

**SPECIAL MEETING
(BOARD RETREAT)
OF THE BOARD OF TRUSTEES
HOUSTON COMMUNITY COLLEGE**

March 21, 2017

Minutes

The Board of Trustees of Houston Community College held a Special Meeting (Board Retreat) on Tuesday, March 21, 2017 at Beck's Prime Memorial Drive, 1001 E. Memorial Drive Loop, Houston, Texas 77007.

MEMBERS PRESENT

Eva Loreda, Board Chair
Christopher Oliver, Vice Chair
Zeph Capo
Carolyn Evans-Shabazz
John Hansen
Adriana Tamez
Dave Wilson

ADMINISTRATION

Cesar Maldonado, Chancellor
Teri Zamora, Senior Vice Chancellor, Finance and Administration

OTHERS PRESENT

Jarvis Hollingsworth, Board Counsel, Bracewell LLP
Melissa Miller-Waters, Faculty Senate President
David White, Immediate Past Faculty Senate President
James Nowlin, Retreat Facilitator, Excel Global Partners
John Sheldon, Retreat Facilitator, Excel Global Partners

CALL TO ORDER

Ms. Eva Loreda, Chair, called the meeting to order at 2:13 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: Capo, Evans-Shabazz, Hansen, Loreda, Tamez, and Wilson)

TOPICS FOR DISCUSSION AND/OR ACTION

TRUSTEES ANNUAL TRAINING ON FINANCE

Dr. Maldonado apprised that Mrs. Teri Zamora would provide the annual finance training.

Mrs. Zamora provided training covering the following:

- Community College Funding Overview
 - Funding Streams for Operations
 - State Funding Directly Appropriated
 - Operating Expenses – THECB Report of Fundable Operating Expenses
 - Cost per Hour Influenced by Academic vs. Workforce Contact Hours
 - Momentum Points
 - Other Appropriations
 - Refundable Operating Expenses per FTSE
 - Property Tax Information
 - THECB Composite Financial Index (CFI)
- Annual Financial Report
 - Governmental & College/University Accounting Rules
 - Financial Statements and Single Audit Report – Comprehensive Annual Financial Report (CAFR) August 31, 2016 and 2015
- Monthly Financial Report – January 31, 2017
 - College Funds
 - Unaudited Fund Balances and Activities as of January 31, 2017
 - Unrestricted Revenue & Expenditures – Fund 1 as of January 31, 2017
 - Auxiliary Budget by Fund – Uncommitted Portion – Fund 3 as of January 31, 2017
 - Auxiliary Budget by Fund – International & Committed Portions – Fund 3 as of January 31, 2017

Trustee Capo requested the data relating to funding streams be placed in linear graph form.

(Trustee Oliver joined the meeting at 2:30 p.m.)

Mr. Wilson requested an opportunity to discuss the financials in more detail with Mrs. Zamora. Ms. Loredó noted a budget workshop is scheduled in April. Mr. Wilson noted his request regarding finance review is for a better understanding of the financial statement.

Mr. Oliver expressed appreciation to Mrs. Zamora for clarifying revenues versus expenses. He noted ways to increase revenues and investment strategies must be identified. Ms. Loredó recommended questions be submitted for response and/or addressed via another presentation.

Mr. Wilson noted he had requested to see the agreement between the College and the HCC Foundation since the Executive Director reports to the Chancellor.

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Mr. Wilson requested an opportunity to ask more detailed questions. Mr. Capo noted that the idea emerging from the last retreat was for an opportunity to hold more detailed discussions. Dr. Maldonado noted the meetings would be held quarterly to include the areas of concern provided by the Trustees.

Mr. Oliver noted there was a discussion regarding breakout sessions. Dr. Tamez noted the conversation held at the previous retreat was to determine how the Board could hold those discussions.

Mr. Capo noted there needs to be a review as to how the Board could hold breakout sessions.

Dr. Tamez noted that the HCC Foundation inquiry mentioned by Mr. Wilson has nothing to do with budget.

Mr. Wilson noted that he would like an overview of the CAFR to allow for an understanding of the financial statement. Mr. Oliver concurred.

Ms. Loreda inquired from Board Counsel as to the number of Trustees needed to discuss an item. Mr. Hollingsworth noted that as long as the discussion relates to reports, a quorum is not needed.

Mrs. Zamora continued with the financial overview to include a review of the CAFR.

Mr. Capo referenced page 32 regarding \$50 million and inquired of the funds. Mrs. Zamora explained that most of the \$50 million was in capital assets increase. She noted the actual cash was noted on page 32, and a portion is included in the fund balance account.

Mr. Capo noted that he has concerns regarding the utilizing of the money placed in the Fund Balance. Dr. Maldonado noted recommended priorities will be brought before the Board regarding the Fund Balance for the purpose of funding some of the initiatives.

(Mr. Capo stepped out at 3:18 p.m.)

(Dr. Tamez stepped out at 3:19 p.m.)

(Mr. Capo returned at 3:20 p.m.)

(Dr. Tamez returned at 3:20 p.m.)

Mr. Oliver inquired if there was a certain percentage required to be placed in the Fund Balance. Mrs. Zamora noted that the investment policy states that nine to eleven percent of the budget should be set aside in the Fund Balance.

(Dr. Evans-Shabazz stepped out at 3:31 p.m.)

Mr. Wilson noted that page 14 of the CAFR speaks to some of the issues raised by Mr. Capo. He noted several items are referenced in the CAFR for which he has questions. Dr. Hansen noted that Mr. Wilson may be inquiring of a document referenced as “sources and uses of funds”. Mrs. Zamora noted that Mr. Wilson is wanting to understand the numbers in detail.

(Dr. Evans-Shabazz returned at 3:34 p.m.)

Dr. Tamez referenced the “Rainy Day” fund as mentioned by the Chancellor. Dr. Maldonado noted the recommendation regarding the Fund Balance will be discussed as part of the budget process. Dr. Tamez noted that it would be good to approve a “Rainy Day” fund. Mr. Oliver noted there needs to be a discussion between the Board and the Chancellor on the makeup of the “Rainy Day” fund.

Dr. Hansen noted that in K-12 there is between 15-25 percent set aside. He noted that the ratios change almost daily and most discussions referenced the position on the last day of the fiscal year.

Mrs. Zamora continued the training session with an overview of the budget to include the following:

- Budgeting
 - Internal Budget Process
 - Budget Realities/Assumptions

Mr. Capo noted that part of the problem with Senate Bill 2 is regarding homestead exemptions. Dr. Maldonado noted the tax rate was reduced due to the rollback. Mrs. Zamora noted that if the College was in a different situation regarding the valuations, it would be changed.

(Ms. Loreda stepped out at 3:51 p.m.)

Dr. Maldonado apprised that the M&O rate has to remain below eight percent in order to avoid going to the voters. Mrs. Zamora noted the legal cap on the M&O is fifty cents.

Mrs. Zamora continued with the overview to include the following:

- How Do We Approach Our Future?
- Budget Approach – 3 Parts
 - Parts 1 and 2 – People and Operations
 - Part 3 – Initiatives
- Move to Refocus on Return on Investment
- Aligning Strategic Increase Items with Strategic Plan – Strategic Items Funded in 2017

Mr. Oliver expressed appreciation to Mrs. Zamora regarding the financial overview.

(Ms. Loreda returned at 3:55 p.m.)

REPORT ON LEGISLATIVE ACTIVITIES

Ms. Loreda apprised that Mr. Remmele Young was unable to attend the retreat because he is currently in Austin attending the 85th Legislative Session.

Dr. Maldonado provided an update on legislative activities to include the following:

- Appropriations Bills as Filed
- Revenues Sources
- Bill Tracking Overview
 - Dual Credit
 - Baccalaureate Degrees
 - Transfer and Articulation
 - Financial Aid

Dr. Tamez requested a copy of the presentation. Dr. Hansen recommended including the information in the WAB. Dr. Maldonado noted the information could be provided in the WAB.

(The meeting recessed at 4:05 p.m. and reconvened at 4:20 p.m.)

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

BOARD OF TRUSTEES QUARTERLY RETREAT (TEAMBUILDING ACTIVITIES)

Ms. Loreda noted the facilitators would conduct the teambuilding session and introduced Mr. James Nowlin and Mr. John Sheldon with Excel Global Partners.

Mr. Nowlin apprised that the efforts are to be respectful and provided an overview of the rules for the day. The discussion included the following:

- How do we play? Respect
- How do we play? Compassion
- How do we play? Courage
- Why are we here?

Mr. Nowlin noted the discussion would be to revisit what can be done to provide more efficient Board meetings.

The Board continued with teambuilding:

- Passing the torch (Passing the torch from Immediate Past Chair to the Newly Elected Chair)
- Recap from previous retreat—Desired achievements

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- Patience
- Shorter meetings
- Trust
- Policy vs Operations Practices (Board responsibility—must focus on policy)
- Single Point of Contact
- Board Services

Mr. Nowlin inquired if there has been any improvement. Dr. Maldonado noted that the process has gotten worse in terms of requests being made directly to direct reports instead of the Chancellor. He noted the effort is to work from policy regarding the requests.

Mr. Hollingsworth noted the Board voted that requests should go to the Board Chair to determine if the requests are within the Trustee's official duty, and if they should be directed to the Chancellor. He noted the effort is to provide quality control and an equal flow of information to the Board.

Ms. Loreda noted that she reviews the requests to see if there is more than one Trustee requesting the information. She apprised that the requests should be sent to Board Services then directed to her to make a determination.

Mr. Wilson noted he has made some requests to the Board Chair and did not receive a response.

Mr. Nowlin requested a specific example be provided in order to determine why the request was not addressed. Mr. Wilson noted the request was if a press conference being held on college property was considered a proper meeting. Ms. Loreda apprised that the preferred method of contact for her is a text message followed by a phone call.

Mr. Sheldon noted the effort is to make certain there is an equal flow.

Dr. Evans-Shabazz inquired as to the proper method for sending inquiries such as the one regarding facility usage. Dr. Maldonado noted Dr. Evans-Shabazz is following the proper process. Ms. Loreda noted that she will make certain to include the Chancellor and Board Counsel to keep them in the loop.

Mr. Wilson noted he is not certain if Board Counsel needs to be included on everything. Mr. Sheldon noted that including Board Counsel was agreed upon as part of the process. Mr. Hollingsworth noted there is a form the Board approved to request information.

Dr. Tamez noted there is a form and apprised that an email is normally used to request information. Dr. Maldonado noted that a routing form provides for good housekeeping.

Mr. Hollingsworth noted the Board bylaws provides for request of information to be sent to the Board Chair as referenced in Article H, Section 7. He noted Section 8 is regarding the request for

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documents and the key issue is to determine if the information is burdensome. He noted the request form is in the Board bylaws under Exhibit D.

Dr. Maldonado noted there are times the request requires that the document be created.

Mr. Hollingsworth provided an overview of the “Request for Document” form. He noted Board Services is responsible for notifying the full Board regarding the document request.

Mr. Sheldon inquired of the Board if there is an understanding of the process for the request of information. Dr. Tamez noted that everyone needs to be aware of the fact that requests will take time for staff to provide the information.

Mr. Sheldon inquired if it is certain that information should be sent directly to Board Services and then forwarded appropriately. Dr. Maldonado noted that is how the process has operated. He noted Board Services would provide the information to the Chancellor and the content experts. Ms. Loredo noted Board Services receives the requests and then forwards them to the Board Chair.

Mr. Sheldon noted that if a request is forwarded directly to administration, it still should be sent to Board Services to be forwarded to the Board Chair and Chancellor.

Dr. Hansen noted that the purpose of the requests is to receive background information. He noted that he disagrees with the process because a fair amount of information is needed as a board member to acquire an understanding of various areas. He feels a little frustration because he did not see the restrictions when he was on the K-12 board. Mr. Sheldon inquired if there was a mechanism under the K-12 that was most effective. Dr. Hansen noted the school district encouraged Trustees to make an appointment and not show up unexpectedly.

Dr. Tamez noted there must be a mechanism in place to allow for the Board to discuss areas they may require more knowledge. She noted there has to be an understanding especially during the on-boarding process as a new Trustee. She noted the Board needs to be educated to make certain they have sufficient information and to make certain the Trustee receives as much education regarding the college as possible.

Ms. Loredo noted her education background assisted her when coming on board. She noted when there were areas of uncertainty she would ask other board members, and attending conferences also helped. She also noted that it will not happen in a year.

Dr. Maldonado noted he does the job full time and still does not know it all. He noted it was his understanding to begin the quarterly retreats with the annual training on finance and then channel down to the various areas such as student services.

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Dr. Hansen noted that the presentation provided by Mrs. Zamora was very helpful and apprised that the additional information is needed to make certain the Trustee is well informed.

Dr. Maldonado noted there are training sessions available through the THECB and noted that TASB provides a well-defined one day session.

Mr. Sheldon noted the key take away is that there is a process and the Board needs to be cognizant of the process. He added that the second take away is that the Board may need to rely on each other regarding drawing information and that it will be difficult.

Mr. Nowlin noted there must be a minimum viable understanding or wanting competency in making decisions which includes holding side conversations. He noted that the lack of trust and skills are the two things that provide deficiencies on the Board.

Mr. Hollingsworth apprised there is an approved list of conferences available to assist with professional development and other opportunities could be identified.

Mr. Nowlin noted that each Trustee wrote a letter to themselves at the last retreat in December and noted that the letter was mailed back to the Trustees after 45 days. Mr. Sheldon inquired of the Trustees if they have followed up regarding their goal.

Dr. Evans-Shabazz referenced Trustee Wilson's comments regarding trust and noted that until the Board is able to trust administration and vice versus, there will not be any progress. Dr. Tamez noted there has been some improvement and there is a lot of baggage that needs to be overcome.

Mr. Sheldon noted that it takes time and forgiveness. He noted that gauging and intent is also required.

Ms. Loreda noted that the effort must be to work as a team and not individually. Mr. Nowlin encouraged the Trustees to possibly sit next to a colleague they may not know as well while attending the upcoming Governance Leadership Institute conference, and take the opportunity to do a walk and talk session.

The following items were outlined as takeaways:

Action Items:

- Process for information and measure (in writing to Board Services)
- Learn from and lean on each other
- Identify external educational resources (each Trustee should identify two resources to address their respective weakness)
- Teamwork: get to know each other on a personal level (Walk and Talk session)
- Forgive and don't assume intent

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Dr. Tamez inquired if the mini-retreats are doing what was discussed. She noted there must be an effort to revisit the purpose of the mini-retreats and what will it look moving forward. She noted the discussion was to do small one-on-one sessions to include a curriculum developed by the Chancellor.

Mr. Sheldon requested that each Trustee identify at least one external session to attend within the next 30 days for an opportunity to gain more knowledge regarding their capacity as a board member.

Mr. Sheldon referenced the letter the Trustees wrote to themselves and noted that the goal was to forgive themselves and each other.

Mr. Nowlin noted that Mr. Wilson showed bravery and grace during the retreat and noted that he appreciated his openness.

ADJOURNMENT

With no further business coming before the Board, the meeting adjourned at 6:04 p.m.

Minutes submitted by Sharon Wright, Director, Board Services

Minutes Approved as Submitted: April 20, 2017