

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

June 27, 2016

Minutes

The Board of Trustees of Houston Community College held a Special Meeting on Monday, June 27, 2016, at the HCC Administration Building, 3100 Main, in Seminar Rm. B, Houston, Texas.

MEMBERS PRESENT

Adriana Tamez, *Chair*
Carolyn Evans-Shabazz, *Secretary*
Zeph Capo
John P. Hansen
Eva Loreda
Christopher W. Oliver
Dave Wilson

ADMINISTRATION

Cesar Maldonado, Chancellor
Melissa Gonzalez, Chief of Staff
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
Julian Fisher for Madeline Burillo, President, Southwest College
Kenneth Holden for Margaret Ford Fisher, President, Northeast College
Dr. Jolly Joseph for Phillip Nicotera, President, Coleman College
Irene Porcarello, President, Southeast College
Janet May, Chief Human Resources Officer
Carme Williams, Executive Director, HCC Foundation
Remmele Young, Associate Vice Chancellor, Governmental and External Affairs

OTHERS PRESENT

Jarvis Hollingsworth, Board Counsel, Bracewell LLP
David White, President, Faculty Senate
Other administrators, citizens, and representatives from the news media

CALLED TO ORDER

Dr. Adriana Tamez, Chair, called the meeting to order at 10:43 a.m. and declared the Board convened to consider matters pertaining to Houston Community College as listed on the duly posted Meeting Notice.

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

TOPICS FOR DISCUSSION AND/OR ACTION

RESOLUTION AUTHORIZING THE ISSUANCE OF COMBINED FEE REVENUE AND REFUNDING BONDS, SERIES 2016 AND REDEMPTION PRIOR TO MATURITY OF CERTAIN OUTSTANDING BONDS

RESOLUTION AUTHORIZING THE ISSUANCE OF COMBINED GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016 AND REDEMPTION PRIOR TO MATURITY OF CERTAIN OUTSTANDING BONDS

Motion – Mr. Capo motioned to consider combining items A and B and Mr. Oliver seconded.

Vote - The motion to consider combining items A and B passed with a vote of 6-0-1 with Dr. Hansen abstaining.

Dr. Maldonado apprised that Mrs. Teri Zamora would provide an overview of the items.

Mrs. Zamora provided an overview of the refinance items.

Mr. Oliver inquired for clarity if the total savings of items A and B would be \$20 million. Mrs. Zamora noted is approximately \$19.6 million. Dr. Maldonado noted that his response of \$20 million was an approximation to introduce the item.

Mr. Capo inquired as to how the Brexit issue might impact the rates in the short term and inquired if the savings rates are locked in now or at the time of the closing. Mr. Jorge Rodriguez, Financial Advisor, apprised they ran the numbers with administration and noted treasury has moved over the course of time. He noted the Municipal Market Data (MMD) adjusted yields anywhere from 7 to 16 basis points, and it is unknown until the day the deal is completed, but does not anticipate a run up in the interest rate. He noted that now is a good time for entering the market.

Mr. Capo inquired if there is an ability to stop the transaction if things are not favorable. Mrs. Zamora noted that an option to stop the transaction on the scheduled date of transaction is available.

Mr. Oliver inquired of the amount of savings on the last transaction. Mrs. Zamora noted the transaction saved approximately \$8 million but would need to check on the exact amount. Mr. Oliver noted his point was to verbalize to the public that there was a savings.

Mr. Wilson recalled that there was an estimated \$8 million savings, and added there was a private placement that would have saved the college \$10.2 million. He inquired if private placement has been reviewed on these transactions.

Mr. Wilson inquired as to how much was paid for calls on the previous transactions and the amount estimated on the calls for the two transactions. He noted that he did a spreadsheet showing that private placement would save the college more money.

Mr. Oliver noted that Mr. Wilson had stated that one of the reasons for going to a private placement was to help students. He noted that the general obligation bonds were to assist the students. He apprised that when the college finishes one capital improvement plan, it is almost time to begin another.

Mr. Capo requested to hear from the Financial Advisor regarding Mr. Wilson's recommendation on the use private placement. Mr. Rodriguez, Financial Advisor explained private placement was assessed and three indicative offerings were received. He provided an overview of each of those offerings. He described the two components of a refunding transaction to include the funding and buying. He also added timing and understanding of the rates must be known because it establishes the federal arbitrage rate and noted there must be a firm bid.

Mr. Capo summarized the response to state that public versus private placement of bonds is totally different from the public and private sector, and it is only a methodology of selling bonds. Mr. Rodriguez confirmed.

Dr. Hansen noted Mr. Glaser was unable to attend the meeting and apprised that Mr. Glaser wanted him to place in record his statement of concerns. Mr. Hollingsworth stated that Dr. Hansen could not speak into the record for Mr. Glaser, but could make known the comments on behalf of Mr. Glaser. Mr. Hollingsworth apprised that the comments would not be official for the record from Mr. Glaser, but they would be from Dr. Hansen.

Dr. Hansen noted that Mr. Glaser believes there is a conflict of interest in dealing with the bond counsel. The advisor is paid on transactions and cannot be objective because compensation is based on the size of the transaction.

Dr. Hansen continued stating Mr. Glaser cites Mr. Wilson's statement on the \$425 million bond placed in a single placement. Dr. Hansen clarified that this was done in the previous administration, and not a reflection of current administration. He continued that Mr. Glaser notes this caused taxpayers millions of dollars and excess in interest payments and views this as a way to increase the commissions for the advisor. Mr. Glaser is requesting to know if co-counsel is on the approved vendor list. Dr. Hansen continued with Mr. Glaser's position being that the advisor works for the board not the administration. Lastly, Dr. Hansen added that Mr.

Glaser stated the Board is directing refinance activities and not the administration, but obviously believes this is not the case.

Dr. Tamez requested administration to address the question regarding the approved vendor list. Mrs. Zamora noted the list of attorneys and co-counsel is the same list used last year which was secured through an engagement letter.

Mr. Capo noted the Board has been tasked with lowering legal cost across the board and inquired if there is a way to authorize the Board Chair to request a 5% reduction in hourly rate from board counsel to work on the two bond items.

Mr. Capo offered an amendment to have Bracewell do the work to lower the cost. Dr. Tamez added that regardless of the amendment, there is a need to lower the cost. Mr. Oliver inquired if Mr. Capo is offering a friendly amendment on the discussion. Mr. Capo confirmed that it is an amendment.

Mr. Capo motioned and Mr. Oliver seconded to amend to change the bond counsel for the two transactions from Andrews Kurth to Bracewell and asked if there was opposition.

Mr. Wilson clarified that he was not advocating for a private placement but noted he was requesting a side by side review for the public to see.

Ms. Loredo noted concern about the change from the bonds discussion to the attorneys and that she was not prepared to discuss amending the attorneys. She also added her concern about the effect it would have on items being considered due to the amendment.

Dr. Tamez asked administration to weigh in as to the rationale of keeping the same attorneys.

Dr. Maldonado noted that the effort was to receive the \$19.6 million savings and the objective is to achieve the savings from the refinancing and not change anything else. He also added that the bond counsel was the same from the transaction last year.

Mr. Capo noted he does not want to lose the votes based on name issue, especially if there is opportunity to mitigate cost in other areas and avoid any mishaps as in the past. He reiterated that the change is only for these items.

Call the Question - Mr. Wilson called the question. The motion to call the question passed with a vote of 7-0.

Amended Motion - Mr. Capo motioned & Mr. Oliver seconded to amend the motion to change bond counsel from Andrews Kurth to Bracewell.

Amended Motion Vote - The motion to amend passed with a vote of 5-0-2 with Dr. Tamez and Ms. Loredo abstaining.

Dr. Tamez apprised that Mr. Wilson would like to consider agenda items II.A and II.B separately as a friendly amendment. She inquired if there were any objections.

Motion - Mr. Capo motioned and Mr. Oliver seconded to approve agenda item II.A.

Vote - The motion passed with a vote of 6-1 with Mr. Wilson opposing.

Motion - Mr. Capo moved and Mr. Oliver seconded to approve agenda Item II.B.

Vote - The motion passed with a vote of 6-1 with Mr. Wilson opposing.

A. PROPOSED REVISIONS TO DGBA (LOCAL): EMPLOYEE GRIEVANCE

Dr. Maldonado noted that the policy was separated from the larger group of policies to allow sufficient time to bring forward to the Board. He added the policy allows four levels of review regarding grievance decisions and noted that Mrs. Zamora and Mrs. Janet May would provide an overview of the policy.

(Mr. Oliver stepped out at 11:35 a.m.)

Mrs. May provided an overview of the Employee Complaint Resolution Process that included the informal and formal processes.

(Mr. Oliver returned at 11:36 a.m.)

Mrs. May noted that the formal process must be in writing and includes four levels:

- Level 1 - Administrator Review and Conference
- Level 2 - Review Panel Hearing
- Level 3 - Review by the Chancellor and Conference
- Level 4 - Board of Trustees Review

Mrs. May expressed that the Board is not required by statute to respond to the review; however, if a response is not provided, the Board will be stating they are in agreement with the decision at Level 3. She noted mediation could be recommended to both parties at any time during Levels 1-3 and if both parties agree to enter into mediation, it ends the complaint process at that time.

(Mr. Oliver stepped out at 11:42 a.m.)

Dr. Hansen suggested that because we are following the normal process of a courted law and new information is not allowed during the appeal process, some kind of assistance should be provided for staff/faculty on a Level 1 grievance letter so that they can make clear statements and be treated fairly.

Dr. Evans-Shabazz noted she would like to see a conduit resolution before it comes to a point of complaint such as a 360 evaluation implemented by a third party for employees to provide anonymous feedback. She inquired as to which point the 360 evaluation could come before the Board and if maybe tied to the Chancellor's evaluation. She continued with employees who feel intimidated probably would not go through the complaint process.

(Mr. Oliver returned at 11:49 a.m.)

Dr. Tamez inquired what is in place for employees to provide input about the organization. Mrs. May apprised there are employees who come forward to HR, legal and others through the Chancellor's office. She noted any employee can come forward to any of these offices and noted the goal is to address and resolve the issue before getting to the formal process.

Mr. Capo noted there needs to be thought as to how to improve the response rate, based on the results of an instrument that was administered this year. He inquired if employee groups, such as Faculty Senate or COPA provided input. Mrs. May informed the process was not vetted through those groups but noted their previous comments were taken into consideration.

Mr. Capo inquired how is the review panel constituted and is a Level One authorized to deny a person a formal grievance and a meeting with the review panel? Dr. Maldonado clarified that it is a typo, a Level One person cannot overrule for a review panel hearing. Mr. Capo concurs with Dr. Hansen on having employees have guidance on how to submit a formal complaint, so they are given an opportunity to clearly state their case and be treated fairly. Mr. Capo and Mr. Oliver voiced that complaints have minimized with current administration.

Mr. Oliver inquired of day to day process and what alerts system is in place regarding notification to the Board. Mrs. May explained that at any level, HR is involved but at any time they can recommend an outside investigator to come in if there appears to be a conflict of interest. She apprised that HR would proceed in notifying administration that they are no longer investigating and gone with outside investigation.

Dr. Evans-Shabazz inquired if the Board could only listen at Level 4. Dr. Maldonado noted the presentation is only a summary; administration is still reviewing the details. He noted the conference at Level 3 with the Chancellor is for clarification on current documents in the file not to review new documents.

Dr. Tamez noted there must be a huge responsibility at each level. She explained that at Level 4 the Board would have the authority to review and uphold or overturn. Dr. Tamez noted clarification questions are permissible at Level 4, and it is the employee's responsibility to bring their own representation.

Dr. Hansen noted that he went through the process while at Alief ISD. He apprised outside party was used to receive comments and provided the Board with a summary. He added there was not much of a difference in the outcome. He described his experience was that employees were not adequately informed during the first levels. He arguably wants to keep the process

fair and noted someone needs to give sound advice to the typical employee at Level 1 so what is submitted to the Board at Level 4 is an adequate rendition of the complaint. Dr. Tamez noted there should be a counseling session through HR at Level 1 that includes an overview of the form.

Dr. Tamez asked Dr. Maldonado to provide comments regarding what he heard from the Board. Dr. Maldonado apprised the college is going through the transformation process and the "HCC Way" will be implemented in the upcoming months. He defined that each employee would have to go through the training which includes respect and as transformation takes place through the colleges, there are employees who will not want to change. Dr. Maldonado noted he is overall content with the structure and is working on building cultural trust and respect.

Dr. Tamez asked Board Counsel to provide an overview regarding the legal aspect. Mr. Hollingsworth noted that this is an action item before the Board. He agrees with the time frame in terms of the flow. He added, Board Counsel has not had the opportunity to sit and work thru the policy with administration, and with what was raised today, it will require additional revisions. He recommended the Board approve the concept in general and then bring back the full policy with revisions in the TASB format.

Dr. Tamez noted the desire would be to approve the concept today, and to approve the policy revisions in the future.

Mr. Capo recommended moving forward because all policies are a living document and consistently changing. Mr. Hollingsworth noted the policies could be brought forward in August.

Mr. Oliver concurred with Mr. Wilson and apprised that two months is too long and the process needs to be shortened. Dr. Tamez noted that each level has a timeframe and added that she respectfully disagrees with Mr. Oliver and noted it is a legal process that should not be rushed.

Mr. Hollingsworth explained that the Alamo Institution handles a Level 4 grievance as a Board presentation in Executive Session. In Tarrant County, it is the Chancellor's decision to request placing the grievance as an agenda item. Mr. Hollingsworth continued with Dallas ISD empowers a subcommittee of the board to review the appeal and provide a summary to the Board of Trustees at the next meeting. The subcommittee has the final authority to decide the appeal or write a summary on what they decide on the appeal.

Vote - The motion passed with a vote of 6-0-1 with Mr. Wilson abstaining.

D. PROPOSED REVISIONS TO FLD (LOCAL): STUDENT COMPLAINTS

Motion - Mr. Capo motioned and Mr. Oliver seconded.

Dr. Maldonado indicated the proposed revisions to FLD are handling the complaint process from students and asked Dr. Athos Brewer to provide an overview.

Dr. Brewer provided the policy definition of a complaint/grievance and the exclusions. He noted the formal student process includes four levels with timelines as follow:

Level 1 - Dean of Student Services Review and Conference

Level 2 - College President Review and Conference

Level 3 - Vice Chancellor Review and Conference

Level 4 - Chancellor Review and Conference

Dr. Evans-Shabazz expressed her concern of no Board involvement. She inquired if the student would be able to speak before the Board during the Hearing of the Citizen. Dr. Brewer noted the student has an opportunity to speak before the Board.

Dr. Evans-Shabazz inquired at what point the Board can engage in the discussion with the Chancellor or the process on behalf of the student. She added that she does not want to just be able to hear the student's complaint. Mr. Hollingsworth apprised there is an opportunity for the Chancellor to provide a report, but clarified that the policy is consistent with other institutions as he is not aware of any community college in the states that allows the Board to address a student complaint during the resolution process.

Mr. Oliver noted there are probably numerous student complaints coming before administration on a day-to-day basis and administration is able to better resolve the issue.

Dr. Evans-Shabazz expressed she does not want to micro-manage but reiterated that she does not just want to hear the student complaint. Mr. Hollingsworth apprised there could be an opportunity to engage with the Chancellor. He added the Chancellor is the final appeal authority for the students.

Dr. Tamez inquired of SACS requirement. Dr. Brewer noted SACS only requires that an appeal process be in place.

Mr. Hollingsworth noted he does not know of anything that prohibits the Board on changing the student appeal process. Dr. Tamez expressed concerned about removing the Chancellor's authority in the process.

Ms. Loreda noted that she would like to make certain the students are heard fully and inquired if the student would go to the Student Government Association (SGA) for assistance before it becomes a complaint. Dr. Brewer specified the student would go to the student government but added that this is a totally different process. Ms. Loreda emphasized the importance of guidance and that an effort should be made to make certain students are heard.

Vote - The motion passed with a vote of 5-2 with Dr. Evans-Shabazz and Mr. Wilson opposing.

ADJOURNED TO CLOSED SESSION

Dr. Tamez adjourned the meeting to Executive Session at 1:04 p.m. notice having previously been given and reiterated in accordance with Sections 551.071, 551.072, and/or 551.074 of the Open Meetings Law. Dr. Tamez stated that any final action, vote or decision on any item discussed in Executive Session would be taken up in Open Session or in a subsequent Public Meeting.

Dr. Tamez reconvened the meeting in Open Session at 2:09 p.m. and entertained any motions on pending matters.

(The following Trustees were present: Capo, Evans-Shabazz, Hansen, Loreda, Oliver, Tamez, and Wilson).

ADJOURNMENT

With no further business coming before the Board, the meeting adjourned at 2:10 p.m.

Minutes submitted by Sharon Wright, Director, Board Services

Minutes Approved as Submitted: August 18,2016