointly assume the responsibility for ensuring that the collateral is sufficient.

COLLATERALIZED  
DEPOSITS

Consistent with the requirements of State law, the College District requires all financial institution deposits to be federally insured or collateralized. Financial institutions serving as the College District depositories will be required to sign a "Depository Agreement" with the College District. The collateralized deposit portion of the Agreement shall define the College District's 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 the College District 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 the College District; and,
- the Agreement must be part of the Depository's "official record" continuously since its execution.

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 the College District's depository bank, Certificates of Deposit, 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.

College District may solicit quotes for certificates of deposit:

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

The College District recognizes that a competitive quote process is not always necessary or is not always in the best interest of the College District. 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.

PERFORMANCE

The College District’s 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 the College District. The dollar-weighted average yield to maturity shall be the standard for calculating portfolio rate of return.

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.

ANNUAL AUDIT

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.

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 the College District 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:

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;
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;
3. Fully accrued interest for the reporting period;
4. Listing of investments by maturity date;
5. The percentage of the total portfolio which each type of investment represents; and
6. Statement of compliance of the College District's investment portfolio with State Law and the investment strategy and policy approved by the Board.

INVESTMENT POLICY  
AMENDMENT AND  
ADOPTION

The College District's Investment Policy shall be adopted by resolution of the Board. It is the College District's intent to comply with State laws and regulations. The College District's 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 the College District. 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.

**ATTACHMENT A**

**SAMPLE**

**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 ("HCC") 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 HCC 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 HCC; 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 HCC that are not authorized by HCC's Investment Policy, except to the extent that this authorization is dependent on an analysis of the makeup of HCC's entire portfolio or requires an interpretation of subjective investment standards.

Qualified Representative of Business Organization:

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

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

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

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

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

Certified for Investment Policy Dated: November 17, 2016

# ACTION ITEM

Meeting Date: June 15, 2017

Consent-Finance

ITEM #	ITEM TITLE	PRESENTER
4.	Approve the Sale of Property Located on Little York Road	Dr. Cesar Maldonado Teri Zamora

## RECOMMENDATION

Approve the sale of a 2.1749 acre tract of unimproved property located on Little York Road to West Harris County Regional Water Authority and adopt resolution effectuating same.

## COMPELLING REASON/RATIONALE

This property was declared excess to the college's needs and approved for disposition by the Board of Trustees in May 2016.

## DESCRIPTION OR BACKGROUND

The property, which is approximately two miles away from the North Forest Campus, was originally donated to the College in August 2011. It is located on the north side of Little York Road, east of Wayside Drive.

## FISCAL IMPACT

The 2.1749 acre tract is being sold for \$110,000, less a realtor's fee of 2.75%. The appraised value is \$65,000. This sale will increase the college's Fund Balance.

## LEGAL REQUIREMENT

This transaction meets the requirements of Article III, Section 52 of the Texas Constitution and Texas Government Code Section 272.001.

## STRATEGIC ALIGNMENT

### 3. PERFORMANCE EXCELLENCE

*A. Focus on one HCC and consistency of quality experience across the campuses, departments and facilities*

## ATTACHMENTS:

Description	Upload Date	Type
Resolution Concerning the Sale of Suplus Real Property	5/26/2017	Attachment
Aerial View of Little York Property	6/1/2017	Attachment

**This item is applicable to the following:** Northeast, District

**RESOLUTION OF THE BOARD OF TRUSTEES OF  
HOUSTON COMMUNITY COLLEGE SYSTEM  
CONCERNING THE SALE OF SURPLUS REAL PROPERTY**

The Board of Trustees of Houston Community College System ("HCCS") hereby makes the following findings in connection with that tract of land being 2.1749 acres of land, more or less, located in Harris County, Texas, as further depicted in Exhibit A (the "Property"):

1. The HCCS Board of Trustees previously declared this Property as surplus property, and authorized sale of the Property.
2. Pursuant to Section 272.001(b)(5) of the Texas Local Government Code, HCCS may sell the Property without a public advertising and bidding process if the sale is made for fair market value to another governmental entity with the power of eminent domain.
3. HCCS received an offer from the West Harris County Regional Water Authority ("Water Authority"), a governmental entity with the power of eminent domain, to purchase the Property for \$110,000. The offer submitted by the Water Authority is greater than the fair market value of the Property, as determined by an appraisal report obtained by HCCS.
4. The Board of Trustees hereby accepts the offer submitted by the Water Authority, and authorizes the Chancellor to negotiate and execute a final Sale and Purchase Agreement with the Water Authority.

THEREFORE, BE IT RESOLVED, (1) that the Property is deemed and hereby declared surplus property; (2) that HCCS accepts the offer submitted by the Water Authority to purchase the Property; (3) that the HCCS Board of Trustees authorizes the Chancellor to negotiate and execute a final Sale and Purchase Agreement with the Water Authority; and (4) that the Chair of the HCCS Board of Trustees may execute the deed and any and all other documents necessary to consummate the sale and closing of the Property.

Passed the \_\_\_\_\_ day of \_\_\_\_\_, 2017.

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Eva Loreda  
Chair, Board of Trustees  
Houston Community College System

Attest:

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Neeta Sane  
Secretary, Board of Trustees  
Houston Community College System

## **EXHIBIT A**

### **Legal Description**

Lots 37 thru 42 and 61 thru 64 of BUSCH SUBDIVISION, as addition in Harris County, Texas, according to the map or plat thereof recorded in Volume 1, Page 118, Map Records of Harris County, Texas.



# Aerial and Front Views for Little York Property

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**AERIAL VIEW**



**FRONT VIEW**



# ACTION ITEM

**Meeting Date:** June 15, 2017

**Consent-Finance**

ITEM #	ITEM TITLE	PRESENTER
5.	Central South Campus Construction Center of Excellence Equipment Purchase (Cooperative Purchase)	Dr. Cesar Maldonado Dr. Kimberly Beatty

## RECOMMENDATION

Authorize the Chancellor to negotiate and execute a contract award with Hampden Engineering Corp. to purchase instructional equipment under cooperative contract to be used by the Construction Center of Excellence.

## COMPELLING REASON/RATIONALE

In preparation for the new Central South Campus workforce facility, HCC was able to negotiate the purchase of HVAC instructional equipment available under the TXMAS Cooperative Contract #TXMAS-13-874070. Instructional equipment to be purchase includes air conditioning trainer, air distribution system trainer, wiring service board trainer, electric wiring trainer, basic refrigeration trainer, and photo-voltaic installers trainer.

The purpose of purchasing the recommended Hampden equipment is to ensure the continued quality of training programs as part of the national endeavor to build and maintain a globally competitive workforce while providing career opportunities to students.

## DESCRIPTION OR BACKGROUND

The proposed equipment is in alignment with existing HCC instructional standards and equipment currently used in industry.

## FISCAL IMPACT

The total negotiated cost for the purchase of equipment is \$699,524.

Funding as available under the current Capital Improvement Bond.

## LEGAL REQUIREMENT

This recommendation to the Board of Trustees is in accordance with Chapter 44.031(a) of the Texas Education Code and Chapter 791 of the Government Code.

## STRATEGIC ALIGNMENT

### 1. STUDENT SUCCESS

*A. Improve student preparedness, readiness and alignment*

**This item is applicable to the following:** Central, District

# ACTION ITEM

**Meeting Date:** June 15, 2017

**Consent-Finance**

ITEM #	ITEM TITLE	PRESENTER
6.	Child Development Laboratory School (Project No. RFP 17-46)	Dr. Cesar Maldonado Dr. Kimberly Beatty

## RECOMMENDATION

Authorize the Chancellor to negotiate and execute a contract with YMCA of Greater Houston, to operate and manage a turnkey Child Development Laboratory School located at the HCC Central Campus in accordance with RFP 17-46.

## COMPELLING REASON/RATIONALE

The Child Care Laboratory School at Central College has been operated by HCC for more than 20 years. The school has been used for instruction, primarily as an accredited site for HCC student field practices.

As reported during the December 8, 2016 Academic Affairs and Workforce Committee, hiring a professional operator for the child care facility would decrease potential liability for HCC, while still providing quality child care services for students, faculty, staff and the community. In addition, the facility would continue to serve as a teaching venue for HCC faculty and students.

Houston Community College issued a request for proposal for the selection of a firm to operate and manage the Child Development Laboratory School located at the HCC Central Campus.

## DESCRIPTION OR BACKGROUND

The Request for Proposal (RFP 17-46) was issued on February 27, 2017. The solicitation document was distributed electronically in addition to being published in local newspapers. Notice of advertisement was provided to 5,244 firms. Additionally, the solicitation was duly posted on the Electronic State Business Daily (ESBD) website. In accordance with RFP 17-46, a pre-proposal conference and site visit was held on March 9, 2017 followed by a question and answer period through March 20, 2017. In addition, a second site visit was held on March 27, 2017. Two (2) proposals were received by the solicitation due date of April 12, 2017 at 2:00 p.m., all proposals received were evaluated in accordance with RFP 17-46.

## FISCAL IMPACT

The recommended award will produce estimated revenues of \$22,200 during the initial three (3) year term and an additional \$30,000 during option years four and five.

## LEGAL REQUIREMENT

This recommendation to the Board of Trustees is being made to the highest ranked firm offering the

best value in accordance with Chapter 44.031 (a) of the Texas Education Code.

Pursuant to the published RFP 17-46 document and in accordance with Chapter 44.031 (a) of the Texas Education Code, the Evaluation Committee has selected the offeror based on demonstrated competence, knowledge, and qualification on the services provided.

Chapter 44.031 of the Texas Education Code requires that selection of a firm shall be made through the procurement method that provides the best value for the district. Following the competitive procurement process, HCC has selected the firm offering the best value based on the published selection criteria as evidenced in the final evaluation ranking.

## **STRATEGIC ALIGNMENT**

### **1. STUDENT SUCCESS**

*B. Improve the student experience*

### **3. PERFORMANCE EXCELLENCE**

*B. Foster an environment within the institution as a compelling place to work and learn*

## **ATTACHMENTS:**

Description	Upload Date	Type
Summary of Procurement - RFP 17-46	5/26/2017	Attachment
Summary of Composite Score - RFP 17-46	5/26/2017	Attachment

**This item is applicable to the following:** Central, District

**SUMMARY OF PROCUREMENT  
BOARD ACTION ITEM**

**PROJECT TITLE:** Child Development Laboratory School

**PROJECT NO.:** 17-46

**PROCUREMENT  
METHOD:** Request for Proposal (Best Effort)

**PROJECT MANAGER:** Theodore Hanley, Dean Department of Liberal Arts & Humanities

**NAME OF BUYER:** Marilyn Vega, Senior Buyer

**PURPOSE:** The Child Care Laboratory School at Central College has been operated by HCC for more than 20 years. The school has been used for instruction, primarily as an accredited site for HCC student field practices.

As reported during the December 8, 2016 Academic Affairs and Workforce Committee, hiring a professional operator for the child care facility would release potential liability from HCC to a third party vendor, while still providing childcare services for students, faculty, staff and the community. In addition, the facility would continue to serve as a teaching venue for HCC faculty and students.

Houston Community College issued a request for proposal for the selection of a firm to operate and manage the Child Development Laboratory School located at the HCC Central Campus.

The project goals include:

1. Alleviate the College from the man-power demands of staffing the laboratory school which currently has six full time and one part time staff positions;
2. Eliminate the need to cover staff shortages with faculty and staff; including the unscheduled expense of hiring short term employees from staffing agencies when staff shortages occur over extended periods; and
3. Reduce operating costs to the College.

This recommendation to the Board of Trustees is in accordance with RFP 17-46 and Chapter 44.031(a) of the Texas Education Code.

**RECOMMENDED  
VENDOR:** YMCA of Greater Houston

**LEGAL****REQUIREMENTS:**

This recommendation to the Board of Trustees is being made to the most highly qualified firms on the basis of demonstrated competence and qualifications in accordance with Chapter 44.031(a) of the Texas Government Code.

Pursuant to the published RFP 17-46 document and in accordance with Chapter 44.031 of the Texas Government Code, the Evaluation Committee has selected the offeror based on demonstrated competence, knowledge and qualification on the services provided. Following the competitive procurement process, HCC has selected the firm offering the best value based on the published selection criteria as evidenced in the final evaluation ranking.

Following the Texas Government Code and in accordance with the procurement process, HCC has selected the most highly qualified firms on the basis of demonstrated competence and qualifications.

**LOCATION****INFORMATION:**

In performing the work under RFP 17-46, the recommended firm will be working from their Houston office.

**PROJECTED VALUE:**

The recommended award will produce estimated revenues of \$22,200 during the initial three (3) year term and an additional \$30,000 during option years four and five.

**CONTRACT TERM:**

Three (3) year with the option to renew for two (2) one-year terms.

**ADVERTISEMENT:**

This procurement was advertised in the following newspapers:

- The Houston Chronicle: March 1 & 5, 2017
- African American: Week of March 6 & 13, 2017
- La Información: Week of March 6 & 13, 2017
- Voice of Asia: Week of March 6 & 13, 2017

**PROCUREMENT****NOTICE:**

A notice of the procurement was distributed to the following on February 27, 2017

- Notice to HCC Board of Trustees
- Houston Minority Business Council
- Texas State Procurement Website
- HCC Procurement Operations Website

**SOLICITATION****INFORMATION:**

The Request for Proposal (RFP 17-46) was issued on February 27, 2017. The solicitation document was distributed electronically in addition to being published in local newspapers. Notice of advertisement was provided to 5,244 firms. Additionally, the

solicitation was duly posted on the Electronic State Business Daily (ESBD) website. In accordance with RFP 17-46, a pre-proposal conference and site visit was held on March 9, 2017 followed by a question and answer period through March 20, 2017. In addition, a second site visit was held on March 27, 2017. Two (2) proposals were received by the solicitation due date of April 12, 2017 at 2:00 p.m., all proposals received were evaluated in accordance with RFP 17-46.

**COMPETITIVE:**

Yes.

**PROPOSAL  
EVALUATION:**

Responses were evaluated by the Evaluation Committee which consisted of HCC representatives with relevant subject matter understanding who evaluated and scored proposals in accordance with the published evaluation criteria noted below.

<b>Evaluation Criteria</b>	<b>Available Points</b>
Firm's qualification and experience	25
Demonstrated qualifications of personnel and team	25
Proposed approach and methodology	20
Past performance & references	20
Revenue Proposal	5
<u>Small business practices</u>	<u>5</u>
<b>Total 100</b>	

**EVALUATION  
COMMITTEE  
QUALIFICATIONS:**

Evaluator 1 – Represents the Department of Liberal Arts; is business owner who will manage the work effort following contract award and has in-depth understanding of the commodity and service requirements.

Evaluator 2 – Represents the Department of Liberal Arts; is business owner who will manage the work effort following contract award and has in-depth understanding of the commodity and service requirements.

Evaluator 3 – Represents the Risk Management Office and has in-depth understanding of the commodity and service requirements.



Evaluator 4 – Represents the Office of Administrative Services and has in-depth understanding of the commodity and service requirements.

Evaluator 5 – Represents Business Services, Facilities Management and has in-depth understanding of the commodity and service requirements.

**EXPERIENCE:**

No.

**REFERENCES:**

Evaluated and found to be favorable.

**SMALL BUSINESS  
GOAL:**

In accordance with the Houston Community College - Small Business Development Program, for this solicitation, HCC advertised a Best Effort – Small Business participation goal. The recommended firm will initially self-perform the work and has indicated they will work with HCC in identifying viable small business subcontracting opportunities during the contract period.

*Balance of page intentionally left blank.*

## RFP 17-46 Child Development Laboratory School

### Summary Composite Score Sheet (BAFO)

Firm	Evaluation Criteria			Total
	Technical Score	Pricing Score	Small Business	
YMCA of Greater Houston	74.80	5.00	0.00	79.80
Metropolitan Montessori School	58.80	0.00	0.00	58.80

# ACTION ITEM

Meeting Date: June 15, 2017

Consent-Finance

ITEM #	ITEM TITLE	PRESENTER
7.	Authorization to Execute a New Interlocal Cooperation Agreement for the Assessment and Collection of Taxes with Fort Bend County	Dr. Cesar Maldonado Teri Zamora

## RECOMMENDATION

Authorize the Chancellor to execute a new interlocal agreement to designate the Fort Bend County Tax Assessor/Collector as the tax assessor/collector for HCC and allow Fort Bend County to assess and collect ad valorem taxes owed HCC in Fort Bend County and those accounts in Missouri City located in Harris County.

## COMPELLING REASON/RATIONALE

The interlocal agreement with Fort Bend County for tax assessor/collector services was amended in June 2014 and has automatically renewed each year per the terms of the amendment. Fort Bend County has revised the standard agreement for these services, including a maximum period for the automatic renewals of four (4) years, and requests that HCC approve the new agreement. There are no significant changes to the agreement and the cost for the services remain the same.

The agreement will be effective on the date of execution by the last party and end on June 30, 2018. This agreement shall automatically renew thereafter for four (4) additional one (1) year terms on an annual basis unless sooner terminated by providing ninety (90) days advanced written notice to Fort Bend County.

## DESCRIPTION OR BACKGROUND

There are approximately 8,403 parcels in Stafford and 29,861 in Missouri City, for which Fort Bend County acts as tax assessor/collector. All costs of collection are variable and all costs of assessment are a pro-rata portion of Fort Bend County's actual costs, based on HCC's proportion of the total. This is a cost effective solution for HCC.

The collections from Fort Bend/Missouri City/Stafford for FY 2016 totaled \$7.3 million.

## FISCAL IMPACT

- The estimated annual cost for assessment is \$13,500
- The estimated annual cost for collections is \$13,500

## STRATEGIC ALIGNMENT

## **2. ORGANIZATIONAL STEWARDSHIP**

*B. Improve and streamline business transactions and process*

### **ATTACHMENTS:**

Description	Upload Date	Type
Interlocal Cooperative Agreement with Fort Bend County for Assessment and Collection of Taxes	5/25/2017	Attachment

**This item is applicable to the following:** Southwest, District

THE STATE OF TEXAS                   §  
  §  
COUNTY OF FORT BEND               §

**INTERLOCAL COOPERATION AGREEMENT FOR**  
**THE COLLECTION OF TAXES**

This Interlocal Agreement (hereinafter referred to as “Agreement”), is made and entered into pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and Section 6.24 of the Texas Property Tax Code, by and between FORT BEND COUNTY, TEXAS (hereinafter referred to as “County”), acting through its governing body, FORT BEND COUNTY COMMISSIONERS COURT, and HOUSTON COMMUNITY COLLEGE (hereinafter referred to as “HCC”), duly organized and existing under the laws of the State of Texas, acting by and through its Board of Trustees.

**RECITALS**

WHEREAS, HCC has the authority to authorize County to act as tax assessor/collector for HCC, and County has the authority to so act; and,

WHEREAS, the Fort Bend County Tax Assessor/Collector has approved this Agreement; and,

WHEREAS, HCC and County believe it is in the best interests of the citizens of Fort Bend County to enter into this Agreement; and,

NOW THEREFORE, County and HCC for the mutual consideration hereinafter stated, agree as follows:

**ARTICLE I**  
**PURPOSE**

The purpose of this Agreement is to designate and allow the Fort Bend County Tax Assessor/Collector as the tax assessor/collector for HCC for the collection of ad valorem taxes, including penalties, interest and attorney’s fees for the collection of taxes owed HCC.

**ARTICLE II**  
**TERM**

2.01 This Agreement shall be effective on the date the last party executes this Agreement and shall terminate on June 30, 2018.

- 2.02 This Agreement shall automatically renew thereafter for four (4) additional one (1) year terms on an annual basis unless sooner terminated as provided herein.
- 2.03 HCC may terminate this agreement at any time by providing ninety (90) days advanced written notice to County.
- 2.04 County may terminate this agreement by providing written notice to HCC no later than six (6) months in advance of the expiration of the initial term of this Agreement or any renewal term.
- 2.05 In the event of termination of this Agreement by HCC, HCC shall assume all contractual obligations entered into with County for services rendered to HCC for the duration of the term of the Agreement and any renewal, and County shall be relieved of all contractual obligations under this agreement.
- 2.06 As soon as practicable after the date of termination or the expiration of this Agreement, the County shall submit a final report containing the information set forth in Article III. At that time, distribution of the amount due to HCC shall be made or HCC shall be invoiced for any amounts due from HCC pursuant to the terms of this Agreement. Payments are to be made on or about thirty (30) days after receipt of an invoice. Copies of all reports and all records of HCC shall be delivered to HCC when and if this Agreement is terminated or upon its expiration if not sooner terminated.

### ARTICLE III OBLIGATIONS OF COUNTY

- 3.01 For the purposes and consideration herein stated and contemplated, County shall provide tax collection services by and through the Fort Bend County Tax Assessor/Collector for HCC for tax accounts within the jurisdiction of HCC.
- 3.02 HCC hereby designates the County Tax Assessor/Collector as its Tax Assessor/Collector for purposes of compliance with Chapter 26 of the Texas Property Tax code, as amended, for Fort Bend County.
- 3.03 County shall perform all the duties required by law of the Tax Assessor-Collector of HCC with regard to assessing and collection of ad valorem taxes.
- 3.04 HCC shall adopt a tax rate in accordance with Tax Code 26.05 (a). HCC shall reimburse County for any additional costs incurred by County for any delay in adopting a tax rate.
- 3.05 HCC hereby expressly authorizes County to do and perform all acts necessary and proper to collect taxes for HCC, including but not limited to:
  - A. Calculation of taxes, preparation of current and delinquent tax rolls, pro-ration of taxes, correction of clerical errors in tax rolls, collection of current liabilities, collection of delinquent taxes, and issuance of refunds.
  - B. Assessment and collection of ad valorem property taxes owing to the HCC. The term “assess” does not include those functions defined as “appraisal” by the Property Tax Code.
  - C. Production of a consolidated tax statement for both County and HCC taxes.

- D. Preparation and consolidation of tax statements for each parcel on the tax rolls of HCC.
  - E. Mailing tax statements.
  - F. Mailing notices of delinquent service charges in accordance with Section 33.07, 33.08 and 33.11 of the Texas Property Tax Code.
  - G. The performance for HCC of all duties provided by law of the State of Texas for the collection of taxes.
  - H. The performance of any additional, reasonable services which may be requested in writing by HCC and as agreed to by the Fort Bend County Tax Assessor/Collector.
- 3.06 County shall provide the following reports, upon request, by HCC:
- A. Report of the current year tax levy, showing taxable value, exemptions, abatements, net taxable values, tax rate, and tax levy for each parcel of property;
  - B. Remittance report with each remittance to HCC showing the taxes paid by year, amount paid, principal and interest paid, service charge paid, etc.;
  - C. Monthly report of tax activity showing the amount of initial levy, collections during month for both current and delinquent taxes, adjustments during the month, and the year-to-date collections percentage of current levy; and
  - D. Any additional reports which may be requested by the District.
- 3.07 The taxes collected by County for HCC shall be remitted as follows:
- A. A credit/debit memo within same depository bank; or
  - B. by ACH; or
  - C. by wire to HCC's designated depository or agent; or
  - D. by check mailed to HCC.
- 3.08 HCC shall provide written notification to County of the manner in which taxes shall be remitted, as described in Section 3.07 above.
- 3.09 The taxes collected by County shall be remitted to HCC on a daily basis for the period beginning December 1st and ending February 15<sup>th</sup> of each year. Remittance at other times during the year shall be made at least once per week.
- 3.10 Wire transfers shall incur a charge of five dollars (\$5.00) for each transfer.
- 3.11 Refunds to taxpayers and taxpayer checks returned from banks shall be deducted from the County's remittance to HCC.

#### ARTICLE IV OBLIGATIONS OF HCC

- 4.01 HCC agrees to promptly deliver to County all records necessary to perform its duties under the terms of this Agreement.

- 4.02 For services rendered pursuant to this Agreement, HCC agrees to pay County the following amounts, which the Parties agree is reasonable compensation as allowed by Tax Code Section 6.27:
- A. Thirty-five cents (\$0.35) per parcel per year;
  - B. One dollar (\$1.00) per account to add delinquent accounts to County's records; and
  - C. Two dollars and seventy-seven cents (\$2.77) for parcels located outside of Fort Bend County, Texas, for costs associated with separate billing.
  - D. Other costs for which HCC will reimburse the County for actual costs incurred for any additional services provided.
- 4.03 HCC shall pay to County the cost of assessment and collection as provided in Section 4.02. The payment shall be remitted to County after the mailing of consolidated tax statements and no more than 30 days after receipt of County itemized invoice.

## ARTICLE V

### ADMINISTRATIVE PROVISIONS

- 5.01 All records necessary to be maintained by County for the assessment and collections of taxes shall be kept clearly on the books and records of County, and a designated representative of HCC, including district auditors, is authorized to examine the records maintained by County at such reasonable time and interval as HCC deems necessary. Such books and records will be kept in the offices of County.
- 5.02 HCC may maintain, at their own cost, a Public Fidelity Bond covering all offices, officials and employees in the amount of one hundred thousand dollars (\$100,000.00).
- 5.03 HCC shall transfer to the possession and control of County, without charge, copies of all records necessary for the performance of the duties and responsibilities of County pursuant to this Agreement, which shall include all tax records, including the delinquent tax rolls.
- 5.04 Neither the County nor the County Tax Assessor/Collector shall be legally responsible to HCC for any failure to collect taxes unless the failure results from the failure to perform the duties imposed by the law or by this Agreement.
- 5.05 HCC reserves the right to institute such suits for the collection of delinquent taxes as HCC deems necessary and to contract with an attorney for collection of delinquent taxes.
- 5.06. County shall comply with all provisions of the Texas Property Tax Code, as amended, and any mutually agreed upon written policies regarding collection of ad valorem property taxes which HCC may adopt.
- 5.07 In the event County waives any penalty and/or interest on any parcel, pursuant to Section 33.011 of the Property Tax Code for the taxes owed to the County, HCC consents to the waiver of the penalty and/or interest on the same parcel(s), and hereby authorizes County to waive such penalty and/or interest on behalf of HCC.



- 5.08 HCC's performance under this Agreement is conditioned on the appropriation of funds by HCC on a yearly basis for payment of the Collection Fee, and shall constitute a commitment of current revenues only. The failure by HCC's governing body to appropriate funds sufficient for payment of such Collection Fee shall be grounds for termination of this Agreement.

## ARTICLE VI LIABILITY

Each party to this Agreement agrees that it shall have no liability whatsoever for the actions or omissions of an individual employed by another party, regardless of where the individual's actions occurred. Each party is solely responsible for the actions and/or omissions of its employees and officers.

## ARTICLE VII MISCELLANEOUS

- 7.01 This Agreement may be amended by the mutual agreement of the parties hereto in writing to be attached to and incorporated into this Agreement.
- 7.02 Venue for any litigation involving this Agreement shall be in Fort Bend County, Texas.
- 7.03 If any one or more of the provisions contained in this Agreement shall be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision thereof and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.
- 7.04 This Agreement supersedes any and all other agreements, either oral or in writing between the parties hereto with respect to the subject matter hereof, and no other agreement, statement, or promise relating to the subject matter of this Agreement which is not contained herein shall be valid or binding.
- 7.05 This Agreement may not be assigned by either party.

## ARTICLE VIII NOTICES

Any notice required to be given under the provisions of this Agreement shall be in writing and shall be duly served when it shall have been deposited, enclosed in a wrapper with the proper postage prepaid thereon, and duly registered or certified, return receipt requested, in a United States Post Office, addressed to the Owner at the mailing address as hereinafter set out. If mailed, any notice of communication shall be deemed to be

received three (3) days after the date of deposit in the United States Mail. Unless otherwise provided in this Agreement, all notices shall be delivered to the Owner or the County at the following addresses:

To County: The Honorable Patsy Schultz  
Fort Bend County Tax Assessor-Collector  
1317 Eugene Heimann Circle  
Richmond, Texas 77469-3623

To District: Teri Zamora  
Sr. Vice Chancellor Finance and Administration  
Houston Community College  
3100 Main Street, MC-1106  
Houston, TX 77002-9330

Copy to: Fort Bend County Attorney  
401 Jackson  
Richmond, Texas 77469-3108

Either party may designate a different address by giving the other party ten (10) days written notice thereof.

ARTICLE IX  
ENTIRE AGREEMENT AND ATTACHMENT

This Agreement contains the entire Agreement among the parties and supercedes all other negotiations and agreements, whether written or oral.

THE UNDERSIGNED OFFICER AND/OR AGENTS OF THE PARTIES HERETO ARE THE PROPERLY AUTHORIZED OFFICIALS AND HAVE THE NECESSARY AUTHORITY TO EXECUTE THIS AGREEMENT ON BEHALF OF THE PARTIES HERETO, AND EACH PARTY HEREBY CERTIFIES TO THE OTHER THAT ANY NECESSARY RESOLUTIONS AND/OR ORDERS EXTENDING SAID AUTHORITY HAVE BEEN DULY PASSED AND ARE NOW IN FULL FORCE AND EFFECT.

**FORT BEND COUNTY**

\_\_\_\_\_  
Robert E. Hebert, County Judge

\_\_\_\_\_  
Laura Richard, County Clerk

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

APPROVED:

\_\_\_\_\_  
Patsy Schultz, Tax Assessor/Collector

\_\_\_\_\_  
Date

**HOUSTON COMMUNITY COLLEGE**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

# ACTION ITEM

**Meeting Date:** June 15, 2017

**Consent-Finance**

ITEM #	ITEM TITLE	PRESENTER
8.	Authorize Execution of Amendment to Contract with Grant Thornton LLP	Dr. Cesar Maldonado Teri Zamora

## RECOMMENDATION

Authorize the Chancellor to negotiate and execute an amendment to the existing contract with Grant Thornton, LLP that will allow for additional charges not to exceed \$50,000 for review of federal and state programs as mandated by federal Uniform Guidance and state standards.

## COMPELLING REASON/RATIONALE

The Board of Trustees approved a contract with Grant Thornton, LLP to provide annual external financial audit and related services to Houston Community College. The maximum contract value stated in the contract is \$150,000 annually, and also states that "if additional funding is required, it will be processed pursuant to the prior written approval of HCC."

The engagement letter received from Grant Thornton, LLP for the upcoming 2017 audit states that the base charge will be \$150,000, which includes 3 major federal programs and 1 major state program as quoted in their original proposal.

The engagement letter further states that in following the federal Uniform Guidance standards, more programs could potentially be included in the audit. If that occurs, the additional charge per major program is \$10,000. The number of programs to be included is determined by a formula under federal Uniform Guidance standards. Whether or not more programs need to be included will be determined in late summer.

## DESCRIPTION OR BACKGROUND

The 2017 audit by Grant Thornton, LLP will be the fourth year of a five year contract to perform the external audit of the college, as required under various state and federal regulations.

## FISCAL IMPACT

The base cost of \$150,000 has already been approved by the Board of Trustees.

The cost of each additional federal or state program to potentially be reviewed is \$10,000 for FY2017. The number of programs to be added will be determined in accordance with federal and state guidelines.

## LEGAL REQUIREMENT

Single Audit Act Amendments of 1996 and Title 2 U.S. Code of Federal Regulations Part 200, Uniform

Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State of Texas Single Audit Circular.

## **STRATEGIC ALIGNMENT**

### **2. ORGANIZATIONAL STEWARDSHIP**

*B. Improve and streamline business transactions and process*

**This item is applicable to the following:** District

# ACTION ITEM

**Meeting Date:** June 15, 2017

**Consent-Finance**

ITEM #	ITEM TITLE	PRESENTER
9.	Monthly Investment Report, Financial Statement and Budget Review for April 2017	Dr. Cesar Maldonado Teri Zamora

## RECOMMENDATION

Accept the Investment Report, Financial Statement and Budget Review for the month of April 2017.

## COMPELLING REASON/RATIONALE

The monthly investment report advises the Board on the status of the investment portfolio and complies with the relevant statute. The monthly financial statement and budget review advises the Board on the status of the finances of the college.

## DESCRIPTION OR BACKGROUND

The investment report provides information related to the various investments of the college, including book values and market values. The financial report and budget review provides information related to the various funds of the college, including fund balances, comparison to previous year and comparison to budget.

## FISCAL IMPACT

For April, **the interest income earned and earnings credit for the month totaled \$306,570** and the interest income earned and earnings credit for the fiscal year totaled \$2,143,261. The weighted average interest rate (WAR) at April 30, 2017 was .93%.

The Investment Report attached identifies HCC's investment holdings for the month ending April 2017. It includes the unexpended proceeds of the various bond issues. The portfolio is highly liquid and secure with 63% of the assets invested in local government pools, money market 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.

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

## LEGAL REQUIREMENT

The investment 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 ALIGNMENT**

### **2. ORGANIZATIONAL STEWARDSHIP**

*B. Improve and streamline business transactions and process*

#### **ATTACHMENTS:**

Description	Upload Date	Type
Investment Report - April 2017	5/21/2017	Attachment
Financial Statement - April 2017	6/2/2017	Attachment

**This item is applicable to the following:** District

# HOUSTON COMMUNITY COLLEGE SYSTEM

## INVESTMENT PORTFOLIO COMPOSITION

### As of APRIL 30, 2017

Beginning Book Value (April 1, 2017)	\$	413,482,673
Beginning Market Value (April 1, 2017)	\$	413,287,401
Additions/subtractions (Book value - Net)	\$	(50,104,036) *
Change in Market value	\$	33,377
Ending Book value (April 30, 2017)	\$	363,378,637
Ending Market value (April 30, 2017)	\$	363,216,664
Unrealized Gain/(Loss)	\$	(161,972)
WAM (63% 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.**

* Net amount provided/(for) Operations	\$	(44,899,537)
* Net amount provided/(for) CIP/Others		(5,204,500)
	\$	<u>(50,104,036)</u>

### EXECUTIVE SUMMARY

### INVENTORY HOLDINGS REPORT

#### APRIL 30, 2017

	<b>Ending Book Value</b>	<b>Ending Market Value</b>	<b>Unrealized Gain (Loss)</b>
US Treasuries	\$ 34,999,286	\$ 34,988,148	\$ (11,138)
US Agencies	101,560,377	101,409,543	(150,835)
Local government pools	147,128,376	147,128,376	-
Money market funds	18,274,227	18,274,227	-
High yield savings	7,899	7,899	-
Certificates of deposit	60,250,000	60,250,000	-
Interest bearing checking	1,158,471	1,158,471	-
Total	<u>\$ 363,378,637</u>	<u>\$ 363,216,664</u>	<u>\$ (161,973)</u>

WAR (weighted average interest rate) 0.93%



**INVESTMENTS**  
**INVENTORY HOLDINGS REPORT (OPERATING AND OTHERS)**  
**As of APRIL 30, 2017**

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	\$ 41,788	\$ 43,981	\$ 43,362	\$ (166)	\$ 43,196	\$ 43,830	\$ 17	\$ 634
Fannie Mae ARM Pool 805454	Bank of America	2.64%	12/23/04	12/01/34	35,988	38,350	41,970	(124)	41,847	38,104	(133)	(3,742)
Freddie Mac Domestic MTN Unsecured Bond	Bank of America	1.00%	08/22/12	02/22/18	1,000,000	998,400	1,000,000	-	1,000,000	997,614	(786)	(2,386)
Freddie Mac Domestic MTN Unsecured Bond	Bank of America	1.25%	02/26/16	02/26/19	5,000,000	4,982,930	5,000,000	-	5,000,000	4,988,470	5,540	(11,530)
Federal Home Loan Bank US Domestic Unsecured	Bank of America	0.63%	04/26/16	04/26/17	5,000,000	5,000,085	5,000,000	(5,000,000)	-	-	-	-
Federal Farm Credit Bank US Domestic Unsecured	Bank of America	0.67%	08/17/16	01/28/18	2,000,000	1,993,702	1,998,500	-	1,998,500	1,995,184	1,482	(3,316)
Federal Home Loan Bank Global Unsecured	Bank of America	0.88%	08/17/16	08/08/18	5,000,000	4,977,775	4,993,700	-	4,993,700	4,979,575	1,800	(14,125)
U.S. Treasury Notes US Govt. National	Bank of America	0.75%	08/19/16	02/28/18	3,000,000	2,991,564	3,001,875	-	3,001,875	2,991,093	(471)	(10,782)
Federal Home Loan Bank US Domestic Unsecured	Bank of America	0.75%	08/19/16	01/19/18	3,000,000	2,995,446	3,000,000	-	3,000,000	2,992,101	(3,345)	(7,899)
Fannie Mae US Domesticl Unsecured	Bank of America	0.95%	08/23/16	07/20/18	4,000,000	3,975,912	4,000,000	-	4,000,000	3,977,728	1,816	(22,272)
Federal Farm Credit Bank US Domestic Unsecured	Bank of America	0.67%	08/16/16	10/18/17	3,000,000	2,994,792	2,998,950	-	2,998,950	2,994,513	(279)	(4,437)
Freddie Mac Domestic MTN Unsecured Bond	Bank of America	0.75%	09/23/16	09/23/19	2,690,000	2,681,083	2,690,000	-	2,690,000	2,683,985	2,903	(6,015)
Freddie Mac Domestic MTN Unsecured Bond	Bank of America	1.00%	09/28/16	09/28/18	4,500,000	4,479,813	4,500,000	-	4,500,000	4,480,173	360	(19,827)
U.S. Treasury Notes US Govt. National	Bank of America	0.63%	01/25/17	11/30/17	2,000,000	1,995,312	1,998,180	-	1,998,180	1,995,000	(312)	(3,180)
Freddie Mac Discount note US Domestic Unsecured	Bank of America	0.82%	01/25/17	02/01/18	500,000	496,347	496,105	-	496,105	496,584	237	479
Freddie Mac Discount note US Domestic Unsecured	Bank of America	0.80%	01/25/17	12/22/17	500,000	496,567	496,322	-	496,322	496,900	333	577
Freddie Mac Discount note US Domestic Unsecured	Bank of America	0.77%	01/25/17	12/01/17	500,000	496,841	496,685	-	496,685	497,177	336	492
Federal Home Loan Bank US Domestic NT Unsecured	Bank of America	0.70%	02/09/17	11/06/17	5,000,000	4,972,575	4,973,750	-	4,973,750	4,975,585	3,010	1,835
Freddie Mac Discount note US Domestic Unsecured	Bank of America	0.62%	02/06/17	09/01/17	7,000,000	6,975,045	6,975,045	-	6,975,045	6,978,475	3,430	3,430
Federal Home Loan Bank US Domestic NT Unsecured	Bank of America	0.60%	02/06/17	09/05/17	8,000,000	7,970,720	7,971,867	-	7,971,867	7,974,600	3,880	2,733
U.S. Treasury Bill US Govt National	Bank of America	0.61%	02/02/17	08/03/17	5,000,000	4,986,610	4,984,581	-	4,984,581	4,989,785	3,175	5,204
Federal Farm Credit Bank US Domestic Unsecured	Bank of America	0.78%	02/02/17	09/14/17	6,000,000	5,994,270	6,002,340	-	6,002,340	5,996,430	2,160	(5,910)
Freddie Mae Global Unsecured	Bank of America	1.00%	02/22/17	09/29/17	3,800,000	3,800,847	3,806,460	-	3,806,460	3,799,981	(866)	(6,479)
Freddie Mac MTN Domestic Unsecured Bond	Bank of America	0.70%	05/29/15	08/25/17	10,000,000	9,997,470	10,000,000	-	10,000,000	9,996,420	(1,050)	(3,580)
Federal Farm Credit Bank US Domestic Unsecured	Bank of America	0.75%	06/13/16	09/13/17	5,000,000	4,995,245	5,000,000	-	5,000,000	4,996,215	970	(3,785)
Freddie Mac Discount note US Domestic Unsecured	Bank of America	0.80%	03/02/17	09/08/17	4,000,000	3,985,076	3,983,111	-	3,983,111	3,987,000	1,924	3,889
U.S. Treasury Bill US Govt National	Bank of America	1.88%	03/09/17	10/31/17	10,000,000	10,051,560	10,060,400	-	10,060,400	10,040,630	(10,930)	(19,770)
U.S. Treasury Bill US Govt National	Bank of America	0.81%	03/08/17	08/31/17	10,000,000	9,964,860	9,960,500	-	9,960,500	9,971,640	6,780	11,140
Freddie Mac Domestic MTN Unsecured Bond	Bank of America	0.88%	03/22/16	03/22/19	1,600,000	1,597,598	1,600,000	-	1,600,000	1,598,061	462	(1,939)
Freddie Mac Domestic MTN Unsecured Bond	Bank of America	1.03%	08/23/16	08/27/21	1,500,000	1,474,920	1,500,000	-	1,500,000	1,480,646	5,726	(19,355)
Fannie Mae Global Unsecured	Bank of America	1.20%	08/16/16	08/16/19	3,000,000	2,978,010	3,000,000	-	3,000,000	2,979,669	1,659	(20,331)
Federal Farm Credit Bank US Domestic Unsecured	Bank of America	1.00%	04/11/13	04/11/18	10,000,000	9,983,420	10,000,000	-	10,000,000	9,985,480	2,060	(14,520)
Federal Home Loan Bank Global Unsecured	Bank of America	0.75%	11/25/15	07/14/17	5,000,000	4,998,155	4,992,500	-	4,992,500	4,999,045	890	6,545
U.S. Treasury Notes US Govt. National	Bank of America	0.50%	05/21/15	04/30/17	5,000,000	4,999,400	4,993,750	-	4,993,750	5,000,000	600	6,250
Plant Fund Interest Checking (10060-7201)	Bank Of America	0.37%				66,838	66,838	11	66,849	66,849	0	0
Debt Service 2001A Bond Interest Checking (10080)	Bank Of America	0.37%				102,925	102,925	(12)	102,912	102,912	0	0
HCCS Merchant service (10012)	Bank Of America	0.37%				94,860	94,860	(13,765)	81,095	81,095	0	0
Checking Account- 10010-7306-2006 Jr. lien	Bank Of America	0.37%				229	229	-	229	229	0	0
LTD2013 Tax Bond General Checking A/C (10090)	Bank Of America	0.37%				1,030,743	1,030,743	(134,989)	895,754	895,754	0	0
LTD2003 Tax Bond Checking A/C (10092)	Bank Of America	0.37%				10,210	10,210	2	10,212	10,212	0	0
Managed PFI Account-10100-1110	Bank Of America	0.37%				1,418	1,418	2	1,420	1,420	0	0
Merrill Lynch (Black Rock Fed Fund)	Bank Of America	0.48%				21,847,007	21,847,007	(3,789,596)	18,057,412	18,057,412	0	0
Public Fund Money Market Premier	Regions Bank	0.05%				216,347	216,347	(152)	216,195	216,195	0	0
Public Fund Money Market Premier (XXX3820)	Regions Bank	0.06%				645	645	(25)	620	620	0	0
Chase High Yield Savings (XXXX1718)	Chase Bank	0.15%				4,274	4,274	(11)	4,263	4,263	0	0
Chase High Yield Savings (XXXX4286)	Chase Bank	0.15%				3,648	3,648	(12)	3,636	3,636	0	0
Fixed Time Deposit with Unity Bank	Unity Bank	0.26%	06/09/16	07/09/17		100,000	100,000	-	100,000	100,000	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)
Fixed Time Deposit with Unity Bank	Unity Bank	0.25%	10/18/16	10/18/17		150,000	150,000	-	150,000	150,000	0	0
Certificate of Deposit	Chase Bank	0.69%	03/22/13	03/22/17		0	0	-	0	0	0	0
Certificate of Deposit	Chase Bank	0.99%	03/23/13	03/21/18		20,000,000	20,000,000	-	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	-	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	-	20,000,000	20,000,000	0	0
Corporate Overnight Fund	Lone Star	0.98%				31,726,533	31,726,533	(275,496)	31,451,038	31,451,038	0	0
Tex Pool	State Street Bank	0.96%				156,567,043	156,567,043	(40,889,704)	115,677,339	115,677,339	0	0
TOTAL						\$ 413,287,401	\$ 413,482,673	\$ (50,104,036)	\$ 363,378,637	\$ 363,216,664	\$ 33,377	\$ (161,972)



# Summary Operating Statements

For the Period  
September 1, 2016 - April 30, 2017  
For the Meeting of the Board of Trustees - June 8, 2017

for  
Houston Community College System (Including  
Houston Community College Public Facility Corporation)



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For the Period September 1, 2016 - April 30, 2017

## **Houston Community College System**

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**HOUSTON COMMUNITY COLLEGE SYSTEM**  
**Summary of Financial Statements**  
**As of April 30, 2017**

In the Unrestricted Fund as of April 30, 2017, total revenue is \$288.1 million. This represents 85.2% of budgeted annual revenues of \$338 million. Expenses total \$217.1 million to date; which is 64.2% of the total expense budget of \$338 million. Compared with the same period last year, revenues are higher by 3% and expenses are higher by 0.5%. While actual net revenue is \$71 million to date, revenues and expenses are expected to fall within budget by year end so net revenue will be significantly less.

Salaries increased 6.3% due primarily to the compensation study alignment and an across the board salary increase of 2% for full-time employees. Benefits also increased by 8.6%.

The expenses in Transfers & Debt show a decrease of \$8.3 million primarily due to the redemption of the Public Facility Corporation Westgate Bonds Series 2005A in the amount of \$8.1 million in FY 2016. Total interest expense for the month totaled \$3.2 million.

**HOUSTON COMMUNITY COLLEGE SYSTEM**  
**Statement of Revenues, Expenses and Fund Balances - All Funds**  
**as of April 30, 2017**

	Unrestricted	Restricted	Auxiliary	Loans	Scholarship	Agency	Unexpended Plant	Capital and Technology	Retirement of Debt	Investment in Plant	Subtotal	Public Facility Corp. (PFC)	Grand Total
<b>Revenues</b>	\$ 288,054,228	\$ 18,864,739	\$ 9,995,126	\$ -	\$ 82,039,411	\$ -	\$ 1,547,612	\$ -	\$ 51,922,993	\$ 15,764,169	\$ 468,188,278	\$ 3,956,220	\$ 472,144,498
<b>Expenses</b>													
Salaries	133,514,813	3,355,913	1,324,347	-	1,092,372	-	219,227	-	-	-	139,506,673	-	139,506,673
Employee Benefits	16,787,139	10,127,647	443,808	-	-	-	44,802	-	-	-	27,403,396	-	27,403,396
Supplies & General Expense	3,236,827	99,788	688,532	-	-	-	508	29,699	-	-	4,055,354	-	4,055,354
Travel	987,023	88,210	222,995	-	-	-	358	-	-	-	1,298,586	-	1,298,586
Marketing Costs	556,258	18,017	928,819	-	-	-	-	-	-	-	1,503,094	-	1,503,094
Rentals & Leases	1,392,135	68,234	17,918	-	-	-	4,135	-	-	-	1,482,420	-	1,482,420
Insurance/Risk Mgmt.	5,148,192	5,336	5,808	-	-	-	-	-	-	-	5,159,336	-	5,159,336
Contracted Services	12,957,491	2,684,762	600,299	-	-	-	115,955	-	266,472	-	16,624,978	-	16,624,978
Utilities	4,313,817	-	465,894	-	-	-	-	-	-	-	4,779,711	-	4,779,711
Other Departmental Expenses	1,107,005	60,206	907,112	-	-	-	-	-	-	-	2,074,323	-	2,074,323
Instructional and Other Materials	6,374,732	188,144	129,154	-	-	-	807,736	-	-	-	7,499,766	-	7,499,766
Maintenance and Repair	554,433	272,547	1,741	-	218,284	-	41,228	7,440	-	-	1,095,673	-	1,095,673
Transfers (In)/Out <sup>1</sup>	27,496,295	-	-	-	(1,578,377)	-	500,000	(9,000,000)	(17,417,919)	-	-	-	-
Debt	90,311	-	360,823	-	-	-	430,380	-	60,439,749	475,576	61,796,840	-	61,796,840
Capital Outlay	2,578,887	374,080	5,974	-	-	-	75,827,372	5,367,374	-	-	84,153,686	-	84,153,686
Depreciation	-	-	-	-	-	-	-	-	-	16,133,577	16,133,577	-	16,133,577
Scholarship Distribution	-	-	1,293,629	-	82,277,326	-	-	-	-	-	83,570,955	-	83,570,955
<b>Total Expenses</b>	<b>217,095,357</b>	<b>17,342,883</b>	<b>7,396,852</b>	<b>-</b>	<b>82,009,606</b>	<b>-</b>	<b>77,991,701</b>	<b>(3,595,487)</b>	<b>43,288,302</b>	<b>16,609,153</b>	<b>458,138,368</b>	<b>-</b>	<b>458,138,368</b>
<b>Net Revenues/(Expenses)</b>	<b>70,958,871</b>	<b>1,521,855</b>	<b>2,598,274</b>	<b>-</b>	<b>29,803</b>	<b>-</b>	<b>(76,444,089)</b>	<b>3,595,487</b>	<b>8,634,691</b>	<b>(844,984)</b>	<b>10,049,908</b>	<b>3,956,220</b>	<b>14,006,128</b>
<b>Other Adjustments and Transfers</b>													
Debt Principal Payments <sup>2</sup>	-	-	-	-	-	-	5,453,299	-	-	36,040,000	41,493,299	-	41,493,299
Debt Refinancing	41,066	-	-	-	-	-	(10,363,671)	-	(41,066)	10,363,671	-	-	-
Capitalization of Assets & CIP <sup>2</sup>	-	-	-	-	-	-	75,629,901	58,391	-	9,532,846	85,221,138	-	85,221,138
Transfers of Completed Projects	-	-	-	-	-	-	-	(871,672)	-	871,672	-	-	-
Transfers of Balances between Funds	381,140	-	-	-	-	-	(9,382,376)	-	9,022,912	(21,676)	-	-	-
<b>Total Other Adjustments and Transfers</b>	<b>422,206</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>61,337,152</b>	<b>(813,281)</b>	<b>8,981,846</b>	<b>56,786,513</b>	<b>126,714,437</b>	<b>-</b>	<b>126,714,437</b>
<b>Beginning Fund Balances</b>	<b>48,499,835</b>	<b>1,673,387</b>	<b>7,889,209</b>	<b>238,698</b>	<b>(29,803)</b>	<b>-</b>	<b>18,245,779</b>	<b>9,116,088</b>	<b>66,032,435</b>	<b>266,137,820</b>	<b>417,803,448</b>	<b>(3,342,508)</b>	<b>414,460,940</b>
<b>Ending Fund Balances</b>	<b>\$ 119,880,912</b>	<b>\$ 3,195,243</b>	<b>\$ 10,487,483</b>	<b>\$ 238,698</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,138,843</b>	<b>\$ 11,898,294</b>	<b>\$ 83,648,972</b>	<b>\$ 322,079,349</b>	<b>\$ 554,567,793</b>	<b>\$ 613,712</b>	<b>\$ 555,181,505</b>

<sup>1</sup>Transfers include student revenue bond payment funds, scholarship matching funds, and transfers to Unexpended Plant and Capital and Technology Funds.

<sup>2</sup>Per government accounting practices, items included in the expenses category above are subsequently deducted from YTD expenses shown above and reclassified as increases or decreases to appropriate asset and liability line items on the balance sheet (page 11).

**HOUSTON COMMUNITY COLLEGE SYSTEM**  
**Unrestricted Revenues and Expenses**  
**Comparison to Budget and Previous Fiscal Year**  
**as of April 30, 2017**  
**66.7% of Year**

	Year-to-Date Actuals Thru April 30, 2017	FY 2017 Adjusted Budget	Actuals as a % of Budget	Year-to-Date Actuals Thru April 30, 2017	Year-to-Date Actuals Thru April 30, 2016	Increase (Decrease) FY 2017 Compared to FY 2016	% Increase (Decrease)
<b>REVENUES</b>							
State Appropriations	\$ 43,538,764	\$ 70,162,214	62.1%	\$ 43,538,764	\$ 43,475,205	\$ 63,559	0.1%
Ad Valorem Taxes	142,661,042	146,800,000	97.2%	142,661,042	131,620,340	11,040,702	8.4%
Tuition, Net	49,109,478	60,139,700	81.7%	49,109,478	52,122,914	(3,013,436)	-5.8%
Fees	43,271,575	48,242,300	89.7%	43,271,575	43,539,802	(268,227)	-0.6%
Other Local Income	2,538,835	2,500,000	101.6%	2,538,835	1,787,458	751,377	42.0%
Tuition & Fees, Net	6,610,730	9,500,000	69.6%	6,610,730	6,652,310	(41,581)	-0.6%
-- Extended Learning							
Indirect Cost Revenues (Grants)	323,806	620,000	52.2%	323,806	335,131	(11,326)	-3.4%
<b>Total Revenues</b>	<b>288,054,228</b>	<b>337,964,214</b>	<b>85.2%</b>	<b>288,054,228</b>	<b>279,533,161</b>	<b>8,521,068</b>	<b>3.0%</b>
<b>EXPENSES</b>							
Salaries	133,514,813	201,966,210	66.1%	133,514,813	125,581,068	7,933,745	6.3%
Employee Benefits	16,787,139	22,128,446	75.9%	16,787,139	15,454,426	1,332,713	8.6%
Supplies Gen Exp	3,236,827	6,608,508	49.0%	3,236,827	2,958,084	278,743	9.4%
Travel	987,023	2,407,300	41.0%	987,023	613,673	373,350	60.8%
Marketing Costs	556,258	1,103,770	50.4%	556,258	362,665	193,593	53.4%
Rental & Leases	1,392,135	2,288,475	60.8%	1,392,135	1,629,945	(237,811)	-14.6%
Insurance/Risk Mgmt	5,148,192	6,247,898	82.4%	5,148,192	4,541,915	606,277	13.3%
Contract Services	12,957,491	25,498,537	50.8%	12,957,491	13,874,952	(917,462)	-6.6%
Utilities	4,313,817	11,245,976	38.4%	4,313,817	5,343,086	(1,029,269)	-19.3%
Other Departmental Expenses	1,107,005	2,481,220	44.6%	1,107,005	1,226,424	(119,419)	-9.7%
Instructional & Other Materials	6,374,732	10,434,274	61.1%	6,374,732	6,304,323	70,409	1.1%
Maintenance & Repair	554,433	1,396,404	39.7%	554,433	523,757	30,676	5.9%
Transfers/Debt	27,586,606	33,907,068	81.4%	27,586,606	35,875,445	(8,288,839)	-23.1%
Contingency	-	3,073,204	0.0%	-	-	-	0.0%
Capital Outlay	2,578,887	7,176,924	35.9%	2,578,887	1,749,654	829,234	47.4%
<b>Total Expenses</b>	<b>\$ 217,095,357</b>	<b>\$ 337,964,214</b>	<b>64.2%</b>	<b>\$ 217,095,357</b>	<b>\$ 216,039,417</b>	<b>1,055,940</b>	<b>0.5%</b>
<b>NET REVENUE/(EXPENSES)</b>	<b>\$ 70,958,871</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 70,958,871</b>	<b>\$ 63,493,743</b>	<b>\$ 7,465,128</b>	<b>11.8%</b>

# HOUSTON COMMUNITY COLLEGE SYSTEM

## Auxiliary Revenues and Expenses by Fund as of April 30, 2017

### Auxiliary Funds - Uncommitted Portion

	Main Leasing	Misc. Auxiliary *	Foundation	Marketing	Bookstore Commission	International Student Services	Cafe Club NEO 3100 Main	Scholarships	Subtotal Uncommitted
<b>Revenues</b>	\$ 4,957,353	\$ 407,537	\$ -	\$ -	\$ 2,550,392	\$ -	\$ 229,621	\$ -	\$ 8,144,903
<b>Expenses</b>									
Salaries	213,869	423,599	-	-	-	251,394	156,636	-	1,045,498
Benefits	42,419	239,668	-	-	-	61,143	32,086	-	375,317
Supplies Gen Exp	31,952	88,373	41,055	-	-	-	4,970	-	166,350
Travel	-	26,616	5,453	-	-	9,603	-	-	41,672
Marketing Costs	-	1,447	-	927,373	-	-	-	-	928,819
Rental & Leases	2,609	2,025	-	-	-	-	336	-	4,970
Contract Services	370,106	61,100	43,185	-	-	-	2,017	-	476,408
Utilities	465,894	-	-	-	-	-	-	-	465,894
Departmental Expenses	-	199,105	-	663,756	-	4,642	-	-	867,503
Instructional & Oth. Materials	-	1,876	-	-	-	-	127,278	-	129,154
Maintenance & Repair	-	690	-	-	-	-	1,051	-	1,741
Insurance/Risk Mgmt	-	364	-	-	-	-	-	-	364
Scholarship Distribution	-	-	-	-	-	-	-	1,282,464	1,282,464
Transfer/Debt	360,823	-	-	-	-	-	-	-	360,823
Capital Outlay	2,074	3,900	-	-	-	-	-	-	5,974
<b>Total Expenses</b>	<b>1,489,746</b>	<b>1,048,764</b>	<b>89,693</b>	<b>1,591,129</b>	<b>-</b>	<b>326,782</b>	<b>324,375</b>	<b>1,282,464</b>	<b>6,152,952</b>
<b>Contribution to Fund Balance</b>	<b>\$ 3,467,607</b>	<b>\$ (641,227)</b>	<b>\$ (89,693)</b>	<b>\$ (1,591,129)</b>	<b>\$ 2,550,392</b>	<b>\$ (326,782)</b>	<b>\$ (94,754)</b>	<b>\$ (1,282,464)</b>	<b>\$ 1,991,950</b>
<b>Beginning Fund Balance</b>									<b>3,618,760</b>
<b>Ending Fund Balance</b>									<b>\$ 5,610,710</b>

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



# HOUSTON COMMUNITY COLLEGE SYSTEM

## Auxiliary Revenues and Expenses By Fund

as of April 30, 2017

### Auxiliary Funds - International and Committed Portions

	International			Committed				Total
	Saigon Tech	Other International Initiatives	Subtotal International	Student Vending Commission	Student Activity Fee	Student Athletic Fee	Subtotal Committed	Total Auxiliary
<b>Revenues</b>	\$ 23,333	\$ -	\$ 23,333	\$ 84,000	\$ 972,993	\$ 769,898	\$ 1,826,891	\$ 9,995,126
<b>Expenses</b>								
Salaries	-	-	-	2,350	62,191	214,308	278,848	1,324,347
Benefits	-	-	-	-	10,789	57,702	68,491	443,808
Supplies Gen Exp	50	-	50	54,131	372,841	95,159	522,132	688,532
Travel	8,385	60,672	69,057		40,722	71,544	112,266	222,995
Marketing Costs	-	-	-	-	-	-	-	928,819
Rental & Leases	-	-	-	-	-	12,948	12,948	17,918
Contract Services	-	-	-	4,958	30,558	88,374	123,891	600,299
Utilities	-	-	-	-	-	-	-	465,894
Departmental Expenses	-	-	-	11,765	7,590	20,254	39,609	907,112
Instructional & Oth. Materials	-	-	-	-	-	-	-	129,154
Maintenance & Repair	-	-	-	-	-	-	-	1,741
Insurance/Risk Mgmt	-	-	-	-	609	4,835	5,444	5,808
Scholarship Distribution	-	-	-	-	11,165	-	11,165	1,293,629
Transfer/Debt	-	-	-	-	-	-	-	360,823
Capital Outlay	-	-	-	-	-	-	-	5,974
<b>Total Expenses</b>	<b>8,435</b>	<b>60,672</b>	<b>69,107</b>	<b>73,204</b>	<b>536,465</b>	<b>565,124</b>	<b>1,174,793</b>	<b>7,396,852</b>
<b>Contribution to Fund Balance</b>	<b>14,898</b>	<b>(60,672)</b>	<b>(45,774)</b>	<b>10,796</b>	<b>436,528</b>	<b>204,774</b>	<b>652,098</b>	<b>2,598,274</b>
<b>Beginning Fund Balance</b>			<b>1,820,093</b>	<b>305,749</b>	<b>957,788</b>	<b>1,186,818</b>	<b>2,450,355</b>	<b>7,889,209</b>
<b>Ending Fund Balance</b>			<b>\$ 1,774,319</b>	<b>\$ 316,545</b>	<b>\$ 1,394,316</b>	<b>\$ 1,391,592</b>	<b>\$ 3,102,453</b>	<b>\$ 10,487,483</b>

**HOUSTON COMMUNITY COLLEGE SYSTEM**  
**Unrestricted Adjusted Budgets and Actuals by Division Summary Comparison**  
**as of April 30, 2017**

<b>Division</b>	<b>FY 2017 Adjusted Budget</b>	<b>Actuals as of April 30, 2017</b>	<b>% Spent</b>	<b>FY 2016 Adjusted Budget</b>	<b>Actuals as of April 30, 2016</b>	<b>% Spent</b>
Central College	\$ 11,642,464	\$ 6,499,736	55.8%	\$ 11,191,129	\$ 6,144,626	54.9%
Northwest College	10,995,391	6,783,449	61.7%	10,286,992	6,186,888	60.1%
Northeast College	14,592,575	8,968,908	61.5%	13,553,487	8,559,864	63.2%
Southwest College	11,640,439	7,262,100	62.4%	11,741,128	7,327,053	62.4%
Southeast College	7,151,613	4,314,734	60.3%	6,503,716	3,981,608	61.2%
Coleman College	15,131,917	9,108,652	60.2%	14,585,122	8,743,476	59.9%
Extended Learning	13,220,698	8,309,590	62.9%	13,696,799	7,866,833	57.4%
Academic Instruction	61,874,411	43,912,779	71.0%	58,765,001	43,239,661	73.6%
Chancellor	20,940,422	12,902,102	61.6%	17,425,064	11,451,947	65.7%
Finance & Administration	64,889,161	36,716,839	56.6%	59,857,072	35,634,874	59.5%
Planning & Institutional Effectiveness	3,924,126	2,191,800	55.9%	3,247,394	1,757,501	54.1%
Instructional Services	23,044,391	15,663,517	68.0%	19,994,554	13,099,018	65.5%
Student Services	7,321,974	4,054,280	55.4%	6,886,720	3,914,400	56.8%
System	71,594,632	50,406,873	70.4%	76,881,248	58,131,666	75.6%
<b>Grand Total</b>	<b>\$ 337,964,214</b>	<b>\$ 217,095,357</b>	<b>64.2%</b>	<b>\$ 324,615,427</b>	<b>\$ 216,039,417</b>	<b>66.6%</b>

**HOUSTON COMMUNITY COLLEGE SYSTEM**  
**Unrestricted Adjusted Budgets and Actuals by Division and Expense Type**  
**as of April 30, 2017**

	CENTRAL			NORTHWEST			NORTHEAST			SOUTHWEST		
Expenses	Adjusted Budget	Actuals	% Spent	Adjusted Budget	Actuals	% Spent	Adjusted Budget	Actuals	% Spent	Adjusted Budget	Actuals	% Spent
Salary	\$ 9,604,167	\$ 5,924,121	61.7%	\$ 9,674,063	\$ 6,268,628	64.8%	\$ 12,327,730	\$ 7,841,711	63.6%	\$ 10,628,198	\$ 6,827,116	64.2%
Employee Benefits	-	-	0.0%	-	-	0.0%	-	-	0.0%	-	-	0.0%
Supplies & Gen	217,047	94,732	43.6%	286,884	116,108	40.5%	232,287	73,671	31.7%	317,261	177,722	56.0%
Travel	68,423	25,705	37.6%	144,528	66,573	46.1%	40,465	9,735	24.1%	60,425	34,731	57.5%
Marketing Costs	24,205	11,440	47.3%	30,285	7,433	24.5%	-	-	0.0%	17,690	15,250	86.2%
Rentals & Leases	3,118	1,967	63.1%	44,895	26,637	59.3%	997,456	736,485	73.8%	230,206	86,718	37.7%
Insurance/Risk Mgmt	-	-	0.0%	600	-	0.0%	-	-	0.0%	-	-	0.0%
Contracted Services	290,005	115,361	39.8%	255,853	96,227	37.6%	71,809	36,974	51.5%	12,386	1,939	15.7%
Utilities	5,550	5,400	97.3%	-	-	0.0%	-	-	0.0%	1,826	1,098	60.1%
Other Departmental Expenses	58,361	24,608	42.2%	86,337	24,589	28.5%	42,661	13,189	30.9%	61,922	44,834	72.4%
Instructional And Other Materials	339,550	197,985	58.3%	103,988	58,477	56.2%	204,252	73,781	36.1%	111,907	60,098	53.7%
Maintenance and Repair	138,332	27,546	19.9%	24,710	4,669	18.9%	168,524	18,447	10.9%	13,575	11,342	83.5%
Transfers/Debt	-	-	0.0%	22,478	22,478	100.0%	-	-	0.0%	-	-	0.0%
Contingency	470,156	-	0.0%	88,663	-	0.0%	141,758	-	0.0%	82,114	-	0.0%
Capital Outlay	423,550	70,871	16.7%	232,107	91,628	39.5%	365,633	164,916	45.1%	102,929	1,253	1.2%
<b>Total</b>	<b>\$ 11,642,464</b>	<b>\$ 6,499,736</b>	<b>55.8%</b>	<b>\$ 10,995,391</b>	<b>\$ 6,783,449</b>	<b>61.7%</b>	<b>\$ 14,592,575</b>	<b>\$ 8,968,908</b>	<b>61.5%</b>	<b>\$ 11,640,439</b>	<b>\$ 7,262,100</b>	<b>62.4%</b>

**HOUSTON COMMUNITY COLLEGE SYSTEM**  
**Unrestricted Adjusted Budgets and Actuals by Division and Expense Type**  
**as of April 30, 2017**

	SOUTHEAST			COLEMAN			EXTENDED LEARNING			ACADEMIC INSTRUCTION		
Expenses	Adjusted Budget	Actuals	% Spent	Adjusted Budget	Actuals	% Spent	Adjusted Budget	Actuals	% Spent	Adjusted Budget	Actuals	% Spent
Salary	\$ 6,100,060	\$ 4,018,191	65.9%	\$ 12,632,519	\$ 8,393,212	66.4%	\$ 11,571,351	\$ 7,589,406	65.6%	\$ 59,678,423	\$ 42,885,600	71.9%
Employee Benefits	-	-	0.0%	-	-	0.0%	-	-	0.0%	-	-	0.0%
Supplies & Gen	280,206	125,055	44.6%	447,349	101,748	22.7%	196,072	116,170	59.2%	374,898	161,976	43.2%
Travel	64,397	13,789	21.4%	152,078	27,274	17.9%	103,042	37,691	36.6%	191,864	83,982	43.8%
Marketing Costs	95,314	39,019	40.9%	10,781	2,330	21.6%	269,157	179,733	66.8%	26,378	5,347	20.3%
Rentals & Leases	41,698	20,045	48.1%	497,054	280,582	56.4%	19,817	9,511	48.0%	13,460	3,817	28.4%
Insurance/Risk Mgmt	-	-	0.0%	126	-	0.0%	-	-	0.0%	1,461	-	0.0%
Contracted Services	156,532	33,388	21.3%	311,179	71,578	23.0%	125,257	61,950	49.5%	333,903	226,225	67.8%
Utilities	-	-	0.0%	500	-	0.0%	-	-	0.0%	-	-	0.0%
Other Departmental Expenses	69,234	8,974	13.0%	167,254	18,139	10.8%	58,073	23,166	39.9%	82,989	32,935	39.7%
Instructional And Other Materials	94,972	37,017	39.0%	467,110	147,721	31.6%	586,189	203,382	34.7%	773,403	412,190	53.3%
Maintenance and Repair	31,890	3,383	10.6%	67,778	20,715	30.6%	130,011	83,155	64.0%	41,904	5,981	14.3%
Transfers/Debt	-	-	0.0%	-	-	0.0%	-	-	0.0%	-	-	0.0%
Contingency	104,524	-	0.0%	185,867	-	0.0%	130,130	-	0.0%	22,171	-	0.0%
Capital Outlay	112,786	15,873	14.1%	192,322	45,353	23.6%	31,599	5,426	17.2%	333,557	94,725	28.4%
<b>Total</b>	<b>\$ 7,151,613</b>	<b>\$ 4,314,734</b>	<b>60.3%</b>	<b>\$ 15,131,917</b>	<b>\$ 9,108,652</b>	<b>60.2%</b>	<b>\$ 13,220,698</b>	<b>\$ 8,309,590</b>	<b>62.9%</b>	<b>\$ 61,874,411</b>	<b>\$ 43,912,779</b>	<b>71.0%</b>

**HOUSTON COMMUNITY COLLEGE SYSTEM**  
**Unrestricted Adjusted Budgets and Actuals by Division and Expense Type**  
**as of April 30, 2017**

	CHANCELLOR			FINANCE & ADMINISTRATION			PLANNING & INSTITUTIONAL EFFECTIVENESS			INSTRUCTIONAL SERVICES		
Expenses	Adjusted Budget	Actuals	% Spent	Adjusted Budget	Actuals	% Spent	Adjusted Budget	Actuals	% Spent	Adjusted Budget	Actuals	% Spent
Salary	\$ 8,079,374	\$ 4,706,987	58.3%	\$ 33,412,028	\$ 20,607,866	61.7%	\$ 3,284,316	\$ 1,807,145	55.0%	\$ 19,265,942	\$ 13,667,532	70.9%
Employee Benefits	-	-	0.0%	-	-	0.0%	11,571	10,562	91.3%	-	-	0.0%
Supplies & Gen	827,410	462,792	55.9%	963,343	523,513	54.3%	125,099	79,108	63.2%	523,655	229,088	43.7%
Travel	252,429	103,018	40.8%	288,896	133,282	46.1%	74,485	32,570	43.7%	859,427	382,194	44.5%
Marketing Costs	431,182	216,812	50.3%	190,443	76,863	40.4%	2,335	335	14.3%	6,000	1,695	28.3%
Rentals & Leases	71,993	16,865	23.4%	264,171	150,781	57.1%	69,707	44,251	63.5%	29,500	11,646	39.5%
Insurance/Risk Mgmt	6,244,129	5,147,553	82.4%	-	-	0.0%	-	-	0.0%	1,582	799	50.5%
Contracted Services	3,609,916	1,720,392	47.7%	15,453,301	7,578,352	49.0%	80,160	54,325	67.8%	879,171	672,710	76.5%
Utilities	-	-	0.0%	1,755,227	750,376	42.8%	-	-	0.0%	94	-	0.0%
Other Departmental Expenses	642,495	327,102	50.9%	388,007	168,383	43.4%	101,677	37,837	37.2%	570,066	337,250	59.2%
Instructional And Other Materials	86,341	3,832	4.4%	6,416,173	4,516,727	70.4%	39,580	26,111	66.0%	828,802	355,670	42.9%
Maintenance and Repair	27,317	10,155	37.2%	746,951	366,828	49.1%	4,438	1,713	38.6%	444	-	0.0%
Transfers/Debt	200,000	2,275	1.1%	43,591	42,122	96.6%	-	-	0.0%	-	-	0.0%
Contingency	136,000	-	0.0%	112,384	-	0.0%	11,818	-	0.0%	29,647	-	0.0%
Capital Outlay	331,836	184,320	55.5%	4,854,646	1,801,745	37.1%	118,940	97,844	82.3%	50,061	4,934	9.9%
<b>Total</b>	<b>\$ 20,940,422</b>	<b>\$ 12,902,102</b>	<b>61.6%</b>	<b>\$ 64,889,161</b>	<b>\$ 36,716,839</b>	<b>56.6%</b>	<b>\$ 3,924,126</b>	<b>\$ 2,191,800</b>	<b>55.9%</b>	<b>\$ 23,044,391</b>	<b>\$ 15,663,517</b>	<b>68.0%</b>

**HOUSTON COMMUNITY COLLEGE SYSTEM**  
**Unrestricted Adjusted Budgets and Actuals by Division and Expense Type**  
**as of April 30, 2017**

	STUDENT SERVICES			SYSTEM			GRAND TOTAL		
Expenses	Adjusted Budget	Actuals	% Spent	Adjusted Budget	Actuals	% Spent	Adjusted Budget	Actuals	% Spent
Salary	\$ 5,137,669	\$ 2,977,298	58.0%	\$ 570,370	\$ -	0.0%	\$ 201,966,210	\$ 133,514,813	66.1%
Employee Benefits	-	-	0.0%	22,116,875	16,776,577	75.9%	22,128,446	16,787,139	75.9%
Supplies & Gen	229,413	139,755	60.9%	1,587,584	835,388	52.6%	6,608,508	3,236,827	49.0%
Travel	106,841	36,481	34.1%	-	-	0.0%	2,407,300	987,023	41.0%
Marketing Costs	-	-	0.0%	-	-	0.0%	1,103,770	556,258	50.4%
Rentals & Leases	5,400	2,829	52.4%	-	-	0.0%	2,288,475	1,392,135	60.8%
Insurance/Risk Mgmt	-	-	0.0%	-	(160)	0.0%	6,247,898	5,148,192	82.4%
Contracted Services	1,193,012	569,675	47.8%	2,726,053	1,718,395	63.0%	25,498,537	12,957,491	50.8%
Utilities	-	-	0.0%	9,482,779	3,556,943	37.5%	11,245,976	4,313,817	38.4%
Other Departmental Expenses	152,144	46,000	30.2%	-	-	0.0%	2,481,220	1,107,005	44.6%
Instructional And Other Materials	382,007	281,742	73.8%	-	-	0.0%	10,434,274	6,374,732	61.1%
Maintenance and Repair	530	500	94.3%	-	-	0.0%	1,396,404	554,433	39.7%
Transfers/Debt	-	-	0.0%	33,640,999	27,519,731	81.8%	33,907,068	27,586,606	81.4%
Contingency	88,000	-	0.0%	1,469,972	-	0.0%	3,073,204	-	0.0%
Capital Outlay	26,958	-	0.0%	-	-	0.0%	7,176,924	2,578,887	35.9%
<b>Total</b>	<b>\$ 7,321,974</b>	<b>\$ 4,054,280</b>	<b>55.4%</b>	<b>\$ 71,594,632</b>	<b>\$ 50,406,873</b>	<b>70.4%</b>	<b>\$ 337,964,214</b>	<b>\$ 217,095,357</b>	<b>64.2%</b>

# HOUSTON COMMUNITY COLLEGE SYSTEM

(Excludes PFC)

## Balance Sheet by Fund For Month Ended April 30, 2017

	CURRENT & LOAN FUNDS <sup>1</sup>	PLANT & BOND FUNDS <sup>2</sup>	TOTAL ALL FUNDS	PRIOR YEAR TOTAL ALL FUNDS
<b>ASSETS</b>				
Current Assets:				
Cash & cash equivalents	\$ 89,914,750	\$ 38,457,365	\$ 128,372,115	\$ 182,259,591
Restricted cash & cash equivalents	1,599,197	-	1,599,197	3,885,386
Accounts receivable (net)	16,834,685	2,381,979	19,216,664	20,222,973
Deferred charges	74,159	-	74,159	30,378
Prepays	2,272,078	-	2,272,078	2,618,381
Total Current Assets	110,694,869	40,839,344	151,534,213	209,016,710
Non-current Assets:				
Restricted cash & cash equivalents	-	98,637,581	98,637,581	168,274,368
Restricted long-term investments	-	26,124,835	26,124,835	93,903,385
Long-term Investments	110,272,855	-	110,272,855	44,427,905
Deferred outflows of resources: pension	30,600,609	-	30,600,609	11,299,015
Advance funding valuation outflows	-	10,224,394	10,224,394	8,743,822
Capital assets, net	1,200,172	1,167,889,816	1,169,089,988	1,003,128,981
Total Non-current Assets	142,073,636	1,302,876,625	1,444,950,262	1,329,777,476
<b>Total Assets</b>	<b>\$ 252,768,505</b>	<b>\$ 1,343,715,969</b>	<b>\$ 1,596,484,475</b>	<b>\$ 1,538,794,186</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	5,335,234	6,421,967	11,757,201	7,577,869
Accrued liabilities	529,030	176,506	705,536	77,947
Compensated absences	2,919,816	-	2,919,816	2,526,083
Funds held for others	720,388	189,209	909,597	898,065
Deferred revenue	2,864,808	(1,174,871)	1,689,938	1,934,947
Total Current Liabilities	12,369,275	5,612,812	17,982,087	13,014,912
Non-current Liabilities:				
Deposits	440	-	440	-
Net pension liability	78,185,706	-	78,185,706	67,428,372
Deferred inflows of resources: pension	28,410,749	-	28,410,749	20,626,539
Advance funding valuation inflows	-	2,787,029	2,787,029	795,245
Notes payable	-	143,453,765	143,453,765	153,344,686
Bonds payable	-	771,096,905	771,096,905	760,205,808
Capital lease obligations	-	-	-	45,839,058
Total Non-current Liabilities	106,596,895	917,337,699	1,023,934,594	1,048,239,709
<b>Total Liabilities</b>	<b>\$ 118,966,170</b>	<b>\$ 922,950,511</b>	<b>\$ 1,041,916,681</b>	<b>\$ 1,061,254,621</b>
<b>Beginning Fund Balances</b>	<b>58,271,325</b>	<b>359,532,124</b>	<b>417,803,448</b>	<b>367,119,430</b>
Net Revenue/(Expenses)				
Unrestricted	73,979,350	-	73,979,350	63,688,197
Restricted	1,551,659	-	1,551,659	(690,728)
Net Investment in Plant		61,233,334	61,233,334	47,422,670
<b>Ending Fund Balances</b>	<b>\$ 133,802,335</b>	<b>\$ 420,765,458</b>	<b>\$ 554,567,793</b>	<b>\$ 477,539,566</b>
<b>Total Liabilities &amp; Fund Balances</b>	<b>\$ 252,768,505</b>	<b>\$ 1,343,715,969</b>	<b>\$ 1,596,484,475</b>	<b>\$ 1,538,794,186</b>

<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 SYSTEM

## Exemptions and Waivers Detail

Through April 30, 2017

	FY 2016		FY 2017
	End of Year Activity 8/31/2016	Year-to-Date Activity thru 4/30/2016	Year-to-Date Activity thru 4/30/2017
<b>Tuition</b>			
<b>Budget:</b>			
Adjusted Budget, Net		\$ 58,528,428	\$ 60,139,700
<b>Revenues:</b>			
Tuition	\$ 62,257,437	58,372,000	58,213,106
<b>Waivers &amp; Exemptions:</b>			
Dual Credit & Early College HS	(5,302,212)	(4,967,973)	(7,764,365)
Other	(1,440,396)	(1,281,113)	(1,339,263)
Total Waivers & Exemptions	(6,742,608)	(6,249,086)	(9,103,628)
<b>Total Tuition Revenue, Net</b>	<b>\$ 55,514,829</b>	<b>\$ 52,122,914</b>	<b>\$ 49,109,478</b>
<b>Tuition - Extended Learning (EL)</b>			
<b>Budget:</b>			
Adjusted Budget, Net		\$ 9,500,000	\$ 9,500,000
<b>Revenues:</b>			
Tuition	\$ 9,993,511	7,724,692	7,943,919
<b>Waivers &amp; Exemptions:</b>			
Department of Corrections	(1,649,039)	(1,072,382)	(1,333,189)
<b>Total EL Tuition Revenue, Net</b>	<b>\$ 8,344,472</b>	<b>\$ 6,652,310</b>	<b>\$ 6,610,730</b>

	FY 2016		FY 2017	
	End of Year Activity 8/31/2016	Year-to-Date Activity thru 4/30/2016	Year-to-Date Activity thru 4/30/2017	Actuals % Inc/(Dec)YTD vs. PriorYTD
<b>Exemptions &amp; Waivers</b>				
Dept of Corrections	\$ 1,649,039	\$ 1,072,382	\$ 1,333,189	24.3%
Dual Credit & Early College HS Waiver	5,302,212	4,967,973	7,764,365	56.3%
<b>Other Exemptions:</b>				
Employee Fee Exemptions	59,220	50,879	45,337	-10.9%
Firemen	10,035	7,403	20,559	177.7%
Hazelwood	792,654	682,548	765,355	12.1%
Deaf & Blind	203,182	191,245	191,245	0.0%
High Ranking Hi SCH Grad	1,519	1,519	2,904	91.2%
Child of Disabled Vet ETC	3,459	3,295	-	-100.0%
Emp of State Coll & Univ	2,372	2,372	1,593	-32.8%
Nonres Teach/Research Asst	965	965	1,151	19.3%
Nonres Competitive Scholar	39,206	33,426	35,904	7.4%
Senior Citizens	12,315	11,907	12,051	1.2%
Scholarship Distribution	-	2,800	-	-100.0%
Foster Children-Resident	160,182	145,222	89,288	-38.5%
Fire Academy Waiver	(15)	(15)	-	-100.0%
Undocumented Students	1,859	1,859	2,036	9.5%
TX Tomorrow Waiver	1,792	1,792	5,567	210.7%
Surviving Spouse/Children	2,942	2,942	3,474	18.1%
Nursing Preceptors	-	-	500	0.0%
Peace Officer Exemption	1,359	1,359	3,048	124.3%
Adopted Student Waiver	147,100	139,595	159,127	14.0%
Stipends	250	-	-	0.0%
Books	-	-	124	0.0%
<b>Total Other Exemptions</b>	<b>1,440,396</b>	<b>1,281,113</b>	<b>1,339,263</b>	<b>4.5%</b>
<b>Grand Total Exemptions &amp; Waivers</b>	<b>\$ 8,391,647</b>	<b>\$ 7,321,468</b>	<b>\$ 10,436,817</b>	<b>42.6%</b>



# ACTION ITEM

Meeting Date: June 15, 2017

Consent-Finance

ITEM #	ITEM TITLE	PRESENTER
10.	Donation Acceptance	Dr. Cesar Maldonado Dr. Athos Brewer Dr. Margaret Ford Fisher

## RECOMMENDATION

Authorize the Chancellor to accept the donation of 2 vehicles for automotive technology training. The estimated value of the 2 vehicles donation is \$3,515.00.

## COMPELLING REASON/RATIONALE

The vehicles will aid in the hands-on training of automotive students for entry into the workforce by teaching brakes, suspension, engine removal and replacement, electrical, air conditioning, and transmission.

## DESCRIPTION OR BACKGROUND

The current owner has agreed to donate the following to HCC for use by the students at the Automotive Center as training vehicles:

- 1999 Dodge Ram Van
- 2004 Ford Escape SUV

## FISCAL IMPACT

The vehicles do not run due to undercharged batteries. Given that the vehicles lack insurance and current State Inspection, the vehicles will need to be towed to the HCC Automotive Campus. The towing expense is estimated at \$150 for the two vehicles and will be the responsibility of HCC.

## LEGAL REQUIREMENT

The donation of each vehicle will require a clear title from the Department of Motor Vehicles (DMV).

## STRATEGIC ALIGNMENT

### 1. STUDENT SUCCESS

*C. Increase student completion*

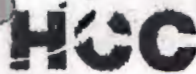
### 4. INNOVATION

*B. Increase innovation in teaching and learning*

ATTACHMENTS:

Description	Upload Date	Type
Acceptance of Donation	6/2/2017	Attachment

**This item is applicable to the following:** Northeast, District



# ACCEPTANCE OF DONATED PROPERTY FORM (TO BE COMPLETED BY DEPARTMENT)

COLLEGE OPERATIONS  
OFFICE  
NORTHEAST COLLEGE

2017 JAN 2 Campus: \_\_\_\_\_

Department: \_\_\_\_\_

2017 JAN 23 PM 3:17

Responsible Person/Department

Action Required

Initial contact with donor

- 1) Complete form with all required signatures
- 2) Send 1 copy to Foundation
- 3) Send 1 copy to Campus Manager / Asset Management
- 4) Send 1 copy to Chief Administration Officer for approval

## Upon Approval

- 1) Return original to Department
- 2) Send 1 copy to Donor
- 3) Send 1 copy to Asset Management

Note: See Page 2 for more details

## PROCEDURE FLOW STEPS

Donated Item Description	Dept ID	Serial #	Model #	QTY	Est. Value	TAG # Assigned	Location (Building/Room)
99 Dodge Ram Van							

Use Restrictions? YES - ☐ NO - ☐

Restriction Details: \_\_\_\_\_

Name of Donor (Print) Constance J. Maxey	SIGNATURE OF DONOR <i>Constance J. Maxey</i>	DATE 1/13/17
Name of Recipient (Print) David Vase	SIGNATURE OF RECIPIENT <i>David Vase</i>	DATE 1/23/17
DEPARTMENT HEAD OR DESIGNEE SIGNATURE <i>h k r</i>	DATE 1/23/17	VICE CHANCELLOR, PRESIDENT OR DESIGNEE SIGNATURE <i>David Vase</i>
DATE 1/23/17	DATE 1/25/17	
Foundation Approval <i>Beatrice Emanuel-Sims</i>	Foundation Representative Signature <i>B. Emanuel-Sims</i>	DATE

Risk Management Review: Name \_\_\_\_\_ Date \_\_\_\_\_

Comments: \_\_\_\_\_

Legal Review: Name \_\_\_\_\_ Date \_\_\_\_\_

Comments: \_\_\_\_\_

## CHECK ALL FACTORS BELOW THAT HAVE BEEN CONSIDERED:

- |   |   |
|---|---|
| <input type="checkbox"/> Maintenance/repair costs             | <input type="checkbox"/> IT system compatibility        |
| <input type="checkbox"/> No Company endorsements implied      | <input type="checkbox"/> Suitable for specified program |
| <input type="checkbox"/> Restrictions on usage are acceptable | <input type="checkbox"/> Use encumbrances               |
| <input type="checkbox"/> Installation costs                   | <input type="checkbox"/> Estimate remaining life        |

DONATION REJECTED? YES - ☐ NO - ☐

## Rejection Reason:

Note: Donated property shall become the property of the Houston Community College. The tax-exempt status of the College is determined in pursuant to Section 115 of the Internal Revenue Code. Donations to any of the Houston Community Colleges fall under the provisions of Section 170 (c) (1) of the Code. Attach supporting appraisal or value estimation documentation to this form.

*mf*  
*JP*



ACCEPTANCE OF DONATED PROPERTY FORM  
(TO BE COMPLETED BY DEPARTMENT)

COLLEGE OPERATIONS  
OFFICE  
NORTHEAST COLLEGE

Campus: \_\_\_\_\_ Department: \_\_\_\_\_

2017 JAN 23 PM 3:17

Responsible Person/Department

Initial contact with donor

Action Required

- 1) Complete form with all required signatures.
- 2) Send 1 copy to Foundation
- 3) Send 1 copy to Campus Manager/ Asset Management
- 4) Send 1 copy to Chief Administration Officer for approval

Upon Approval:

- 1) Return original to Department
- 2) Send 1 copy to Donor
- 3) Send 1 copy to Asset Management

Note: See Page 2 for more details

PROCEDURE FLOW STEPS

Donated Item Description	Dept ID	Serial #	Model #	QTY	Est. Value	TAG # Assigned	Location (Building/Room)
04' Ford Escape							

Use Restrictions? YES - ☐ NO - ☐

Restriction Details: \_\_\_\_\_

Name of Donor (Print) Constance J. Maxey	SIGNATURE OF DONOR <i>Constance Maxey</i>	DATE 1/13/17
Name of Recipient (Print) DAVID VAGEI	SIGNATURE OF RECIPIENT <i>David Vagei</i>	DATE 1/23/17
DEPARTMENT HEAD OR DESIGNEE SIGNATURE <i>h. is m.</i>	DATE 1/23/17	VICE CHANCELLOR, PRESIDENT OR DESIGNEE SIGNATURE <i>David Esten</i>
Foundation Approval Y <input type="checkbox"/> N <input type="checkbox"/>	Foundation Representative Signature	DATE 1/25/17

Risk Management Review: Name \_\_\_\_\_ Date \_\_\_\_\_

Comments: \_\_\_\_\_

Legal Review: Name \_\_\_\_\_ Date \_\_\_\_\_

Comments: \_\_\_\_\_

CHECK ALL FACTORS BELOW THAT HAVE BEEN CONSIDERED:

- |   |   |
|---|---|
| <input type="checkbox"/> Maintenance/repair costs             | <input type="checkbox"/> IT system compatibility        |
| <input type="checkbox"/> No Company endorsements implied      | <input type="checkbox"/> Suitable for specified program |
| <input type="checkbox"/> Restrictions on usage are acceptable | <input type="checkbox"/> Use encumbrances               |
| <input type="checkbox"/> Installation costs                   | <input type="checkbox"/> Estimate remaining life        |

DONATION REJECTED? YES - ☐ NO - ☐

Rejection Reason:

Note: Donated property shall become the property of the Houston Community College. The tax-exempt status of the College is determined in pursuant to Section 115 of the Internal Revenue Code. Donations to any of the Houston Community Colleges fall under the provisions of Section 170 (c) (1) of the Code. Attach supporting appraisal or value estimation documentation to this form.

OFFICE OF THE  
VICE CHANCELLOR  
101-4T

2017 JAN 24 AM 8:11

NORTHEAST COLLEGE

*me*  
*2p*



Date: January 27, 2017

Constance J. Maxey

wish to donate to Houston Community College N.E. Automotive College the following Vehicles:

- Dodge Ram Van YEAR 1999
- Ford Escape YEAR 2004

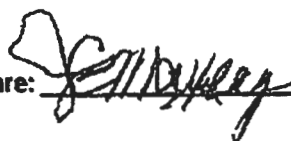
The vehicles I wish to donate will be used in the Automotive Program as student training vehicles.

No goods or services have been exchanged for this donation. I realize I need to contact my financial advisor or tax advisor whether this donation may be treated as a Tax deduction.

Sincerely,

Printed Name: Constance J. Maxey

Date: 1-28-17

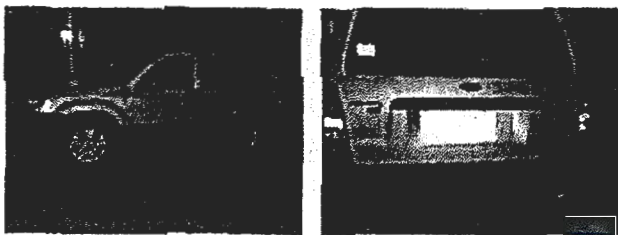
Signature: 

**Fw: Van Pics**



**2 attachments (8 MB)**

## Ford Pics



2 attachments (7 MB)

# ACTION ITEM

Meeting Date: June 15, 2017

Topic-Finance

ITEM #	ITEM TITLE	PRESENTER
11.	Proposed Operating Budget (Unrestricted Funds) for Fiscal Year 2017-2018	Dr. Cesar Maldonado Teri Zamora

## RECOMMENDATION

Approve the proposed Operating Budget (Unrestricted Funds) for Fiscal Year 2017-2018 in the amount of \$348,254,943.

## COMPELLING REASON/RATIONALE

To facilitate sound financial management, a balanced budget identified through an orderly process must be developed and approved annually.

## DESCRIPTION OR BACKGROUND

In addition to funding the recurring operations of the college, the budget process focused on providing funds needed to staff and operate facilities newly constructed through the CIP, to mature the Centers of Excellence, and to support each of the pillars of the Strategic Plan - Student Success, Organizational Stewardship, Performance Excellence, and Innovation.

## FISCAL IMPACT

Fiscal Year 2017-2018 in the amount of \$348,254,943.

## LEGAL REQUIREMENT

Section 51.0051, Annual Operating Budgets, Texas Education Code, provides that "the governing board of each institution shall approve on or before September 1 of each year an itemized budget covering the operation of the institution for the fiscal year beginning on September 1 of each year."

## STRATEGIC ALIGNMENT

### 2. ORGANIZATIONAL STEWARDSHIP

*A. Ensure that the strategic plan serves as the basis for funding*

## ATTACHMENTS:

Description	Upload Date	Type
FY2018 Budget Recommendation	6/9/2017	Attachment

## This item is applicable to the following:

Central, Coleman, Northeast, Northwest, Southeast, Southwest, District



## FY 2018 Budget Recommendation for Approval

	Current Year	Budget Recommendation		
	Original Budget	Budget	Increase (Decrease)	% Increase (Decrease) vs. Prior Year
	FY 2017	FY 2018	vs. Prior Year	Year
<b>Revenue</b>				
1 State Appropriations	\$ 70,162,214	\$ 68,108,943	\$ (2,053,271)	-3%
2 Ad Valorem Taxes	146,800,000	159,089,000	12,289,000	8%
3 Tuition and Fees	108,382,000	106,757,000	(1,625,000)	-1%
4 Tuition & Fee -- CEU/CT/Non Credit	9,500,000	9,500,000	-	0%
5 Other Income	3,120,000	4,800,000	1,680,000	54%
	<u>\$ 337,964,214</u>	<u>\$ 348,254,943</u>	<u>\$ 10,290,729</u>	<u>3%</u>
<b>Expenses</b>				
6 Salaries	208,960,256	209,055,536	95,280	0%
7 Employee Benefits	22,128,446	22,128,446	-	0%
8 Supplies & Gen	6,165,339	6,086,961	(78,378)	-1%
9 Travel	2,358,026	2,378,872	20,846	1%
10 Marketing Costs	811,443	905,013	93,570	12%
11 Rentals & Leases	2,225,463	2,198,834	(26,629)	-1%
12 Insurance/Risk Mgmt	5,406,348	5,883,348	477,000	9%
13 Contracted Services	24,071,701	24,360,102	288,401	1%
14 Utilities	11,255,076	10,750,476	(504,600)	-4%
15 Other Departmental Expenses	2,067,922	2,264,939	197,017	10%
16 Instructional and Other Materials	10,336,966	10,428,097	91,131	1%
17 Maintenance and Repair	1,442,877	2,115,291	672,414	47%
18 Transfers/Debt	33,834,490	31,047,878	(2,786,612)	-8%
19 Contingency	3,629,156	550,000	(3,079,156)	-85%
20 Capital Outlay	3,270,705	4,306,150	1,035,445	32%
Total Expenses	<u>\$ 337,964,214</u>	<u>\$ 334,459,943</u>	<u>\$ (3,504,271)</u>	<u>-1%</u>
Net Revenue	<u>\$ -</u>	<u>\$ 13,795,000</u>		
<b>Strategic Initiatives:</b>				
21 Enact Year 3 of Compensation Study Adjustments		3,200,000		
22 2% Salary Increase for Full Time Employees		3,200,000		
23 14 Additional Full Time Faculty Positions		980,000		
24 Increase - Benefits Costs		700,000		
25 Increase - Operation/Maintenance Costs of New CIP Facilities		1,800,000		
26 Increase - Staffing of New CIP Facilities (Portion not provided in 2017)		420,000		
27 Completion of Student Services Transformation		515,000		
28 Customer Relationship Management System (CRM)		730,000		
29 Pro-Active Case-Managed Advising		500,000		
30 West Houston Institute		400,000		
31 Tutors and Technology to Implement PULSE		750,000		
32 Development of Challenger Center Project		400,000		
33 Exploration of Process Technology Plant		100,000		
34 Planning Process for Port Academy		100,000		
Total Strategic Initiatives		<u>13,795,000</u>		
Net Revenue		<u>\$ (0)</u>		

# ACTION ITEM

Meeting Date: June 15, 2017

Topic-Finance

ITEM #	ITEM TITLE	PRESENTER
12.	Authorization to Execute a Settlement Agreement with Teal Construction and Friendswood Contracting Company Regarding the Fraga Building Located at 301 N. Drennan Street, Houston, Texas	Dr. Cesar Maldonado E. Ashley Smith

## RECOMMENDATION

Authorize the Chancellor to execute a settlement agreement with Teal Construction Company and Friendswood Contracting Company regarding a dispute concerning the Felix Fraga Building located at 301 N. Drennan Street, Houston, Texas.

## COMPELLING REASON/RATIONALE

Settlement of the dispute with Teal Construction Company and Friendswood Contracting Company will enable the Felix Fraga expansion project to proceed and will eliminate the risks and legal exposures associated with a trial and appeal related to general contractor Teal Construction Company and subcontractor Friendswood Contracting Company.

## DESCRIPTION OR BACKGROUND

This dispute arises out of the failed placement of the second floor deck of the Felix Fraga Building located at 301 N. Drennan Street, Houston, Texas and the remedial demolition and construction of the second floor deck. This settlement is the result of a mediation process.

## FISCAL IMPACT

The amount of the settlement was disclosed to the Board in closed session.

## LEGAL REQUIREMENT

The HCC Board of Trustees Bylaws, Article B, Powers of the Board, 1. Authority, at gg. and TASB BAA (Legal).

## STRATEGIC ALIGNMENT

### 2. ORGANIZATIONAL STEWARDSHIP

*B. Improve and streamline business transactions and process*

**This item is applicable to the following:** Southeast, District

# ACTION ITEM

Meeting Date: June 15, 2017

Topic-Finance

ITEM #	ITEM TITLE	PRESENTER
13.	Authorization to Initiate a Lawsuit Against PDG Architects, Inc. and ASA Dally, Inc. Regarding the Fraga Building Located at 301 N. Drennan Street, Houston, Texas	Dr. Cesar Maldonado E. Ashley Smith

## RECOMMENDATION

Authorize the Chancellor to initiate a lawsuit against PDG Architects, Inc. and ASA Dally, Inc. (the design team) regarding a dispute concerning the Felix Fraga Building located at 301 N. Drennan Street, Houston, Texas.

## COMPELLING REASON/RATIONALE

Initiation of a lawsuit against the design team will allow HCC to pursue recovery of remedial costs arising from a dispute regarding the Felix Fraga expansion project.

## DESCRIPTION OR BACKGROUND

This dispute arises out of the failed placement of the second floor deck of the Felix Fraga Building located at 301 N. Drennan Street, Houston, Texas and the remedial demolition and construction of the second floor deck.

## FISCAL IMPACT

Damages to be determined.

## LEGAL REQUIREMENT

The HCC Board of Trustees Bylaws, Article B Powers of the Board, 1. Authority, at gg. and the TASB BAA (Legal).

## STRATEGIC ALIGNMENT

### 2. ORGANIZATIONAL STEWARDSHIP

*B. Improve and streamline business transactions and process*

This item is applicable to the following: Southeast, District

**Meeting Date:** June 15, 2017

**Adjournment**

ITEM #	ITEM TITLE	PRESENTER
XIV.	Appendix - No Action Required	

## STRATEGIC ALIGNMENT

### ATTACHMENTS:

Description	Upload Date	Type
Personnel Agenda - Staff	6/9/2017	Attachment

**This item is applicable to the following:**

# **APPENDIX**

(No Board Action Required)

## **Personnel Agenda - Staff**

**Board Meeting  
June 15, 2017**

**INFORMATION ITEMS - NO BOARD ACTION REQUIRED****ADMINISTRATOR/ADMINISTRATIVE/CLERICAL/PROFESSIONAL TECHNICAL - STAFF (REGULAR)**

<b>Name</b>	<b>Previous Organization</b>	<b>Proposed Title</b>	<b>FLSA/Grade</b>	<b>Salary</b>		<b>Effective Date</b>
<b>1. Alvarado, Concepcion</b>	HCC F/T Administrative Assistant	to F/T Office Manager	NE/08 12 months	\$ 44,513	yr.	05-01-17
<b>2. Baker, Ruby</b>	Chevron Oil Company	to F/T Office Assistant	NE/03 12 months	\$ 24,502	yr.	05-22-17
<b>3. Baker, Tamara</b>	Career Development Center	to F/T Advisor Senior	EX/08 12 months	\$ 52,500	yr.	05-22-17
<b>4. Benjamin, Ernest</b>	HCC F/T Locksmith Supervisor	to F/T Facilities Service Tech III	NE/08 12 months	\$ 59,490	yr.	05-08-17
<b>5. Cooper, Kyle</b>	HCC F/T Director Network and Telecommunications	to F/T Executive Director Cyber Security & Network	EXEC/20 12 months	\$ 134,000	yr.	05-01-17
<b>6. Dickey-Bell, Darlene</b>	University of Texas-MD Anderson Cancer Center	to F/T Budget Assistant	NE/08 12 months	\$ 44,513	yr.	06-05-17
<b>7. Fomba, Christiana</b>	HCC F/T (Temp) Office Assistant	to F/T Office Assistant	NE/03 12 months	\$ 22,192	yr.	05-22-17

**INFORMATION ITEMS - NO BOARD ACTION REQUIRED**

**ADMINISTRATOR/ADMINISTRATIVE/CLERICAL/PROFESSIONAL TECHNICAL - STAFF (REGULAR)**

<b>Name</b>	<b>Previous Organization</b>	<b>Proposed Title</b>	<b>FLSA/Grade</b>	<b>Salary</b>		<b>Effective Date</b>
<b>8. Guzman, Alva</b>	HCC F/T Enrollment Services Associate	to F/T Advisor	EX/07 12 months	\$ 38,510	yr.	05-15-17
<b>9. Harris, Shaqwan</b>	HCC P/T Reception Assistant	to F/T Student Information Rep	NE/06 12 months	\$ 34,700	yr.	05-22-17
<b>10. Hobdy, Michael</b>	HCC P/T Advisor	to F/T Enrollment Services Associate	EX/07 12 months	\$ 39,500	yr.	05-22-17
<b>11. Lopez, Anamaria</b>	HCC F/T Financial Aid Officer	to F/T Enrollment Services Officer	EX/09 12 months	\$ 51,000	yr.	05-01-17
<b>12. Marquez, Jessica</b>	Omni Metals, Inc.	to F/T Accountant II	EX/09 12 months	\$ 53,500	yr.	06-05-17
<b>13. Patel, Somphone</b>	Houston Methodist Hospital System	to F/T Manager, Talent Technology	EX/11 12 months	\$ 95,000	yr.	06-05-17
<b>14. Pollo, Maureen</b>	HCC F/T Student Recruiter	to F/T Enrollment Services Officer	EX/09 12 months	\$ 55,343	yr.	05-08-17
<b>15. Price, Sheri</b>	Acro Staffing, Inc.	to F/T Buyer	EX/08 12 months	\$ 55,000	yr.	05-22-17



**INFORMATION ITEMS - NO BOARD ACTION REQUIRED****ADMINISTRATOR/ADMINISTRATIVE/CLERICAL/PROFESSIONAL TECHNICAL - STAFF (REGULAR)**

<b>Name</b>	<b>Previous Organization</b>	<b>Proposed Title</b>	<b>FLSA/Grade</b>	<b>Salary</b>		<b>Effective Date</b>
<b>16. Rios, Irene</b>	HCC P/T Assistant Campus Manager	to F/T Campus Manager I	EX/08 12 months	\$ 46,000	yr.	06-05-17
<b>17. Smith, Chaundra</b>	HCC P/T Assistant Campus Manager	to F/T Campus Manager I	EX/08 12 months	\$ 52,000	yr.	06-05-17

**SEPARATIONS OF EMPLOYMENT**

<b>Gil, Alexander</b>	Procurement Liaison Analyst, effective March 24, 2017.
<b>Haymes, Thomas</b>	Director, College Education Technical Services, effective May 5, 2017.
<b>Holley, James</b>	Campus Manager I, effective May 31, 2017.
<b>Horn, Jeannine</b>	English Instructor, effective May 10, 2017.
<b>Larke, Clishe</b>	Success Coach Workforce, effective May 12, 2017.
<b>Patterson, Brandon</b>	Program Director, effective May 5, 2017.
<b>Phillips, Joshua</b>	Peace Officer, effective May 16, 2017.
<b>Rios, Maria Dolores</b>	Campus Manager II, effective May 15, 2017.
<b>Roberts, Joyce</b>	Financial Aid Customer Service Representative, effective May 25, 2017.
<b>Tierney, Christine</b>	Intensive English Instructor, effective May 15, 2017.
<b>Williams, Sheila</b>	Medical Assistant Instructor, effective May 13, 2017.
<b>Wintz, Celia</b>	Government Instructor, effective May 15, 2017.
<b>Wright, Madeleine</b>	Psychology Instructor, effective May 18, 2017.