



## **AGENDA**

### **BOARD OF TRUSTEES REGULAR BOARD MEETING**

**April 16, 2015  
4:00 p.m.**

**HCC Administration Building  
3100 Main, 2<sup>nd</sup> Floor Auditorium  
Houston, Texas**



## **Strategic Plan 2012-2015**

Creating Opportunities for Our Shared Future  
(Approved by the HCC Board of Trustees, June 22, 2012)

### **Mission**

Houston Community College is an open-admission, public institution of higher education offering a high-quality, affordable education for academic advancement, workforce training, career and economic development, and lifelong learning to prepare individuals in our diverse communities for life and work in a global and technological society.

### **Vision**

HCC will be a leader in providing high quality, innovative education leading to student success and completion of workforce and academic programs. We will be responsive to community needs and drive economic development in the communities we serve.

### **Strategic Initiatives**

- Initiative #1: Increase Student Completion
- Initiative #2: Respond to Business and Industry
- Initiative #3: Develop 21st Century Learners
- Initiative #4: Support Faculty/Staff Professional Development and Student Leadership
- Initiative #5: Support Innovation
- Initiative #6: Support Entrepreneurialism
- Initiative #7: Leverage Partnerships

# **NOTICE OF A REGULAR MEETING OF THE BOARD OF TRUSTEES**

## **HOUSTON COMMUNITY COLLEGE**

**April 16, 2015**

Notice is hereby given that a Regular Meeting of the Board of Trustees of the Houston Community College will be held on Thursday, the sixteenth (16<sup>th</sup>) day of April 2015 at 4:00 p.m., or after, and from day to day as required, at the HCC Administration Building, 2<sup>nd</sup> 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**

Approval of Minutes from Special Meeting of February 5, 2015, Meetings of Academic Affairs/Student Services Committee, Audit Committee, Chancellor Evaluation Committee, Committee of the Whole, External Relations Committee, and Special Meeting of February 13, 2015, Regular and Special Meetings of February 19, 2015, Special Meetings of February 25, 2015 and March 10, 2015.

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

A. Check Presentation by Skanska

**V. Chairman's Report and/or Action**

A. Acceptance of Resignation from Carroll G. Robinson, Houston Community College Trustee Position, District IV Effective April 30, 2015 and Any Other Related Authorizations Necessary for Further Action.

B. Announcement of Upcoming Vacancy for HCC Trustee Position in District IV and Process for the Board's Appointment to the Position.

C. Trustees District Reports.

**VI. Chancellor's Report**

A. Faculty Senate Report (President of Faculty Senate).

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**VII. Hearing of Citizens**

**VIII. Consent Agenda**

**A. Board Governance**

1. Modification to Board Bylaws: Article E, Sections 3 and 4; Article G, Sections 5 and 7.
2. Modification to Board Policy B:1.9-Debt Management Policy.

**B. Facilities and Finance**

3. Authorization to Finance Energy Efficiency Project through a Loan from the State Energy Conservation Office.
4. Specific Authorization to Enter into Transmission Related Utility Service Extension Contracts.
5. Waste Collection and Disposal Services (Project No. RFP 15-04).
6. Naming Opportunity for Robert Garner Firefighter Academy at HCC Northeast College.
7. Accept Donation of Cisco Wireless Learning Credits & Access Points from Datavox.
8. Investment Report for the Month of January, 2015.
9. Investment Report for the Month of February, 2015.
10. Monthly Finance Statement and Budget Review for January 2015.
11. Monthly Finance Statement and Budget Review for February 2015.

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

**A. Board Governance**

1. Personnel Agenda (Administrator).
2. Personnel Agenda (Faculty).

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**B. Facilities and Finance**

3. Resolution Authorizing the Issuance of Combined Fee Revenue and Refunding Bonds, Series 2015 and Redemption Prior to Maturity of Certain Outstanding Bonds.
4. Resolution Authorizing the Issuance of Maintenance Tax Refunding Bonds, Series 2015 and Redemption Prior to Maturity of Certain Outstanding Notes.
5. Resolution Authorizing the Issuance of Limited Tax General Obligation Refunding Bonds, Series 2015 and Redemption Prior to Maturity of Certain Outstanding Bonds.

**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**

1. 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**

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

**C. Real Estate Matters**

1. Deliberate Lease at Southwest Campus.
2. Deliberate City of Houston Impact Fees.
3. 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

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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 or employee or to hear complaints or charges against a public officer or employee, unless the officer or employee 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

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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. Dinner**

Following the conclusion of all business, the Board of Trustees will meet for dinner in the Chancellor's Conference Room, 12<sup>th</sup> Floor, Suite 12D15, System Administration Building, 3100 Main, Houston, Texas 77002, where the Board may generally discuss System business, but will not take action on such business.

**CERTIFICATE OF POSTING OR GIVING NOTICE**

On this \_\_\_\_\_ 13<sup>th</sup> \_\_\_\_\_ day of \_\_\_\_\_ April \_\_\_\_\_ 2015 at or before 4:00 p.m., 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; (2) the Harris County's Criminal Justice Center, 1201 Franklin, Houston, Texas 77002; (3) the Fort Bend County Courthouse, 401 Jackson, Richmond, Texas 77469; and (4) the Houston Community College's website, [www.hccs.edu](http://www.hccs.edu). The Houston Community College's Fort Bend County public meeting notices may be viewed after hours (*i.e.* between the hours of 5:30 p.m. and 7:30 a.m.) on the kiosk located on the west side of the new Fort Bend County Courthouse (the "William B. Travis Building"), located at 309 South Fourth Street, Richmond, Texas 77469.

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Sharon R. Wright, Manager  
Board Services

# Minutes



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

**February 5, 2015**

**Minutes**

The Board of Trustees of Houston Community College held a Special Meeting on Thursday, January 15, 2015, at the HCC Administration Building, Second Floor Auditorium, 3100 Main, Houston, Texas.

**MEMBERS PRESENT**

Zeph Capo, *Chair*  
Robert Glaser, *Vice Chair*  
Adriana Tamez, *Secretary*  
Eva Loredo  
Sandie Mullins  
Christopher W. Oliver  
Carroll G. Robinson  
Neeta Sane  
David Wilson

**ADMINISTRATION**

Cesar Maldonado, Chancellor  
Shantay Grays, Chief of Staff  
E. Ashley Smith, Acting General Counsel  
William Carter, Vice Chancellor, Information Technology  
Kimberly Beatty, Vice Chancellor, Instructional Services, Chief Academics Officer  
Diana Pino, Vice Chancellor, Student Services  
Teri Zamora, Vice Chancellor, Finance and Planning  
Michael Edwards, Acting President, Coleman College  
Fena Garza, President, Southwest College  
William Harmon, President, Central College  
Irene Porcarello, President, Southeast College  
Janet May, Chief Human Resources Officer  
Remmele Young, Associate Vice Chancellor, Governmental and External Relations  
Carme Williams, Executive Director, HCC Foundation

**OTHERS PRESENT**

Derrick Mitchell, Board Counsel, Bracewell & Giuliani  
Jodie Kahn, President, COPA  
Other administrators, citizens and representatives from the news media

**CALL TO ORDER**

Mr. Zeph Capo, Chair, called the meeting to order at 8:42 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, Glaser, Loredo, Tamez, and Wilson)*

**ADJOURNED TO CLOSED SESSION**

Mr. Capo adjourned the meeting to Executive Session at 8:43 a.m. notice having previously been given and reiterated in accordance with Sections 551.071, 551.072, and/or 551.074 of the Open Meetings Law. Mr. Capo stated that any final action, vote or decision on any item discussed in Executive Session would be taken up in Open Session or in a subsequent Public Meeting.

Mr. Capo reconvened the meeting in Open Session at 9:52 a.m. and entertained any motions on pending matters.

*(The following Trustees were present: Capo, Loredo, Mullins, Tamez, and Wilson)*

**TRUSTEES ANNUAL ETHICS TRAINING**

Mr. Gene Locke presented the following training regarding ethics:

- Conflicts of Interest
  - Self-Dealing (Texas Local Government Code Chapter 171)
  - Nepotism prohibitions
- Disclosure Requirements
  - Public disclosure
  - Disclosure requirements: relations with vendors

*(Trustee Sane joined the meeting at 10:04 a.m.)*

Mr. Capo inquired of the requirement regarding the services being provided by the institution. Mr. Locke advised the effort should be to make certain the proper form has been completed and filed.

Dr. Tamez requested clarification regarding relationships such as a friend. She inquired if it should be disclosed. Mr. Locke noted that there is no prohibition requiring friendship disclosure.

Mr. Locke continued with abuses of office to include:

- Abuses of Office
  - Bribery
  - Misuse of official information (Texas Penal Code § 39.06)
  - Perjury and aggravated perjury

*(Mr. Oliver joined the meeting at 10:11 a.m.)*

Dr. Tamez inquired if it is the duty of the Board to address the matter of information discussed in closed session being released. Mr. Locke informed that it is the responsibility of the attorney and Chair to ensure the matter is investigated. The Board member(s) who released the information could be sanctioned by the Board.

Mr. Capo inquired of the violation where an individual of no relationship to the Board or administration gains information. Mr. Locke apprised that when information discussed in closed session is released it is a violation.

Mr. Wilson inquired how the college could benefit regarding real estate matters. Mr. Locke noted that the reason for allotment to discuss real estate in closed session is for the strategic and negotiation efforts. He informed that matters should be discussed in open session unless it falls within the guidelines of the executive session subject matters.

Mr. Oliver inquired of the example relating to email communication being made public. Mr. Locke apprised that he would be more concerned with members holding discussion via email and violating the Open Meetings Act. He recommended that the Board not do a “reply all” responding to the email.

Mr. Locke continued with offense against public administration to include:

- Offenses Against Public Administration
  - Bribery (Texas Penal Code § 36.02)
  - Honorarium (Texas Penal Code § 36.07)
  - Gifts to public servants (Texas Penal Code § 36.08)
- Civil Liability and Immunity
  - Official immunity is affirmative defense for government officials
  - Official immunity is available in civil suits
  - Official immunity shields official from liability not from suit
  - Legislative immunity offers greater protections
  - Elements of legislative immunity
  - Determining whether an act is legislative
  - Beware of procurement and employment pitfalls
- Open Records Act
- Open Meetings Act

*(Mr. Robinson stepped out at 10:46 a.m.)*

- Other Areas of Caution and Potential Violations:
  - Altering public records
  - Destroy public records

- Procurement and vendors
- Individual civil liability for procurement mishaps
- Theft of public services
- Campaign violations

*(Mrs. Sane stepped out 10:49 a.m.)*

### **APPROVAL OF AMENDMENT TO CHANCELLOR'S CONTRACT**

Motion – Ms. Mullins motioned and Mr. Oliver seconded.

Mr. Derrick Mitchell informed that the amendment is to extend the date for reimbursement of moving expenses.

Vote – The motion passed with a vote of 7-0.

*(Ms. Loredo stepped out at 10:52 a.m.)*

### **TRUSTEES ANNUAL GOVERNANCE TRAINING**

*(Mr. Oliver stepped out at 10:54 a.m.)*

Mr. Derrick Mitchell with Bracewell and Giuliani, LLP, provided an overview of governance to include Board Committee structure. Mr. Mitchell apprised that the Chair may appoint Ad Hoc Committees that serve for one year.

*(Ms. Loredo and Mrs. Sane returned at 10:55 a.m.)*

Mr. Mitchell noted that items approved in committee (Standing and Ad Hoc) move from committee to the consent agenda. He informed that the item does not have to be approved in the Committee of the Whole (COTW) and apprised that the COTW only consists of finance and facilities items. Mr. Mitchell apprised that the COTW and Regular meetings require five votes for approval.

### Procurement

Mr. Mitchell noted that the Board has designated its evaluation of procurement to administration. He informed that the Board is not required to procure professional services in any particular manner.

*(Mr. Oliver and Mr. Robinson returned at 10:59 a.m.)*

Ms. Loredo inquired at what point can the procurement return to low bid as opposed to best practice. Mr. Mitchell apprised that the Board yielded to administration and noted that administration has chosen to use the RFQ/RFP process.

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Mrs. Sane noted that the Board passed a resolution based on the state law. She informed that she does not recall the Board passing that authority to the administration. Mr. Mitchell apprised that it is the Board's choice to change the method.

Ms. Mullins requested clarification and noted that there was a resolution, which restated the policy. Mr. Mitchell informed that he misstated when the resolution was passed.

Mr. Robinson apprised that there are multiple ways to procure physical things. He noted that his understanding is that the Board gave all authority, other than final approval to administration. Mr. Robinson informed that the only time that the normal RFQ process was followed by administration was with the legal services where a pool of attorneys were approved. He apprised that there are multiple methods that could be used to solicit construction including hard bid. Mr. Robinson noted that the Board is not fully engaged regarding which method to use.

Mr. Capo requested that the discussion on construction procurement be posted on the facilities agenda. Mr. Robinson informed that he was only asking for clarification.

Mr. Oliver referenced page 11 of the provided information regarding procurement procedures for RFQ.

*(Mr. Robinson stepped out at 11:08 a.m.)*

Mr. Oliver inquired if best value is defined in the procurement. Mr. Mitchell apprised that administration has to define how the procurement is scaled.

*(Mrs. Sane and Dr. Tamez stepped out at 11:09 a.m.)*

Mr. Oliver reiterated his request pertains to what constitutes best value. Mr. Mitchell noted that he is not able to answer on behalf of administration but informed that administration must publish the categories that will be used in the evaluation.

Mr. Capo apprised that he will have administration to bring forward what is defined as best value at the Committee of the Whole.

Mr. Capo inquired if there are guidelines in state statutes that could be considered in making the decision. Mr. Mitchell noted that from a legal standpoint, there are certain criteria imposed by the state.

Mr. Capo asked that the item be discussed for Committee of the Whole. Mr. Mitchell informed that the discussion could be covered under the CIP Update.

*(Mr. Oliver stepped out at 11:15 a.m.)*

Mr. Mitchell continued with the conflict of interest forms and disclosure statements.

Mr. Capo inquired of the requirement regarding of the length for finance training and apprised that the remainder could be covered on February 13, 2015.

Mrs. Sane inquired if the Board reviews the information, would it constitute meeting the requirement. Mr. Mitchell informed that the fact that the members are present to receive the information constitutes credit for the training and noted that the members could ask questions if necessary.

*(Mr. Robinson, Mrs. Sane and Dr. Tamez returned at 11:18 a.m.)*

Mr. Capo recommended posting the finance training on the Special Meeting agenda for February 13, 2015. He apprised that the Trustees could provide the Chair with their questions to be compiled for the presentation at the Special meeting.

*(Mr. Oliver returned at 11:22 a.m.)*

*(Ms. Mullins stepped out at 11:22 a.m. and returned at 11:23 a.m.)*

**TRUSTEES ANNUAL FINANCE**  
**(Presented by Teri Zamora, Vice Chancellor of Finance and Planning)**

Mrs. Teri Zamora provided an overview of the finance as follows:

- Community College Funding Overview
  - Funding streams for operations
  - State funding directly appropriated
  - Other appropriations
  - Momentum points
  - THECB report of fundable operating expenses

Mr. Robinson noted that he has been asking what high schools disperse students within these categories who; need help in math, reading, etc. Mr. Zamora informed that the data is available.

*(Dr. Tamez left at 11:29 a.m.)*

*(Ms. Mullins left at 11:30 a.m.)*

Mr. Robinson apprised that the Board and administration have to engage in a conversation regarding additional ways for generating revenue.

*(Mr. Oliver left at 11:37 a.m.)*

Mr. Robinson noted that he has requested information regarding faculty count and distribution by academic program and apprised that the Board may need to have a

conversation regarding the strategic for hiring faculty. Mr. Robinson noted that this is a budget issue that needs to be discussed at the Board level.

Mr. Capo reiterated that Board members should submit questions regarding the finance.

**ADJOURNMENT**

With no further business coming before the Board, the meeting adjourned at 11:38 a.m.

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

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

DRAFT

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

**February 13, 2015**

**Minutes**

The Academic Affairs/Student Success Committee of the Board of Trustees of Houston Community College held a meeting on Friday, February 13, 2015, at the HCC Administration Building, Second Floor Auditorium, 3100 Main, Houston, Texas.

**MEMBERS PRESENT**

Eva Loreda, Chair  
Adriana Tamez, *Committee Member*  
David B. Wilson, *Committee Member*  
Zeph Capo, *Alternate Committee Member*  
Robert Glaser  
Sandie Mullins  
Carroll G. Robinson

**ADMINISTRATION**

Cesar Maldonado, Chancellor  
Shantay Grays, Chief of Staff  
E. Ashley Smith, Acting General Counsel  
Kimberly Beatty, Vice Chancellor, Instructions and Chief Academic Officer  
William Carter, Vice Chancellor, Information Technology  
Diana Pino, Vice Chancellor, Student Services  
Teri Zamora, Vice Chancellor, Finance and Planning  
Margaret Ford Fisher, President, Northeast College  
Fena Garza, President, Southwest College  
William Harmon, President, Central College  
Zachary Hodges, President, Northwest College  
Irene Porcarello, President, Southeast College  
Janet May, Chief Human Resources Officer

**OTHERS PRESENT**

Derrick Mitchell, Board Counsel, Bracewell & Giuliani  
Other administrators, citizens and representatives from the news media

**CALL TO ORDER**

Ms. Eva Loreda, Committee Chair, called the meeting to order at 3:47 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, Loreda, Tamez and Wilson)*



*(Mr. Capo stepped out at 3:48 p.m.)*

**APPROVAL OF FOUR NEW ACADEMIC ASSOCIATE DEGREES**

Motion – Mr. Wilson moved and Dr. Tamez seconded.

Dr. Maldonado introduced Dr. Kimberly Beatty, Vice Chancellor for Instruction and Chief Academic Officer.

*(Ms. Mullins stepped out at 3:50 p.m.)*

Dr. Beatty noted that the recommendation is to approve four new degrees to provide greater guidance for students in terms of academic advising, correct course selections, and completing degree programs in a more efficient manner. She informed that all of the degrees incorporate the state approved Core Curriculum and “field of study” as applicable.

Vote – The motion passed with vote 3-0.

**APPROVE THE CERTIFICATE OF COMPLETION OF THE CORE CURRICULUM**

Motion – Mr. Wilson moved and Dr. Tamez seconded.

Dr. Maldonado apprised that the approval provides the following:

- Formally recognizes a major milestone of completion
- Provides a credential for students to seamlessly transition to the four-year universities
- Creates a stackable credential track in academics
- Encourages further progress for educational attainment
- Supports the design of the state funding model
- Aligns with the case managed student advising model

*(Mr. Robinson joined the meeting at 3:56 p.m.)*

Ms. Loreda inquired if the student would receive a certificate of completion or an associate degree. Dr. Maldonado noted that the student could decide if the desire is to continue to earn an associate degree; however, both are transferrable to a four-year institution. He informed that the intent is to recognize the students.

Dr. Tamez apprised that this is an excellent effort; however, HCC is unable to control what four-year institutions will do. Dr. Maldonado apprised that there are still some hurdles regarding the four-year transfer.

Vote – The motion passed with a vote of 3-0.

**HCC HONORARY DEGREES FOR 2015**

Motion – Mr. Wilson moved and Ms. Loredo seconded.

Dr. Maldonado noted that information was provided to the Trustees requesting submission of the nominee to receive HCC honorary degrees for 2015.

Ms. Loreda recommended that holding the names until the full Board could consider. Dr. Maldonado informed that the nominees will be distributed to the Board for consideration at the regular meeting on February 19, 2015.

Vote – The motion passed with vote of 3-0.

**Report on HCC Commencement Ceremony for 2015**

Dr. Maldonado announced that the HCC Commencement for 2015 will be held on May 16, 2015 with the Academics ceremony at 8:30 a.m. and Workforce at 1:00 p.m.

Ms. Loreda inquired if it is possible to distinguish early college students. Dr. Maldonado requested time to allow to study of the possibility of distinguishing and providing a recommendation to the Board.

**ADJOURNMENT**

With no further business coming before the Board, the meeting adjourned at 4:12 p.m.

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

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

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

**February 13, 2015**

**Minutes**

The Audit Committee of the Board of Trustees of Houston Community College held a meeting on Friday, February 13, 2015, at the HCC Administration Building, Second Floor Auditorium, 3100 Main, Houston, Texas.

**MEMBERS PRESENT**

Robert Glaser, *Committee Chair*  
David B. Wilson, *Committee Member*  
Zeph Capo  
Eva Loredo  
Carroll G. Robinson

**ADMINISTRATION**

Cesar Maldonado, Chancellor  
Shantay Grays, Chief of Staff  
E. Ashley Smith, Acting General Counsel  
William Carter, Vice Chancellor, Information Technology  
Diana Pino, Vice Chancellor, Student Services  
Teri Zamora, Vice Chancellor, Finance and Planning  
Margaret Ford Fisher, President, Northeast College  
Fena Garza, President, Southwest College  
Zachary Hodges, President, Northwest College  
Irene Porcarello, President, Southeast College  
Janet May, Chief Human Resources Officer

**OTHERS PRESENT**

Derrick Mitchell, Board Counsel, Bracewell & Giuliani  
Other administrators, citizens and representatives from the news media

**CALL TO ORDER**

Mr. Robert Glaser, Committee Chair, called the meeting to order at 2:16 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, Robinson, and Wilson)*

## **UPDATE ON AUDIT COMMITTEE CALENDAR AND INTERNAL AUDIT REPORTING PROCEDURES**

Dr. Maldonado apprised that Mrs. Belinda Brockman, Internal Auditor would provide an update on the internal audit items related to the Audit Committee to include the Audit Committee action calendar for 2015.

Mrs. Brockman provided an overview of the internal action calendar.

Mr. Wilson noted that the purpose of the internal auditor is to set a standard and informed that setting the standard is vital to him. He inquired of the delineation of the audit controls in comparison with other community colleges. He apprised that the five areas of importance are as follows:

- Effectiveness
- Efficiency
- Safe guarding of assets
- Reliable reporting
- Compliance

Mrs. Brockman noted the five areas mentioned by Mr. Wilson are the major objectives of the institution, which is the focus of the college.

Mr. Wilson inquired of the college standing regarding the five areas. Mrs. Brockman apprised that there has not been any negativity regarding operating effectiveness and efficiency.

Mr. Capo requested an overview of the work plan. Mrs. Brockman noted that the time mentioned is her time regarding the investigation and audits.

Mr. Robinson inquired if there is adequate staff to allow for the time to do what is needed. Mrs. Brockman informed that two auditors have been added to the staff and apprised that the resources will be dependent on the amount of information desired by the Board.

Mr. Robinson inquired if the system has a master plan that determines when deadlines are due. Dr. Maldonado apprised that there is a timeline at the Vice Chancellor level for tracking deadlines.

## **PROPOSED INTERNAL AUDIT WORK PLAN FOR 2015**

Motion – Mr. Wilson moved and Mr. Glaser seconded.

Dr. Maldonado noted that the proposed audit was presented as part of the previous report and informed that a detailed copy has been placed at each Board Member seat.

Mr. Wilson apprised that he has a discussion but would desire for the other Trustees to be present for the discussion. Mr. Mitchell noted that it could be discussed at the COTW.

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Audit Committee Meeting – February 13, 2015 - Page 3

Mr. Robinson inquired of the follow-up audit. Mrs. Brockman informed that the follow-up allows for a review of implementation of items that needed to be fixed.

*(Ms. Loreda joined the meeting at 2:34 p.m.)*

Mr. Robinson apprised that historically there was an incident where an individual had an office and key who was not an employee. He requested attention be given to that matter. Mr. Robinson requested that a review be given regarding procurement recommending a vendor is that not qualified as the best value.

Vote – The motion passed with a vote of 2-0.

Mr. Glaser inquired if there are any open external audit items needing resolution and requested a report be provided to the Board.

**ADJOURNMENT**

With no further business coming before the Board, the meeting adjourned at 2:36 p.m.

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

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

**MEETING OF THE  
CHANCELLOR EVALUATION COMMITTEE  
OF THE BOARD OF TRUSTEES  
HOUSTON COMMUNITY COLLEGE**

**February 13, 2015**

**Minutes**

The Chancellor Evaluation Committee of the Board of Trustees of Houston Community College held a meeting on Friday, February 13, 2015, at the HCC Administration Building, Second Floor Auditorium, 3100 Main, Houston, Texas.

**MEMBERS PRESENT**

Adriana Tamez, *Chair*  
Zeph Capo, *Committee Member*  
Eva Loredo, *Committee Member*  
Carroll G. Robinson, *Alternate Committee Member*  
David B. Wilson  
Robert Glaser

**ADMINISTRATION**

Cesar Maldonado, Chancellor  
Shantay Grays, Chief of Staff  
E. Ashley Smith, Acting General Counsel  
Kimberly Beatty, Vice Chancellor, Instructions and Chief Academic Officer  
William Carter, Vice Chancellor, Information Technology  
Diana Pino, Vice Chancellor, Student Services  
Teri Zamora, Vice Chancellor, Finance and Planning  
Michael Edwards, Acting President, Coleman College  
Margaret Ford Fisher, President, Northeast College  
Fena Garza, President, Southwest College  
William Harmon, President, Central College  
Zachary Hodges, President, Northwest College  
Irene Porcarello, President, Southeast College  
Janet May, Chief Human Resources Officer

**OTHERS PRESENT**

Derrick Mitchell, Board Counsel, Bracewell & Giuliani  
Other administrators, citizens and representatives from the news media

**CALL TO ORDER**

Dr. Adriana Tamez, Committee 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: Glaser, Loredo, Tamez and Wilson)*

**ADJOURNED TO CLOSED SESSION**

Dr. Tamez adjourned the meeting to Executive Session at 4:14 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 5:57 p.m. and entertained any motions on pending matters.

*The following Trustees were present: Capo, Glaser, Loredo, Mullins, Tamez, and Wilson)*

**APPROVE PERFORMANCE METRICS FOR THE CHANCELLOR EVALUATION INSTRUMENT**

Motion – Mr. Capo moved and Ms. Loredo.

Mr. Capo noted that he would support moving forward for discussion with the Board; however, there may be additional amendments.

Ms. Loredo informed that the metrics are supported; however, additional numbers are needed to make it whole.

Ms. Mullins apprised that she does not want to add to the instruments but wants the Chancellor to focus on getting students in and out. She noted that the metrics for graduation could be added but would like to see the Chancellor be able to do his job.

Dr. Tamez informed that there has been a lot of thought regarding the instrument and apprised that additional thoughts need to be added.

Vote – The motion passed with a vote of 3-0.

**ADJOURNMENT**

With no further business coming before the Board, the meeting adjourned at 6:02 p.m.

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

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

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

**February 13, 2015**

**Minutes**

The Board of Trustees of Houston Community College met as a Committee of the Whole on Friday, February 13, 2015, at the HCC Administration Building, Second Floor Auditorium, 3100 Main, Houston, Texas.

**MEMBERS PRESENT**

Zeph Capo, *Chair*  
Robert Glaser, *Vice Chair*  
Adriana Tamez, *Secretary*  
Eva Loredo  
Sandie Mullins  
David Wilson

**ADMINISTRATION**

Cesar Maldonado, Chancellor  
Shantay Grays, Chief of Staff  
E. Ashley Smith, Acting General Counsel  
William Carter, Vice Chancellor, Information Technology  
Kimberly Beatty, Vice Chancellor, Instructional Services, Chief Academics Officer  
Diana Pino, Vice Chancellor, Student Services  
Teri Zamora, Vice Chancellor, Finance and Planning  
Michael Edwards, Acting President, Coleman College  
Fena Garza, President, Southwest College  
William Harmon, President, Central College  
Irene Porcarello, President, Southeast College  
Janet May, Chief Human Resources Officer  
Remmele Young, Associate Vice Chancellor, Governmental and External Relations  
Carne Williams, Executive Director, HCC Foundation

**OTHERS PRESENT**

Derrick Mitchell, Board Counsel, Bracewell & Giuliani  
Susan Goll, President, Faculty Senate  
Other administrators, citizens and representatives from the news media

**CALL TO ORDER**

Mr. Zeph Capo, Chair, called the meeting to order at 7:13 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, Glaser, Loredo, Mullins, Tamez, and Wilson)*



**WASTE COLLECTION AND DISPOSAL SERVICES (PROJECT NO. RFP 15-04)**

Motion – Ms. Mullins moved and Dr. Tamez seconded.

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

**INVESTMENT REPORT FOR THE MONTH OF DECEMBER 2014**

Motion – Ms. Mullins moved and Dr. Tamez seconded.

Ms. Teri Zamora noted that in the month of December 2014, \$181,742 of interest was earned, which is a weighted average of .5%.

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

**MONTHLY FINANCE STATEMENT AND BUDGET REVIEW FOR DECEMBER 2014**

Motion – Ms. Mullins moved and Dr. Tamez seconded.

Mrs. Zamora noted that compared to this time last year revenues are up 12% and expenditures are down 1.5%. She informed that all categories are down except for salaries.

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

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

Dr. Cesar Maldonado apprised that the monthly total was included in the report provided. He noted that small business is at 33% as of January 31, 2015.

Ms. Loreda announced that a town hall meeting will be held at the Felix Fraga Campus on Tuesday, February 24, 2015 at 6:00 p.m.

**ADJOURNMENT**

With no further business coming before the Board, the meeting adjourned at 7:20 p.m.

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

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

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

**February 13, 2015**

**Minutes**

The External Relations Committee of the Board of Trustees of Houston Community College held a meeting on Friday, February 13, 2015, at the HCC Administration Building, Second Floor Auditorium, 3100 Main, Houston, Texas.

**MEMBERS PRESENT**

Sandie Mullins, *Chair*  
Eva Loreda, *Committee Member*  
Carroll G. Robinson, *Committee Member*  
David B. Wilson, *Alternate Committee Member*  
Zeph Capo  
Robert Glaser  
Adriana Tamez

**ADMINISTRATION**

Cesar Maldonado, Chancellor  
Shantay Grays, Chief of Staff  
E. Ashley Smith, Acting General Counsel  
Kimberly Beatty, Vice Chancellor, Instructions and Chief Academic Officer  
William Carter, Vice Chancellor, Information Technology  
Diana Pino, Vice Chancellor, Student Services  
Teri Zamora, Vice Chancellor, Finance and Planning  
Margaret Ford Fisher, President, Northeast College  
Fena Garza, President, Southwest College  
William Harmon, President, Central College  
Zachary Hodges, President, Northwest College  
Irene Porcarello, President, Southeast College  
Janet May, Chief Human Resources Officer  
Remmele Young, Associate Vice Chancellor, Governmental and External Relations

**OTHERS PRESENT**

Derrick Mitchell, Board Counsel, Bracewell & Giuliani  
Other administrators, citizens and representatives from the news media

**CALL TO ORDER**

Mr. Carroll G. Robinson, Acting Committee Chair, called the meeting to order at 2:38 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, Loreda, Robinson, and Wilson)*

**HCC 2016 APPLICATION TO THE COMMISSION ON PRESIDENTIAL DEBATES**

Motion – Ms. Loredo moved and Mr. Wilson seconded.

Dr. Cesar Maldonado informed that Mr. Chase Untermeyer was present to provide an update on the status of the application for Presidential Debate.

*(Ms. Mullins joined the meeting at 2:44 p.m.)*

Mr. Untermeyer provided an update to include the meetings held, site visit and logistic requirements for possibly hosting the presidential or vice presidential debate for 2016. He informed that if the application submission, which is due by March 31, 2015, is authorized that a non-refundable fee of \$8,000 is due at the time of application. Mr. Untermeyer apprised that the host institution would be required to provide half of the fee (approximately \$1 million) up front upon approval of the application.

Mr. Untermeyer noted that when a campus is selected to host a debate, the campus responsibility is to carry out the will of the Commission and the Secret Service. He informed the cost of hosting would be higher than the amount estimated. Mr. Untermeyer apprised that additional expenses would not be known until additional site visits are made by the Committee. He noted that the announcement would be made within a year of the event.

Mr. Untermeyer informed that the amount of private fund raising money that will be required would be in the single digit millions. He apprised that the idea of possibility hosting the presidential debate would spark enthusiasm. He noted that the process is non-partisan and informed that volunteerism is encouraged.

Mr. Robinson expressed appreciation to Dr. Maldonado for picking up the ball and completing due diligence. He apprised that he expressed to the Chancellor to not go forth if there is a possibility of not raising the funds.

Mr. Wilson noted that he would like to see the initiative explored further.

Ms. Loredo informed that it is exciting and she would like to see it move forward.

Mr. Glaser apprised that it is an exciting opportunity. He inquired if funds would need to be raised in addition to the \$1.9 million. Mr. Untermeyer noted that the first \$1 million would need to be raised after the technical team visits and the additional funds would be due prior to the event. He informed that there would be a need for additional funding to cover the cost of reconfiguration of the hall for the debate, trailers, extra power, etc.

Ms. Mullins apprised that the idea is good; however, the return on investment is scary but noted that it is possible to raise the funds. She informed that the timing is right. Ms. Mullins apprised that she would not want to infringe on the Foundation or take away from their mission.

Mr. Robinson recommended approving with periodic updates. He noted that there are individuals who have the ability to assist with the fundraising side. He informed that his thought was that everything would be handled through the Foundation.

Mr. Capo apprised that his thought was that it would go through the Foundation and if the effort does not proceed, the funds would go to the Foundation.

Dr. Maldonado noted that upon approval by the Board, he would immediately reach out to a consultant.

Mr. Glaser inquired of the action recommended. Dr. Maldonado informed that the approval would include the application and fee as well as engaging consultants to assist in the process.

Mr. Robinson inquired if the consultants were above the signature authority would it come before the Board for approval. Dr. Maldonado apprised that the approval over \$75,000 would be brought before the Board.

Vote – The motion passed with a vote of 4-0.

*(Dr. Tamez joined the meeting at 3:07 p.m.)*

#### **LEGISLATIVE UPDATE**

Mr. Remmele Young provided a legislative update to include the following.

- Texas Association of Community Colleges (TACC) 5-Point Plan
- State Revenue Projection/LBB Recommendations
- Hire Local First
- Baccalaureate Degree Expansion
- Property Tax Reform
- Workforce and Skills Alignment
- Measuring and Funding Student Success
- College Readiness
- Transfer Articulation
- Texans in Community Colleges
- State Revenue Projections

Mr. Capo inquired that if Community Colleges are receiving 10% then where is the remaining 90%. Mr. Young noted that the remaining goes to four-year institutions.

Ms. Mullins inquired if HCC is assisting in defining articulation as it means many different things. Mr. Young informed that in the context it is referencing articulation such as moving students from HCC to the University of Houston. He apprised that the hope is to enhance or improve the articulation agreement process.

Houston Community College  
External Relations Committee Meeting – February 13, 2015 - Page 4

Ms. Mullins noted that legislators need to know that a transfer is only a piece of the articulation. She informed that articulation is defined in many different ways. Dr. Maldonado apprised that credit is received for certificate as it relates to momentum points. He noted that there is a conversation engaged regarding the completer and informed that the effort is to clarify the transition of students into the workforce and/or the academic area.

Mr. Robinson apprised that there should be a follow-up with the Greater Houston Partnership regarding the Hire Local First.

Mr. Wilson inquired as to when the advisory committee recommendation regarding procurement procedures will be provided to the Board. Dr. Maldonado noted that the committee recommendations should be coming before the Board in April 2015.

*(Mr. Robinson stepped out at 3:25 p.m.)*

Mr. Young informed that the hope is to get others to sign on with the Baccalaureate Degree expansion.

Mr. Wilson apprised that letters were received on the federal level to support the effort.

Ms. Loreda noted that there should be an effort to make it possible to work together with four-year institutions.

Mr. Young presented key dates and events as follows:

- Key Dates and Events
  - Community College Day – February 2, 2015
  - Deadline for filing bills – March 13, 2015
  - Gulf Coast Colleges' Members reception in Austin
  - 2015 National Legislative Summit/Congressional Member reception and Capitol Hill visits
  - Regular Session ends – June 1, 2015
  - Last day governor can sign/veto bills during regular session – June 21, 2015

Mr. Capo informed that he had the pleasure of escorting the Northeast College Student Government Association through meetings in Austin and noted that it was a highlight of the visit.

Ms. Mullins referenced the Property Tax Reform and inquired of the purpose. She inquired if the college is requesting houses to be overvalued. Mr. Capo apprised that is the opposite of what was discussed. He noted that there is a discrepancy in comparison to how homes are appraised versus commercial property.

Ms. Mullins inquired who is carrying the bill. She requested to understand the effort. Dr. Maldonado noted that dialogue is engaged with the legislators regarding the bill.

Houston Community College  
External Relations Committee Meeting – February 13, 2015 - Page 5

Mr. Wilson informed that there is a reason the tax for commercial property is different.

Mr. Robinson apprised that the effort is to get a final balance between commercial and residential valuations.

Mr. Glaser apprised that the valuations have become skewed between residential and commercial properties and noted that individuals should pay the fair value on their property, which is not being done.

Ms. Loreda inquired of the number of individuals on the legislative team. Mr. Young informed that there are five members on the state team and only he and the Chancellor on the federal level.

Mr. Robinson apprised that he supports reviewing the options of engaging a federal team in the future. He recommended that the federal team focus on agencies as opposed to Capitol Hill.

**ADJOURNMENT**

With no further business coming before the Board, the meeting adjourned at 3:47 p.m.

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

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

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

**February 13, 2015**

**Minutes**

The Board of Trustees of Houston Community College held a Special Meeting on Friday, February 13, 2015, at the HCC Administration Building, Second Floor Auditorium, 3100 Main, Houston, Texas.

**MEMBERS PRESENT**

Zeph Capo, *Chair*  
Robert Glaser, *Vice Chair*  
Adriana Tamez, *Secretary*  
Eva Loredo  
Sandie Mullins  
David Wilson

**ADMINISTRATION**

Cesar Maldonado, Chancellor  
Shantay Grays, Chief of Staff  
E. Ashley Smith, Acting General Counsel  
William Carter, Vice Chancellor, Information Technology  
Kimberly Beatty, Vice Chancellor, Instructional Services, Chief Academics Officer  
Diana Pino, Vice Chancellor, Student Services  
Teri Zamora, Vice Chancellor, Finance and Planning  
Michael Edwards, Acting President, Coleman College  
Fena Garza, President, Southwest College  
William Harmon, President, Central College  
Irene Porcarello, President, Southeast College  
Janet May, Chief Human Resources Officer  
Remmele Young, Associate Vice Chancellor, Governmental and External Relations  
Carne Williams, Executive Director, HCC Foundation

**OTHERS PRESENT**

Derrick Mitchell, Board Counsel, Bracewell & Giuliani  
Other administrators, citizens and representatives from the news media

**CALL TO ORDER**

Mr. Zeph Capo, Chair, called the meeting to order at 6:02 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, Loredo, Mullins, Tamez, and Wilson)*

**AMENDMENT TO MISSOURI CITY NEW CAMPUS REAL ESTATE ACQUISITION**

Pulled by administration.

**AUTHORIZATION TO SELL MISSOURI CITY CAMPUS PROPERTY**

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

Ms. Mullins withdrew the second.

**CISCO NETWORK INFRASTRUCTURE EQUIPMENT (HCC BOND PROJECTS)**

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

Dr. Maldonado noted that thirty-six firms responded to the solicitation. He informed that Datavox was the lowest price.

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

**ADJOURNED TO CLOSED SESSION**

Mr. Capo adjourned the meeting to Executive Session at 6:07 p.m. notice having previously been given and reiterated in accordance with Sections 551.071, 551.072, and/or 551.074 of the Open Meetings Law. Mr. Capo stated that any final action, vote or decision on any item discussed in Executive Session would be taken up in Open Session or in a subsequent Public Meeting.

Mr. Capo reconvened the meeting in Open Session at 7:07 p.m. and entertained any motions on pending matters.

*The following Trustees were present: Capo, Glaser, Lored, Mullins, Tamez, and Wilson)*

Motion – Mr. Glaser moved and Ms. Mullins seconded to approve authorization to sell Missouri City Campus property.

Mr. Wilson apprised that he has issues with the Missouri City property. He noted that the property was purchased from a developer for a good price. Mr. Wilson informed that there was an agreement that required the property be sold back to the same developer at the purchase price. He apprised that the college kept the promise to the community in building a new building and the campus did not materialize. Mr. Wilson noted that he is greatly concerned that the college will be competing against itself regarding the property. He recommended that the item be pulled for further review. He recommended that the funds to be spent in Missouri City could be spent in Stafford.

Ms. Mullins clarified that the item under consideration is regarding selling the property.

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



**ADJOURNMENT**

With no further business coming before the Board, the meeting adjourned at 7:13 p.m.

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

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

DRAFT

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

**February 19, 2015**

**Minutes**

The Board of Trustees of Houston Community College held a Regular Meeting on Thursday, February 19, 2015 at the HCC Administration Building, Second Floor Auditorium, 3100 Main, Houston, Texas.

**MEMBERS PRESENT**

Zeph Capo, *Chair*  
Robert Glaser, *Vice Chair*  
Eva Loreda  
Sandie Mullins  
Christopher W. Oliver  
Carroll G. Robinson  
Neeta Sane  
David Wilson

**ADMINISTRATION**

Cesar Maldonado, Chancellor  
Shantay Grays, Chief of Staff  
E. Ashley Smith, Acting General Counsel  
William Carter, Vice Chancellor, Information Technology  
Kimberly Beatty, Vice Chancellor, Instructional Services, Chief Academic Officer  
Diana Pino, Vice Chancellor, Student Services  
Teri Zamora, Vice Chancellor, Finance and Planning  
Michael Edwards, Acting President, Coleman College  
Margaret Ford Fisher, President, Northeast College  
Julian Fisher for Fena Garza, President, Southwest College  
Cheryl Peters for William Harmon, President, Central College  
Irene Porcarello, President, Southeast College  
Janet May, Chief Human Resources Officer  
Carme Williams, Executive Director, HCC Foundation

**OTHERS PRESENT**

Derrick Mitchell, Board Counsel, Bracewell & Giuliani  
Susan Goll, President, Faculty Senate  
Jodie Kahn, President, COPA  
Other administrators, citizens and representatives from the news media

**CALL TO ORDER**

Mr. Zeph Capo, Chair, called the meeting to order at 4:58 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, Loreda, Mullins, Oliver, Robinson, Sane, and Wilson)*

### **PRAYER AND PLEDGE OF ALLEGIANCE**

Mr. Glaser led the prayer and the pledges.

### **APPROVAL OF MINUTES**

Motion – Mrs. Sane moved and Mr. Robinson seconded. The motion passed with a vote of 8-0. The following minutes were approved:

Approval of Minutes from Chancellor Evaluation Committee, Committee of the Whole, and Special Meetings of January 15, 2015, and Regular Meeting of January 22, 2015.

### **AWARDS, PRESENTATIONS, AND RECOGNITIONS**

- Houston Community College Alumni Association  
Ms. Zandra Henderson, Alumni Specialist and Mr. Dwayne Ellis, Advisory Council President, provided an overview of the HCC Alumni Association to include past as well as future activities. The members also extended an invitation to all HCC alumni to join the organization.

Mr. Dwayne introduced the Advisory Council members and extended an invitation to the following upcoming events:

- HCC Alumni Mixer on Thursday, March 5, 2015 at the Southwest College West Loop Campus from 6:00 p.m. – 8:00 p.m.
- Hire an Eagle Career Fair on, Saturday, April 11, 2015 at the Southwest College West Loop Campus from 8:00 a.m. – 2:00 p.m.

### **CHAIRMAN'S REPORT**

Mr. Capo yielded the floor for the Trustees to provide reports regarding events and activities in their respective districts:

Mr. Robinson noted that he met with the Black Ministers Association to discuss the pre-admission program. He informed that he will share information about the pre-admission program, free websites for test prep and HCC resources available with a statewide group of African American school teachers on February 28, 2015 and with Black School Board members in early March.

Ms. Mullins welcomed Dr. Zachary Hodges back to Northwest College and apprised that a surprise welcome was given with a scholarship fund named in his honor. She also announced that a town hall meeting will be hosted on March 4, 2015 regarding the West Houston Institute.

Mr. Oliver noted that he would be more comfortable highlighting his district via a newsletter.

Mr. Glaser informed that he attended Southside Place city council meeting and met with the mayor and residents. He apprised that the discussion entailed educational issues and he also met with several principals in his district. Mr. Glaser noted that he attended a meeting with an economic business group from the west side.

Mrs. Sane informed that she attended several community events to discuss HCC educational initiatives. She apprised that she is ensuring information is available to the community.

Ms. Loreda noted that she attended the Fire Academy graduation and the LULAC gala with students from Southeast. Ms. Loreda informed that the town hall meeting will be held on Tuesday, February 24, 2015 at 6:00 p.m. She apprised that in March she will be a panelist at a Hispanic Parent Academy.

Mr. Wilson noted that he along with Trustees Oliver and Robinson attended the Association of Community College National Legislative Summit. He also announced that he will be attending the Acres Home ground breaking on April 22, 2015 and encouraged others to attend.

Mr. Capó mentioned that he has been working with the Chancellor to move more students into the college pathway.

Mr. Capó announced that the Black History Gala is scheduled for Saturday, February 21, 2015 at 6:00 p.m. at Hotel ZaZa. He apprised that the event is sold out and expressed appreciation to all for the efforts.

Mr. Capó noted that Board Services will be polling for a Special meeting on Tuesday, March 10, 2015 at 11:30 a. m. He informed that there are no committee, Committee of the Whole (COTW) or Regular meetings scheduled for March. Mr. Capó apprised that the next scheduled date for committee meetings and the COTW is April 9, 2015 and the Regular meeting is scheduled for April 16, 2015.

*(Mr. Robinson stepped out at 5:24 p.m.)*

#### **CHANCELLOR'S REPORT**

- Community College Day  
Dr. Maldonado and Board Chair Capó attended the Community College Day at the State Capitol with more than two dozen members of the HCC Student Government Association. The student leaders spoke to state lawmakers about policy matters important to them and HCC.

*(Mr. Oliver stepped out at 5:25 p.m.)*

- Northeast College Video Presentation  
Dr. Maldonado noted that continuing the theme of highlighting the work that is being done throughout the District to support students and their educational goals, today's focus will be on another exemplary program, as designated by the

Texas Higher Education Coordinating Board, the HCC Northeast Center for Business Administration and Human Capital Development which is located at the Northline Campus.

*(Mr. Oliver returned at 5:26 p.m.)*

Dr. Ford Fisher introduced Dr. Norma Perez, Dr. Rudy Soliz, and Ms. Cynthia Garza as the Program Area Champions for Northeast College.

Dr. Soliz provided an overview of the human capital and faculty expertise.

*(Mr. Robinson returned at 5:28 p.m.)*

*(Mr. Oliver stepped out at 5:28 p.m.)*

Dr. Soliz noted that the reason students attend college at HCC is to improve their quality of life. He introduced Ms. Garcia who attended HCC and went on to complete her degree at the University of Houston-Downtown and a master degree at the University of St. Thomas. He provided an overview of technical assistance, enhanced activities, measuring of success, and current projects.

Dr. Maldonado recognized that Northeast College lies within the districts of Trustees Capo, Loreda and Wilson.

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

- Faculty Senate Report  
Ms. Susan Goll, Faculty Senate President, welcomed Dr. Kimberley Beatty and informed that faculty is eager to begin the work of transformation. Ms. Goll thanked Dr. Beatty for attending the Faculty Senate meeting and Dr. Zachary Hodges for his leadership as acting Vice Chancellor of Academic Affairs.

Ms. Goll apprised that faculty is encouraged by the Chancellor's responsiveness in addressing the salary imbalances that exist.

#### **HEARING OF THE CITIZENS**

- Daniel Arp

#### **CONSENT AGENDA**

Dr. Maldonado requested to pull item E.7 regarding Waste Collection and Disposal Services (Project No. RFP 15-04).

Motion – Mr. Robinson moved and Ms. Mullins seconded to approve the consent agenda. The motion passed with a vote of 8-0. The following items were approved:

- Approval of Four New Academic Associate Degrees.

- Approve the Certificate of Completion of the Core Curriculum.
- Proposed Internal Audit Work Plan for 2015.
- Approve Performance Metrics for the Chancellor Evaluation Instrument.
- HCC 2016 Application to the Commission on Presidential Debates.

**HCC Honorary Degrees for 2015**

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

Dr. Maldonado informed that three names were submitted for consideration:

- Yolanda Black Navarro
- Barry Morris (Posthumously awarded to Mrs. Susan Morris)
- Carmen Nuncio

Mr. Oliver noted that he was under the impression that there were only going to be two names for consideration. Ms. Loreda informed that three names were presented to the Academic Affairs/Student Services committee, which now are being presented for consideration by the full Board.

Mrs. Sane inquired if there are a specific number of degrees. Mr. Oliver apprised that he requested to add a name. He noted that the request was to honor individuals contributing to the community and education. He noted that he would like to add an additional name.

Mr. Capo informed that the recommendation was to approve no more than three and inquired if it is practice or policy. Mr. Mitchell apprised that it is practice not policy.

*(Mr. Glaser stepped out at 5:56 p.m.)*

Motion - Mr. Oliver motioned and Mrs. Sane seconded to add an additional slot. Mr. Robinson noted that he would like to amend to add two names as opposed to one additional.

Mr. Oliver withdrew the motion and Mrs. Sane withdrew the second.

Amended motion - Mr. Oliver motioned and Mr. Robinson seconded to add two additional slots to the number of honorary degrees.

Mr. Wilson informed that he would like to hold the number at three and requested to possibly postpone the vote for additional vetting.

*(Mr. Glaser returned at 6:00 p.m.)*

Vote on amendment – The motion passed with 6-1-1 with Mr. Wilson opposing and Mr. Glaser abstaining.

Motion – Mr. Oliver moved and Mr. Robinson seconded to add Bishop James Dixon and Reverend Max Miller as honorary degree recipients.

Mr. Oliver apprised that his nominee is Rev. Max Miller and provided an overview of Rev. Miller's biography.

Mr. Robinson noted that his nominee is Bishop James Dixon II and informed that Bishop Dixon is in the community and with the police department.

Mr. Capo apprised that the vote would include the five names:

- Yolanda Black Navarro
- Barry Morris
- Carmen Nuncio
- Rev. Max Miller
- Bishop Dixon

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

**INVESTMENT REPORT FOR THE MONTH OF DECEMBER 2014 AND MONTHLY FINANCE STATEMENT AND BUDGET REVIEW FOR DECEMBER 2014**

Motion – Mr. Robinson moved and Mr. Oliver seconded. The motion passed with vote of 8-0.

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

Motion – Mr. Robinson moved and Ms. Mullins seconded to take item IX.B.2 out of order. The motion passed with vote of 8-0.

**APPROVE PROPOSED RESOLUTION RELATING TO LEGISLATION INVOLVING CONCEALED HANDGUNS ON CAMPUS OF INSTITUTIONS OF HIGHER EDUCATION**

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

Dr. Maldonado apprised that the resolution is to provide a response regarding the college's position regarding handguns on campus.

Ms. Mullins noted that the resolution counters the proposal at the state level and informed that she would be opposing due to her second amendment stance.

Mr. Glaser inquired if there was discussion and specific wording with other colleges on the issue. Dr. Maldonado apprised that he discussed the issue with Dr. Ray Garcia, Chief Executive Officer, Texas Association of Community Colleges and noted that there was not discussion with other individuals regarding the wording.

Mr. Oliver informed that even though he is a handgun owner, he does not think it is a good idea for students to carry handguns on campus. He apprised that he is in favor of the resolution but does not want to infringe on anyone's second amendment.

Mr. Robinson noted that there are rules and regulations regarding carrying handguns and informed that the resolution would not interfere with the right currently in place regarding the carrying of handguns. Mr. Robinson apprised that the effort is to be in the position to make the decision at a local level. He noted that the resolution does not infringe on second amendment rights to carry a handgun.

Ms. Loredo informed that she is in favor of the resolution for the safety of the students and staff.

Mr. Wilson apprised that there are positive reasons for being allowed to carry handguns.

Mr. Capo noted that the college is a large and diverse community and informed that the vote of the full Board is needed to pass items. He acknowledged concerns regarding what others are doing but noted that other colleges are not located in a large urban area. Mr. Capo apprised that one concern is the significant fiscal impact on the budget as it relates to additional funding to safeguard.

Vote – The motion passed with a vote of 6-2 with Ms. Mullins and Mr. Wilson opposing.

*(Ms. Mullins, Mr. Oliver and Mr. Robinson left at 6:27 p.m.)*

#### **PERSONNEL AGENDA (FACULTY)**

Motion – Ms. Loredo moved and Ms. Sane seconded.

Ms. Loredo recommended that salaries be reviewed to make certain they are conducive with standards of living.

Vote – The motion passed with a vote of 5-0.

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

Mr. Capo adjourned the meeting to Executive Session at 6:23 p.m. notice having previously been given and reiterated in accordance with Sections 551.071, 551.072, and/or 551.074 of the Open Meetings Law. Mr. Capo stated that any final action, vote or decision on any item discussed in Executive Session would be taken up in Open Session or in a subsequent Public Meeting.

Mr. Capo reconvened the meeting in Open Session at 7:34 p.m. and entertained any motions on pending matters.

*(The following Trustees were present: Capo, Glaser, Loredo, Sane, and Wilson)*

#### **AMENDMENT TO MISSOURI CITY NEW CAMPUS REAL ESTATE ACQUISITION**

Motion – Mr. Glaser moved to table the item to a later date and Ms. Loredo seconded.



Mr. Wilson noted that the duly posted item should be voted on today and informed that the tabling is nothing more than not wanting the item to get it voted down. He apprised that tabling circumvents the duty of the governing body.

Mr. Capo noted that he disagrees with Mr. Wilson's position and noted that the governing body has the right to make the decision. Mr. Capo informed that there are four members who are not present. He apprised that there are questions as to whether the policy and procedures are accurate.

Mrs. Sane requested a two minute recess.

Mr. Capo recessed the meeting at 7:38 p.m. and reconvened at 7:39 p.m.

*(The following Trustees were present: Capo, Glaser, Loreda, Sane, and Wilson)*

Mr. Glaser withdrew the motion and Ms. Loreda withdrew the second.

Mr. Capo moved to pull the item and adjourn the meeting.

Mr. Wilson noted that the item needs to be voted on.

Mr. Capo inquired if the Chair has the authority to pull the item. Mr. Mitchell stated the Chair has authority to pull the item.

**ADJOURNMENT**

With no further business coming before the Board, the meeting adjourned at 7:40 p.m.

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

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

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

**February 19, 2015**

**Minutes**

The Board of Trustees of Houston Community College held a Special Meeting on Thursday, February 19, 2015, at the HCC Administration Building, Second Floor Auditorium, 3100 Main, Houston, Texas.

**MEMBERS PRESENT**

Zeph Capo, *Chair*  
Robert Glaser, *Vice Chair*  
Eva Loreda  
Sandie Mullins  
Christopher W. Oliver  
Carroll G. Robinson  
Neeta Sane  
David Wilson

**ADMINISTRATION**

Cesar Maldonado, Chancellor  
Shantay Grays, Chief of Staff  
E. Ashley Smith, Acting General Counsel  
Kimberly Beatty, Vice Chancellor, Instructional Services, Chief Academics Officer  
William Carter, Vice Chancellor, Information Technology  
Diana Pino, Vice Chancellor, Student Services  
Teri Zamora, Vice Chancellor, Finance and Planning  
Michael Edwards, Acting President, Coleman College  
Margaret Ford Fisher, President, Northeast College  
Julian Fisher for Fena Garza, President, Southwest College  
Cheryl Peters for William Harmon, President, Central College  
Irene Porcarello, President, Southeast College  
Janet May, Chief Human Resources Officer

**OTHERS PRESENT**

Derrick Mitchell, Board Counsel, Bracewell & Giuliani  
Susan Goll, President, Faculty Senate  
Jodie Kahn, President, COPA  
Other administrators, citizens and representatives from the news media

**CALL TO ORDER**

Mr. Zeph Capo, Chair, called the meeting to order at 3:29 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: Capó, Glaser, Mullins, Robinson, and Wilson)*

**CONTINUATION OF FINANCE SESSION OF TRUSTEES ANNUAL TRAINING ON ETHICS, GOVERNANCE AND FINANCE**

Ms. Teri Zamora provided an overview of the finance material to include:

- State Funding Directly Appropriated and Other Appropriations
- Momentum Points
- Operating Expenses (THECB Report of Fundable Operating Expenses)
- Refundable Operating Expense
- College Funds

*(Ms. Loredó arrived at 3:42 p.m.)*

- Unaudited Fund Balances and Activities
- Unrestricted Revenue and Expenses

*(Mr. Oliver arrived at 3:49 p.m.)*

- Auxiliary Budget by Fund – Uncommitted Portion
- Auxiliary Budget by Fund – International and Committed Portion
- Adjusted Budget by Division
- Balance Sheet by Fund
- Exemption & Waivers Detail
- Financial Statement and Single Audit Reports

Mr. Robinson noted that there needs to be a plan for growing enrollment. He informed that the questions he provided centered on enterprise revenues, private sector grants and contracts, and corporate college fees. Mr. Robinson apprised that these are three revenue-generating items outside of tuition and fees. He noted that a conversation regarding these items in the future is desired.

Mr. Oliver apprised that his question or inquiry would be regarding a business plan. He noted that one should be developed if it does not exist and if there is one, it should be updated.

*(Mrs. Sane arrived at 4:08 p.m.)*

Mr. Oliver informed that formulating a business plan would give direction as to where the college is moving.

Mr. Wilson apprised that his concern is regarding filling buildings with the Capital Improvement Plan (CIP) project coming on line. He noted that there will be a need to gradually grow into operating the buildings and informed that there will need to be a plan for funding the buildings' operations.

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Special Meeting – February 19, 2015 - Page 3

Mr. Wilson reference page 12 of the training material regarding the CIP and inquired if is off-line. Mrs. Zamora informed that it is off-line.

Mr. Glaser referenced the auxiliary budget and inquired if the funding allocated remains. Mrs. Zamora apprised that those funds have been moved from auxiliary and now reside in Fund 7.

Mr. Glaser requested that Mrs. Zamora provide more detail regarding the waiver requirements. Mrs. Zamora noted that there are some mandatory waivers and informed that others are not mandatory.

Mr. Glaser referred to refundable operating expenses. Mrs. Zamora clarified that it is fundable operating expenses.

Mr. Capo inquired how reliable are the numbers for fundable operating expenses. He elaborated that his inquiry is related to the averages. Mrs. Zamora apprised that it is a blend of several factors and efficiencies.

Mr. Capo recommended developing process to compare HCC numbers from year-to-year to measure improvements or where efficiencies are needed. He recommended including trend data and the direction of HCC and the State.

Ms. Mullins noted that outside sources of funding are needed. She inquired if international initiatives are benefitting the students here.

Mr. Robinson recommended that recruiting be done locally especially as relates to international students. He informed that there was a discussion regarding the trending and apprised that the purpose of the conversation is for budgeting. Mr. Robinson apprised that he would like a chart that shows academic and workforce as it relates to faculty. He noted that the issue may be to increase in areas with higher cost estimates. He requested administration review the chart drafted that provides a breakdown of the areas.

Ms. Loreda referenced page 95 of the Annual Financial Report and inquired if disbursement and expenses reflect the balance. Mrs. Zamora noted that when Pell Grants are received, it is not considered an expenditure so it is labeled as a disbursement.

Mr. Robinson noted that the observation was made that positions were written into grants at a higher scale and informed that the salary is limited to the internal salary scale. He apprised that if this is the case, the grant should be written with the salary scale that will be paid.

Mr. Capo noted that the issue falls under the discussion of how to bring in content workers.

*(Mrs. Sane stepped out at 4:34 p.m.)*

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Mr. Glaser referenced the state reimbursement for retirement and health insurance and inquired if the reimbursement requirement is included. Mrs. Zamora apprised that the number will be recorded in August. She noted that it is an accounting issue as opposed to legality. She informed that it is a Governmental Accounting Standards Board presentation and noted that the amount reflects HCC liability should the Teacher Retirement System of Texas not meet its obligations.

Mrs. Zamora apprised that the expense would not be recorded the first year only the liability would be adjusted annually.

With no further business coming before the Board, the meeting adjourned at 4:35 p.m.

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

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

DRAFT

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

**February 25, 2015**

**Minutes**

The Board of Trustees of Houston Community College held a Special Meeting on Wednesday, February 25, 2015, at the HCC Administration Building, Second Floor Auditorium, 3100 Main, Houston, Texas.

**MEMBERS PRESENT**

Zeph Capo, *Chair*  
Robert Glaser, *Vice Chair*  
Adriana Tamez, *Secretary*  
Eva Loredo  
Carroll G. Robinson  
Neeta Sane  
David Wilson

**ADMINISTRATION**

Cesar Maldonado, Chancellor  
Shantay Grays, Chief of Staff  
E. Ashley Smith, Acting General Counsel  
William Carter, Vice Chancellor, Information Technology  
Kimberly Beatty, Vice Chancellor, Instructional Services, Chief Academics Officer  
Diana Pino, Vice Chancellor, Student Services  
Teri Zamora, Vice Chancellor, Finance and Planning  
Michael Edwards, Acting President, Coleman College  
Fena Garza, President, Southwest College  
Margaret Ford Fisher, President, Northeast College  
Irene Porcarello, President, Southeast College  
Janet May, Chief Human Resources Officer  
Carme Williams, Executive Director, HCC Foundation

**OTHERS PRESENT**

Derrick Mitchell, Board Counsel, Bracewell & Giuliani  
Other administrators, citizens and representatives from the news media

**CALL TO ORDER**

Mr. Zeph Capo, Chair, called the meeting to order at 12:06 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, Glaser, Loredo, Robinson, Sane, Tamez, and Wilson)*

**AMENDMENT TO MISSOURI CITY NEW CAMPUS REAL ESTATE ACQUISITION**

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

Mr. Capo informed that the item has been discussed in closed session over a period time. He noted that the action is a pending real estate action that has legal protection under both the open meetings and public information acts.

Mrs. Sane moved to call the question. The motion failed.

Mr. Wilson apprised that he does not want to reiterate what has been discussed. He noted that the Board approved the item in January 2015. Mr. Wilson informed there were discussions regarding the item in June of 2014 and an appraisal was conducted without the Board's approval. He apprised that there are couple of items in the bylaws that he would like to place on record that include Article H, Section 2(e) that references Trustees are provided the agenda no later than five days prior to the meeting. Mr. Wilson referenced Article E.2(o) stating that the Chancellor would provide important information to the Board prior to the meeting and that all background and research will be provided in sufficient time for reviewing. Mr. Wilson noted that the information that he considers important is the appraisal of the property. He informed that in reading the appraisals the purchase price exceeds the listing.

Mr. Capo cautioned that the discussion is closed session information.

Mr. Wilson apprised that under Article A. Ethics the purpose of the Trustees is to act solely and exclusively for the benefit of the College. He noted that this is the responsibility of each Trustee and expressed that the transaction would hurt the College.

Dr. Maldonado informed that the administration effort is to provide an overview and invited Ms. Michelle Morris, Counsel on the transaction to provide an overview of the transaction.

Ms. Morris provided clarification regarding the exception to the opens meeting act under Section 551.072. She apprised that deliberation regarding the value of real property is held for closed session and noted that there is an exception in the open records act regarding the appraised value of property to protect the college from the public obtaining information that could hamper the college's efforts regarding the purchase of the property.

Mr. Capo reiterated that if the information were released in public and to the public, it would give a competitive edge to others. Ms. Morris confirmed.

Ms. Loredo noted that her fiduciary duties are based on information received and her decisions are based on the information received.

Mr. Wilson inquired if Ms. Morris was the same attorney that advised the Board that it could not approve the projects one at a time.

Mr. Capo informed Mr. Wilson that he is out of order.

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Mr. Robinson apprised that the nine Trustees are now being asked to clean up a mess of the administration. He requested discussion regarding the time line. He noted that administration had from August 2014 until January 2015 to provide accurate information.

Mr. Robinson requested Dr. Maldonado to provide a review of the contingencies that are to be removed and the reason for the request.

Mr. Capo informed the contingencies were added because of the other agencies involvement with limited information. He apprised that since January 2015, Fort Bend County has approved the item and Missouri City has also passed a resolution regarding the land purchase. Mr. Capo noted that the effort is to make a decision regarding the purchase of the property as part of the buy down column. He informed that he would have to give the Chancellor some breathing room because the Board did ask for contingencies.

Dr. Maldonado apprised that at the time of the original action item, the college had not heard the position or actions taken by the other entities. He noted that the action to be taken today is the same as that was originally presented for the January 2015 meeting.

Mr. Robinson asked for clarification in that the deal was not going to be completed until there was confirmation that the \$1 million shortage was made whole and asked who would provide the funding.

Mr. Robinson informed that his problem is that the previous administration did not do their job and now the Board is being asked to clean it up. He apprised that the Board agreed to the item because administration stated the deal would be made whole.

Mr. Robinson noted that he did not hear of a bond spend down situation from administration, he heard of it from the street. Dr. Maldonado informed that what administration has presented to the Board has been shared openly.

Mr. Robinson apprised that he accepts the approval with the contingencies and noted that he does not have a problem with the approval; however, he is not certain of why the contingency needs to be removed.

Dr. Maldonado informed that the constraints would prevent the signing of documents due to the contingencies.

Mr. Robinson inquired if the funds will be provided to make the deal whole where the college is not lacking regarding the funding.

Dr. Tamez stated that the question from Mr. Robinson is fair.

Dr. Maldonado apprised that not all information presented to the Board has changed.



Mr. Robinson inquired if the open records requirement is thirty days after action on the item. Mr. Derrick Mitchell noted that the period is thirty days after the close of the transaction.

Mr. Robinson inquired if the information would be available on the website after the thirty-day waiting period. Mr. Capo noted that he is not certain if administration can answer the question today, he would recommend placing an item on the Board Governance Committee agenda to have all the information be posted after all the transactions are complete and in compliance with open meetings and public information acts.

Mr. Robinson requested that bond counsel be present whenever there is discussion regarding the bond spend down.

Mr. Capo informed that the schedule was provided in writing regarding the spend down and informed that bond counsel was not asked to be at the meeting in an effort to corral expenses.

Mrs. Sane noted that the item is the same description that was provided to the Board in January 2015.

Mr. Capo informed that the motion is to remove the contingencies so that the Chancellor could move forward with the transaction.

Dr. Tamez associated with Mr. Robinson to make certain the college will be made whole in the transaction.

Mr. Wilson associated with Mr. Robinson and Dr. Tamez. He apprised that his main concern is that the college will not be made whole because of the overpayment for the property and requested that each of the Trustees review the appraisal.

Mr. Capo noted that the documents were made available for each Trustee to review.

Dr. Tamez informed that she has had access to the documents.

Mr. Capo stated for the record that in accordance with the posted notice for this meeting, this is a motion to amend the authorization previously adopted by this Board to authorize the Chancellor to purchase and execute all necessary documents related to real property located on Texas Parkway in Missouri City, contingent on the approval of other transactions related to the purchase of the existing Missouri City campus:

1. To remove the contingencies;
2. To state that the administration will adhere to its commitment to the Board that the relocation of the existing Missouri City campus will not move forward unless HCCS is ensured that it will be made whole from all sources of revenue, such that the relocation will result in zero net cash outlay by HCCS.

Vote – The motion passed with vote of 6-1 with Trustee Wilson opposing.

**ADJOURNED TO CLOSED SESSION**

Mr. Capo adjourned the meeting to Executive Session at 12:38 p.m. notice having previously been given and reiterated in accordance with Sections 551.071, 551.072, and/or 551.074 of the Open Meetings Law. Mr. Capo stated that any final action, vote or decision on any item discussed in Executive Session would be taken up in Open Session or in a subsequent Public Meeting.

Mr. Capo reconvened the meeting in Open Session at 1:16 p.m. and entertained any motions on pending matters.

*(The following Trustees were present: Capo, Glaser, Loreda, Sane, Tamez, and Wilson)*

**ADJOURNMENT**

With no further business coming before the Board, the meeting adjourned at 1:16 p.m.

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

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

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

**March 10, 2015**

**Minutes**

The Board of Trustees of Houston Community College held a Special Meeting on Tuesday, March 10, 2015, at the HCC Administration Building, Second Floor Auditorium, 3100 Main, Houston, Texas.

**MEMBERS PRESENT**

Zeph Capo, *Chair*  
Robert Glaser, *Vice Chair*  
Adriana Tamez, *Secretary*  
Eva Loredo  
Christopher W. Oliver  
Carroll G. Robinson  
Neeta Sane  
David Wilson

**ADMINISTRATION**

Cesar Maldonado, Chancellor  
Shantay Grays, Chief of Staff  
E. Ashley Smith, Acting General Counsel  
William Carter, Vice Chancellor, Information Technology  
Kimberly Beatty, Vice Chancellor, Instructional Services, Chief Academics Officer  
Teri Zamora, Vice Chancellor, Finance and Planning  
Michael Edwards, Acting President, Coleman College  
Fena Garza, President, Southwest College  
Margaret Ford Fisher, President, Northeast College  
William Harmon, President, Central College  
Zachary Hodges, President, Northwest College  
Irene Porcarello, President, Southeast College  
Janet May, Chief Human Resources Officer  
Carme Williams, Executive Director, HCC Foundation

**OTHERS PRESENT**

Derrick Mitchell, Board Counsel, Bracewell & Giuliani  
Susan Goll, President, Faculty Senate  
Jodie Kahn, President, COPA  
Other administrators, citizens and representatives from the news media

## **CALL TO ORDER**

Mr. Zeph Capo, Chair, called the meeting to order at 11:38 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, Glaser, Loreda, Oliver, Robinson, Sane, Tamez, and Wilson)*

## **UPDATE OF TRANSFORMATION PLAN FOR HCC**

Dr. Maldonado provided a historical overview of the process that has been undertaken since his tenure include the following:

### The Journey

- Input from stakeholders
- Data collection
- Broad engagement

### What Did We Learn?

- Organizational culture
- Performance barriers
- Leadership diagnostic

### The Result

- Research Findings
  - Need to leverage our size and resources
  - Need for clear vision
  - Need to eliminate inefficiencies
  - Need to align priorities across the system
  - Need to create opportunities

### What We Know

- Student attendance by zip code

### Moving Forward

- HCC's Business Model
- Focus
- Organizational Shift
- Achieving Excellence

### Centering Excellence

- Centering Excellence and Connecting Community (Conceptual View)
- Presidential pitch results

*(Mr. Capo stepped out at 11:54 a.m.)*

- Determining excellence

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- Expert faculty in the System
- Facilities in the System
- Equipment in the System
- Industry Corridor
- Ready to implement in Fall 2015
  
- Nomenclature Strategy
  - Institution: Houston Community College
  - Position: Institutes
  - Support: Centers for Excellence

*(Mr. Capo returned at 11:59 a.m.)*

- Sample of Institute using Coleman Health Sciences as an example
  - Coleman Health Science Institute
    - § Center for Nursing Leadership at \_\_\_\_\_
    - § Center for Trauma Care at \_\_\_\_\_
    - § Center for Dental Hygiene at \_\_\_\_\_
    - § Center for \_\_\_\_\_
  
- Institutes
  - Public Safety
  - Global Energy Institute-Center for Process Technology
  - Logistics
  - Corrosion
  - Manufacturing
  - Digital & Information Technologies
  - Health Science
  - Consumer Arts & Science
  - Construction
  - Engineering
  - Media Arts & Technology
  - Business Technology
  - Transportation (future institution)
  - Maritime (future institution)
  - Aviation (future institution)
  - Robotics (planned institution)

Organizational Implications

- Organizational design
- Academic excellence
- District Reorganization (Chancellor's direct reports)
  - VC, Finance and Administration
  - VC, Instruction Services
  - VC, Student Services

- VC, Planning, Institutional, Effectiveness & Innovation (repurpose position)

#### The Outcome

- Increase capacity to serve the community with technical and academic programs
- Increase faculty utilization rates
- Decrease cost of the delivery of instruction and support services
- Increase productivity of human capital
- Increase accountability at all levels of the organization
- Increase external funding opportunities through industry, grants, and other non-traditional sources
- Increase consistency and quality of student experience
- Increase student success

#### Fiscal Implications

- Net budget implications of institutional transformation is zero
- Savings generated from improved operational efficiency will be used for items such as:
  - Starting future institutions
  - Covering rising costs
  - Offsetting decreased funding streams

#### Implication

- Implementation Process
  - Board approved nomenclature
  - Budget planning begins
  - Implementation of organizational structure changes
  - State of the College
  - All College Day
  - Implement organizational communication plan
  - Commission the opening of Institutes
- Communicating the vision
- Community Engagement Strategy
- Trustee Engagement Strategy
- Trustee Engagement Samples

Dr. Maldonado presented recommendations provided by the State Comptroller from a report on HCC from 2003. He noted that the proposed transformation was not based on the report but is similar to the recommendations provided in the report.

Dr. Maldonado entertained questions.

Mrs. Sane informed that the presentation was well thought out. She apprised that she would like an executive summary regarding the net zero budget. Mrs. Sane noted that overall her concern is to make certain the transformation increases retention and student completion rates. She informed that her questions were provided to the administration.

Dr. Tamez apprised that the presentation was excellent. She noted that the college will not move from good to great without the transformation. Dr. Tamez requested that updates be provided regarding the transformation.

Mr. Glaser informed that Dr. Maldonado's resume depicted change and noted that he is looking forward to seeing the results.

Mr. Oliver apprised that the information is a lot to digest at one time. He expressed appreciation of the effort that went into putting together the presentation. He noted that his tenure has allotted for a participation of more than one transformation over the years. Mr. Oliver referenced the 2003 report and informed that the recommendations were not adopted regarding the downsizing of the presidents to three. He apprised that he is more concerned regarding buy-in by the overall body. He inquired if this is something that the majority of the people could digest and noted that the Board may have needed to be more involved in the process.

Mr. Oliver informed that he needs additional time to digest the plan. He apprised that if this is the recommendation of the Chancellor, he applauds the efforts. He requested more time to study the information.

Mr. Robinson expressed appreciation to the Chancellor. He noted that the Board should have some discussion regarding the information. He used a naming example of Southeast College and inquired if the recommendation is to drop southeast. Mr. Robinson informed that he is concerned regarding changing "college". He apprised that Coleman College is named in honor of someone and noted he would not want to cast a vote today and not be clear regarding the colleges and campuses named in honor of someone.

Mr. Robinson requested a map of all the facility locations and what is going to be placed in the buildings. He asked that the proposed names be applied to the map. Mr. Robinson informed that the presentation includes a picture that was difficult to determine the buildings. He apprised that he would like to see more details.

Mr. Robinson requested to see where the faculty is now and where they will go under the new plan to include the expertise deficiency. He noted that he has previously requested the information. Mr. Robinson informed that the assumption is that the carry cost was a part of the presidents' pitch. He apprised that he would like to see the equipment needs when transitioned to the nomenclature model.

Mr. Robinson noted that he would like to see the existing graduation rate and the projected graduation rate under the new model. He informed that he does not want to vote for making the change without any indication of how much the graduation, persistence and transfer rates will increase.

Mr. Robinson apprised that additional questions will be raised for budgeting purposes. He noted that his level of confidence in student services is minimal. Mr. Robinson informed that

student services have been an area of concern for him since coming on board. He apprised that he has not seen an update of the results from the last student services reorganization.

Mr. Robinson noted that he is not against the plan but needs more data. He informed that more students are going to move to online delivery. He apprised that there was no data showing where the students will come from and requested data for the next quarter century on penetration rate and demographics on 25-30 year old.

Mr. Robinson noted that there is other data available but wants the data to show why the need to move to the model. He informed that he absolutely loves some of the plan presented but not certain if ready to get rid of “college”. Mr. Robinson apprised that he is not ready to approve moving from “college” without input from the community. He noted that the nomenclature is to go to college not go to an institute. He informed that he would like to see data undertaking the recommendation provided today.

Mr. Capo clarified that the presentation was a report item not requiring a vote. He expressed appreciation to the Chancellor for the update.

Mr. Capo apprised that he has some questions specifically regarding geographical of the colleges. He noted reemphasizing HCC as one system may have been overshadowed in the discussion of institutes.

Mr. Capo requested a deeper view of the budget regarding the transformation to include where the savings will be met, the connection between faculty and the classroom, and the role of the presidents if they are not geographically aligned. He noted that he would like a clearer understanding of the presidents and how is the staffing at 3100 Main changed, to include all staff not just the top administration. He inquired if the dollars will be pushed back to the colleges.

Dr. Maldonado referenced page thirty-two to elaborate on the role of the presidents. He informed that they would have an internal focus regarding the students and an external focus regarding their expertise. He apprised that a proforma and a review of 3100 Main staff to see where the changes will come from will be provided.

Ms. Loreda expressed appreciation for the presentation. She noted that changes and improvements are needed to include streamlining and accountability throughout the system. She informed that in speaking with the students they expressed that more advising is needed and she apprised that the effort is to make certain students graduate.

Ms. Loreda noted that she likes the plan but is not in favor of the usage of the word “institution”. She informed that so much work has been put into making certain students go to college. She apprised that the terminology “center” does not speak too highly.

Mr. Capo noted that the next agenda item speaks to changing to institutes and centers.

Ms. Loreda informed that is a great approach but needs more time to digest.



Mr. Wilson congratulated Mr. Capo on being elected as president of the Houston Federation of Teachers.

Mr. Wilson inquired if the transformation complies with the Southern Association of Colleges and Schools and the Texas Higher Education Coordinating Board. He apprised that the plan runs diametrically opposed to his philosophy. Mr. Wilson noted that he is not in support of administration taking over the operation of the colleges. He apprised that the plan is going 180 degrees to where he would like for it to go.

Mr. Wilson referenced page thirty-seven that states the Board approved nomenclature. He noted that it seems that the most important part the plan, the Board's approval has been bypassed. He inquired if the Board is a rubber stamp and informed that he has other concerns but did not want to see the presidents reporting to different area without approval of the Board.

Mrs. Sane apprised that she likes the concept requested the following data:

- Current persistence rate
- Projected persistence rate
- Measurable Student Services improvements
- Budgetary data

Dr. Tamez noted that workforce demands better jobs and expressed for the chancellor to move the college into the future.

Mr. Glaser informed that the goal should be to make college more affordable for students. He apprised that he would like to see a focus on reducing the cost for students and more efficiency in delivery.

Mr. Oliver noted that his hope is that the institution would be a hundred percent behind the plan once it has been brainstormed. He informed that his concern is that the plan tells what needs to be done, but not why it needs to be done.

*(Mr. Oliver stepped out at 1:06 p.m.)*

Mr. Robinson inquired of the financial decisions. He apprised that there needs to be discussion regarding debt. He noted that he understands that administration structure is not in his purview but evaluating the structure and the chancellor is within the Board's purview. He informed that he did not receive necessary supportive data.

*(Mr. Oliver returned at 1:09 p.m.)*

Mr. Robinson apprised that enrollment, graduation, and persistence benchmarks are what he would like to see. He noted that he does not need to sign off on who the presidents report to because it is not in the purview of the Board but would like to see the standards to

show that transformation is working. He informed that he would like to see the future data to make certain there are adequate people in the pipeline.

Dr. Maldonado apprised that he agrees with accountability. He noted that there are ten thousand moving pieces to include compensation study and new buildings coming on line as it relates to net zero. Dr. Maldonado informed that identifying the baseline is important.

**APPROVAL OF NOMENCLATURE STANDARD FOR COLLEGE OPERATING UNITS**

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

Dr. Maldonado noted that the item is a nomenclature. He informed that the data is qualitative. He apprised that the proposal is not dropping the name “college” nor is it to drop or separate the offering of programs. Dr. Maldonado noted that it would remain one college and the approach is to align around one name. He informed that we are one college and when attending an event, it should just denote Houston Community College. He apprised that the proposal denotes that we are one college.

Dr. Maldonado noted that the consultant engaged showed that there is a misalignment and colleges are moving in different ways. He apprised that Houston Community College will always be first. He noted that the naming would provide better alignment with industry and allow for better communication with students.

Ms. Loredo informed that it has taken forty-two years to get here and stated that she likes the plan to keep Houston Community College but feels that she could identify without the wording of institution. She apprised that she likes the transformation but not ready for the name change.

Mr. Oliver noted that the college is Houston Community College System and informed that system normally yields a chancellor. He apprised that the colleges are part of the system. Mr. Oliver inquired about naming facilities in the future. He noted that Coleman and Willie Lee Gay are named after individuals because of their contribution. He informed that he is not ready for the name change as he is still trying to digest the roll out plan.

Mr. Robinson apprised that there are three named colleges: Coleman, Willie Lee Gay and the Fashion Program at Central. Dr. Maldonado noted that he is not proposing to change those names.

Mr. Robinson informed that some of the changes he could live with. He apprised that staff works for the chancellor and recommended to implement the standards desired. He inquired if there would be departments within the college. He noted that he is not certain institute is the appropriate designation across the board.

Mrs. Sane inquired where the academic programs will be housed. Dr. Maldonado informed that the academic programs will be managed centrally and distributed throughout the system. He apprised that the name would be for example Houston Community College at Pinemont as opposed to Houston Community College Northeast.

Mrs. Sane inquired how manufacturing would be tied to institute. Dr. Maldonado noted that it would be Houston Community College Institute of Advanced Manufacturing.

Mrs. Sane inquired if research has been conducted regarding peer institutions. Dr. Maldonado provided information regarding the research done.

Mr. Capó inquired if the naming has to be mutually exclusive and inquired if a list of naming updates could be provided.

Mr. Wilson informed that item B is not about nomenclature and apprised that the approval would give administration authority to do what they want.

*(Ms. Loredó stepped out at 1:36 p.m.)*

Mr. Wilson inquired when the term centers of excellence was approved.

Mr. Glaser noted that naming an institute is not naming a physical building. He clarified that the effort is to focus on instruction in a certain area with the goal of becoming the best in this area. Mr. Glaser informed that the effort is to be the best and his understanding of the named institute is to bring the goal of being the best together.

*(Ms. Loredó returned at 1:39 p.m.)*

Dr. Maldonado apprised that the institute of health sciences would not be located in one place but there would be multiple locations that would make up an institute.

Mr. Robinson noted that you are not able tell people that you are the best. He informed that there is an objective standard in being the best. Mr. Robinson apprised that the best includes the best graduation and persistence rates. He noted that he is not voting for anything until he is clear on the item. He informed that changing a nomenclature does not change the silo mentality. He apprised that his only concern is not to change the name of Coleman College.

Mr. Oliver moved to call the question. The motion failed 3-4 with Capó, Oliver and Robinson in favor and Trustees Loredó, Sane, Tamez, and Wilson opposing.

Mrs. Sane inquired if a vote is needed immediately.

Ms. Loredó noted that her vote of no on the name change is not reflective her support of the transformation plan.

Mr. Capó inquired if the name change has to come at the same time or if they could be voted on individually with a list of names. Dr. Maldonado informed that he will do whatever the Board desires.

Houston Community College  
Special Meeting – March 10, 2015 - Page 10

Mr. Robinson requested clarification if the Board vote on the name change is approved, would it then be presented to the community for input. Dr. Maldonado noted that is not the recommendation.

Mr. Capo apprised that his recommendation would be to pull the item.

Mr. Wilson noted that there are three options regarding the item to include vote on the item, table, or postpone.

Mr. Capo informed that the option would be to change the motion or table it.

Motion - Dr. Tamez motioned to table the item and Mrs. Sane seconded.

Motion Withdrawn - Dr. Tamez withdrew her motion and Mrs. Sane withdrew the second.

Motion - Dr. Tamez moved to postpone the item and Mrs. Sane seconded. The motion passed with vote of 7-1 with Mr. Wilson opposing.

**ADJOURNMENT**

With no further business coming before the Board, the meeting adjourned at 1:53 p.m.

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

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

# **Consent Agenda**

# ACTION ITEM

Meeting Date: April 16, 2015

Committee: *Board Governance*

ITEM NO.	ITEM TITLE	PRESENTER
<b>1</b>	<b>Modification to Board Bylaws: Article E, Sections 3 and 4 Article G, Sections 5 and 7</b>	<b>Derrick Mitchell</b>

## RECOMMENDATION

Discuss and/or approve proposed revisions to Board bylaws: Article E-Personnel Appointed By and Reporting Directly to the Board; Article G-General Board Meetings regarding Sections 5 and 7.

## COMPELLING REASON/RATIONALE

The modification to Article E, Section 3 is to clarify the reporting requirements of the External and Internal Auditors, and to clarify the Board's responsibility for retaining the External Auditor. The modification to Section 4 is to clarify the Board's responsibility for retaining Board Counsel.

The modification to Article G, Section 5 is to ensure the bylaws reflect the AG's opinion that junior/community colleges require a majority of the total membership of the body (five votes) in order to act. The modification to Article G, Section 7 is to allow the board chair and/or chancellor to pull an item from the agenda with the exception being an item that is requested by the written request of three board members.

## STRATEGIC GOAL ALIGNMENT

*Strategic Initiative:* Support Innovation

Attachment Title(s): **Proposed Modification to Bylaws-Articles E and G**

This item is applicable to the following:

Central     Coleman     Northeast     Northwest     Southeast     Southwest     3100

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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**

**Amended December 2, 2010**

**Amended November 17, 2011**

**Amended December 15, 2011**

**Amended June 21, 2012**

**Amended June 24, 2014**

**Amended November 18, 2014**

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## 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.
- 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 appointed by the Board and shall report directly to the Board Audit Committee, 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 ~~to present's~~ financial audit which shall be presented to the Chancellor and the Audit Committee of the Board ~~for approval.~~
  - 4) ~~to 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.~~
  - 4) ~~5) to meet regularly with the Board to review audits performed, audits in progress, and future audits,~~ as requested ~~by~~ 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 ~~provide advice to the Chancellor, shall work under the day to day supervision of~~ report administratively to the Chancellor, and

shall report ~~directly~~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 appointed by 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.

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.

**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 appointed by 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 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. Evaluating acquisition strategies.
- e. Evaluating long and short term financial planning.

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 G: General Board Meetings

Responsible Board Committee: Board Governance

Responsible Department/Group: Board of Trustees

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**6. 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.

**7. 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.

**8. 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.

**9. 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.

**10. 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.



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

**12. 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.

**13. 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.

**14. 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.

**15. 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.

**16. 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.

**17. 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.

**18. 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.

**19. 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.

**20. SOCIAL FUNCTIONS AND RELATED EVENTS.** The Board may congregate for social functions, such as meals or festivities, but shall refrain from discussing issues under consideration by the Board for a Board vote. Trustees may gather in a quorum at a social function unrelated to the public business of the College, or at a regional, state or national convention or workshop, if formal action is not taken. Such gatherings are not "meetings" under the law and no public notice is required to attend such gatherings. (Tex. Govt. Code 551.001).

# ACTION ITEM

Meeting Date: April 16, 2015

Committee: *Board Governance*

ITEM NO.	ITEM TITLE	PRESENTER
<b>2</b>	<b>Modification to Board Policy B:1.9-Debt Management Policy</b>	<b>Dr. Cesar Maldonado Teri Zamora E. Ashley Smith</b>

## RECOMMENDATION

Modify Policy B:1.9-Debt Management Policy to allow for private placement of long-term debt.

## COMPELLING REASON/RATIONALE

An alternative currently exists to privately place long term debt with financial institutions, which was not considered when the Debt Management Policy was approved in June 2013. Dependent upon market conditions and other circumstances, there are instances where this alternative can be more favorable for the College in terms of speed, simplicity, and/or cost than conducting a sale in the open market.

## DESCRIPTION OR BACKGROUND

Working with the college's Financial Advisor, an equitable method has been designed to solicit quotes from financial institutions for the issuance of long term debt. An amendment is necessary to add private placement as an additional method of long-term debt financing.

## FISCAL IMPACT

This method is recommended in instances of anticipated reduced interest rates and fees, or where other circumstances warrant.

## LEGAL REQUIREMENT

None

## STRATEGIC GOAL ALIGNMENT

*Strategic Initiative:* Support Innovation

Attachment Title(s): **Policy B.1.9-Debt Management Policy**

This item is applicable to the following:

Central     Coleman     Northeast     Northwest     Southeast     Southwest     3100

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## **B:1.9 Finance and Operations Debt Management**

Responsible Department: Finance and Accounting

Date Approved/Amended: June 25, 2013

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### **B:1.9 Debt Management**

The purpose of the Houston Community College (the “System”) Debt Management Policy is to establish and maintain well-defined debt management guidelines for issuing new debt, as well as managing outstanding debt. This Policy will allow the System to sustain a strong debt management program, achieve the lowest borrowing costs and maintain the greatest management flexibility.

The System’s Debt Management Policy applies to all debt instruments issued by the System or secured with revenues of the System (PFC bonds) regardless of the purpose for which issued or the funding source for repayment. These instruments include but are not limited to General Obligation Bonds, Maintenance Tax Notes, Contractual Obligations, Revenue Bonds and Lease Revenue Bonds.

#### **B:1.9.1 Objective**

The primary objective is to ensure prudent debt management practices which:

- A. Maintain financial stability
- B. Preserve public trust
- C. Minimize costs to taxpayers
- D. Minimize borrowing costs
- E. Preserve access to financial markets
- F. Demonstrate adequate administrative oversight of debt programs

#### **B:1.9.2 Available Borrowing Methods**

The System can utilize the following types of debt as approved by the Texas Education Code and the Texas Government Code:

- A. General Obligation Bonds (“GO Bonds” or “Limited Tax Debt”)** – The Texas Education Code § 130.122 authorizes the System to issue bonds for the construction, acquisition, and equipment of school buildings and the purchase of necessary sites for school buildings. The System secures these bonds through

levying, pledging, assessing and collecting annual ad valorem taxes sufficient to pay the principal and interest on the bonds as they become due, provided that the annual bond tax shall never exceed 50 cents on the \$100 valuation of taxable property in the System. The combined rate for bond taxes and maintenance taxes shall never exceed the aggregate of \$1 on the \$100 valuation of taxable property in the System. Bonds may be issued in various series or issues and shall mature serially or otherwise not more than 40 years from their issuance date, and shall bear interest at the rate established by the Board of Trustees, and may be redeemed before maturity. The bonds require voter approval to be issued (§ 130.122 (b)) and the elections must be conducted on uniform election dates in May and November.

- B. Maintenance Tax Notes (“MTN”)** - The System may pledge any available funds of the System, including the proceeds of its maintenance tax, to secure negotiable maintenance tax notes under § 45.108 and §130.084, Texas Education Code. The proceeds of these notes may be used for any capital maintenance expenditure including environmental clean-up and asbestos removal programs or maintenance, repair, rehabilitation, or replacement of heating, air conditioning, water, sanitation, roofing, flooring, electric or other building systems of existing school properties. Notes issued pursuant to this section may not at any time exceed 75% of the previous year’s income, may be issued only after a budget has been adopted for the current school year, and must mature not more than 20 years from their issuance date. Voter approval is not required.
- C. Contractual Obligations** - The System is authorized to incur contractual obligations under Chapter 271, Local Government Code to pay for computers, furniture and other moveable personal property. These contractual obligations are payable from maintenance taxes. The maturity of a contractual obligation may not exceed 25 years. Voter approval is not required.
- D. Lease Revenue Bonds** - The System has formed a Public Property Finance Corporation under Chapter 303, Local Government Code. This corporation has the authority to issue bonds to construct any necessary facilities for the System without an election. These bonds are secured by lease payments, payable from any lawfully available funds of the System that are subject to annual appropriations.
- E. Revenue Bonds (Senior Lien and Junior Lien)** - Under § 130.123, Texas Education Code, the System is authorized to issue revenue bonds to provide funds to acquire, purchase, construct, improve, renovate, enlarge, equip, operate, and/or maintain any property, buildings, structures, activities, or operations of any nature. The bonds are payable from and secured by pledge of certain Pledge Revenues, as defined and provided in the board resolution, which Pledged Revenues include General Fees, Laboratory Fees, Miscellaneous Fees, Out-of- District Fees, Technology Fees, Continuing Education Fees, Tuition (not

exceeding 25% of total tuition collection), and any other fees, revenues, or receipts of the System. Voter approval is not required.

- F. Refunding Bonds** – Chapter 1207, Texas Government Code, authorizes school districts to refund or refinance all or any part of the System's outstanding bonds and matured or unmatured but unpaid interest on those bonds payable from ad valorem taxes by issuing refunding bonds payable from ad valorem taxes. Voter approval is generally not required.

### **B:1.9.3 Debt Financing Guidelines**

The System will consider all possible debt structures which, allow for flexibility in responding to future needs, efficiently utilize available debt capacity, continue to emphasize credit considerations, and match well with the useful life of the assets for which debt is incurred.

- A.** Debt is a financing tool which should be judiciously used within the System's legal, financial and debt market capacities.
- B.** Debt Defined – The creation of debt occurs when a governing body incurs a financial obligation that is over a period greater than the current year.
1. Cash Flow Financings – Cash flow financings that are issued in anticipation of the receipt of revenues, and the tax dollars are levied, appropriated, and expected to be received in the fiscal year in which the notes are issued. Tax Anticipation Notes are payable from current year revenues and, therefore, do not constitute debt.
  2. Short-Term Debt – For purposes of this policy, short-term debt refers to debt with a repayment term of less than five (5) years.
  3. Long-Term Debt – For purposes of this policy, long-term debt refers to debt with a repayment term greater than the maximum term of short-term debt, up to the maximum term allowable by law.
- C. Conditions for Which Short-Term Debt May Be Issued** - Short-term financing will be considered for projects that cannot be funded from available current resources. The repayment term of any issue will be the greater of five (5) years or the longest useful life of any asset class purchased from the proceeds of the issue. The total amount financed may not exceed 10% of operating revenue.
- D. Conditions for Which Long-Term Debt May Be Issued** – Long-Term debt may be issued to finance major capital improvements: i.e. to purchase facility/venue sites, to finance infrastructure improvements, construction of new facilities, significant expansions of existing facilities, extensive remodeling of existing

structures and the equipping thereof. Depending upon the location of the facilities, one or more of the following options may apply:

**1. General Obligation Bonds** – Capital requirements for the construction, acquisition, and equipping of buildings, and the purchase of necessary sites for buildings will be identified through the System’s Master Planning activities. Capital improvements recommended as a result of the Master Planning process are formalized in a capital improvement program (CIP) subject to voter approval. The capital planning process may incorporate demographic data, facility planning data, and debt financing data from the System’s Financial Advisor, architects and other professionals. General obligation bonds are intended to provide long-term financing for facilities in the System’s taxing jurisdiction.

While General Obligation Bonds are the preferred method for the System to finance its CIP, it is impractical to conduct a bond election for each project individually. As such, the System will consider alternate financing methods for projects that are located within either the taxing jurisdiction or service area of the System.

**2. Lease Revenue Bonds** - Capital requirements for the construction, acquisition, and equipping of buildings, and the purchase of necessary sites for buildings will be identified through the System’s Master Planning activities. If the System needs a new facility within its taxing jurisdiction and it is not practical to hold a bond election for this single project, then the System will request that the PFC finance the facility.

**3. Revenue Bonds (Senior Lien and Junior Lien)** - Capital requirements for the construction, acquisition, and equipping of buildings, and the purchase of necessary sites for buildings will be identified through the System’s Master Planning activities. Tax supported Bonds can only be issued for projects within the System’s taxing jurisdiction; therefore Revenue Bonds will be issued primarily for projects within the System’s service area but outside the taxing jurisdiction.

**4. Debt Refunding** – The refinancing and/or restructuring of debt are valuable debt management tools used to provide the System with debt service savings or debt payment relief. Debt is often restructured through the issuance of refunding bonds. Current refundings occur when the refunding bonds are settled within 90 days of an optional prepayment date. Advance refundings occur when the refundings are settled more than 90 days in advance of an optional prepayment date. Federal restrictions allow an issue to be advance refunded only once on a tax exempt basis. Current refunding transactions may be considered if they produce at least a 3% net present value savings of the par value of the refunded bonds. Advance refunding transactions may be

considered when the net present value savings as a percentage of the par amount of refunded bonds is at least 4%. These savings thresholds must be confirmed by the System's Financial Advisor and be based upon the same maturity schedule as existing debt.

5. **Variable Rate Debt** – Variable rate debt, when issued prudently, can help lower the cost of borrowing and provide a hedge against interest rate risk. Interest rates on variable rate debt instruments are at the short end of the yield curve because they are periodically reset (e.g. daily, weekly, or monthly) based on current market conditions. Variable rate debt gives investors the right to “put” securities back to the System at their discretion at specified future intervals. As a general rule, some rating agencies recommend that variable rate debt not exceed 25% of total bonds outstanding, although other factors may affect their evaluation of the amount they regard as acceptable. The System may consider issuing variable rate bonds, as variable short-term interest rates are historically lower than long-term fixed rates. Total variable debt will not exceed 20% of the System's total outstanding debt.

#### **E. Restrictions / Limitations of Debt Issuance:**

1. **Maintenance Tax Notes Limitations** – The total amount of Maintenance Tax Notes outstanding may not at any time exceed 75% of the previous year's income, may be issued only after a budget has been adopted for the current school year, and must mature not more than 20 years from their date. The maximum maintenance tax rate allowable by statute is \$0.50 per \$100 of taxable assessed valuation.
2. **General Obligation Bonds Limitations** – The System will evaluate debt limitations in developing debt issuance plans. The System is authorized to issue general obligation bonds and levy taxes for repayment subject to voter approval of a proposition under § 130.122(b), Texas Education Code. This section provides for a maximum tax levy of \$0.50 per \$100 of taxable valuation of property in the System for the support of System bonded indebtedness.
3. **Maturity Levels** – The term of debt shall in no case exceed 30 years. The average (weighted) bond maturities shall be kept at or below 20 years.
4. **Repayment Provisions** – The System will structure its debt in compliance with all federal, state, and local requirements as to repayment terms and seek to repay its debt in an expeditious manner within the System's overall financial objectives and in consideration of the useful life of the project and dedicated repayment revenue sources. The System will structure its debt with four primary goals: 1) to ensure the earliest possible maturity of the bonds, 2) matching or improving upon the Interest & Sinking (I&S) tax rate



assumptions and projections as discussed with the citizens of the System at the time of the bond election, 3) attempt to maintain a debt service tax rate that is stable and avoids significant year-to-year fluctuations, and 4) maintain or improve the System's bond ratings.

5. **Debt Ratios** – The System will also evaluate debt affordability ratios in developing debt issuance plans:
  - a. Debt per Capital (Debt as a % of population service area)
  - b. Debt per Student (Debt as a % of enrollment)
  - c. Debt per Market Value (Debt as a % of net assessed value)
  - d. Debt per Repayment Source
  - e. Debt Service as a % of Budget Expenditures

#### F. Debt Issuance Process:

1. **Preferred Method of Sale** – The System will sell bonds through negotiated transactions with a preselected team of underwriters, or via competitive sale featuring sealed bids. In a competitive sale, bonds are marketed to a wide spectrum of investment banking (underwriting) firms. Their bids are submitted at a specified time. The underwriter is selected based on the best bid (lowest true interest cost).

For negotiated sales, the System will select one or more underwriters through a competitive process. This process will include a request for proposals from firms considered appropriate for the underwriting of a particular issue. The Financial Advisor will set criteria deemed appropriate for the evaluation of underwriter proposals and make a recommendation to System staff based on such criteria. After review and discussion of the proposals and selection criteria by the Board Finance Committee and the Board of Trustees, the Board will select one or more underwriters that it believes will provide the System with the lowest possible true interest cost.

2. [Private Placements - Private placements are sold directly to financial institutions. These may be short, medium or long-term, fixed or floating rate. Private placements may be used in lieu of the preferred methods of sale for financing specific assets or programs or refunding of existing debt, when the private placement provides reasonably comparable terms, has a reasonably acceptable structure, and circumstances warrant.](#)

#### 3. External Financial Professionals:

- a. **Financial Advisor** – The Financial Advisor will work with System staff to:
  - Insure that the System's bonds are issued at the lowest possible interest cost and are structured in accordance with the System's financing guidelines

- Assist with credit enhancements
- Evaluate the bids submitted and recommend that they be accepted or rejected
- Review draft closing documents and monitor the closing process
- Assist in the preparation of and submit the System's Annual Disclosure Report in accordance with SEC Rule 15c2-12
- Assist in establishing repayment schedules that complement existing requirements and maintain a repayment pace acceptable to credit rating agencies

**b. Bond Counsel – The Bond Counsel will:**

- Certify that the System has the legal authority to issue bonds
- Prepare required orders, resolutions, and tax certificates
- Work with the U.S. Department of Justice-Voting Rights Section to obtain approval of all elections
- Work with the Attorney General to obtain approval of the bond issue
- Provide a legal opinion as to the enforceability and the federal income tax implications of the bonds
- Represent the System in negotiations related to the issuance of debt
- Coordinate the closing transactions

**c. Paying Agent / Registrar – The Paying Agent will:**

- Authenticate the bonds
- Send/receive transfers of money at closing
- Maintain a listing of bondholders and applicable addresses
- Receive principal and interest payments from the System and remit to bondholders
- Represents bondholders in case of default

**d. Rating Agencies – The System will obtain a credit rating from at least two nationally recognized bond rating agencies on all bond issues. There are currently three nationally recognized rating agencies: Moody's Investors Service, Standard & Poor's, and Fitch Ratings, Inc. Rating agencies assign a credit rating to bonds based on rating agency assessment of the System's financial position and ability to make full and timely payments of principal and interest, and provide a ratings report to the market prior to the sale.**

**4. Timing of Sales – The Financial Advisor will work with the Chief Financial Officer, the Treasurer and Deputy Treasurer to insure that bond proceeds are available for projects prior to the execution of construction or purchase contracts.**

5. **Bond Rating Goals** – The System will strive to maintain excellent bond ratings through:
  - a. Strong financial management practices
  - b. Timely disclosure of annual financial information including the Annual Financial Report prepared by management and attested to by the external auditors
  - c. Maintaining good relationships with bond rating agencies including site visits or meetings in person when required
  
6. **Disclosure Requirements** – The Securities and Exchange Commission (SEC) regulates both primary disclosure (the initial marketing of bonds) and continuing disclosure (the ongoing information to the market about the status of the issue and issuer). The Securities and Exchange Commission Rule 15c2-12, as amended, requires the System to provide updated annual financial information within six months of the fiscal year end to designated state and national information repositories. Timely and accurate information can improve the marketability of the System’s bonds. The System will work with its Financial Advisor to prepare and file the annual report with each nationally recognized municipal securities information repository (NRMSIR).

#### **B:1.9.4 Management of Bond Proceeds**

When bonds are issued, the proceeds are deposited in various accounts, which may include a construction fund, debt service fund, and an escrow fund in a refunding. Monies allocated to these funds are invested until needed. The investment strategy for each fund will depend, in part, on federal and state statutes and regulations governing the types of instruments permitted to be used, the yield permitted for the fund, and the anticipated drawdown of bond proceeds. Investment of bond proceeds shall comply with the System’s Investment Policy, the Public Funds Investment Act (PFIA) (Texas Government Code 2256), the Public Funds Collateral Act (Texas Government Code 2257), federal and state laws according to the cash flow schedule for capital projects. The Financial Advisor may not bid on investment products.

The System will incur within six months of the date on which proceeds are issued, a binding obligation to a third party to expend at least five percent of the sale proceeds of the Bonds on a bond project. The System reasonably expects that work on or acquisition of the project will proceed with due diligence to completion and that the proceeds of the Bonds will be expended on the project within reasonable dispatch. The System reasonably expects that 85% of the sale proceeds of the Bonds will have been expended on the project prior to the date that is three years after the issue date. Any sale proceeds not expended prior to the date that is three years after the issue date, will be either invested at a yield not “materially higher” or make yield restriction payments,

not less often than every fifth anniversary date of the delivery of the Bonds and within 60 days following the final maturity of the Bonds.

### **B:1.9.5 Management of Debt Service Fund**

The System has created or continued a debt service fund for each issuance (the “Debt Service Fund”) and the proceeds from all revenues or taxes levied, assessed, and collected for and on account of bonds are to be deposited in such Fund. The System expects that taxes levied, assessed and collected for and on account of voted debt will be sufficient each year to pay such debt service.

- A. Interest Earnings** – Interest earnings in the Debt Service Fund for general obligation bonds will be used for the purpose of paying principal, interest costs, and related fees on current and future debt.
- B. Unreserved, Undesignated Fund Balance** - The System shall target a minimum debt service fund balance of 25% of the annual debt service requirements on all outstanding debt issuance.
- C. I&S (Interest & Sinking) Tax Rate:**
  - 1. Stabilization** – The System will call or defease bonds as required by the bond order. The System may also call or defease additional bonds, if any, in order to stabilize the I&S tax rate or the total tax rate.
  - 2. Increases** – When required, tax rate increases associated with the issuance of new bonds will be implemented in the current and succeeding fiscal year.

### **B:1.9.6 Compliance**

- A. Compliance with Statutory Regulations** – The System will comply with all statutory regulations in the issuance and structuring of debt obligations.
- B. Federal Arbitrage and Rebate Compliance** – The arbitrage rules are statutory rules set forth in the Internal Revenue Code of 1986, as interpreted from time to time by regulations promulgated by the U. S. Treasury Department and rulings by the Internal Revenue Service. Generally, the rules fall into two broad categories, investment rules and rebate rules. The investment rules limit the amount that can be earned by investing bond-related money. The rebate rules are designed to require the local governmental issuer to pay to the United States certain amounts of “arbitrage profit” that may be earned under the investment rules. Both sets of rules require compliance. The System will take all necessary steps to comply with the requirements that “rebate arbitrage earnings” on the investment of “gross proceeds” of bonds, within the meaning of section 148(f) of the Code be rebated to the federal government. Specifically, the System will (a) maintain

records regarding the investment of the “gross proceeds” of bonds as may be required to calculate such “rebateable arbitrage earnings” separately from records of amounts on deposit in the funds and accounts of the System which are allocable to other bond issues of the System, (b) calculate at such intervals as may be required by applicable Regulations, the amount of “rebateable arbitrage earnings,” earned from the investment of “gross proceeds” of bonds and (c), pay, not less often than every fifth anniversary date of the delivery of bonds and within 60 days following the final maturity of bonds, or on such other dates required or permitted by applicable Regulations, all amounts required to be rebated to the federal government. The System will maintain a copy of any such calculations, and all documentation necessary to produce such calculations or necessary to establish qualification for an exemption from the need to produce such calculations, for at least six years after the close of the final calendar year during which any bond is outstanding. In addition to bond counsel, the System has contracted with a third-party arbitrage firm to insure that the System maintains compliance with arbitrage rules.

**C. Annual Disclosures** - Issuers of municipal bonds with an aggregate of \$10 million or more in outstanding debt are required by SEC Rule 15c2-12 as amended, to annually disclose certain operating data as well as audited financial statements. The required secondary market or ongoing disclosure documents are due to the state information depository (SID) and each nationally recognized municipal securities information repository (NRMSIR) within six months of the fiscal year end. The deadline is February 28th following the fiscal year end of August 31st. Accurate and timely filing of ongoing disclosure information is important as it relates to the liquidity of the System’s bonds and insures that the System has the best results when accessing the capital markets.

#### **B:1.9.7 Reporting to Committee / Board**

The Chief Financial Officer and the Financial Advisor will provide summary debt management reports to the Board Finance Committee at a minimum annually or with every bond sale. The Debt Management Policy will be reviewed on an annual basis and updated and approved by the Board.

# ACTION ITEM

Meeting Date: April 16, 2015

Committee: *Facilities and Finance*

ITEM NO.	ITEM TITLE	PRESENTER
<b>3</b>	<b>Authorization to Finance Energy Efficiency Project through a Loan from the State Energy Conservation Office</b>	<b>Dr. Cesar Maldonado Teri Zamora Charles Smith</b>

## RECOMMENDATION

Authorize the Chancellor to finance the Energy Efficiency Project approved by the State Energy Conservation Office through their LoanSTAR program in an amount not to exceed \$4,271,225.

## COMPELLING REASON/RATIONALE

Provide a low-cost, quality assured method of improving energy efficiency and reducing the College's operating cost.

## DESCRIPTION OR BACKGROUND

The Texas LoanSTAR (Saving Taxes and Resources) revolving loan program finances energy-related cost-reduction retrofits for state, public school district, public college, public university, and tax-district supported public hospital facilities. Under the LoanSTAR program, low interest rate loans are provided to assist borrowers in financing their energy-related cost-reduction efforts. Applicants repay the loans through the stream of energy cost savings realized from the projects.

The program was initiated by the Texas Energy Office in 1988 and approved by the U. S. Department of Energy (DOE) as a statewide energy efficiency demonstration program. Due to quality controls such as good audit guidelines, training, metering and monitoring, follow-up with agencies to ensure the retrofits were working properly, and building commissioning assistance for improved operation and efficiency, LoanSTAR is one of the most successful and best-documented building energy efficiency programs, state or federal, in the United States.

As of January 2014, LoanSTAR has funded over 237 loans totaling over \$395 million. Through 2013, the program had a cumulative return on investment of nearly 50%, achieving cumulative savings of over \$419 million for Texas Taxpayers.

Each April and October, the State Energy Conservation Office (SECO) publishes a Notice of Loan Fund Availability and request for applications of LoanSTAR loans. The College submitted a LoanStar application on 15 December 2014. We received a score of 37, the highest possible without providing the completed Energy Assessment Report (EAR). SECO has conditionally reserved \$4,271,225 of loan funds for HCC until April 17, 2015. This iteration of the SECO LoanSTAR Program, which does not require approval from the Bond Review Board, comes with a fixed interest rate of 1% for up to 15 years.

The current proposal includes energy saving projects for approximately 1.4 MM SF of our existing 3.7 MM SF, has a 6.5 year simple payback, and should save the College about \$670,000 per year (at current rates).

## FISCAL IMPACT

There is no immediate net fiscal impact. Debt service costs will be paid from utility cost savings.

## LEGAL REQUIREMENT

The LoanSTAR program is administered under Title 34 Texas Administration Code §19.41-45. This section provides the guidelines for project eligibility, the application and selection process, and for project funding and repayment.

## STRATEGIC GOAL ALIGNMENT

*Strategic Initiative:* 1. Cultivate an Entrepreneurial Culture Across the Institution  
2. Leverage Local and International Partnerships for Institutional and Community Development.

Attachment Title(s): **Preliminary Energy Assessment**

This item is applicable to the following:

Central     Coleman     Northeast     Northwest     Southeast     Southwest     3100

# STATE ENERGY CONSERVATION OFFICE (SECO) LOANSTAR LOAN APPLICATION



## HOUSTON COMMUNITY COLLEGE

3100 Main Street

Suite 12c06

Houston, Texas 77002

Submitted by:

**Integral Solutions**

in association with

**ESA Energy Systems Associates, Inc**

December 15, 2014

State of Texas Engineering Firm # F-4882

DECEMBER 15, 2014

ESA 1



## 1.0 EXECUTIVE SUMMARY:

This PRELIMINARY ENERGY ASSESSMENT (PEA) REPORT is being submitted to the **State Energy Conservation Office (SECO)**, a division of the **State of Texas Comptroller of Public Accounts**, in response to the *Notice of Loan Funding Application* dated October 1, 2014.

The Texas LoanSTAR (Saving Taxes and Resources) Program finances energy-related cost-reduction retrofits for state, public school district (excluding charter schools), public college, public university, and tax-district supported nonprofit hospital facilities. Low interest rate loans are provided to assist those institutions in financing their energy-related cost-reduction efforts. The program's revolving loan mechanism allows Applicants to repay loans through the stream of energy cost savings realized from the projects.

Preliminary Energy Assessment's (PEA) may be submitted for both Design-Bid-Build and Design-Build projects, and must be completed by a Professional Engineer licensed in the State of Texas. PEAs must include ECRMs or UCRMs that will be completed to reduce utility (energy and water) costs, and both the implementation costs and projected energy cost savings (along with Simple Payback Projections) must be documented for each ECRM and UCRM in the PEA.

In November 2014, **ESA** received a request for technical assistance from **Entegral Solutions** (also known as **E3**). **ESA** responded by sending a data gathering team to the designated **HCC** sites to obtain the information necessary to prepare this PEA report for **HCC** facilities. The conclusions stated within this report are intended to provide support for the college as it determines the most appropriate path for facility renovation, especially as it pertains to the energy consuming systems currently operating within their campuses, and as technical documentation in support of the LoanSTAR Loan Application submitted to **SECO**.

This study has focused on energy efficiency and systems operation. To that end, an analysis of the utility usage and costs for **HCC** was completed to determine the annual energy cost index (ECI) and energy use index (EUI) for each campus or facility. A complete listing of the Base Year Utility Costs and Consumption is provided in Section 3.0 of this report.

Following the utility analysis and a preliminary consultation with Mr. Charles Smith, **HCC**'s Chief Facilities Officer, a walk-through energy analysis was conducted throughout several of the most energy intensive facilities. Specific findings of this survey and the resulting recommendations for both operation and maintenance procedures and cost-effective energy retrofit installations are identified in Section 7.0 of this report.

We estimate that as much as \$668,125 may be saved annually if all recommended projects are implemented. The estimated installed cost of these projects should total approximately \$4,131,225, yielding an average simple payback of 6¼ years.

**Table 1: Summary of Recommended Energy Cost Reduction Measures (ECRMs)**

SUMMARY	DESCRIPTION OF RECOMMENDATION	IMPLEMENTATION COST	ESTIMATED SAVINGS	SIMPLE PAYBACK
ECRM#1 - Admin	Install Occupancy & RH Sensors	\$146,800	\$48,000	3
ECRM#2 - Admin	Lighting Controls	\$134,250	\$24,500	5½
ECRM#3 - Admin	Replace Fan Motors and VFD's	\$107,000	\$18,650	5¾
ECRM#4 - Admin	Install Isolation Valves on Boilers	\$14,000	\$2,700	5¼
ECRM#5 - Admin	Retro-Commissioning	\$134,425	\$53,770	2½
ECRM#6 - Admin	Building Automation System (BAS) Replacement	\$652,500	\$90,000	7¼
ECRM#7A - Admin Parking Garage	Lighting System Replacement	\$69,400	\$17,000	4
ECRM#7B - Admin Building	Lighting System Replacement	\$490,000	\$91,200	5
<b>TOTAL ADMINISTRATION PROJECTS</b>		<b>\$ 1,748,375</b>	<b>\$345,820</b>	<b>5 years</b>
ECRM#8 - NEC	VFD on Hot Water Distribution	\$8,000	\$1,200	6½
ECRM#9 - NEC	Lighting & FCU Control	\$37,750	\$7,600	5
ECRM#10A- NEC	Lighting Renovation @ Codwell Hall	\$102,000	\$18,600	5½
ECRM#10B - NEC	Lighting Renovation @ Central Plant	\$19,500	\$8,750	2
ECRM#10C - NEC	Lighting Renovation @ Northline	\$132,000	\$22,800	5¾
<b>TOTAL NORTHEAST CAMPUSES</b>		<b>\$299,250</b>	<b>\$58,950</b>	<b>5</b>
<b>SUMMARY:</b>	<b>DESCRIPTION OF</b>	<b>IMPLEMENTATION</b>	<b>ESTIMATED</b>	<b>SIMPLE</b>

	RECOMMENDATION	COST	SAVINGS	PAYBACK
ECRM#11 - SEC	Isolation Valves on Chiller/Boiler	\$21,000	\$2,250	9
ECRM#12A - SEC	Lighting Renovation	\$320,000	\$52,600	6
ECRM#12B - SEC	Lighting Renovation @ Parking Garage	\$21,000	\$7,000	3
<b>TOTAL SOUTHEAST CAMPUSES</b>		<b>\$362,000</b>	<b>\$61,850</b>	<b>6</b>
ECRM#13 - SWC	Chiller Replacement	\$390,000	\$32,460	12
ECRM#14 - SWC	Chiller/RTU Replacement @ West Loop Campus	\$664,000	\$63,875	10½
ECRM#15A - SWC	Lighting Renovation @ Scarcella & Learning Hub	\$212,000	\$36,000	5¾
ECRM#15B - SWC	Lighting Renovation @ West Loop	\$217,500	\$41,900	5
<b>TOTAL SOUTHWEST CAMPUSES</b>		<b>\$1,483,500</b>	<b>\$174,235</b>	<b>8½</b>
ECRM#16 - NWC	Rooftop Unit Replacement	\$193,000	\$18,250	10½
ECRM#17A - NWC	Lighting Renovation @ Alief Bissonet	\$45,100	\$9,020	5
<b>TOTAL NORTHWEST CAMPUSES</b>		<b>\$238,100</b>	<b>\$27,270</b>	<b>8¾</b>
<b>TOTAL FEE FOR ENERGY ASSESSMENT REPORT</b>		<b>\$140,000</b>		
<b>TOTAL LOANSTAR APPLICATION</b>		<b>\$4,271,225</b>	<b>\$668,125</b>	<b>6½</b>

Although additional savings from reduced maintenance expenses are anticipated, these savings projections are not included in the estimates provided above. As a result, the actual Internal Rate of Return (IRR), for this retrofit program is expected to be even higher than reported within this PEA.

As a final note, time restraints in submission of this Preliminary Energy Audit report allowed our firm to survey only 1,441,224 sf of the total 3,797,716 sf (ie, 38%) of the total HCC facility inventory. Although the facilities included within this report were carefully selected for their higher-than-average utility bills, the results of this energy audit suggest that an average of \$0.51/sf can be saved each year on HCC utility bills. If only 75% of that average is projected throughout all HCC facilities, *overall annual savings would be approximately \$1,500,000.*

As a result, we suggest that the remaining facilities be surveyed and submitted for the next LoanSTAR Loan Application program that will be release in the Spring of 2015.

Report Submitted By:

ESA Energy Systems Associates, Inc.

James W. Brown, P.E.

December 15, 2014

Firm # F-4882

## 2.0 ENERGY ASSESSMENT PROCEDURE:

Involvement in this LoanSTAR Loan program is being initiated through the completion of a Preliminary Energy Assessment. This PEA, submitted in conjunction with a LoanSTAR Loan

Application should result in the receipt of a Memorandum of Understanding (MOU) from SECO. The sole purpose of the MOU is to reserve LoanSTAR funds for the successful Applicant during the period the Energy Assessment Report (EAR) is being prepared. This document should not be construed as a loan agreement and does not authorize the expenditure of funds for LoanSTAR projects. LoanSTAR project expenditures cannot be incurred before the effective date cited in a fully executed loan agreement unless those expenditures are approved in the LoanSTAR Technical Guidelines. Commitment of funding to applicants will take place upon execution of the MOU. Those applicants must then submit an EAR by the date identified in the MOU.

The maximum loan amount for any individual loan application shall not exceed \$7.5 million.  
The published interest rate for the October 2014 application program has been set at 2.0%.

The loan repayment term is equal to the Total Loan Payback for Design-Bid-Build and Design Build projects, but shall not exceed ten (10) years for the composite of all ECRM's submitted for the overall renovation program. Individual ECRM's must demonstrate a simple payback of less than the ECRM's/UCRM's estimated useful life.

Project expenses will be reimbursed on a "cost reimbursement" basis.

Examples of projects that are acceptable may include:

- Building and mechanical system commissioning and optimization
- Energy management systems and equipment control automation
- High efficiency heating, ventilation and air conditioning systems, boilers, heat pumps and other heating and air conditioning projects
- High efficiency lighting fixtures and lamps
- Building Shell Improvements (insulation, adding reflective window film, etc.)
- Load Management Projects
- Energy Recovery Systems
- Low flow plumbing fixtures, high efficiency pumps
- Systems commissioning
- Renewable energy efficiency projects are strongly encouraged wherever feasible, and may include installation of distributed technology such as rooftop solar water and space heating systems, geothermal heat pumps, or electric generation with photovoltaic or small wind and solar-thermal systems.

### **3.0 ENERGY PERFORMANCE INDICATORS:**

In order to easily assess energy utilization and current level of efficiency, there are two key "Energy Performance Indicators" calculated within this report.

## 1. Energy Utilization Index

The Energy Utilization Index (EUI) depicts the total annual energy consumption per square foot of building space, and is expressed in "British Thermal Units" (BTUs). To calculate the EUI, the consumption of electricity and gas are first converted to equivalent BTU consumption via the following formulas:

*ELECTRICITY Usage:* [Total KWH /Yr] x [3,413 BTUs/KWH] = \_\_\_\_\_ BTUs / yr

*NATURAL GAS Usage:* [Total MCF/Yr] x [1,030,000 BTUs/MCF] = \_\_\_\_\_ BTUs / yr

After adding the BTU consumption of each fuel, the total BTUs are then divided by the building area. EUI = [Electricity BTUs + Gas BTUs] divided by [Total square feet]

## 2. Energy Cost Index

The Energy Cost Index (ECI) depicts the total annual energy cost per square foot of building space. To calculate the ECI, the annual costs of electricity and gas are totaled and divided by the total square footage of the facility:

ECI = [Electricity Cost + Gas Cost ] divided by [ Total square feet ]

These indicators may be used to compare the facility's current cost and usage to past years, or to other similar facilities in the area. Although the comparisons will not provide specific reasons for unusual operation, they serve as indicators that problems may exist within the energy consuming systems.

HCC Facility	sf	ECI \$/sf
Administration	537,698	\$2.40
Central College	743,152	\$1.71
Coleman College	140,000	\$2.12
Northeast College	406,119	\$2.66
Northwest College	149,603	\$4.11
Southeast College	350,000	\$2.52
Southwest College	814,342	\$2.25
<b>Total: 3,140,914</b>		<b>Ave: \$2.54</b>

## 4.0 RATE SCHEDULE ANALYSIS:

### ELECTRICITY PROVIDER:

RETAIL ELECTRIC PROVIDER: Cavallo Energy Contract price: \$0.04847

ADDITIONAL RIDER CHARGE: Cavallo Energy (GLO Rate) \$0.01/kWh

TRANSMISSION AND DISTRIBUTION UTILITY: Reliant

Electric Rate: Secondary Service > 10 kVA

#### I. TRANSMISSION AND DISTRIBUTION CHARGES:

Customer Charge	= \$65.83 per meter
Transmission Charge	= \$2.2387 per kW (4cp)
Distribution System Charge	= \$3.05943 per Billing kW
SYSTEM BENEFIT FUND	= \$0.000655 per kWh
Delivery Point Charge	= \$63.070 per meter

#### II. TRANSITION CHARGES

Transition Charge 1	= \$0.188/kW
Transition Charge 2	= \$0.248/kW

III. NUCLEAR DECOMMISSIONING CHARGE = \$0.00183 per Billing kW

IV. TRANSMISSION SERVICE CHARGE = \$1.93483 /4CP kW

V. ENERGY EFFICIENCY COST RECOVERY FACTOR = \$.00060 per kWh

VI. UTILITY SERVICE QUALITY CREDIT = \$-.0374 per Billing kW

#### VII. TRANSITIONS Charge:

TC2 (stranded costs)	= \$.0025 per kWh
TC5 (stranded costs)	= \$.00268 per kWh
TC3 (stranded costs)	= \$.00106 per kWh
TC4 (stranded costs)	= \$.20154 per Billing Kw

VIII. ENERGY EFFICIENCY SURCHARGE = \$2.58 per meter

Average Savings for consumption = \$0.065965/kWh

Average Savings for demand = \$ 7.66/kW\*\*

\*\* This number is a generalization of average cost per kW because the rate schedule from Oncor utilizes three (3) different types of demand for the calculation of the utility bill:

1. NCP kW: Peak demand during 15 minute interval of current billing cycle
2. 4CP kW: Average demands of June, July, August and September of previous calendar year; usually only applied to IDR metered accounts
3. Billing kW: Ratchet demand representing higher of two calculations: 80% of peak demand in last 11 months or current NCP kVA

# ACTION ITEM

Meeting Date: April 16, 2015

Committee: *Facilities and Finance*

ITEM NO.	ITEM TITLE	PRESENTER
<b>4</b>	<b>Specific Authorization to Enter into Transmission Related Utility Service Extension Contracts</b>	<b>Dr. Cesar Maldonado Teri Zamora Charles Smith</b>

## RECOMMENDATION

Authorize the Chancellor to approve any transmission related utility service extensions required to execute an approved capital project, provided that the funds required for such extension are available within the Board approved project budget amount; and/or are within the Chancellor's stipulated approval authority.

## COMPELLING REASON/RATIONALE

The requested approval authority provides transparency and expedites the conduct of routine construction where there is no choice of provider and the only decision to be made is whether to continue with the project or not.

## DESCRIPTION OR BACKGROUND

Historically, electrical, water, sewer and telecommunications utilities in Texas have been regulated by the Public Utility Commission of Texas (PUCT) and natural gas utilities have been regulated by the Railroad Commission of Texas (RRC). Although the system has evolved to permit customers to choose who they purchase electrical, telecommunications, and (in some cases) natural gas from, there are no competitors in the provision of wires, pipelines and infrastructure that comprise each utility grid.

The Houston Community College System service area is served by CenterPoint Energy Houston Electric, L.L.C. (CenterPoint) for electrical infrastructure, CenterPoint Energy (CenterPoint) for natural gas infrastructure, and a variety of companies that are successor entities to the regulated telephone providers for telecommunications.

The existing CIP budgets have the utility service extensions within the College's, rather than the contractor's, portion of each budget for legal and fiscal reasons. Without extensions of utility service, the projects cannot be built.

The Administration desires to make the basis for such approvals transparent without burdening the Board with frequent approvals of utility construction contracts, all of which are included in the approved project budgets.

## FISCAL IMPACT

There is no net fiscal impact. The funds for each service extension are included in each approved project package.

## LEGAL REQUIREMENT

44 TAC 031 specifically allows purchase of utility services on a sole source basis.

Texas Attorney General's Opinion GA0352 states that in Section 791.011(d)(1) of the Local Government Code "the legislature did not necessarily require that each contract be formally



approved by the contracting entity's governing body" and states that such approval authority may be delegated within the agency.

## **STRATEGIC GOAL ALIGNMENT**

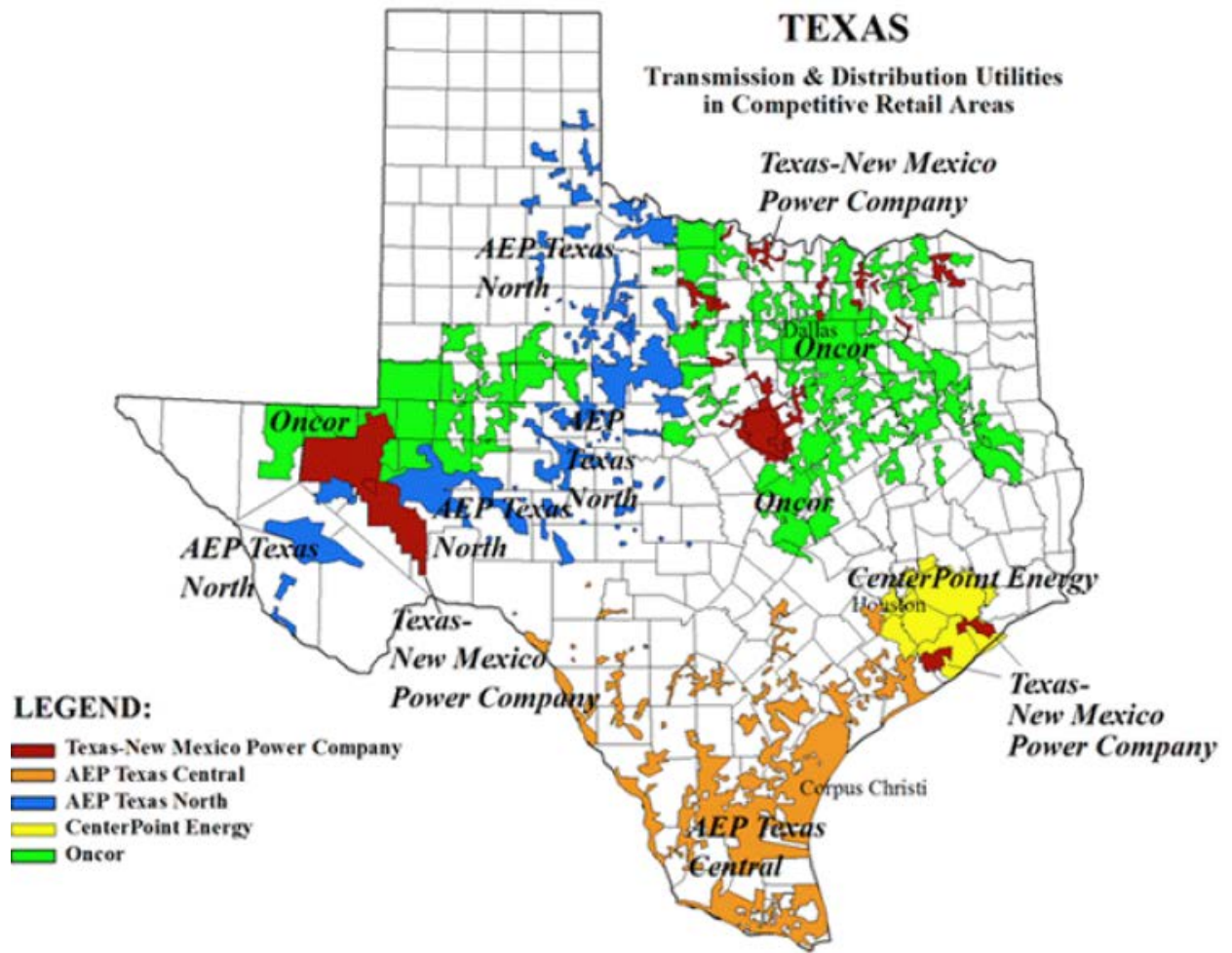
*Strategic Initiative:* Cultivate an Entrepreneurial Culture Across the Institution

Attachment Title(s): **1. Centerpoint Electric Service Area (Attachment A)**

This item is applicable to the following:

Central     Coleman     Northeast     Northwest     Southeast     Southwest     3100

Attachment A: Centerpoint Electric Service Area



Source: Texas Public Utilities Commission

# ACTION ITEM

Meeting Date: April 16, 2015

Committee: *Facilities and Finance*

ITEM NO.	ITEM TITLE	PRESENTER
<b>5</b>	<b>Waste Collection and Disposal Services (Project No. RFP 15-04)</b>	<b>Dr. Cesar Maldonado Teri Zamora Rogelio Anasagasti</b>

## RECOMMENDATION

Authorize the Chancellor to negotiate and execute a contract with Sprint Waste Services, L.P., to provide Waste Collection and Disposal Services on an "as needed" basis, in accordance with RFP 15-04.

The contract term for the awarded contract will be three (3) years with the option to renew for two (2) one-year terms.

## COMPELLING REASON/RATIONALE

Houston Community College issued a Request for Proposal (RFP) for the selection of a firm to provide Waste Collection and Disposal Services for HCC systemwide.

Key features of the scope of service include:

1. Regulatory compliance with all related local, state and federal regulations;
2. Collection of waste materials and disposal services at HCC campus locations;
3. Compactor collection and waste disposal services; and
4. Supply all required waste collection containers.

This recommendation to the Board of Trustees is in accordance with RFP 15-04 and Chapter 44.031(a) of the Texas Education Code.

## DESCRIPTION OR BACKGROUND

The Request for Proposal (RFP 15-04) was issued on November 7, 2014. The solicitation document was distributed electronically in addition to being published in local newspapers; notice was provided to forty-nine (49) firms. Additionally, the solicitation was duly posted on the Electronic State Business Daily (ESBD) website. Six (6) responses were received by the solicitation due date of December 10, 2014 at 2:00 p.m.; one subsequently withdrew. The five (5) remaining responses have been evaluated and scored by the Evaluation Committee.

## FISCAL IMPACT

The fee for Waste Collection and Disposal Services shall be negotiated prior to contract award, the proposed annual cost is \$227,204. The funding source shall be HCC Operations Budget.

## LEGAL REQUIREMENTS

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 15-04 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 providing.

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 firms offering the best value based on the published selection criteria as evidenced in the final evaluation ranking.

## **STRATEGIC GOAL ALIGNMENT**

*Strategic Initiative:* Support Innovation

Attachment Title(s): **1. Summary of Procurement**  
**2. Summary Composite Score Sheet**

This item is applicable to the following:

Central     Coleman     Northeast     Northwest     Southeast     Southwest     3100

**SUMMARY OF PROCUREMENT  
BOARD ACTION ITEM**

**PROJECT TITLE:** Waste Collection and Disposal Services

**PROJECT NO.:** RFP 15-04

**PROCUREMENT METHOD:** Request for Proposal (Overall Best Value)

**PROJECT MANAGER:** Betty Brown, Manager of Janitorial Services

**NAME OF BUYER:** Jennifer Chiu, Senior Buyer

**PURPOSE:** Houston Community College issued a Request for Proposal (RFP) for the selection of a firm to provide Waste Collection and Disposal Services on an “as needed” basis, in accordance with RFP 15-04.

**RECOMMENDED VENDORS:** Sprint Waste Services, L.P.

**LEGAL REQUIREMENTS:** 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 15-04 document and in accordance with Chapter 44.031 of the Texas Education Code, the Evaluation Committee has selected the offeror that submitted the proposal that offers the best value for the district based on the published selection criteria and on its ranking evaluation.

Chapter 44.031(a) 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 firms offering the best value based on the published selection criteria as evidenced in the final evaluation ranking.

**LOCATION INFORMATION:** In performing the work under RFP 15-04, the recommended vendor will be working out of their Houston offices.

**PROJECTED VALUE:** The fee for Waste Collection and Disposal Services shall be negotiated prior to contract award, the proposed annual cost is \$227,204. The funding source shall be HCC Operations Budget.

**CONTRACT TERM:** The contract term for the awarded contract will be three (3) years with the option to renew for two (2) one-year terms.

**ADVERTISEMENT & NOTICE:**

This procurement was advertised in the following newspapers:

- The Houston Chronicle on November 9 & 16, 2014
- African American on November 10 thru 23, 2014
- La Información on November 13 thru 19, 2014
- Voice of Asia on November 9 & 16, 2014
- Texas State Procurement Website on November 7, 2014
- HCC Procurement Operations Website November 7, 2014

**SOLICITATION INFORMATION:**

The Request for Proposal (RFP 15-04) was issued on November 7, 2014. The solicitation document was distributed electronically in addition to being published in local newspapers; notice was provided to forty-nine (49) firms. Additionally, the solicitation was duly posted on the Electronic State Business Daily (ESBD) website. Six (6) responses were received by the solicitation due date of December 10, 2014 at 2:00 p.m. Six (6) responses were deemed responsive to the requirements of RFP 15-04 and were submitted to the Evaluation Committee for evaluation and scoring. Following the evaluation of proposals, Progressive Waste Solutions of Texas withdrew their offer due to an error in their price proposal.

**COMPETITIVE:**

Yes, see Composite Score Sheet.

**PROPOSAL EVALUATION:**

Responses were evaluated by the Evaluation Committee which consisted of representatives with relevant subject matter understanding who scored proposals in accordance with the published evaluation criteria noted below.

<b>Evaluation Criteria</b>	<b>Available Points</b>
Firm's Profile, Overview and Qualification & Experience	10
Demonstrated Qualifications of Personnel and Team	10
Proposed Approach & Methodology	20
Past Performance & References	20
Price/Cost Schedules, Billing Rates	30
<u>Small Business Practices</u>	<u>10</u>
<b>Total</b>	<b>100</b>

**PRIOR HCC EXPERIENCE:**

Yes.

**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 25% Good Faith Effort – Small Business participation goal. The recommended firm proposed to exceed the advertised goal with a 56% Small Business participation commitment using Nation's Waste to service front load dumpsters.

*Balance of page intentionally left blank.*

## RFP 15-04 Waste Collection and Disposal Services

### Summary Composite Score Sheet

Firm	Evaluation Criteria						Total
	Firm's Profile, Overview, Qualifications and Experience	Demonstrated Qualifications of Personnel and Team	Proposed Approach and Methodology	Past Performance and References	Price/Cost Schedules, Billing Rates	Small Business Practices	
<i>Available Points</i>	<b>10</b>	<b>10</b>	<b>20</b>	<b>20</b>	<b>30</b>	<b>10</b>	<b>100</b>
Sprint Waste Services, L.P.	7.60	6.80	16.00	15.20	16.24	10.00	71.84
Nation Waste, Inc.	6.80	6.00	14.40	13.60	20.94	10.00	71.74
Waste Corporation of Texas (WCA)	7.60	6.40	13.60	16.00	19.27	4.80	67.67
OP Enterprise Waste Services	5.60	6.00	12.00	9.60	21.49	0.00	54.69
Waste Management of Texas, Inc.	7.60	6.80	13.60	16.00	9.97	0.00	53.97

Note: Following the evaluation of proposals, Progressive Waste Solutions of Texas withdrew their offer due to an error in their price proposal.



# ACTION ITEM

Meeting Date: April 16, 2015

Committee: *Facilities and Finance*

ITEM NO.	ITEM TITLE	PRESENTER
<b>6</b>	<b>Naming Opportunity for Robert Garner Firefighter Academy at HCC Northeast College</b>	<b>Dr. Cesar Maldonado Carne Williams E. Ashley Smith</b>

## RECOMMENDATION

Authorize the Chancellor to accept the proposed naming opportunity for the Robert Garner Firefighter Academy at HCC Northeast College.

## COMPELLING REASON/RATIONALE

Public recognition of the Robert Garner Firefighter Foundation's generosity toward HCC through HCC Foundation will further the foundation for a long lasting partnership between the two entities.

## DESCRIPTION OR BACKGROUND

The naming opportunity would be commensurate with a pledge of \$7.5 million, payable over 25 years, with an initial gift of \$300,000 on July 1, 2015 to the HCC Foundation from the Robert Garner Firefighter Foundation in support of the HCC Firefighter Academy located at HCC Northeast College. These funds will be used to provide scholarships for students enrolled in the HCC Firefighter Academy (scholarship to cover tuition, fees, and course materials). The HCC Firefighter Academy trains and educates students in fire and arson investigation, fire suppression, fire prevention and fire service management. The Academy is part of the HCC Public Safety Institute which offers the region's best training for those entering the law enforcement, emergency medicine service and firefighting fields. Funding received from the Robert Garner Firefighter Foundation will help ensure students in the HCC Firefighter Academy have access to critically needed scholarship resources and can excel as the next generation of Houston firefighters.

## FISCAL IMPACT

N/A

## LEGAL REQUIREMENT

In compliance with policy B:2.10-Naming Opportunity.

## STRATEGIC GOAL ALIGNMENT

*Strategic Initiative:* Action 5.3: Expand opportunities for the HCC Foundation to fund capital projects, program excellence, and faculty development.

Attachment Title(s): **Foundation Fund Agreement (Sample)**

This item is applicable to the following:

Central  Coleman  Northeast  Northwest  Southeast  Southwest  3100



**Houston Community College Foundation**  
***Robert Garner Firefighter Foundation***  
**Fund Agreement**

The **Robert Garner Firefighter Foundation** (“Foundation”), of Houston, Texas hereby pledges to Houston Community College Foundation (“HCCF”) an annual gift in the amount of **\$300,000** to be paid on July 1<sup>st</sup> annually for the next **25 years**, with the first payment to be made on July 1, 2015. The gifted funds are to be used to create the **Robert Garner Firefighter Academy** with HCC and are to be administered according to the following provisions.

1. The funds contributed by the Foundation, together with all earnings thereon, may be merged for investment purposes with the general investment assets of HCCF, but our gift shall be entered into the books and records of HCCF as the **Robert Garner Firefighter Foundation Fund** (“The Fund”), and shall always be so designated.
2. The purpose of The Fund is to provide funds for the support of students attending the HCC Fire Training Academy (“Academy”), specifically tuition, books, fees, equipment and other costs directly related to attendance at the Academy. The Fund will be administered by the director of the Academy or his/her designee. During the life of The Fund, the Academy shall be named the **Robert Garner Firefighter Academy** and all printed and marketing material for the Academy will contain the name **Robert Garner Firefighter Academy** and otherwise prepared accordingly.
3. The \$300,000 will be expended from The Fund each year in accordance with the policies established by the Board of Directors of HCCF and in accordance with The Texas Uniform Prudent Management of Institutional Funds Act, Texas Property Code 163.001 *et seq.*
4. Should the fulfillment of the purpose of our gift become impracticable, unlawful, impossible to achieve, wasteful, obsolete, or inappropriate, as determined by the Board of Directors of HCCF, then my/our gift should be used for the purpose most in keeping with our special interests as described in paragraph (2). However, The Fund will be retained as a permanent endowment and known as the **Robert Garner Firefighter Foundation Fund** in the books and records of HCCF. In the event the **Robert Garner Firefighter Foundation** raises less than \$400,000.00 in a calendar year, the annual contribution shall be reduced to 75% of actual funds raised but no less than \$200,000 for that year. If the annual gift is less than \$275,000 for three consecutive years, HCCF may revoke the naming rights of the **Robert Garner Firefighter Academy** and terminate this agreement. Should the Academy cease to exist before the expiration of the 25 year term, the **Robert Garner Firefighter Foundation** shall no longer be obligated to contribute any gift to HCCF.
5. HCCF acknowledges and agrees that the Foundation is the owner of the exclusive right to the



# ACTION ITEM

Meeting Date: April 16, 2015

Committee: *Facilities and Finance*

ITEM NO.	ITEM TITLE	PRESENTER
<b>7</b>	<b>Accept Donation of Cisco Wireless Learning Credits &amp; Access Points from Datavox</b>	<b>Dr. Cesar Maldonado Teri Zamora Dr. William E. Carter</b>

## RECOMMENDATION

Authorize the Chancellor to accept a donation of Cisco Wireless Learning Credits and Access Points from Datavox.

## COMPELLING REASON/RATIONALE

Policy B:1.3. 5 Gifts and Donations: Gifts from Private Sources states that "The authority to accept gifts and donations on behalf of HCC shall be vested solely with the Board, and all bequests of property for the benefit of the institution shall vest in the Board. When not specified by the grantor, funds or other property donated, or the income therefrom, may be expended in any manner authorized by law. The Chancellor shall make recommendations to the Board regarding the acceptance of gifts and donations. The Board may delegate acceptance of gifts to the Chancellor."

## DESCRIPTION OR BACKGROUND

Datavox has offered to donate Cisco Wireless Learning Credits and Access Points valued cost to HCC at \$68,102 with list market price of \$102,225. These Wireless Learning Credits and Access Points will provide support for the implementation of the Cisco network equipment upgrades to system-wide infrastructure which supports new construction under the CIP Bond Program which was Board approved on February 13, 2015; Action Item C. CISCO Network Infrastructure Equipment purchased for \$1,450,062.82.

## FISCAL IMPACT

Defrays future cost to the College of \$68,102.

## LEGAL REQUIREMENT

N/A

## STRATEGIC GOAL ALIGNMENT

*Strategic Initiative:* Support Innovation

Attachment Title(s): **Acceptance of Donated Property Form**

This item is applicable to the following:

Central  Coleman  Northeast  Northwest  Southeast  Southwest  3100



## ACCEPTANCE OF DONATED PROPERTY FORM (TO BE COMPLETED BY DEPARTMENT)

Campus: \_\_\_\_\_ Department: \_\_\_\_\_

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.  <u>Upon Approval:</u> 1) Return original to Department 2) Send 1 copy to Donor 3) Send 1 copy to Asset Management <b>Note:</b> See Page 2 for more details

### PROCEDURE FLOW STEPS

Donated Item Description	Dept ID	Serial #	Model #	QTY	Est. Value	TAG # Assigned	Location (Building/ Room)

Use Restrictions?                      YES -                       NO -

Restriction Details: \_\_\_\_\_

Name of Donor (Print)	SIGNATURE OF DONOR	DATE

Name of Recipient (Print)	SIGNATURE OF RECIPIENT	DATE

DEPARTMENT HEAD OR DESIGNEE SIGNATURE	DATE	VICE CHANCELLOR, PRESIDENT OR DESIGNEE SIGNATURE	DATE

Foundation Approval    __Y    __N	Foundation Representative Signature	DATE

Risk Management Review: Name \_\_\_\_\_ Date \_\_\_\_\_

Comments: \_\_\_\_\_

Legal Review: Name \_\_\_\_\_ Date \_\_\_\_\_

Comments: \_\_\_\_\_

### CHECK ALL FACTORS BELOW THAT HAVE BEEN CONSIDERED:

- |  |                                      |
|--|--------------------------------------|
| _____ Maintenance/repair costs             | _____ IT system compatibility        |
| _____ No Company endorsements implied      | _____ Suitable for specified program |
| _____ Restrictions on usage are acceptable | _____ Use encumbrances               |
| _____ Installation costs                   | _____ 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.

# ACTION ITEM

Meeting Date: April 16, 2015

Committee: *Facilities and Finance*

ITEM NO.	ITEM TITLE	PRESENTER
<b>8</b>	<b>Investment Report for the Month of January, 2015</b>	<b>Dr. Cesar Maldonado Teri Zamora</b>

## RECOMMENDATION

Approve the Investment Report for the month of January, 2015

## COMPELLING REASON/RATIONALE

The monthly report advises the Board on the status of the investment portfolio and complies with the relevant statute.

## DESCRIPTION OR BACKGROUND

This report provides information related to the various investments of the college, including book values and market values.

## FISCAL IMPACT

The interest income earned and earnings credit for the month totaled \$223,616, and the interest income earned and earnings credit for the fiscal year-to-date totaled \$1,021,373. The weighted average interest rate (WAR) at January 31, 2015 is .43%.

The Investment Report attached identifies HCC's investment holdings for the month ending January 31, 2015. It includes the unexpended proceeds of the various bond issues. The portfolio is highly liquid and secure with 86% of the assets invested in local government pools, money market funds and short-term certificates of deposit. 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.

## LEGAL REQUIREMENTS

This 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 GOAL ALIGNMENT

*Strategic Initiative:* Support Innovation

Attachment Title(s): **Investment Report - January, 2015**

This item is applicable to the following:

Central  Coleman  Northeast  Northwest  Southeast  Southwest  3100

**HOUSTON COMMUNITY COLLEGE SYSTEM**  
**INVESTMENT PORTFOLIO COMPOSITION**  
**As of JANUARY 31, 2015**

Beginning Book Value ( JANUARY 1, 2015)	\$	544,585,826
Beginning Market Value ( JANUARY 1, 2015)	\$	543,950,865
Additions/subtractions ( Book value - Net)	\$	53,749,199 *
Change in Market value	\$	619,021
Ending Book value ( JANUARY 31, 2015)	\$	598,335,026
Ending Market value ( JANUARY 31, 2015)	\$	598,350,591
Unrealized Gain/(Loss)	\$	15,566
WAM (83% 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.**

Note: This month's Investment does not include \$23,710,146 on deposit with Bank Of America which is earning higher than market yield from earning credits.

* Net amount provided/used for Operations	57,042,056
Net amount provided/used for CIP /Others	<u>(3,292,857)</u>
	53,749,199

**EXECUTIVE SUMMARY**  
**INVENTORY HOLDINGS REPORT**  
**January 31, 2015**

	<u>Ending Book Value</u>	<u>Ending Market Value</u>	<u>Unrealized Gain (Loss)</u>
US Treasuries	4,001,250	4,011,564	10,314
US Agencies	79,254,069	79,259,321	5,252
Local government pools	10,125,393	10,125,393	-
Money market funds	135,383,031	135,383,031	-
High yield savings	77,174,054	77,174,054	-
Certificates of deposit	215,250,000	215,250,000	-
Interest bearing checking	77,147,228	77,147,228	-
Total	<u>598,335,026</u>	<u>598,350,591</u>	<u>15,566</u>

WAR (weighted average interest rate) 0.43%

**INVESTMENTS**  
**INVENTORY HOLDINGS REPORT (OPERATING AND OTHERS)**  
As of **JANUARY 31, 2015**

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	52,783	56,615	54,381	(190)	54,191	56,450	33	2,259
Fannie Mae ARM Pool 805454	Bank of America	2.64%	12/23/04	12/01/34	51,070	58,601	60,708	(3,779)	56,928	54,286	(667)	(2,642)
Federal Farm Credit Bank US Domestic Bond	Bank of America	0.40%	08/03/12	08/03/15	1,000,000	1,000,924	1,000,000	0	1,000,000	1,001,285	361	1,285
Federal Home Loan Bank US Domestic Multi-step cpn Bond Structured Note	Bank of America	1.50%	07/30/12	07/30/27	2,000,000	1,906,884	2,000,000	0	2,000,000	1,975,566	68,682	(24,434)
Freddie Mac Domestic MTN Unsecured Bond	Bank of America	0.85%	03/10/14	03/10/17	1,000,000	994,408	1,000,000	0	1,000,000	999,633	5,225	(367)
Freddie Mac Domestic MTN Unsecured Bond	Bank of America	1.00%	08/22/12	02/22/18	1,000,000	988,253	1,000,000	0	1,000,000	998,791	10,538	(1,209)
Fannie Mae US Domestic Multi-step CPN Bond Structured Note	Bank of America	1.00%	08/27/12	08/27/27	2,000,000	2,003,642	1,990,000	0	1,990,000	2,002,378	(1,264)	12,378
Federal Home Loan Bank US Domestic Unsecured	Bank of America	0.25%	01/23/15	01/22/16	2,000,000	-	-	1,999,720	1,999,720	1,999,630	-	(90)
Federal Farm Credit Bank US Domestic Unsecured	Bank of America	0.48%	01/28/15	05/27/16	1,725,000	-	-	1,724,655	1,724,655	1,724,348	-	(307)
Federal Home Loan Bank US Domestic Multi-step cpn Bond Structured Note	Bank of America	2.00%	07/30/12	07/30/27	1,080,000	1,017,304	1,080,000	0	1,080,000	1,055,527	38,223	(24,473)
Federal Home Loan Bank US Domestic Multi-step cpn Bond Structured Note	Bank of America	2.00%	08/27/12	11/27/24	1,600,000	1,561,565	1,600,000	0	1,600,000	1,601,920	40,355	1,920
Federal Home Loan Bank US Domestic Multi-step cpn Bond Structured Note	Bank of America	2.00%	07/30/12	07/30/27	2,675,000	2,573,853	2,675,000	0	2,675,000	2,666,095	92,242	(8,905)
Federal Farm Credit Bank US Domestic Unsecured	Bank of America	1.00%	04/11/13	04/11/18	10,000,000	9,910,300	10,000,000	0	10,000,000	10,000,520	90,220	520
Federal Home Loan Bank US Domestic Unsecured	Bank of America	0.70%	04/17/13	01/17/17	5,000,000	4,986,550	5,000,000	0	5,000,000	5,005,200	18,650	5,200
Fannie Mae US Domestic Multi-step cpn Bond Structured Note	Bank of America	0.80%	06/13/13	06/13/18	10,000,000	9,901,250	10,000,000	0	10,000,000	9,998,330	97,080	(1,670)
Federal Home Loan Bank US Domestic Unsecured series 0003	Bank of America	1.00%	03/27/14	03/27/17	10,000,000	9,943,420	10,000,000	0	10,000,000	9,998,330	54,910	(1,670)
Federal Home Loan Bank US Domestic Multi-step CPN BND Unsecured series 0001	Bank of America	1.38%	06/30/14	06/26/19	5,000,000	5,000,495	5,000,000	0	5,000,000	5,009,865	9,370	9,865
U.S. Treasury Notes US Govt. National	Bank of America	0.50%	07/10/14	06/30/16	4,000,000	4,001,248	4,001,250	0	4,001,250	4,011,564	10,316	10,314
Federal Home Loan Bank US Domestic Unsecured	Bank of America	0.52%	07/10/14	09/12/16	1,080,000	1,076,534	1,078,304	0	1,078,304	1,080,025	3,491	1,720
Federal Farm Credit Bank US Domestic Unsecured	Bank of America	1.22%	09/24/14	09/18/17	3,000,000	2,997,384	2,999,670	0	2,999,670	3,014,043	16,659	14,373
Federal Home Loan Bank US Unsecured	Bank of America	0.85%	09/24/14	02/27/17	5,000,000	4,978,245	4,995,600	0	4,995,600	5,001,925	23,680	6,325
Freddie Mac Domestic MTN Unsecured Bond	Bank of America	1.30%	09/25/14	01/30/18	5,000,000	4,988,515	5,000,000	0	5,000,000	5,011,255	22,740	11,255
Federal Home Loan Bank US Domestic Unsecured	Bank of America	1.11%	09/26/14	06/26/17	4,000,000	3,993,812	4,000,000	0	4,000,000	4,000,184	6,372	184
Federal Home Loan Bank US Domestic Series:0001 Unsecured	Bank of America	1.00%	09/27/14	03/29/17	10,000,000	9,987,520	10,000,000	(10,000,000)	-	-	-	-
Freddie Mac Global Unsecured Bond	Bank of America	0.70%	09/29/14	09/29/16	5,000,000	4,991,930	5,000,000	0	5,000,000	5,003,735	11,805	3,735
Federal Home Loan Bank Global Unsecured	Bank of America	0.80%	10/14/14	10/14/16	20,000,000	19,980,700	20,000,000	(20,000,000)	-	-	-	-
Plant Fund Interest Checking (10060-7201)	Bank Of America	0.11%	01/01/15			66,452	66,452	6	66,458	66,458	0	0
Debt Service 2001A Bond Int Checking (10080)	Bank Of America	0.11%	01/01/15			2,130,215	2,130,215	10,976	2,141,191	2,141,191	0	0
HCCS Merchant service (10012)	Bank Of America	0.30%	01/01/15			49,769,488	49,769,488	(44,164)	49,725,324	49,725,324	0	0
Checking Account- 10010-7306-2006 Jr. lien	Bank Of America	0.11%	01/01/15			229	229	0	229	229	0	0
LTD2013 Tax Bond Grneral Checking A/C (10090)	Bank Of America	0.11%	01/01/15			1,768,326	1,768,326	297	1,768,623	1,768,623	0	0
LTD2003 Tax Bond Checking A/C (10092)	Bank Of America	0.11%	01/01/15			1,929,825	1,929,825	184	1,930,009	1,930,009	0	0
Managed PFI Account-10100-1110	Bank Of America	0.20%	01/01/15			21,511,739	21,511,739	3,654	21,515,393	21,515,393	0	0
Merrill Lynch, Pierce, Fenner & smith (1110)	Bank Of America	0.01%	01/01/15			455,763	455,763	10	455,773	455,773	0	0
Public Fund Money Market_Premier (159406615)	Regions Bank	0.18%	01/01/15			54,564,448	54,564,448	7,915	54,572,363	54,572,363	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)
Public Fund Money Market_Premier (185913820)- fund 1110	Regions Bank	0.15%	01/01/15			307,368	307,368	80,047,528	80,354,896	80,354,896	0	0
Chase High Yield Savings (A/C 2049911718)	Chase Bank	0.03%	01/01/15			2,353	2,353	(15)	2,338	2,338	0	0
Chase High Yield Savings (A/C 3000684286)	Chase Bank	0.03%	01/01/15			77,169,818	77,169,818	1,898	77,171,716	77,171,716	0	0
Fixed Time Deposit with Unity Bank	Unity Bank	0.26%	06/09/14	06/09/15		100,000	100,000	0	100,000	100,000	0	0
Fixed Time Deposit with Unity Bank	Unity Bank	0.25%	10/18/14	10/18/15		150,000	150,000	0	150,000	150,000	0	0
Certificate of Deposit	Chase Bank	0.28%	04/03/13	04/03/15		20,000,000	20,000,000	0	20,000,000	20,000,000	0	0
Certificate of Deposit	Chase Bank	0.43%	03/22/13	09/22/15		50,000,000	50,000,000	0	50,000,000	50,000,000	0	0
Certificate of Deposit	Chase Bank	0.49%	07/25/13	01/24/16		5,000,000	5,000,000	0	5,000,000	5,000,000	0	0
Certificate of Deposit	Chase Bank	0.50%	04/03/13	04/03/16		40,000,000	40,000,000	0	40,000,000	40,000,000	0	0
Certificate of Deposit	Chase Bank	0.49%	07/25/13	07/24/16		5,000,000	5,000,000	0	5,000,000	5,000,000	0	0
Certificate of Deposit	Chase Bank	0.69%	03/22/13	03/22/17		30,000,000	30,000,000	0	30,000,000	30,000,000	0	0
Certificate of Deposit	Chase Bank	0.49%	07/25/13	07/24/17		5,000,000	5,000,000	0	5,000,000	5,000,000	0	0
Certificate of Deposit	Chase Bank	0.99%	03/23/13	03/21/18		20,000,000	20,000,000	0	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	0	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	0	20,000,000	20,000,000	0	0
Corporate Overnight Fund	Lone Star	0.12%	01/01/15			1,597,017	1,597,017	167	1,597,184	1,597,184	0	0
Tex Pool	State Street Bank	0.05%	01/01/15			8,527,872	8,527,872	337	8,528,209	8,528,209	0	0
<b>TOTAL</b>						<b>543,950,865</b>	<b>544,585,826</b>	<b>53,749,199</b>	<b>598,335,026</b>	<b>598,350,591</b>	<b>619,021</b>	<b>15,566</b>

# ACTION ITEM

Meeting Date: April 16, 2015

Committee: *Facilities and Finance*

ITEM NO.	ITEM TITLE	PRESENTER
<b>9</b>	<b>Investment Report for the Month of February, 2015</b>	<b>Dr. Cesar Maldonado Teri Zamora</b>

## RECOMMENDATION

Approve the Investment Report for the month of February, 2015

## COMPELLING REASON/RATIONALE

The monthly report advises the Board on the status of the investment portfolio and complies with the relevant statute.

## DESCRIPTION OR BACKGROUND

This report provides information related to the various investments of the college, including book values and market values.

## FISCAL IMPACT

The interest income earned and earnings credit for the month totaled \$219,545, and the interest income earned and earnings credit for the fiscal year-to-date totaled \$1,240,918. The weighted average interest rate (WAR) at February 28, 2015 is .41%.

The Investment Report attached identifies HCC's investment holdings for the month ending February 28, 2015. It includes the unexpended proceeds of the various bond issues. The portfolio is highly liquid and secure with 87% of the assets invested in local government pools, money market funds and short-term certificates of deposit. 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.

## LEGAL REQUIREMENTS

This 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 GOAL ALIGNMENT

*Strategic Initiative:* Support Innovation

Attachment Title(s): **Investment Report - February, 2015**

This item is applicable to the following:

Central  Coleman  Northeast  Northwest  Southeast  Southwest  3100

**HOUSTON COMMUNITY COLLEGE SYSTEM**  
**INVESTMENT PORTFOLIO COMPOSITION**  
**As of FEBRUARY 28, 2015**

Beginning Book Value ( FEBRUARY 1, 2015)	\$	598,335,024
Beginning Market Value ( FEBRUARY 1, 2015)	\$	598,350,590
Additions/subtractions ( Book value - Net)	\$	18,294,376 *
Change in Market value	\$	(296,260)
Ending Book value ( FEBRUARY 28, 2015)	\$	616,629,400
Ending Market value ( FEBRUARY 28, 2015)	\$	616,341,636
Unrealized Gain/(Loss)	\$	(287,764)
WAM (83% 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.**

Note: This month's Investment does not include \$23,767,147 on deposit with Bank Of America which is earning higher than market yield from earning credits.

* Net amount provided/used for Operations	47,236,670
Net amount provided/used for CIP /Others	(28,942,294)
	<u>18,294,376</u>

**EXECUTIVE SUMMARY**  
**INVENTORY HOLDINGS REPORT**  
**February 28, 2015**

	<u>Ending Book Value</u>	<u>Ending Market Value</u>	<u>Unrealized Gain (Loss)</u>
US Treasuries	4,001,250	4,004,688	3,438
US Agencies	79,258,114	78,966,912	(291,202)
Local government pools	10,125,830	10,125,830	-
Money market funds	175,403,522	175,403,522	-
High yield savings	77,175,811	77,175,811	-
Certificates of deposit	215,250,000	215,250,000	-
Interest bearing checking	55,414,874	55,414,874	-
Total	<u>616,629,400</u>	<u>616,341,636</u>	<u>(287,764)</u>

WAR (weighted average interest rate)	<u>0.41%</u>
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**INVESTMENTS**  
**INVENTORY HOLDINGS REPORT (OPERATING AND OTHERS)**  
**As of FEBRUARY 28, 2015**

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	52,592	56,450	54,191	(191)	54,000	56,210	(41)	2,209
Fannie Mae ARM Pool 805454	Bank of America	2.64%	12/23/04	12/01/34	50,905	54,286	56,928	(164)	56,764	54,204	74	(2,560)
Federal Farm Credit Bank US Domestic Bond	Bank of America	0.40%	08/03/12	08/03/15	1,000,000	1,001,285	1,000,000	0	1,000,000	1,000,987	(298)	987
Federal Home Loan Bank US Domestic Multi-step cpn Bond Structured Note	Bank of America	1.50%	07/30/12	07/30/27	2,000,000	1,975,566	2,000,000	0	2,000,000	1,935,426	(40,140)	(64,574)
Freddie Mac Domestic MTN Unsecured Bond	Bank of America	0.85%	03/10/14	03/10/17	1,000,000	999,633	1,000,000	0	1,000,000	997,251	(2,382)	(2,749)
Freddie Mac Domestic MTN Unsecured Bond	Bank of America	1.00%	08/22/12	02/22/18	1,000,000	998,791	1,000,000	0	1,000,000	992,620	(6,171)	(7,380)
Fannie Mae US Domestic Multi-step CPN Bond Structured Note	Bank of America	1.00%	08/27/12	08/27/27	2,000,000	2,002,378	1,990,000	0	1,990,000	2,004,722	2,344	14,722
Federal Home Loan Bank US Domestic Unsecured	Bank of America	0.25%	01/23/15	01/22/16	2,000,000	1,999,630	1,999,720	0	1,999,720	1,998,914	(716)	(806)
Federal Farm Credit Bank US Domestic Unsecured	Bank of America	0.48%	01/28/15	05/27/16	1,725,000	1,724,348	1,724,655	0	1,724,655	1,723,144	(1,204)	(1,511)
Federal Home Loan Bank US Domestic Multi-step cpn Bond Structured Note	Bank of America	2.00%	07/30/12	07/30/27	1,080,000	1,055,527	1,080,000	0	1,080,000	1,033,638	(21,889)	(46,362)
Federal Home Loan Bank US Domestic Multi-step cpn Bond Structured Note	Bank of America	2.00%	08/27/12	11/27/24	1,600,000	1,601,920	1,600,000	0	1,600,000	1,579,570	(22,350)	(20,430)
Federal Home Loan Bank US Domestic Multi-step cpn Bond Structured Note	Bank of America	2.00%	07/30/12	07/30/27	2,675,000	2,666,095	2,675,000	0	2,675,000	2,612,236	(53,858)	(62,764)
Federal Farm Credit Bank US Domestic Unsecured	Bank of America	1.00%	04/11/13	04/11/18	10,000,000	10,000,520	10,000,000	0	10,000,000	9,955,560	(44,960)	(44,440)
Federal Home Loan Bank US Domestic Unsecured	Bank of America	0.70%	04/17/13	01/17/17	5,000,000	5,005,200	5,000,000	0	5,000,000	4,999,935	(5,265)	(65)
Fannie Mae US Domestic Multi-step cpn Bond Structured Note	Bank of America	0.80%	06/13/13	06/13/18	10,000,000	9,998,330	10,000,000	0	10,000,000	9,947,110	(51,220)	(52,890)
Federal Home Loan Bank US Domestic Unsecured series 0003	Bank of America	1.00%	03/27/14	03/27/17	10,000,000	9,998,330	10,000,000	0	10,000,000	9,977,330	(21,000)	(22,670)
Federal Home Loan Bank US Domestic Multi-step CPN BND Unsecured series 0001	Bank of America	1.38%	06/30/14	06/26/19	5,000,000	5,009,865	5,000,000	0	5,000,000	5,004,310	(5,555)	4,310
U.S. Treasury Notes US Govt. National	Bank of America	0.50%	07/10/14	06/30/16	4,000,000	4,011,564	4,001,250	0	4,001,250	4,004,688	(6,876)	3,438
Federal Home Loan Bank US Domestic Unsecured	Bank of America	0.52%	07/10/14	09/12/16	1,080,000	1,080,025	1,078,304	0	1,078,304	1,079,383	(642)	1,079
Federal Farm Credit Bank US Domestic Unsecured	Bank of America	1.22%	09/24/14	09/18/17	3,000,000	3,014,043	2,999,670	0	2,999,670	3,008,541	(5,502)	8,871
Federal Home Loan Bank US Unsecured	Bank of America	0.85%	09/24/14	02/27/17	5,000,000	5,001,925	4,995,600	(4,995,600)	-	-	-	-
Freddie Mac Domestic MTN Unsecured Bond	Bank of America	1.30%	09/25/14	01/30/18	5,000,000	5,011,255	5,000,000	0	5,000,000	5,006,390	(4,865)	6,390
Federal Home Loan Bank US Domestic Unsecured	Bank of America	1.11%	09/26/14	06/26/17	4,000,000	4,000,184	4,000,000	0	4,000,000	4,000,192	8	192
Freddie Mac Global Unsecured Bond	Bank of America	0.70%	09/29/14	09/29/16	5,000,000	5,003,735	5,000,000	0	5,000,000	4,999,985	(3,750)	(15)
Federal Home Loan Bank US Domestic Unsecured	Bank of America	0.25%	02/02/15	01/26/16	5,000,000	-	-	5,000,000	5,000,000	4,999,255	-	(745)
Plant Fund Interest Checking (10060-7201)	Bank Of America	0.11%	02/01/15			66,458	66,458	5	66,463	66,463	0	0
Debt Service 2001A Bond Int Checking (10080)	Bank Of America	0.11%	02/01/15			2,141,191	2,141,191	16,148	2,157,339	2,157,339	0	0
HCCS Merchant service (10012)	Bank Of America	0.30%	02/01/15			49,725,324	49,725,324	(64,558)	49,660,766	49,660,766	0	0
Checking Account- 10010-7306-2006 Jr. lien	Bank Of America	0.11%	02/01/15			229	229	0	229	229	0	0
LTD2013 Tax Bond Grneral Checking A/C (10090)	Bank Of America	0.11%	02/01/15			1,768,623	1,768,623	(170,129)	1,598,494	1,598,494	0	0
LTD2003 Tax Bond Checking A/C (10092)	Bank Of America	0.11%	02/01/15			1,930,009	1,930,009	158	1,930,167	1,930,167	0	0
Managed PFI Account-10100-1110	Bank Of America	0.20%	02/01/15			21,515,393	21,515,393	(21,513,978)	1,415	1,415	0	0
Merrill Lynch, Pierce, Fenner & smith (1110)	Bank Of America	0.01%	02/01/15			455,772	455,772	10	455,782	455,782	0	0
Public Fund Money Market_Premier (159406615)	Regions Bank	0.18%	02/01/15			54,572,363	54,572,363	7,378	54,579,741	54,579,741	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)
Public Fund Money Market_Premier (185913820)- fund 1110	Regions Bank	0.15%	02/01/15			80,354,896	80,354,896	40,013,103	120,367,999	120,367,999	0	0
Chase High Yield Savings (A/C 2049911718)	Chase Bank	0.03%	02/01/15			2,338	2,338	(15)	2,323	2,323	0	0
Chase High Yield Savings (A/C 3000684286)	Chase Bank	0.03%	02/01/15			77,171,716	77,171,716	1,772	77,173,488	77,173,488	0	0
Fixed Time Deposit with Unity Bank	Unity Bank	0.26%	06/09/14	06/09/15		100,000	100,000	0	100,000	100,000	0	0
Fixed Time Deposit with Unity Bank	Unity Bank	0.25%	10/18/14	10/18/15		150,000	150,000	0	150,000	150,000	0	0
Certificate of Deposit	Chase Bank	0.28%	04/03/13	04/03/15		20,000,000	20,000,000	0	20,000,000	20,000,000	0	0
Certificate of Deposit	Chase Bank	0.43%	03/22/13	09/22/15		50,000,000	50,000,000	0	50,000,000	50,000,000	0	0
Certificate of Deposit	Chase Bank	0.49%	07/25/13	01/24/16		5,000,000	5,000,000	0	5,000,000	5,000,000	0	0
Certificate of Deposit	Chase Bank	0.50%	04/03/13	04/03/16		40,000,000	40,000,000	0	40,000,000	40,000,000	0	0
Certificate of Deposit	Chase Bank	0.49%	07/25/13	07/24/16		5,000,000	5,000,000	0	5,000,000	5,000,000	0	0
Certificate of Deposit	Chase Bank	0.69%	03/22/13	03/22/17		30,000,000	30,000,000	0	30,000,000	30,000,000	0	0
Certificate of Deposit	Chase Bank	0.49%	07/25/13	07/24/17		5,000,000	5,000,000	0	5,000,000	5,000,000	0	0
Certificate of Deposit	Chase Bank	0.99%	03/23/13	03/21/18		20,000,000	20,000,000	0	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	0	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	0	20,000,000	20,000,000	0	0
Corporate Overnight Fund	Lone Star	0.12%	02/01/15			1,597,184	1,597,184	148	1,597,332	1,597,332	0	0
Tex Pool	State Street Bank	0.05%	02/01/15			8,528,209	8,528,209	288	8,528,497	8,528,497	0	0
<b>TOTAL</b>						<b>598,350,590</b>	<b>598,335,024</b>	<b>18,294,376</b>	<b>616,629,400</b>	<b>616,341,636</b>	<b>(296,260)</b>	<b>(287,764)</b>

# ACTION ITEM

Meeting Date: April 16, 2015

Committee: *Facilities and Finance*

ITEM NO.	ITEM TITLE	PRESENTER
<b>10</b>	<b>Monthly Financial Statement and Budget Review for January 2015</b>	<b>Dr. Cesar Maldonado Teri Zamora</b>

## RECOMMENDATION

Approve the Financial Statement for the month of January 2015.

## COMPELLING REASON/RATIONALE

The monthly report advises the Board on the status of the finances of the college.

## DESCRIPTION OR BACKGROUND

This report provides information related to the various funds of the college, including fund balances, comparison to previous year and comparison to budget.

## FISCAL IMPACT

Awareness and review of financial information throughout the year helps to inform decision making, and allows for mid-year adjustments, as needed.

## LEGAL REQUIREMENT

N/A

## STRATEGIC GOAL ALIGNMENT

*Strategic Initiative:* Support Innovation

Attachment Title(s): **Financial Statement - January 2015**

This item is applicable to the following:

Central     Coleman     Northeast     Northwest     Southeast     Southwest     3100



# **Summary Operating Statements**

**For the Period  
September 1, 2014 - January 31, 2015  
For the Meeting of the Board of Trustees - April 9, 2015**

**for  
Houston Community College System  
&  
Houston Community College Public Facility Corporation**



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For the Period September 1, 2014 - January 31, 2015

## Houston Community College System

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**Houston Community College System**  
**Summary of Financial Statements**  
**As of January 31, 2015**

In the Unrestricted Fund as of January 31, 2015, total revenue received is \$193.7 million. This represents 63.2% of budgeted annual revenues of \$298.7 million. Expenses total \$112.2 million to date; which is 36.6% of the total expense budget of \$306.7 million. Compared with the same time last year, revenue shows a 9.4% increase, and expenses are 2.1% lower than the prior year. Actual net revenue is \$81.5 million to-date, which translates into a like amount increase in fund balance.

Tuition and fee revenue shows a 5% increase year-to-date, namely due to increases in enrollment. Tuition and fee revenue for Extended Learning shows a 46.1% increase due partially to an increase in enrollment and also largely to a differential category fee created for out-of-state and international students taking non-credit courses.

Salaries increased 5%. This increase is due namely to an across the board salary increases of 2% for full-time employees and an increase in part-time faculty salary rates.

Expenses related to supplies, instruction and other materials, and capital outlay have decreased. Decreases have resulted primarily from greater oversight of expenditures and discontinuation of the practice of allowing current unrestricted fund purchase orders to roll into the next fiscal year.

**HOUSTON COMMUNITY COLLEGE SYSTEM**  
**Unaudited Fund Balances and Activities - All Funds**  
**as of January 31, 2015**

	Unrestricted	Restricted	Auxiliary	Loan & Endowments	Scholarship	Agency	Unexpended Plant	Capital and Technology	Retirement of Debt	Investment in Plant	Public Facility Corp.	Grand Total
Fund Balance as of 9/1/2014, Audited	\$ 100,704,814	\$ 8,760,527	\$ 6,048,536	\$ 509,932	\$ -	\$ (59,601)	\$ 5,418,977	\$ -	\$ 36,581,244	\$ 221,786,019	\$ (5,898,375)	\$ 373,852,073
<b>Revenues</b>	193,706,056	15,372,873	6,977,811	-	48,614,839	-	1,569,334	-	31,419,833	-	306	297,661,052
<b>Expenses</b>												
Salaries	72,960,483	2,286,216	1,973,627	-	1,520,967	-	92,663	-	-	-	-	78,833,957
Employee Benefits	8,126,193	5,877,620	416,543	-	298	-	20,958	-	-	-	-	14,441,612
Supplies & General Exp	1,582,789	78,890	344,801	-	-	-	668	79,546	-	-	-	2,086,693
Travel	268,261	113,349	48,476	-	-	-	-	-	-	-	-	430,085
Marketing Costs	453,037	19,046	4,014	-	-	-	-	-	-	-	-	476,098
Rentals & Leases	1,160,710	80,262	29,678	-	-	-	2,369	-	-	-	-	1,273,018
Insurance/Risk Mgmt	6,390,220	1,953	1,274	-	-	-	-	-	-	-	-	6,393,447
Contracted Services	8,307,608	1,841,372	648,307	-	-	-	4,338	-	228,530	-	-	11,030,156
Utilities	3,216,236	-	198,667	-	-	-	-	-	-	-	-	3,414,903
Other Departmental Expenses	508,186	56,239	1,777,271	-	-	-	-	-	-	-	-	2,341,696
Instructional and Other Materials	3,918,706	77,896	81,199	-	-	-	134,438	-	-	-	-	4,212,239
Maintenance and Repair	318,835	200,304	6,113	-	100,203	-	74,392	-	-	-	-	699,847
Transfers (In)/Out*	3,971,063	4,250,000	-	-	(1,494,760)	-	2,000,000	(8,250,000)	(476,302)	-	-	0
Debt	74,509	-	-	-	-	-	-	-	3,415,483	-	590,785	4,080,777
Capital Outlay	926,194	329,969	-	-	-	-	7,758,450	119,559	-	-	-	9,134,172
Depreciation	-	-	-	-	-	-	-	-	-	8,139,821	-	8,139,821
Scholarship Distribution	-	-	-	-	48,493,679	-	-	-	-	-	-	48,493,679
Total Expenses	112,183,029	15,213,116	5,529,970	-	48,620,387	-	10,088,277	(8,050,895)	3,167,712	8,139,821	590,785	195,482,199
<b>NET REVENUE/(EXPENSES)</b>	81,521,107	159,756	1,447,842	-	(5,548)	-	(8,518,942)	8,050,895	28,252,122	(8,139,821)	(590,479)	102,176,932
<b>Fund Balance Entries</b>						59,601	7,337,844	-		1,488,698	(59,782)	8,826,362
<b>Fund Balance as of 01/31/2015</b>	<b>\$ 182,225,922</b>	<b>\$ 8,920,283</b>	<b>\$ 7,496,377</b>	<b>\$ 509,932</b>	<b>\$ (5,548)</b>	<b>\$ -</b>	<b>\$ 4,237,879</b>	<b>\$ 8,050,895</b>	<b>\$ 64,833,366</b>	<b>\$ 215,134,897</b>	<b>\$ (6,548,635)</b>	<b>\$ 484,855,367</b>

\*Transfers include student revenue bond payment funds, scholarship matching funds, and transfers to Unexpended Plant and Capital and Technology Funds

**HOUSTON COMMUNITY COLLEGE SYSTEM**  
**Comparison to Budget and Comparison to Previous Fiscal Year**  
**as of January 31, 2015**  
**41.7% of Year Expended**

**HCCS CURRENT UNRESTRICTED**

	Year-to-Date Actuals Thru January 31, 2015	FY2015 Budget	Actuals as a % of Budget	Year-to-Date Actuals Thru January 31, 2015	Year-to-Date Actuals Thru January 31, 2014	Increase (Decrease) FY2015 Compared to FY2014	% Increase (Decrease)
<b>REVENUES</b>							
State Appropriations	\$ 29,734,041	\$ 69,202,364	43.0%	\$ 29,734,041	\$ 29,787,470	\$ (53,429)	-0.2%
Ad Valorem Taxes	69,646,820	114,968,081	60.6%	69,646,820	57,233,085	12,413,735	21.7%
Tuition, Net	34,079,099	40,308,204	84.5%	34,079,099	32,625,594	1,453,505	4.5%
Fees	53,075,057	64,784,694	81.9%	53,075,057	51,978,702	1,096,355	2.1%
Other Local Income	962,963	2,247,796	42.8%	962,963	953,766	9,197	1.0%
Tuition & Fee, Net	5,949,054	6,565,665	90.6%	5,949,054	4,158,263	1,790,791	43.1%
-- Extended Learning							
Indirect Cost Revenues, Grant	259,022	619,663	41.8%	259,022	297,285	(38,263)	-12.9%
<b>Total Revenues</b>	<b>193,706,056</b>	<b>298,696,467</b>	<b>64.9%</b>	<b>193,706,056</b>	<b>177,034,165</b>	<b>16,671,891</b>	<b>9.4%</b>
<b>Fund Balance Transfers In</b>	<b>-</b>	<b>8,000,000</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Revenues and Fund Balance Transfer</b>	<b>\$ 193,706,056</b>	<b>\$ 306,696,467</b>	<b>63.2%</b>	<b>\$ 193,706,056</b>	<b>\$ 177,034,165</b>	<b>\$ 16,671,891</b>	<b>9.4%</b>
<b>EXPENSES</b>							
Salaries	72,960,483	183,041,317	39.9%	72,960,483	69,770,186	3,190,298	4.6%
Employee Benefits	8,126,193	20,230,175	40.2%	8,126,193	7,694,812	431,381	5.6%
Supplies Gen Exp	1,582,789	5,789,132	27.3%	1,582,789	2,009,012	(426,224)	-21.2%
Travel	268,261	1,193,407	22.5%	268,261	356,147	(87,886)	-24.7%
Marketing Costs	453,037	1,428,827	31.7%	453,037	461,990	(8,953)	-1.9%
Rental & Leases	1,160,710	2,500,018	46.4%	1,160,710	1,199,402	(38,692)	-3.2%
Insurance/Risk Mgmt	6,390,220	7,264,193	88.0%	6,390,220	6,465,806	(75,586)	-1.2%
Contract Services	8,307,608	22,803,167	36.4%	8,307,608	8,846,878	(539,270)	-6.1%
Utilities	3,216,236	10,292,368	31.2%	3,216,236	2,785,993	430,242	15.4%
Other Departmental Expenses	508,186	1,922,261	26.4%	508,186	838,688	(330,502)	-39.4%
Instructional & Other Materials	3,918,706	9,938,720	39.4%	3,918,706	3,900,823	17,883	0.5%
Maintenance & Repair	318,835	1,355,829	23.5%	318,835	595,522	(276,687)	-46.5%
Transfers/Debt	4,045,571	32,557,629	12.4%	4,045,571	6,214,338	(2,168,767)	-34.9%
Contingency	-	3,783,297	0.0%	-	-	-	0.0%
Capital Outlay	926,194	2,596,127	35.7%	926,194	3,495,581	(2,569,387)	-73.5%
<b>Total Expenses</b>	<b>\$ 112,183,029</b>	<b>\$ 306,696,467</b>	<b>36.6%</b>	<b>\$ 112,183,029</b>	<b>\$ 114,635,178</b>	<b>(2,452,149)</b>	<b>-2.1%</b>
<b>NET REVENUE/(EXPENSES)</b>	<b>\$ 81,523,027</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 81,523,027</b>	<b>\$ 62,398,987</b>	<b>\$ 19,124,040</b>	<b>30.6%</b>

# HOUSTON COMMUNITY COLLEGE SYSTEM

## Auxiliary Budget By Fund as of January 31, 2015

### Auxiliary Funds - Uncommitted Portion

	Main Leasing	Misc. Auxiliary *	Foundation	Marketing	Bookstore Commission	International Student Services	Cafe Club NEO 3100 Main	Scholarships	Subtotal Uncommitted
<b>Fund Balance – September 1, 2014</b>									<b>\$ 2,067,478</b>
<b>FY2015</b>									
Revenue	2,554,853	185,139	-	-	577,532	-	210,822	-	<u>3,528,346</u>
Salaries	92,550	180,199	43,255			141,483	98,513		556,000
Benefits	23,206	45,827	9,976			32,956	23,654		135,619
Supplies Gen Exp	19,127	36,606	5,529				5,146		66,408
Travel		2,341	2,131						4,472
Marketing Costs		4,014							4,014
Rental & Leases	3,003	18,875							21,878
Contract Services	377,983	147,548	13,048				823		539,401
Utilities	198,667								198,667
Departmental Expenses		167,720		1,578,006		8,545			1,754,271
Instructional & Other	600						80,599		81,199
Materials									
Maintenance & Repair	646	3,669					1,798		6,113
Insurance/Risk Mgmt									-
Exemptions and Waivers								300	300
Transfer/Debt									-
Capital Outlay									-
<b>Total Expense</b>	<u><b>715,783</b></u>	<u><b>606,799</b></u>	<u><b>73,939</b></u>	<u><b>1,578,006</b></u>	<u><b>-</b></u>	<u><b>182,984</b></u>	<u><b>210,532</b></u>	<u><b>300</b></u>	<u>3,368,342</u>
<b>Contribution to Fund Balance</b>	<u><b>1,839,070</b></u>	<u><b>(421,660)</b></u>	<u><b>(73,939)</b></u>	<u><b>(1,578,006)</b></u>	<u><b>577,532</b></u>	<u><b>(182,984)</b></u>	<u><b>289</b></u>	<u><b>(300)</b></u>	<u><b>160,004</b></u>
<b>Auxiliary Fund Balance - Uncommitted Portion</b>									<u><u><b>\$ 2,227,482</b></u></u>

\* Expenditures in this category include mailroom, child day care, Minority Male Initiative, Govt. Relation, Mobile Go, etc.

# HOUSTON COMMUNITY COLLEGE SYSTEM

## Auxiliary Budget By Fund

as of January 31, 2015

### Auxiliary Funds - International and Committed Portions

	International			Committed					Total
	Saigon Tech	Qatar	Subtotal International	Minority Business Development Agency	Student Vending Commission	Student Activity Fee	Student Athletic Fee	Subtotal Committed	Total Auxiliary
<b>Fund Balance – September 1, 2014</b>			<b>\$ 1,732,695</b>	<b>\$ 7,210</b>	<b>\$ 293,729</b>	<b>\$ 968,768</b>	<b>\$ 978,657</b>	<b>\$ 2,248,364</b>	<b>\$ 6,048,536</b>
<b>FY2015</b>									
Revenue	23,333	1,768,573	1,791,906	9,788	56,000	915,716	685,812	1,667,316	6,987,568
Salaries		1,298,637	1,298,637		6,800	28,849	83,341	118,990	1,973,627
Benefits		260,681	260,681			118	20,125	20,243	416,543
Supplies Gen Exp	90	803	893		21,247	218,031	38,222	277,500	344,801
Travel	8,399		8,399		1,381	17,045	17,180	35,605	48,476
Marketing Costs			-					-	4,014
Rental & Leases			-				7,800	7,800	29,678
Contract Services		36,000	36,000		2,500	14,536	55,870	72,906	648,307
Utilities			-					-	198,667
Departmental Expenses		3,595	3,595		1,500	2,289	15,616	19,405	1,777,271
Instructional & Other			-					-	81,199
Materials			-					-	
Maintenance & Repair			-					-	6,113
Insurance/Risk Mgmt			-			175	1,099	1,274	1,274
Exemptions and Waivers			-			9,457		9,457	9,757
Transfer			-					-	-
Capital Outlay			-					-	-
<b>Total Expense</b>	<b>8,489</b>	<b>1,599,716</b>	<b>1,608,205</b>	<b>-</b>	<b>33,427</b>	<b>290,499</b>	<b>239,253</b>	<b>563,179</b>	<b>5,539,727</b>
<b>Contribution to Fund Balance</b>	<b>14,844</b>	<b>168,857</b>	<b>183,701</b>	9,788	22,573	625,217	446,559	1,104,137	<b>1,447,842</b>
<b>Auxiliary Fund Balance - Intl, Committed, Total</b>			<b>\$ 1,916,396</b>	<b>\$ 16,997</b>	<b>\$ 316,301</b>	<b>\$ 1,593,985</b>	<b>\$ 1,425,216</b>	<b>\$ 3,352,500</b>	<b>\$ 7,496,377</b>

**HOUSTON COMMUNITY COLLEGE**  
**FY 2014-15 Adjusted Budget by Colleges**  
**as of January 31, 2015**

<b>Budgeted Expenditures</b>	<b>CENTRAL</b>	<b>NORTH WEST</b>	<b>NORTH EAST</b>	<b>SOUTH WEST</b>	<b>SOUTH EAST</b>	<b>COLEMAN</b>	<b>EXTENDED LEARNING</b>	<b>SYSTEM</b>	<b>Grand Total</b>
Salary	\$ 24,925,503	\$ 26,329,561	\$ 19,530,831	\$ 27,243,344	\$ 16,039,551	\$ 12,131,276	\$ 10,371,953	\$ 46,469,298	\$ 183,041,317
Employee Benefits	-	-	-	-	-	-	-	20,230,175	20,230,175
Supplies & Gen	262,293	306,009	218,865	292,284	253,593	266,724	183,042	4,006,322	5,789,132
Travel	113,575	119,895	39,645	73,172	64,844	115,100	66,444	600,732	1,193,407
Marketing Costs	23,351	43,668	67,974	26,012	82,677	25,823	158,287	1,001,035	1,428,827
Rentals & Leases	1,920	93,160	951,367	534,141	79,817	452,379	25,327	361,907	2,500,018
Insurance/Risk Mgmt	794	168	-	154	-	-	-	7,263,077	7,264,193
Contracted Services	327,862	250,133	94,153	39,572	117,097	348,065	20,992	21,605,293	22,803,167
Utilities	5,125	-	4,600	362	-	-	-	10,282,281	10,292,368
Other Departmental Expenses	76,909	48,439	55,488	54,962	70,592	103,005	43,623	1,469,243	1,922,261
Instructional And Other Materials	468,038	159,514	157,972	248,527	66,144	311,592	681,570	7,845,363	9,938,720
Maintenance and Repair	130,941	41,534	54,716	64,925	18,050	83,848	121,603	840,212	1,355,829
Transfers/Debt	-	864,206	5,640,442	1,250,001	-	-	-	24,802,980	32,557,629
Contingency	474,272	498,590	94,434	80,023	335,590	183,908	230,724	1,885,756	3,783,297
Capital Outlay	506,430	128,641	403,517	96,481	29,959	41,670	7,500	1,381,929	2,596,127
<b>Total</b>	<b>\$ 27,317,013</b>	<b>\$ 28,883,518</b>	<b>\$ 27,314,004</b>	<b>\$ 30,003,960</b>	<b>\$ 17,157,914</b>	<b>\$ 14,063,390</b>	<b>\$ 11,911,065</b>	<b>\$ 150,045,603</b>	<b>\$ 306,696,467</b>

**Houston Community College**  
**Balance Sheet By Fund**  
**For Month Ended January 31, 2015**

	<u>CURRENT &amp; LOAN FUNDS<sup>1</sup></u>	<u>PLANT &amp; BOND FUNDS<sup>2</sup></u>	<u>Total All Funds</u>
<b>ASSETS</b>			
Current Assets:			
Cash & cash equivalents	\$ 151,327,674	\$ 59,493,248	\$ 210,820,922
Restricted cash & cash equivalents	8,653,150	-	8,653,150
Short term Investments	-	-	-
Accounts/Other receivable (net)	42,610,866	2,499,477	45,110,343
Deferred charges	136,812	-	136,812
Prepays	118,699	-	118,699
Total Current Assets	<u>202,847,201</u>	<u>61,992,725</u>	<u>264,839,926</u>
Non-current Assets:			
Restricted cash & cash equivalents	-	327,099,018	327,099,018
Restricted long-term investments	-	72,569,255	72,569,255
Long-term investments	10,701,631	-	10,701,631
Capital Assets, net	-	871,359,478	871,359,478
Total Non-current Assets	<u>10,701,631</u>	<u>1,271,027,751</u>	<u>1,281,729,382</u>
<b>Total Assets</b>	<u><u>\$ 213,548,832</u></u>	<u><u>\$ 1,333,020,475</u></u>	<u><u>\$ 1,546,569,308</u></u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	9,674,647	3,742,486	13,417,134
Accrued liabilities	665,316	1,330,045	1,995,361
Compensated absences	2,357,551	-	2,357,551
Funds held for others	644,467	189,209	833,677
Deferred revenue	1,059,886	107,841	1,167,727
Notes payable-current portion	-	7,785,000	7,785,000
Bonds payable-current portion	-	20,285,000	20,285,000
Capital lease obligations-current	-	-	-
Total Current Liabilities	<u>14,401,867</u>	<u>33,439,582</u>	<u>47,841,449</u>
Non-current Liabilities:			
Deposits	-	-	-
Notes payable	-	161,141,738	161,141,738
Bonds payable	-	743,883,061	743,883,061
Capital lease obligations	-	102,299,058	102,299,058
Total Non-current Liabilities	<u>-</u>	<u>1,007,323,857</u>	<u>1,007,323,857</u>
<b>Total Liabilities</b>	<u><u>\$ 14,401,867</u></u>	<u><u>\$ 1,040,763,438</u></u>	<u><u>\$ 1,055,165,305</u></u>
<b>Fund Balance-</b>			
<b>August 31, 2014 Audited</b>	115,964,207	263,786,241	379,750,448
Revenues Over Expenditures			
Unrestricted	82,968,948		82,968,948
Restricted	213,809		213,809
Net Investment in Plant		28,470,797	28,470,797
<b>Total Fund Balances, Unaudited</b>	<u><u>\$ 199,146,964</u></u>	<u><u>\$ 292,257,038</u></u>	<u><u>\$ 491,404,002</u></u>
<b>Total Liabilities &amp; Fund Balances</b>	<u><u>\$ 213,548,832</u></u>	<u><u>\$ 1,333,020,476</u></u>	<u><u>\$ 1,546,569,308</u></u>

<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

## Exemptions & Waivers

Through January 31, 2015

Account	FY 2013-14		FY 2014-15
	End of Year Activity	Year-to-Date Activity thru 01/31/2014	Year-to-Date Activity thru 01/31/2015
<b>Tuition</b>			
<b>Budget:</b>			
Adjusted Budget FY 2014-15, Net			\$ 41,453,277
<b>Revenues Received:</b>			
Tuition	45,771,753	38,526,110	39,623,922
<b>Waivers &amp; Exemptions:</b>			
Dual Credit	(4,931,925)	(4,166,647)	(3,221,945)
Other	(2,100,332)	(1,733,869)	(2,322,878)
Total Waivers & Exemptions	(7,032,257)	(5,900,516)	(5,544,823)
<b>Total Tuition Revenue, Net</b>	<b>\$ 38,739,497</b>	<b>\$ 32,625,594</b>	<b>\$ 34,079,099</b>

<b>Tuition - Extended Learning</b>			
<b>Budget:</b>			
Budget FY 2013-14, Net			\$ 6,565,665
<b>Revenues Received:</b>			
Tuition	8,931,465	5,101,969	6,844,695
<b>Waivers &amp; Exemptions:</b>			
Department of Corrections	(2,021,386)	(943,706)	(895,641)
<b>Total EL Tuition Revenue, Net</b>	<b>\$ 6,910,079</b>	<b>\$ 4,158,263</b>	<b>\$ 5,949,054</b>

Exemptions & Waivers	FY 2013-14		FY 2014-15		Actuals % Inc/(Dec)YTD vs. Prior YTD
	End of Year Activity	Year-to-Date Activity thru 01/31/2014	Year-to-Date Activity thru 01/31/2015		
Dept of Corrections	\$ 2,021,386	\$ 943,706	\$ 895,641		-5.1%
Dual Credit Waiver	4,931,925	4,166,647	3,221,945		-22.7%
Early College High School	-	-	1,022,006		0.0%
<b>Other:</b>					
Employee Fee Exemptions	69,909	55,132	45,298		-17.8%
Firemen	26,082	17,881	11,228		-37.2%
Hazelwood	1,416,167	1,198,866	774,907		-35.4%
Deaf & Blind	207,012	165,196	156,454		-5.3%
High Ranking Hi SCH Grad	1,240	1,240	1,805		45.6%
Child of Disabled Vet ETC	285	-	7,207		0.0%
Nonres Teach/Research Asst	6,372	5,487	5,832		6.3%
Nonres Competitive Scholar	11,346	11,169	7,593		-32.0%
Senior Citizens	15,532	14,790	12,728		-13.9%
Misc Tuition/Fees Waivers	6,576	576	-		0.0%
Scholarship Distribution	10,000	-	-		0.0%
A VISA Waiver (Non-Alien Waiver)	-	-	888		0.0%
Refugee Waiver	183	183	-		0.0%
Foster Children-Resident	300,508	243,743	207,985		-14.7%
Undocumented Students	11,383	11,450	4,316		0.0%
TX Tomorrow Waiver	2,912	3,708	2,788		0.0%
Surviving Spouse/Children	2,120	2,120	-		0.0%
Peace Officer Exemption	3,655	2,328	2,541		9.1%
Adopted Student Waiver	-	-	59,302		0.0%
Stipends	3,000	-	-		0.0%
Scholars Costs Funded by State	6,050	-	-		0.0%
Total Other Exemptions	2,100,332	1,733,869	1,300,872		-25.0%
<b>Grand Total Exemptions &amp; Waivers</b>	<b>\$ 9,053,643</b>	<b>\$ 6,844,222</b>	<b>\$ 6,440,464</b>		<b>-5.9%</b>



# ACTION ITEM

Meeting Date: April 16, 2015

Committee: *Facilities and Finance*

ITEM NO.	ITEM TITLE	PRESENTER
<b>11</b>	<b>Monthly Financial Statement and Budget Review for February 2015</b>	<b>Dr. Cesar Maldonado Teri Zamora</b>

## RECOMMENDATION

Approve the Financial Statement for the month of February 2015.

## COMPELLING REASON/RATIONALE

The monthly report advises the Board on the status of the finances of the college.

## DESCRIPTION OR BACKGROUND

This report provides information related to the various funds of the college, including fund balances, comparison to previous year and comparison to budget.

## FISCAL IMPACT

Awareness and review of financial information throughout the year helps to inform decision making, and allows for mid-year adjustments, as needed.

## LEGAL REQUIREMENT

N/A

## STRATEGIC GOAL ALIGNMENT

*Strategic Initiative:* Support Innovation

Attachment Title(s): **Financial Statement - February 2015**

This item is applicable to the following:

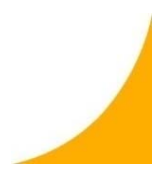
Central     Coleman     Northeast     Northwest     Southeast     Southwest     3100



# Summary Operating Statements

For the Period  
September 1, 2014 - February 28, 2015  
For the Meeting of the Board of Trustees - April 9, 2015

for  
Houston Community College System  
&  
Houston Community College Public Facility Corporation



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For the Period September 1, 2014 - February 28, 2015

## Houston Community College System

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**Houston Community College System**  
**Summary of Financial Statements**  
**As of February 28, 2015**

In the Unrestricted Fund as of February 28, 2015, total revenue received is \$244.7 million. This represents 81.9% of budgeted annual revenues of \$298.7 million. Expenses total \$132.7 million to date; which is 43.3% of the total expense budget of \$306.7 million. Compared with the same time last year, revenue shows a 7% increase, and expenses are 2.5% lower than the prior year. Actual net revenue is \$112 million to-date, which translates into a like amount increase in fund balance.

Tuition and fee revenue shows a 5% increase year-to-date, namely due to increases in enrollment. Tuition and fee revenue for Extended Learning shows a 42.1% increase due partially to an increase in enrollment and also largely to a differential category fee created for out-of-state and international students taking non-credit courses.

Salaries increased 4%. This increase is due namely to an across the board salary increases of 2% for full-time employees and an increase in part-time faculty salary rates.

Expenses related to supplies, instruction and other materials, and capital outlay have decreased. Decreases have resulted primarily from greater oversight of expenditures and discontinuation of the practice of allowing current unrestricted fund purchase orders to roll into the next fiscal year.

**HOUSTON COMMUNITY COLLEGE SYSTEM**  
**Unaudited Fund Balances and Activities - All Funds**  
**as of February 28, 2015**

	Unrestricted	Restricted	Auxiliary	Loan & Endowments	Scholarship	Agency	Unexpended Plant	Capital and Technology	Retirement of Debt	Investment in Plant	Public Facility Corp.	Grand Total
Fund Balance as of 9/1/2014, Audited	\$ 100,704,814	\$ 8,760,527	\$ 6,048,536	\$ 509,932	\$ -	\$ (59,601)	\$ 5,418,977	\$ -	\$ 36,581,244	\$ 221,786,019	\$ (5,898,375)	\$ 373,852,073
<b>Revenues</b>	244,707,419	16,947,245	7,465,828	-	76,583,177	-	1,466,372	-	50,301,902	-	306	397,472,249
<b>Expenses</b>												
Salaries	87,465,230	2,750,909	2,355,702	-	1,851,827	-	111,196	-	-	-	-	94,534,864
Employee Benefits	9,813,469	6,931,374	500,299	-	298	-	25,150	-	-	-	-	17,270,589
Supplies & General Exp	1,952,938	96,340	411,182	-	-	-	668	79,546	-	-	-	2,540,674
Travel	400,866	119,895	56,874	-	-	-	-	-	-	-	-	577,634
Marketing Costs	587,480	19,514	4,014	-	-	-	-	-	-	-	-	611,008
Rentals & Leases	1,308,503	83,462	33,298	-	-	-	2,369	-	-	-	-	1,427,632
Insurance/Risk Mgmt	6,390,220	3,738	1,521	-	-	-	-	-	-	-	-	6,395,479
Contracted Services	9,595,007	2,094,251	859,398	-	-	-	4,338	-	233,678	-	-	12,786,672
Utilities	4,055,206	-	208,980	-	-	-	-	-	-	-	-	4,264,187
Other Departmental Expenses	589,296	68,187	2,082,128	-	-	-	-	-	-	-	-	2,739,611
Instructional and Other Materials	4,493,195	179,261	105,963	-	-	-	134,438	-	-	-	-	4,912,857
Maintenance and Repair	436,561	238,595	8,361	-	128,495	-	74,392	-	-	-	-	886,405
Transfers (In)/Out*	4,564,902	4,250,000	-	-	(2,153,400)	-	2,000,000	(8,250,000)	(476,302)	-	-	(64,800)
Debt	81,061	-	-	-	-	-	-	-	33,362,026	-	590,785	34,033,872
Capital Outlay	1,010,436	365,751	-	-	-	-	36,416,092	263,573	-	-	-	38,055,852
Depreciation	-	-	-	-	-	-	-	-	-	9,811,191	-	9,811,191
Scholarship Distribution					76,755,771							76,755,771
Total Expenses	132,744,371	17,201,277	6,627,720	-	76,582,991	-	38,768,643	(7,906,881)	33,119,402	9,811,191	590,785	307,539,498
<b>NET REVENUE/(EXPENSES)</b>	111,961,128	(254,032)	838,108	-	187	-	(37,302,271)	7,906,881	17,182,500	(9,811,191)	(590,479)	89,930,830
<b>Fund Balance Entries</b>		-				59,601	42,663,293	-		10,518,718	(59,782)	53,181,830
<b>Fund Balance as of 02/28/2015</b>	<b>\$ 212,665,942</b>	<b>\$ 8,506,494</b>	<b>\$ 6,886,643</b>	<b>\$ 509,932</b>	<b>\$ 187</b>	<b>\$ -</b>	<b>\$ 10,779,999</b>	<b>\$ 7,906,881</b>	<b>\$ 53,763,745</b>	<b>\$ 222,493,546</b>	<b>\$ (6,548,635)</b>	<b>\$ 516,964,733</b>

\*Transfers include student revenue bond payment funds, scholarship matching funds, and transfers to Unexpended Plant and Capital and Technology Funds

**HOUSTON COMMUNITY COLLEGE SYSTEM**  
**Comparison to Budget and Comparison to Previous Fiscal Year**  
**as of February 28, 2015**  
**50.0% of Year Expended**

**HCCS CURRENT UNRESTRICTED**

	Year-to-Date Actuals Thru February 28, 2015			FY2015 Budget	Actuals as a % of Budget	Year-to-Date Actuals Thru February 28, 2015			Year-to-Date Actuals Thru February 28, 2014	Increase (Decrease) FY2015 Compared to FY2014	% Increase (Decrease)	
<b>REVENUES</b>												
State Appropriations	\$	29,734,041	\$	69,202,364	43.0%	\$	29,734,041	\$	29,787,470	\$	(53,429)	-0.2%
Ad Valorem Taxes		118,444,773		114,968,081	103.0%		118,444,773		107,036,412		11,408,361	10.7%
Tuition, Net		34,705,997		40,308,204	86.1%		34,705,997		33,140,464		1,565,533	4.7%
Fees		54,128,158		64,784,694	83.6%		54,128,158		52,876,740		1,251,418	2.4%
Other Local Income		1,102,950		2,247,796	49.1%		1,102,950		1,178,820		(75,870)	-6.4%
Tuition & Fee, Net		6,274,942		6,565,665	95.6%		6,274,942		4,414,671		1,860,271	42.1%
-- Extended Learning												
Indirect Cost Revenues, Grant		316,557		619,663	51.1%		316,557		341,454		(24,897)	-7.3%
<b>Total Revenues</b>		<b>244,707,419</b>		<b>298,696,467</b>	<b>81.9%</b>		<b>244,707,419</b>		<b>228,776,032</b>		<b>15,931,387</b>	<b>7.0%</b>
<b>Fund Balance Transfers In</b>		<b>-</b>		<b>8,000,000</b>	<b>0.0%</b>		<b>-</b>		<b>-</b>		<b>-</b>	<b>0.0%</b>
<b>Total Revenues and Fund Balance Transfer</b>	<b>\$</b>	<b>244,707,419</b>	<b>\$</b>	<b>306,696,467</b>	<b>79.8%</b>	<b>\$</b>	<b>244,707,419</b>	<b>\$</b>	<b>228,776,032</b>	<b>\$</b>	<b>15,931,387</b>	<b>7.0%</b>
<b>EXPENSES</b>												
Salaries		87,465,230		182,316,192	48.0%		87,465,230		83,757,318		3,707,912	4.4%
Employee Benefits		9,813,469		20,230,175	48.5%		9,813,469		9,174,996		638,472	7.0%
Supplies Gen Exp		1,952,938		5,688,062	34.3%		1,952,938		2,491,987		(539,049)	-21.6%
Travel		400,866		1,193,125	33.6%		400,866		461,575		(60,709)	-13.2%
Marketing Costs		587,480		1,380,482	42.6%		587,480		612,519		(25,038)	-4.1%
Rental & Leases		1,308,503		2,501,625	52.3%		1,308,503		1,354,806		(46,302)	-3.4%
Insurance/Risk Mgmt		6,390,220		7,264,193	88.0%		6,390,220		6,465,918		(75,698)	-1.2%
Contract Services		9,595,007		23,084,996	41.6%		9,595,007		11,688,173		(2,093,166)	-17.9%
Utilities		4,055,206		10,292,551	39.4%		4,055,206		3,610,325		444,881	12.3%
Other Departmental Expenses		589,296		1,884,419	31.3%		589,296		1,140,451		(551,155)	-48.3%
Instructional & Other Materials		4,493,195		9,776,364	46.0%		4,493,195		4,559,430		(66,235)	-1.5%
Maintenance & Repair		436,561		1,358,074	32.1%		436,561		656,755		(220,194)	-33.5%
Transfers/Debt		4,645,964		32,557,629	14.3%		4,645,964		6,338,348		(1,692,384)	-26.7%
Contingency		-		4,644,746	0.0%		-		-		-	0.0%
Capital Outlay		1,010,436		2,523,834	40.0%		1,010,436		3,899,383		(2,888,947)	-74.1%
<b>Total Expenses</b>	<b>\$</b>	<b>132,744,371</b>	<b>\$</b>	<b>306,696,467</b>	<b>43.3%</b>	<b>\$</b>	<b>132,744,371</b>	<b>\$</b>	<b>136,211,983</b>	<b>\$</b>	<b>(3,467,612)</b>	<b>-2.5%</b>
<b>NET REVENUE/(EXPENSES)</b>	<b>\$</b>	<b>111,963,047</b>	<b>\$</b>	<b>-</b>	<b>0.0%</b>	<b>\$</b>	<b>111,963,047</b>	<b>\$</b>	<b>92,564,048</b>	<b>\$</b>	<b>19,398,999</b>	<b>21.0%</b>

# HOUSTON COMMUNITY COLLEGE SYSTEM

## Auxiliary Budget By Fund as of February 28, 2015

### Auxiliary Funds - Uncommitted Portion

	Main Leasing	Misc. Auxiliary *	Foundation	Marketing	Bookstore Commission	International Student Services	Cafe Club NEO 3100 Main	Scholarships	Subtotal Uncommitted
<b>Fund Balance – September 1, 2014</b>									<b>\$ 2,067,478</b>
<b>FY2015</b>									
Revenue	2,995,104	234,784	-	-	577,552	-	256,803	-	<u>4,064,243</u>
Salaries	110,086	216,484	51,906			170,500	118,238		667,213
Benefits	27,820	55,062	11,971			39,610	28,387		162,849
Supplies Gen Exp	19,682	44,559	6,166				9,223		79,631
Travel		2,341	2,881						5,222
Marketing Costs		4,014							4,014
Rental & Leases	3,448	22,050							25,498
Contract Services	570,412	152,598	14,552				823		738,384
Utilities	208,980								208,980
Departmental Expenses		189,759		1,842,984		14,545			2,047,288
Instructional & Other	600						105,363		105,963
Materials									
Maintenance & Repair	894	3,833					3,634		8,361
Insurance/Risk Mgmt									-
Exemptions and Waivers								408,202	408,202
Transfer/Debt									-
Capital Outlay									-
<b>Total Expense</b>	<u>941,923</u>	<u>690,700</u>	<u>87,476</u>	<u>1,842,984</u>	<u>-</u>	<u>224,655</u>	<u>265,666</u>	<u>408,202</u>	<u>4,461,606</u>
<b>Contribution to Fund Balance</b>	<u>2,053,181</u>	<u>(455,915)</u>	<u>(87,476)</u>	<u>(1,842,984)</u>	<u>577,552</u>	<u>(224,655)</u>	<u>(8,863)</u>	<u>(408,202)</u>	<u>(397,364)</u>
<b>Auxiliary Fund Balance - Uncommitted Portion</b>									<u><u>\$ 1,670,114</u></u>

\* Expenditures in this category include mailroom, child day care, Minority Male Initiative, Govt. Relation, Mobile Go, etc.

# HOUSTON COMMUNITY COLLEGE SYSTEM

## Auxiliary Budget By Fund

as of February 28, 2015

### Auxiliary Funds - International and Committed Portions

	International			Committed					Total
	Saigon Tech	Qatar	Subtotal International	Minority Business Development Agency	Student Vending Commission	Student Activity Fee	Student Athletic Fee	Subtotal Committed	Total Auxiliary
<b>Fund Balance – September 1, 2014</b>			\$ 1,732,695	\$ 7,210	\$ 293,729	\$ 968,768	\$ 978,657	\$ 2,248,364	\$ 6,048,536
<b>FY2015</b>									
Revenue	23,333	2,106,153	2,129,486	10,798	56,000	932,244	702,790	1,701,832	7,895,561
Salaries		1,550,768	1,550,768		6,800	30,863	100,058	137,721	2,355,702
Benefits		312,576	312,576			132	24,742	24,874	500,299
Supplies Gen Exp	90	851	941		21,843	262,977	45,790	330,610	411,182
Travel	10,934		10,934		1,381	22,157	17,180	40,718	56,874
Marketing Costs			-					-	4,014
Rental & Leases			-				7,800	7,800	33,298
Contract Services		36,000	36,000		2,500	19,136	63,378	85,014	859,398
Utilities			-					-	208,980
Departmental Expenses		3,595	3,595		3,000	8,289	19,956	31,245	2,082,128
Instructional & Other			-					-	105,963
Materials			-					-	8,361
Maintenance & Repair			-					-	1,521
Insurance/Risk Mgmt			-			175	1,346	1,521	1,521
Exemptions and Waivers			-			21,531		21,531	429,733
Transfer			-					-	-
Capital Outlay			-					-	-
<b>Total Expense</b>	<b>11,024</b>	<b>1,903,790</b>	<b>1,914,814</b>	<b>-</b>	<b>35,523</b>	<b>365,261</b>	<b>280,249</b>	<b>681,033</b>	<b>7,057,453</b>
<b>Contribution to Fund Balance</b>	<b>12,309</b>	<b>202,363</b>	<b>214,672</b>	<b>10,798</b>	<b>20,477</b>	<b>566,984</b>	<b>422,541</b>	<b>1,020,799</b>	<b>838,108</b>
<b>Auxiliary Fund Balance - Intl, Committed, Total</b>			<b>\$ 1,947,367</b>	<b>\$ 18,007</b>	<b>\$ 314,205</b>	<b>\$ 1,535,752</b>	<b>\$ 1,401,198</b>	<b>\$ 3,269,163</b>	<b>\$ 6,886,643</b>



**HOUSTON COMMUNITY COLLEGE**  
**FY 2014-15 Adjusted Budget by Colleges**  
**as of February 28, 2015**

<b>Budgeted Expenditures</b>	<b>CENTRAL</b>	<b>NORTH WEST</b>	<b>NORTH EAST</b>	<b>SOUTH WEST</b>	<b>SOUTH EAST</b>	<b>COLEMAN</b>	<b>EXTENDED LEARNING</b>	<b>SYSTEM</b>	<b>Grand Total</b>
Salary	\$ 24,755,246	\$ 26,342,309	\$ 19,533,275	\$ 27,134,575	\$ 16,250,090	\$ 11,995,677	\$ 10,349,357	\$ 45,955,663	\$ 182,316,192
Employee Benefits	-	-	-	-	-	-	-	20,230,175	20,230,175
Supplies & Gen	277,493	309,498	220,230	301,295	252,519	267,567	182,255	3,877,205	5,688,062
Travel	113,175	120,258	40,281	76,647	58,148	110,540	65,944	608,132	1,193,125
Marketing Costs	23,351	32,443	57,270	26,367	72,187	10,542	158,287	1,000,035	1,380,482
Rentals & Leases	1,920	92,867	951,367	534,141	79,817	452,379	25,327	363,807	2,501,625
Insurance/Risk Mgmt	794	168	-	154	-	-	-	7,263,077	7,264,193
Contracted Services	326,417	250,133	85,781	39,572	67,097	280,523	20,992	22,014,481	23,084,996
Utilities	5,125	-	4,600	545	-	-	-	10,282,281	10,292,551
Other Departmental Expenses	77,029	48,413	40,713	56,083	137,553	96,000	44,823	1,383,805	1,884,419
Instructional And Other Materials	468,038	158,494	157,470	247,020	66,144	311,022	679,570	7,688,606	9,776,364
Maintenance and Repair	134,466	41,534	52,666	59,829	18,050	65,108	121,603	864,818	1,358,074
Transfers/Debt	-	864,206	5,640,442	1,250,001	-	-	-	24,802,980	32,557,629
Contingency	474,272	498,456	94,434	80,023	178,645	278,710	230,724	2,809,482	4,644,746
Capital Outlay	486,905	125,558	404,617	96,709	29,959	25,195	7,500	1,347,391	2,523,834
<b>Total</b>	<b>\$ 27,144,231</b>	<b>\$ 28,884,337</b>	<b>\$ 27,283,146</b>	<b>\$ 29,902,961</b>	<b>\$ 17,210,209</b>	<b>\$ 13,893,263</b>	<b>\$ 11,886,382</b>	<b>\$ 150,491,938</b>	<b>\$ 306,696,467</b>

**Houston Community College**  
**Balance Sheet By Fund**  
**For Month Ended February 28, 2015**

	<u>CURRENT &amp; LOAN FUNDS<sup>1</sup></u>	<u>PLANT &amp; BOND FUNDS<sup>2</sup></u>	<u>Total All Funds</u>
<b>ASSETS</b>			
Current Assets:			
Cash & cash equivalents	\$ 197,157,344	\$ 37,456,058	\$ 234,613,402
Restricted cash & cash equivalents	-	-	-
Short term Investments	-	-	-
Accounts/Other receivable (net)	23,506,619	2,512,461	26,019,081
Deferred charges	136,812	-	136,812
Prepays	<u>121,634</u>	<u>2,019,896</u>	<u>2,141,530</u>
Total Current Assets	220,922,409	41,988,415	262,910,824
Non-current Assets:			
Restricted cash & cash equivalents	11,261,606	305,532,386	316,793,992
Restricted long-term investments	-	72,318,537	72,318,537
Long-term investments	10,653,064	-	10,653,064
Capital Assets, net	-	<u>898,360,668</u>	<u>898,360,668</u>
Total Non-current Assets	<u>21,914,670</u>	<u>1,276,211,592</u>	<u>1,298,126,261</u>
<b>Total Assets</b>	<u><u>\$ 242,837,079</u></u>	<u><u>\$ 1,318,200,007</u></u>	<u><u>\$ 1,561,037,085</u></u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	7,575,043	1,047,260	8,622,303
Accrued liabilities	680,949	18,991	699,940
Compensated absences	2,357,551	-	2,357,551
Funds held for others	645,038	189,209	834,247
Deferred revenue	3,009,300	107,841	3,117,142
Notes payable-current portion	-	-	-
Bonds payable-current portion	-	12,548,783	12,548,783
Capital lease obligations-current	-	-	-
Total Current Liabilities	<u>14,267,881</u>	<u>13,912,084</u>	<u>28,179,965</u>
Non-current Liabilities:			
Deposits	-	-	-
Notes payable	-	163,161,634	163,161,634
Bonds payable	-	743,883,061	743,883,061
Capital lease obligations	-	<u>102,299,058</u>	<u>102,299,058</u>
Total Non-current Liabilities	<u>-</u>	<u>1,009,343,753</u>	<u>1,009,343,753</u>
<b>Total Liabilities</b>	<u><u>\$ 14,267,881</u></u>	<u><u>\$ 1,023,255,836</u></u>	<u><u>\$ 1,037,523,718</u></u>
<b>Fund Balance-</b>			
<b>August 31, 2014 Audited</b>	115,964,207	263,786,241	379,750,448
Revenues Over Expenditures			
Unrestricted	112,799,236		112,799,236
Restricted	(194,247)		(194,247)
Net Investment in Plant		31,157,930	31,157,930
<b>Total Fund Balances, Unaudited</b>	<u><u>\$ 228,569,196</u></u>	<u><u>\$ 294,944,171</u></u>	<u><u>\$ 523,513,367</u></u>
<b>Total Liabilities &amp; Fund Balances</b>	<u><u>\$ 242,837,078</u></u>	<u><u>\$ 1,318,200,007</u></u>	<u><u>\$ 1,561,037,085</u></u>

<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

## Exemptions & Waivers

Through February 28, 2015

Account	FY 2013-14		FY 2014-15
	End of Year Activity	Year-to-Date Activity thru 02/28/2014	Year-to-Date Activity thru 02/28/2015
<b>Tuition</b>			
<b>Budget:</b>			
Adjusted Budget FY 2014-15, Net			\$ 41,453,277
<b>Revenues Received:</b>			
Tuition	45,771,753	39,131,329	40,364,830
<b>Waivers &amp; Exemptions:</b>			
Dual Credit	(4,931,925)	(4,205,064)	(3,253,288)
Other	(2,100,332)	(1,785,801)	(2,405,545)
Total Waivers & Exemptions	(7,032,257)	(5,990,865)	(5,658,833)
<b>Total Tuition Revenue, Net</b>	<b>\$ 38,739,497</b>	<b>\$ 33,140,464</b>	<b>\$ 34,705,997</b>

<b>Tuition - Extended Learning</b>			
<b>Budget:</b>			
Budget FY 2013-14, Net			\$ 6,565,665
<b>Revenues Received:</b>			
Tuition	8,931,465	5,547,377	7,348,783
<b>Waivers &amp; Exemptions:</b>			
Department of Corrections	(2,021,386)	(1,132,706)	(1,073,841)
<b>Total EL Tuition Revenue, Net</b>	<b>\$ 6,910,079</b>	<b>\$ 4,414,671</b>	<b>\$ 6,274,942</b>

Exemptions & Waivers	FY 2013-14		FY 2014-15		Actuals % Inc/(Dec)YTD vs. Prior YTD
	End of Year Activity	Year-to-Date Activity thru 02/28/2014	Year-to-Date Activity thru 02/28/2015		
Dept of Corrections	\$ 2,021,386	\$ 1,132,706	\$ 1,073,841		-5.2%
Dual Credit Waiver	4,931,925	4,205,064	3,253,288		-22.6%
Early College High School	-	-	1,030,643		0.0%
<b>Other:</b>					
Employee Fee Exemptions	69,909	58,138	47,168		-18.9%
Firemen	26,082	19,425	11,314		-41.8%
Hazelwood	1,416,167	1,226,613	827,215		-32.6%
Deaf & Blind	207,012	171,446	159,781		-6.8%
High Ranking Hi SCH Grad	1,240	1,240	1,805		45.6%
Child of Disabled Vet ETC	285	410	7,207		0.0%
Nonres Teach/Research Asst	6,372	5,487	6,098		11.1%
Nonres Competitive Scholar	11,346	11,346	8,744		-22.9%
Senior Citizens	15,532	14,872	12,722		-14.5%
Misc Tuition/Fees Waivers	6,576	576	-		0.0%
Scholarship Distribution	10,000	-	-		0.0%
A VISA Waiver (Non-Alien Waiver)	-	-	888		0.0%
Refugee Waiver	183	183	-		0.0%
Foster Children-Resident	300,508	257,675	214,037		-16.9%
Undocumented Students	11,383	11,383	4,316		0.0%
TX Tomorrow Waiver	2,912	2,558	2,788		0.0%
Surviving Spouse/Children	2,120	2,120	-		0.0%
Peace Officer Exemption	3,655	2,329	3,111		33.6%
Adopted Student Waiver	-	-	67,708		0.0%
Stipends	3,000	-	-		0.0%
Scholars Costs Funded by State	6,050	-	-		0.0%
Total Other Exemptions	2,100,332	1,785,801	1,374,902		-23.0%
<b>Grand Total Exemptions &amp; Waivers</b>	<b>\$ 9,053,643</b>	<b>\$ 7,123,571</b>	<b>\$ 6,732,674</b>		<b>-5.5%</b>

## **Topics for Discussion and/or Action**

# ACTION ITEM

Meeting Date: April 16, 2015

Committee: *Board Governance*

ITEM NO.	ITEM TITLE	PRESENTER
<b>1</b>	<b>Personnel Agenda (Administrator)</b>	<b>Dr. Cesar Maldonado</b>

## RECOMMENDATION

Approve the contract for Dr. Edmund Herod, Vice Chancellor of Innovation, Planning & Institutional Analytics, and Dr. Phillip Nicotera, President of Coleman College in accordance with Board Policy A.7.1. Attached are the candidate qualifications.

## COMPELLING REASON/RATIONALE

The position of Vice Chancellor of Innovation, Planning & Institutional Analytics is a new position developed as part of HCC's Transformation Plan. The position of President Coleman College was vacated on September 17, 2014. It is important for the successful management and operations of the College to fill this role with a permanent employee.

## FISCAL IMPACT

Funds for the positions are provided for in the 2015 Unrestricted Budget.

## LEGAL REQUIREMENTS

N/A

## STRATEGIC GOAL ALIGNMENT

*Strategic Initiative:* Ensure Instructional Programs Provide the Knowledge and Skills Required for 21<sup>st</sup> Century Learners

Attachment Title(s): **Personnel Agenda - Administrator (April 16, 2015)**

This item is applicable to the following:

Central     Coleman     Northeast     Northwest     Southeast     Southwest     3100

***Personnel Agenda -***  
**Administrator (For Board Approval)**

**Board Meeting: April 16, 2015**

**FOR APPROVAL - BOARD ACTION REQUIRED**  
**ADMINISTRATOR (REGULAR)**

<b><u>Name</u></b>	<b><u>Previous Organization</u></b>	<b><u>Proposed Title/Organization</u></b>	<b><u>FLSA/Grade</u></b>	<b><u>Previous Salary</u></b>	<b><u>Salary</u></b>	<b><u>Effective Date</u></b>
<b>1. Herod, Edmund</b>	HCCS F/T Executive Dean Instruction and Student Services/NW	to F/T Vice Chancellor Innovation, Planning & Institutional Analytics/ System	EXEC/40	\$120,451 yr.	\$180,000 yr.	04-27-15
<b>2. Nicotera, Phillip</b>	St. Petersburg College	to F/T President/ Coleman	EXEC/40	\$125,000 yr.	\$207,764 yr.	05-18-15

***Credentials & Selection Process -***  
**Administrator (For Board Approval)**

**Board Meeting: April 16, 2015**





<u>Name</u>	<u>Job Title/Requirements</u>	<u>Nominee's Credentials</u>	<u>Selection Process</u>
<b>2. Nicotera, Phillip</b>	<p><i>President</i></p> <p>Master's degree is required. Earned Doctorate is preferred. Ten (10) years of progressive higher education experience, to include five (5) years of higher education classroom experience. Administrative experience in the area of academic instruction preferred. Knowledge and demonstrated effectiveness in working with health science programs, the health services industry and related university, professional, &amp; government programs and organizations. Ability to Interact successfully with health science/service leaders and institutions in locating and obtaining additional resources and support development &amp; implementation of HCC health science programs across the System. Ability to present the College to the Houston area as a resource for development of the community's health science educational and training needs.</p>	<p>M.D. in Medicine</p> <p>M.S. in Educational Administration</p> <p>Provost 7 yrs. 0 mos.</p> <p>Associate Provost 11 mos.</p> <p>Instructor 1 yr. 4 mos.</p> <p>VP Medical Affairs 2 yrs. 0 mos.</p> <p><b>Total 11 yrs. 3 mos.</b></p>	<p><b>Executive Search Firm Screening</b></p> <p>-Initial Contact to Potential Candidates – 238</p> <p>-Screening Conversations – 90</p> <p>-Advanced from Screening – 17</p> <p>-Executive Summaries Completed - 15</p> <p><b>HCC Selection Process</b></p> <p>-Job Vacancy Notice-3<sup>rd</sup> Party</p> <p>-Executive Search Firm Referred to the HCC Selection Advisory Committee (HSAC)-7</p> <p>-HSAC Evaluated &amp; Interviewed-7</p> <p>-HSAC Referred Finalists - 2</p> <p>-Held Forum at Coleman &amp; Hiring Authority Interviewed Finalists - 2</p> <p>-Finalist Selected – External New Hire F/T</p>

# ACTION ITEM

Meeting Date: April 16, 2015

Committee: *Board Governance*

ITEM NO.	ITEM TITLE	PRESENTER
<b>2</b>	<b>Personnel Agenda (Faculty)</b>	<b>Dr. Cesar Maldonado</b>

## RECOMMENDATION

Approve the personnel action item for April 2015.

## COMPELLING REASON/RATIONALE

Full-time contract Faculty is hired under one-year term contracts that are either renewed or non-renewed on an annual basis under Board Policy A.7.1.

## DESCRIPTION OR BACKGROUND

The hiring process for full time faculty involves a review of credentials, a screening process, evaluation and interview by the hiring authority.

## FISCAL IMPACT

Funds for these faculty positions are provided for in the 2015 Unrestricted Budget.

## LEGAL REQUIREMENT

N/A

## STRATEGIC GOAL ALIGNMENT

*Strategic Initiative:* Support Innovation

Attachment Title(s): **Personnel Agenda - Faculty (April 2015)**

This item is applicable to the following:

Central     Coleman     Northeast     Northwest     Southeast     Southwest     3100

***Personnel Agenda -***  
**Faculty (For Board Approval)**

**Board Meeting: April 16, 2015**

**FACULTY (REGULAR) – FOR BOARD APPROVAL**

<b><u>Name</u></b>	<b><u>Previous Organization</u></b>	<b><u>Proposed Title/Organization</u></b>	<b><u>FLSA/Grade</u></b>	<b><u>Previous Salary</u></b>	<b><u>Salary</u></b>	<b><u>Effective Date</u></b>
<b>1. Feighny, Edward</b>	HCCS F/T (Temp) ESL Instructor/NW	to F/T ESL Instructor/ NW	FAC/06 10.5 months	\$40,445 yr.	\$51,325 yr.	03-01-15
<b>2. Flores, Luis</b>	HCCS F/T (Temp) Welding Instructor /Central	to F/T Welding Instructor/ Central	FAC/04 10.5 months	\$42,112 yr.	\$48,821 yr.	02-23-15
<b>3. Grisales, Joseph</b>	San Jacinto College	to F/T Manufacturing Engineering Technology Instructor/Central	FAC/08 10.5 months	\$36,480 yr.	\$53,364 yr.	02-23-15
<b>4. Herrejon, Christi</b>	Texas Children's Hospital	to F/T Radiography Technology Instructor/ Coleman	FAC/08 10.5 months	\$76,940 yr.	\$60,987 yr.	03-23-15
<b>5. Hsieh, Juorong</b>	HCCS P/T Engineering Instructor/SE	to F/T Engineering Instructor/SE	FAC/12 9 months	\$1,851 course	\$44,782 yr.	02-23-15

**FACULTY (REGULAR) – FOR BOARD APPROVAL**

<b><u>Name</u></b>	<b><u>Previous Organization</u></b>	<b><u>Proposed Title/Organization</u></b>	<b><u>FLSA/Grade</u></b>	<b><u>Previous Salary</u></b>	<b><u>Salary</u></b>	<b><u>Effective Date</u></b>
<b>6. Mahoney, John</b>	Lone Star College	to F/T Manufacturing Engineering Technology Instructor/Central	FAC/07 10.5 months	\$72,000 yr.	\$50,303 yr.	02-23-15
<b>7. Patterson, Pamela</b>	United HealthCare	to F/T Vocational Nursing Instructor/Coleman	FAC/08 10.5 months	\$76,000 yr.	\$60,987 yr.	02-23-15

***Credentials & Selection Process -***  
**Faculty (For Board Approval)**

**Board Meeting: April 16, 2015**

**FACULTY (REGULAR) – FOR BOARD APPROVAL**

<b><u>Name</u></b>	<b><u>Job Title/Requirements</u></b>	<b><u>Nominee’s Credentials</u></b>	<b><u>Selection Process</u></b>
<b>1. Feighny, Edward</b>	<i>ESL Instructor</i> Bachelor’s degree from an accredited Institution in one of the following fields: English, Linguistics, Education, Foreign Languages, etc. One (1) year of ESL experience teaching Limited English Proficiency adults and thorough knowledge of Intensive English programs.	M.Ed. in Educational Psychology Instructor 7 yrs. 4 mos. Project Mgr/Engl 5 yrs. 1 mo. Proofreader 1 yr. 2 mos.  <b>Total 13 yrs. 7 mos.</b>	Job Vacancy Notice-4556 -HR Referred-60 -Screening committee evaluated and reviewed-6 -Hiring authority evaluated and interviewed-3 -Applicant selected-External HCC F/T Temp to F/T
<b>2. Flores, Luis</b>	<i>Welding Instructor</i> Associate’s degree or higher required. In lieu of a degree, five (5) years recent exceptional industry welding experience may be considered. AWS/ASME Welder certification is also required.	High School Diploma Instructor/Welding 1 yr. 1 mo. Mechanic Welder 11 yrs 1 mo. Welder 7 yrs. 10 mos.  <b>Total 20 yrs. 0 mos.</b>	Job Vacancy Notice-4583 -HR Referred-3 -Screening committee evaluated and reviewed-3 -Hiring authority evaluated and interviewed-3 -Applicant selected-External HCC F/T Temp to F/T
<b>3. Grisales, Joseph</b>	<i>Manufacturing Engrg.Tech Instructor</i> Associate’s degree or higher. Five (5) years exceptional industry experience may be substituted for the Associate’s degree.	BS in Mechanical Engin. Tech. CNC Instructor 1 yr. 8 mos. Mechanical Tech. 21 yrs.10 mos.  <b>Total 23 yrs. 6 mos.</b>	Job Vacancy Notice-4605 -HR Referred-5 -Screening committee evaluated and reviewed-4 -Hiring authority evaluated and interviewed-3 -Applicant selected-External HCC P/T to F/T



**FACULTY (REGULAR) – FOR BOARD APPROVAL**

<b><u>Name</u></b>	<b><u>Job Title/Requirements</u></b>	<b><u>Nominee's Credentials</u></b>	<b><u>Selection Process</u></b>
<b>4. Herrejon, Christi</b>	<i>Radiography Technology Instructor</i> Bachelor's degree or higher in Radiography or related field required. Hold an American registry of Radiologic Techs.current registration in radiography and be certified by the Texas Department of State Health Services as a medical radiologic technologist. Minimum of one (1) year teaching exp. required.	BS-Radiology CT Technologist 6 yrs. 3 mos. Tech Interventional 6 yrs. 0 mos. Sr. Tech Radiology 4 yrs. 0 mos.  <b>Total 16 yrs. 3 mos.</b>	Job Vacancy Notice-4524 -HR-Referred-10 -Screening committee evaluated and review-5 -Hiring authority evaluated and interviewed-3 -Applicant selected-External New Hire F/T
<b>5. Hsieh, Juorong</b>	<i>Engineering Instructor</i> Master's degree with eighteen (18) hours in Engineering required. Experience teaching and/or presenting Engineering, Science, Technology, or Mathematics subjects strongly preferred.	PHD in Management MS in Engineering Adjunct Instructor 2 yrs. 0 mos. Engineering Mgr. 1 yr. 5 mos. Product/Project Mgr. 3 yrs.4 mos. Sr. Design Engineer 2 yrs. 0 mos.  <b>Total 8 yrs. 9 mos.</b>	Job Vacancy Notice-4562 -HR Referred-20 -Screening committee evaluated and reviewed-10 -Hiring authority evaluated and interviewed-3 -Applicant selected-External HCC P/T to F/T
<b>6. Mahoney, John</b>	<i>Manufacturing Engin. Tech. Instructor</i> Associate's degree or higher. Five (5) years exceptional industry experience may be substituted for the Associate's degree.	BS-Business Administration AAS-General Studies Engineering Manufacturing Instr. 1 yr. 7 mos. Welding Instructor 2 yrs. 8 mos.  <b>Total 4 yrs. 3 mos.</b>	Job Vacancy Notice-4605 -HR Referred-5 -Screening committee evaluated and reviewed-4 -Hiring authority evaluated and interviewed-3 -Applicant selected-External New Hire F/T

**FACULTY (REGULAR) – FOR BOARD APPROVAL**

<b><u>Name</u></b>	<b><u>Job Title/Requirements</u></b>	<b><u>Nominee’s Credentials</u></b>	<b><u>Selection Process</u></b>
<b>7. Patterson, Pamela</b>	<i>Vocational Nursing Instructor</i> Registered nurse licensed to practice in Texas. BSN/MSN preferred. Minimum of three years teaching experience in community college or university is preferred.	BS in Nursing Chief Nurse 5 yrs. 10 mos. Staff Dev. Coord 2 yrs. 0 mos. Health Nurse III 2 yrs. 2 mos. Registered Nurse 2 yrs. 4 mos. Patient Care Coord. 15yrs, 11mos.	Job Vacancy Notice-2814 -HR Referred-2 -Screening committee evaluated and reviewed-2 -Hiring authority evaluated and interviewed-2 -Applicant selected-External New Hire F/T
		<b>Total 28 yrs. 3 mos.</b>	

# ACTION ITEM

Meeting Date: April 16, 2015

Committee: *Facilities and Finance*

ITEM NO.	ITEM TITLE	PRESENTER
<b>3</b>	<b>Resolution Authorizing the Issuance of Combined Fee Revenue and Refunding Bonds, Series 2015 and Redemption Prior to Maturity of Certain Outstanding Bonds</b>	<b>Dr. Cesar Maldonado Teri Zamora Andrews Kurth</b>

## RECOMMENDATION

Approve resolution for issuance of Combined Fee Revenue and Refunding Bonds, Series 2015; set certain parameters for the Revenue Refunding Bonds; authorize the Vice Chancellor of Finance and Planning or certain designees including Treasurer and Deputy Treasurer to approve the amount, the interest rate, price and certain other terms thereof and procedures and provisions related thereto; preparation, distribution and execution of necessary documents and statements; the redemption prior to maturity of certain outstanding bonds and other documents related thereto; and authorize the selection of underwriters.

## COMPELLING REASON/RATIONALE

The Resolution facilitates the issuance of the Bonds, all necessary documents and statements, and the syndicate of underwriters.

## DESCRIPTION OR BACKGROUND

This Bond resolution provides for the terms, conditions and parameters for the issuance of the Combined Fee Revenue and Refunding Bonds, Series 2015. It allows for paying the purchase option prices under the lease purchase agreements between the System and the Houston Community College System Public Facility Corporation (the "PFC") with respect to the facilities previously financed with the outstanding lease revenue bonds.

## FISCAL IMPACT

The Combined Fee Revenue and Refunding Bonds, Series 2015 will be approximately \$121,560,000 plus costs of issuance and other associated issuance costs. These Bonds will refund a portion of the Junior Lien Student Fee Revenue and Refunding Bonds, Series 2006 totaling \$34,695,000. These Bonds will also retire the entire amount of PFC bonds of \$97,380,000 and allow for the purchase by HCC of the PFC assets. The approximate value of cash savings over the life of the Bonds will be \$18,000,000.

## STRATEGIC GOAL ALIGNMENT

*Strategic Initiative:* Support Innovation

Attachment Titles(s): **1. Listing of Underwriters**  
**2. Resolution**

This item is applicable to the following:

Central     Coleman     Northeast     Northwest     Southeast     Southwest     3100

## Combined Fee Revenue and Refunding Bonds, Series 2015

### Listing of Underwriters

Bank of America Merrill Lynch	Co-Senior Manager
Goldman Sachs	Co-Senior Manager
BOSC, Inc.	Co-Manager
Loop Capital Markets	Co-Manager
Mesirow Financial	Co-Manager

RESOLUTION AUTHORIZING THE ISSUANCE OF HOUSTON COMMUNITY COLLEGE SYSTEM COMBINED FEE REVENUE AND REFUNDING BONDS; SETTING CERTAIN PARAMETERS FOR THE BONDS; AUTHORIZING THE CHANCELLOR, THE VICE CHANCELLOR OF FINANCE AND PLANNING, THE TREASURER OR THE DEPUTY TREASURER, TO APPROVE THE AMOUNT, THE INTEREST RATE, PRICE, INCLUDING THE TERMS THEREOF AND CERTAIN OTHER PROCEDURES AND PROVISIONS RELATED THERETO; AUTHORIZING THE REDEMPTION PRIOR TO MATURITY OF CERTAIN OUTSTANDING BONDS; AND CONTAINING OTHER MATTERS RELATED THERETO

THE STATE OF TEXAS §  
COUNTIES OF HARRIS AND FORT BEND §  
HOUSTON COMMUNITY COLLEGE SYSTEM §

WHEREAS, Houston Community College System (the “System”) is a junior college district operating under Chapter 130, Texas Education Code, as amended; and

WHEREAS, the System has approved four Leases with Option to Purchase (the “Leases”) in connection with bonds issued by the Houston Community College System Public Facility Corporation (the “PFC”); and

WHEREAS, the System finds it is in its best interests to exercise the purchase option set forth in each Lease; and

WHEREAS, in order to effectuate an orderly transfer of title from the PFC to the System and clarify ambiguities in the Leases, certain amendments to the Leases are necessary; and

WHEREAS, the Board of Trustees of the System (the “Board”) is authorized by Section 130.125, Texas Education Code, as amended, to issue its revenue obligations and execute credit agreements in order to finance project costs of an eligible project or to refinance obligations issued in connection with an eligible project; and

WHEREAS, the System desires to issue the New Money Bonds (as hereinafter defined) to finance the costs of one or more “eligible project” as such term is defined by Chapter 130, Texas Education Code and Chapter 1371, Texas Government Code; and

WHEREAS, the Board has previously provided for the issuance from time to time of certain “Senior Lien Bonds” and certain “Junior Lien Bonds” (as such terms are hereinafter defined); and

WHEREAS, the System has heretofore issued the bonds described in Exhibit A attached hereto and as more particularly described in the Officer’s Pricing Certificate; and

WHEREAS, the System desires to refund the Refunded Bonds (as hereinafter defined) from time to time in advance of their maturities; and

WHEREAS, Chapter 1207, Texas Government Code, authorizes the System to issue refunding bonds for the purpose of refunding the Refunded Bonds in advance of their maturities, and to accomplish such refunding by depositing directly with a paying agent for the Refunded Bonds (or other qualified escrow agent), the proceeds of such refunding bonds, together with other available funds, in an amount sufficient to provide for the payment or redemption of the Refunded Bonds, and provides that such deposit shall constitute the making of firm banking and financial arrangements for the discharge and final payment or redemption of the Refunded Bonds; and

WHEREAS, the System desires to authorize the execution of an escrow agreement and provide for the deposit of proceeds of the refunding bonds, together with other lawfully available funds of the System, if necessary, to pay the Refunded Bonds; and

WHEREAS, upon the issuance of the refunding bonds herein authorized and the deposit of funds referred to above, the Refunded Bonds shall no longer be regarded as being outstanding, except for the purpose of being paid pursuant to such deposit, and the pledges, liens, trusts and all other covenants, provisions, terms and conditions of the resolutions authorizing the issuance of the Refunded Bonds shall be, with respect to the Refunded Bonds, discharged, terminated and defeased; and

WHEREAS, the System has a principal amount of at least \$100,000,000 in a combination of outstanding long-term indebtedness and long-term indebtedness proposed to be issued, and some amount of such long-term indebtedness is rated in one of the four highest rating categories for long-term debt instruments by a nationally recognized rating agency for municipal securities without regard to the effect of any credit agreement or other form of credit enhancement entered into in connection with the obligation, and therefore, the System qualifies as an "Issuer" under Chapter 1371, Texas Government Code; and

WHEREAS, pursuant to Chapter 1371.053, Texas Government Code, the System desires to delegate the authority to effect the sale of the Bonds to each of the following: the Chancellor, the Vice Chancellor of Finance and Planning, the Treasurer and the Deputy Treasurer (each a "Pricing Officer"); Now, therefore

**BE IT RESOLVED BY THE BOARD OF TRUSTEES OF HOUSTON COMMUNITY COLLEGE SYSTEM:**

1. Recitals; Consideration. It is hereby found and determined that the matters and facts set out in the preamble to this Resolution are true and correct.

It is hereby found and determined that the refunding contemplated in this Resolution will benefit the System by providing a present value savings in the debt service payable by the System, and that such benefit is sufficient consideration for the refunding of the Refunded Bonds, and that the issuance of the refunding bonds is in the best interests of the System and the gross debt service loss cannot exceed any amount that would produce less than [2.00%] present value savings.

2. Definitions. Throughout this Resolution the following terms and expressions as used herein shall have the meanings set forth below:

“Additional Bonds” means the Additional Senior Lien Bonds and the Additional Junior Lien Bonds.

“Additional Junior Lien Bonds” means the additional junior lien bonds permitted to be issued by the System.

“Additional Senior Lien Bonds” means the additional senior lien bonds permitted to be issued by the System.

“Blanket Issuer Letter of Representations” means the Blanket Issuer Letter of Representations between the System, the Paying Agent/Registrar and DTC.

“Board” means the Board of Trustees of the System.

“Bond Counsel” means Andrews Kurth LLP.

“Bond Purchase Agreement” means the agreement between the System and the Underwriters described in Section 4(d) of this Resolution.

“Bonds” means one or more series of the Houston Community College System Combined Fee Revenue and Refunding Bonds, Series <sup>1</sup>\_\_\_\_\_ authorized by this Resolution, unless the context clearly indicates otherwise.

“Business Day” means any day which is not a Saturday, Sunday, or a day on which the Registrar is authorized by law or executive order to close.

“Chancellor” means Dr. Cesar Maldonado, or such other person serving the System as a successor in that capacity.

“Code” means the Internal Revenue Code of 1986, as amended.

“Comptroller” means the Comptroller of Public Accounts of the State of Texas.

“Continuing Education Fees” means the fees charged by the System for its continuing education programs, including but not limited to, non-credit courses, workshops, seminars, conferences, contract training and institutes.

“Deputy Treasurer” means Brian Malone, or such other person serving the System as a successor in that capacity.

“DTC” means The Depository Trust Company of New York, New York, or any successor securities depository.

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<sup>1</sup> Insert from Officer’s Pricing Certificate.

“DTC Participant” means brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions.

“Escrow Agent” means The Bank of New York Mellon Trust Company, N.A., and its successors in such capacity.

“Escrow Agreement” means the agreement between the System and the Escrow Agent relating to the escrow of funds and legally authorized investments to pay the Refunded Bonds.

“General Fees” means the fees established by resolution of the Board pursuant to Section 130.123, Texas Education Code, to be fixed, charged and collected from all students (excepting any category of students now exempt by law from paying such fees) regularly enrolled in the System, for the general use and availability of the System in the manner and to the extent as provided in this Resolution.

“Initial Bond” means the Initial Bond authorized by Section 5(c).

“Interest Payment Date”, when used in connection with any Bond, means the dates set forth in the Officer’s Pricing Certificate.

“Issuance Date” means the date on which the Bonds are delivered to and paid for by the Underwriters.

“Junior Lien Bonds” means the Outstanding Junior Lien Bonds, and each series of Additional Junior Lien Bonds from time to time hereafter issued.

“Laboratory Fees” means those fees charged by the System for the use of laboratory facilities.

“Miscellaneous Fees” means the System’s Late Registration Fees, Withdrawal/Change of Schedule Fees, Transcript Fees, Graduation Fees, Installment Fees and Program Fees.

“New Money Bonds” means the Bonds issued to finance the costs of one or more “eligible project” as such term is defined by Chapter 130, Texas Education Code and Chapter 1371, Texas Government Code, including the purchase of the PFC Facilities, and not for the purpose of refunding the Refunded Bonds.

“Officer’s Pricing Certificate” means a certificate signed by a Pricing Officer and containing the information regarding the Bonds specified herein.

“Out-of-District Fees” mean the fee or fees established by resolution of the Board pursuant to Section 130.123, Texas Education Code, to be fixed, charged and collected to the greatest extent permitted by law from certain categories of students not residing within the boundaries of the System (excepting any category of students now exempt by law from paying such fees) regularly enrolled in the System, for the general use and availability of the System in the manner and to the extent as provided in this Resolution.



“Outstanding,” when used with reference to Bonds or Additional Bonds, means, as of a particular date, all such bonds theretofore and thereupon delivered except: (a) any such bond cancelled by or on behalf of the System at or before said date, (b) any such bond defeased or no longer considered Outstanding pursuant to the provisions of the resolution authorizing its issuance, or otherwise defeased as permitted by applicable law, and (c) any such bond in lieu of or in substitution for which another bond shall have been delivered pursuant to the resolution authorizing the issuance of such bond.

“Outstanding Senior Lien Bonds” means the outstanding bonds of the System’s Senior Lien Student Fee Revenue Refunding Bonds, Series 2005; the Senior Lien Student Fee Revenue Bonds, Series 2008; the Senior Lien Student Fee Revenue Bonds, Series 2010; the Combined Fee Revenue Refunding Bonds, Series 2014A; the Combined Fee Revenue Refunding Bonds, Taxable Series 2014B; and the Bonds.

“Owner” or “Holder” means any person who shall be the registered owner of any outstanding Bonds.

“Paying Agent/Registrar” means The Bank of New York Mellon Trust Company, N.A., and its successors in that capacity.

“PFC Facilities” means the facilities leased by the System from the PFC pursuant to the Leases with Option to Purchase described in Section 37 hereof, which such facilities are commonly known as the Alief Campus, the Northline Mall Campus, the Public Safety Institute, and the Westgate Campus.

“Pledged Revenues” means the General Fees, Laboratory Fees, Miscellaneous Fees, Out-of-District Fees, Technology Fees, Continuing Education Fees, Tuition, and any additional revenues or receipts of the System which may hereafter be pledged to the payment of the Bonds by the System.

“Preliminary Official Statement” means the preliminary official statement approved by the Board and distributed in connection with the offering for sale of the Bonds.

“Pricing Officer” means the Chancellor, the Vice Chancellor of Finance and Planning, the Treasurer or the Deputy Treasurer of the System.

“Record Date” means, for any Interest Payment Date, the last Business Day of the month next preceding each Interest Payment Date.

“Refunded Bonds” means any of those bonds of the System described in Exhibit A attached hereto that are selected to be refunded in the Officer’s Pricing Certificate.

“Refunding Bonds” means the Bonds issued pursuant to this Resolution for the purpose of refunding the Refunded Bonds.

“Register” means the books of registration kept by the Paying Agent/Registrar, in which are maintained the names and addresses of, and the principal amounts of the Bonds registered to, each Owner.

“Report” means the report of Grant Thornton, LLP Certified Public Accountants, verifying the accuracy of certain mathematical computations relating to each issuance of the Bonds and the Refunded Bonds.

“Resolution,” as used herein and in the Bonds, means this resolution authorizing the Bonds.

“Senior Lien Bonds” means the Outstanding Senior Lien Bonds, the Bonds and each series of Additional Senior Lien Bonds from time to time hereafter issued.

“System” means the Houston Community College System.

“Technology Fees” mean the fees charged by the System for the use and improvement of the System’s computers, software licenses, and other technology equipment and facilities.

“Treasurer” means Ronald E. Defalco, or such other person serving the System as a successor in that capacity.

“Tuition” means the maximum amount of tuition the System is now or hereafter authorized to pledge to any bonds under Texas law, including Section 130.123(e), Texas Education Code, as amended.

“Underwriters” means the individual underwriter or underwriting syndicate identified in the Officer’s Pricing Certificate.

“Vice Chancellor of Finance and Planning” means Teri Zamora, or such other person serving the System as a successor in that capacity.

3. Authorization. The Bonds shall be issued in fully registered form in a maximum aggregate principal amount not to exceed:

(a) \$100,000,000 in New Money Bonds for the purpose of the purchase, construction and equipment of school buildings in the System's boundaries, and the purchase of the necessary sites therefor, under and in strict conformity with the Constitution and laws of the State of Texas, particularly Section 130.122, Texas Education Code and Chapter 1371, Texas Government Code; and

(b) \$40,000,000 in Refunding Bonds issued for the purpose of refunding the Refunded Bonds, under and in strict conformity with the Constitution and laws of the State of Texas, particularly Chapters 1207, Texas Government Code.

4. Delegation of Authority. As authorized by Sections 1207.007 and 1371.053, Texas Government Code, the Pricing Officer is authorized to act on behalf of the System through a date one year from the date of this Resolution, in selling and delivering the Bonds, subject to the conditions and carrying out the other procedures as set forth below:

(a) Designation. The Bonds shall be designated as "HOUSTON COMMUNITY COLLEGE SYSTEM COMBINED FEE REVENUE AND REFUNDING BONDS, SERIES <sup>2</sup>\_\_\_\_\_."

(b) Date, Denomination, Interest Rates, and Maturities. The Bonds shall be dated, mature on the dates in each of the years and in the amounts set out in any Officer's Pricing Certificate, shall be subject to prior optional and mandatory redemption on the dates, for the redemption prices and in the amounts, set out in the Officer's Pricing Certificate and shall bear interest at rates and from their issue date as set out in the Officer's Pricing Certificate payable on each Interest Payment Date.

(c) Selling and Delivering Bonds. The Pricing Officer shall determine any mandatory sinking fund redemption provisions for the Bonds, whether the Bonds will be issued as Current Interest Bonds and/or Capital Appreciation Bonds, and all other matters not expressly provided in this Resolution relating to the issuance, sale and delivery of the Bonds, all of which shall be specified in the Officer's Pricing Certificate; provided that:

PARAMETERS FOR NEW MONEY BONDS:

- (i) the net effective interest rates on the New Money Bonds shall not exceed [7.00%]; and
- (ii) the aggregate par amount of the New Money Bonds issued hereunder shall never exceed the maximum principal amount authorized in Section 3(a) hereof.

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<sup>2</sup>Insert from Officer's Pricing Certificate.

PARAMETERS FOR REFUNDING BONDS:

- (i) the net effective interest rates on the Refunding Bonds shall not exceed [7.00%]; and
- (ii) the aggregate par amount of the Refunding Bonds issued hereunder shall never exceed the maximum principal amount authorized in Section 3(b) hereof; and
- (iii) the net present value savings in debt service resulting from the refunding of the Refunded Bonds shall be at least [2.00%] of the principal amount of the Refunded Bonds, as shown by a table of calculations prepared by the System's financial advisor and attached to the related Officer's Pricing Certificate.

(d) Sale; Bond Purchase Agreement. The Bonds shall be sold and delivered to the Underwriters at a price to be set forth in the Officer's Pricing Certificate, plus accrued interest to the date of delivery, in accordance with the terms of a Bond Purchase Agreement to be approved by the Pricing Officer. The Pricing Officer is hereby authorized and directed to execute the Bond Purchase Agreement on behalf of the System, and the Chair or Vice Chair and all other officers, agents and representatives of the System are hereby authorized to do any and all things necessary or desirable to satisfy the conditions set out therein and to provide for the issuance and delivery of the Bonds.

(e) Use of Proceeds for the Bonds. Proceeds from the sale of the Bonds shall, promptly upon receipt by the System, be applied as follows:

- (i) Accrued interest in the amount of \$<sup>3</sup>\_\_\_\_\_ and, if necessary, net premium on the Bonds in the amount of \$<sup>4</sup>\_\_\_\_\_, shall be deposited into the Debt Service Fund.
- (ii) Net premium on the Bonds in the amount of \$<sup>5</sup>\_\_\_\_\_ shall be used to pay the costs of issuance.
- (iii) Net premium on the Bonds in the amount of \$<sup>6</sup>\_\_\_\_\_ shall be used to pay the underwriters' discount.
- (iv) Bond proceeds in the amount of \$<sup>7</sup>\_\_\_\_\_ shall be used for the purposes described in Section 3(a).

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<sup>3</sup>Insert from Officer's Pricing Certificate.

<sup>4</sup>Insert from Officer's Pricing Certificate.

<sup>5</sup>Insert from Officer's Pricing Certificate.

<sup>6</sup>Insert from Officer's Pricing Certificate.

- (v) Bond proceeds in the amount of \$ \_\_\_\_\_<sup>8</sup>, and, if necessary, other available funds from the System in the amount of \$ \_\_\_\_\_<sup>9</sup> shall be deposited directly with the paying agent for the Refunded Bonds or applied to establish an escrow fund to refund the Refunded Bonds, as more fully provided in Section 30 of this Resolution, and, to the extent not otherwise provided for, to pay all expenses arising in connection with the issuance of the Bonds, the establishment of such escrow fund and the refunding of the Refunded Bonds due on the redemption date specified in the Officer's Pricing Certificate and all cost incurred in connection with the issuance of the Bonds and the refunding of the Refunded Bonds.

5. Execution and Registration of Bonds. (a) The Bonds shall be signed by the Chair or Vice Chair of the Board and countersigned by the Secretary of the Board, by their manual, lithographed, or facsimile signatures, and the official seal of the System shall be impressed or placed in facsimile thereon. Such facsimile signatures on the Bonds shall have the same effect as if each of the Bonds had been signed manually and in person by each of said officers, and such facsimile seal on the Bonds shall have the same effect as if the official seal of the System had been manually impressed upon each of the Bonds.

(b) If any officer of the System whose manual or facsimile signature shall appear on the Bonds shall cease to be such officer before the authentication of such Bonds or before the delivery of such Bonds, such manual or facsimile signature shall nevertheless be valid and sufficient for all purposes as if such officer had remained in such office.

(c) Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Resolution unless and until there appears thereon the Registrar's Authentication Certificate substantially in the form provided herein, duly authenticated by manual execution by an officer or duly authorized signatory of the Registrar. In lieu of the executed Registrar's Authentication Certificate described above, the Initial Bonds delivered at the Closing Date shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided herein, manually executed by the Comptroller, or by his duly authorized agent, which certificates shall be evidence that the Initial Bonds have been duly approved by the Attorney General of the State of Texas and that they are valid and binding obligations of the System, and have been registered by the Comptroller.

(d) On the Closing Date, the Initial Bonds, payable in stated installments to the Underwriters or their designee, executed by manual or facsimile signature of the Chair of the Board and Secretary of the Board, approved by the Attorney General, and registered and manually signed by the Comptroller, shall be delivered to the Underwriters or their designee.

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<sup>7</sup>Insert from Officer's Pricing Certificate.

<sup>8</sup>Insert from Officer's Pricing Certificate.

<sup>9</sup>Insert from Officer's Pricing Certificate.

Upon payment for the Initial Bonds, the Registrar shall cancel the Initial Bond and definitive Bonds shall be delivered to DTC.

6. Payment of Principal and Interest. The Registrar is hereby appointed as the paying agent for the Bonds. The principal of the Bonds shall be payable, without exchange or collection charges, in any coin or currency of the United States of America which, on the date of payment, is legal tender for the payment of debts due the United States of America, upon their presentation and surrender as they respectively become due and payable at the principal payment office of the Registrar, in Dallas, Texas. The interest on each Bond shall be payable on each Interest Payment Date, by check mailed by the Registrar on or before the Interest Payment Date to the Owner of record as of the Record Date, to the address of such Owner as shown on the Register. If the date for payment of the principal of or interest on any Bond is not a Business Day, then the date for such payment shall be the next succeeding Business Day with the same force and effect as if made on the date payment was originally due.

7. Successor Registrars. The System covenants that at all times while any Bonds are outstanding it will provide a commercial bank or trust company, organized under the laws of the United States or any state, duly qualified to serve as and perform the duties and services of Registrar for the Bonds. The System reserves the right to change the Registrar for the Bonds on not less than thirty (30) days written notice to the Registrar, so long as any such notice is effective not less than sixty (60) days prior to the next succeeding principal or interest payment date on the Bonds. Promptly upon the appointment of any successor Registrar, the previous Registrar shall deliver the Register or copies thereof to the new Registrar, and the new Registrar shall notify each Owner, by United States mail, first class postage prepaid, of such change and of the address of the new Registrar. Each Registrar hereunder, by acting in that capacity, shall be deemed to have agreed to the provisions of this Section.

8. Special Record Date. If interest on any Bond is not paid on any Interest Payment Date and continues unpaid for thirty (30) days thereafter, the Registrar shall establish a new record date for the payment of such interest, to be known as a Special Record Date. The Registrar shall establish a Special Record Date when funds to make such interest payment are received from or on behalf of the System. Such Special Record Date shall be fifteen (15) days prior to the date fixed for payment of such past due interest, and notice of the date of payment and the Special Record Date shall be sent by United States mail, first class, postage prepaid, not later than five (5) days prior to the Special Record Date, to each affected Owner of record as of the close of business on the day prior to the mailing of such notice.

9. Book-Entry-Only System. (a) The Initial Bonds shall be registered in the name designated in the Officer's Pricing Certificate. Except as provided in Section 10 hereof, all other Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

(b) With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the System and the Registrar shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such DTC Participant holds an interest in the Bonds, except as provided in this Resolution. Without limiting the immediately preceding sentence, the System and the Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in

the Bonds, (ii) the delivery to any DTC Participant or any other person, other than an Owner, as shown on the Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than an Owner, as shown on the Register, of any amount with respect to principal of, premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Resolution to the contrary, the System and the Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Register as the absolute Owner of such Bond for the purpose of payment of principal of and interest on the Bonds, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfer with respect to such Bond, and for all other purposes whatsoever. The Registrar shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Owners, as shown in the Register as provided in this Resolution, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the System's obligations with respect to payments of principal, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Register, shall receive a Bond certificate evidencing the obligation of the System to make payments of amounts due pursuant to this Resolution. Upon delivery by DTC to the Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions of this Resolution with respect to interest checks being mailed to the Owner of record as of the Record Date, the phrase "Cede & Co." in this Resolution shall refer to such new nominee of DTC.

10. Successor Securities Depository; Transfer Outside Book-Entry-Only System. In the event that the System, in its sole discretion, determines that the beneficial owners of the Bonds should be able to obtain certificated Bonds, or in the event DTC discontinues the services described herein, the System shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants, as identified by DTC, of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants, as identified by DTC, of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts, as identified by DTC. In such event, the Bonds shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Resolution

11. Payments to Cede & Co. Notwithstanding any other provision of this Resolution to the contrary, so long as any Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bonds, and all notices with respect to such Bonds, shall be made and given, respectively, in the manner provided in the Blanket Letter of Representations.

12. Ownership; Unclaimed Principal and Interest. The System, the Registrar and any other person may treat the person in whose name any Bond is registered as the absolute owner of such Bond for the purpose of making and receiving payment of the principal of or interest on such Bond, and for all other purposes, whether or not such Bond is overdue, and neither the

System nor the Registrar shall be bound by any notice or knowledge to the contrary. All payments made to the person deemed to be the Owner of any Bond in accordance with this Section shall be valid and effectual and shall discharge the liability of the System and the Registrar upon such Bond to the extent of the sums paid.

Amounts held by the Registrar which represent principal of and interest on the Bonds remaining unclaimed by the Owner after the expiration of three (3) years from the date such amounts have become due and payable shall be reported and disposed of by the Registrar in accordance with the applicable provisions of Texas law including, to the extent applicable, Title 6 of the Texas Property Code, as amended.

13. Registration, Transfer, and Exchange. So long as any Bonds remain outstanding, the Registrar shall keep the Register at its principal payment office in Dallas, Texas. Subject to such reasonable regulations as it may prescribe, the Registrar shall provide for the registration and transfer of Bonds in accordance with the terms of this Resolution.

Each Bond shall be transferable only upon the presentation and surrender thereof at the principal payment office of the Registrar in Dallas, Texas, duly endorsed for transfer, or accompanied by an assignment duly executed by the registered Owner or his authorized representative in form satisfactory to the Registrar. Upon due presentation of any Bond for transfer, the Registrar shall authenticate and deliver in exchange therefor, within three (3) Business Days after such presentation, a new Bond or Bonds of the same type registered in the name of the transferee or transferees, in authorized denominations and of the same maturity and aggregate principal amount and bearing interest at the same rate as the Bond or Bonds so presented.

All Bonds shall be exchangeable upon presentation and surrender thereof at the principal payment office of the Registrar in Dallas, Texas, for a Bond or Bonds of the same type, maturity and interest rate in any authorized denomination, in an aggregate amount equal to the unpaid principal amount of the Bond or Bonds presented for exchange. The Registrar shall be and is hereby authorized to authenticate and deliver exchange Bonds in accordance with the provisions of this Section. Each Bond delivered in accordance with this Section shall be entitled to the benefits and security of this Resolution to the same extent as the Bond or Bonds in lieu of which such Bond is delivered.

The System or the Registrar may require the Owner of any Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer or exchange of such Bond. Any fee or charge of the Registrar for such transfer or exchange shall be paid by the System.

14. Mutilated, Lost, or Stolen Bonds. Upon the presentation and surrender to the Registrar of a mutilated Bond, the Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like maturity, interest rate, and principal amount, bearing a number not contemporaneously outstanding. If any Bond is lost, apparently destroyed, or wrongfully taken, the System, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall authorize and the



Registrar shall authenticate and deliver a replacement Bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding.

The System or the Registrar may require the Owner of a mutilated Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith and any other expenses connected therewith, including the fees and expenses of the Registrar. The System or the Registrar may require the Owner of a lost, apparently destroyed or wrongfully taken Bond, before any replacement Bond is issued, to:

- (a) furnish to the System and the Registrar satisfactory evidence of the ownership of and the circumstances of the loss, destruction or theft of such Bond;
- (b) furnish such security or indemnity as may be required by the Registrar and the System to save them harmless;
- (c) pay all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Registrar and any tax or other governmental charge that may be imposed; and
- (d) meet any other reasonable requirements of the System and the Registrar.

If, after the delivery of such replacement Bond, a bona fide purchaser of the original Bond in lieu of which such replacement Bond was issued presents for payment such original Bond, the System and the Registrar shall be entitled to recover such replacement Bond from the person to whom it was delivered or any person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the System or the Registrar in connection therewith.

If any such mutilated, lost, apparently destroyed or wrongfully taken Bond has become or is about to become due and payable, the System in its discretion may, instead of issuing a replacement Bond, authorize the Registrar to pay such Bond.

Each replacement Bond delivered in accordance with this Section shall be entitled to the benefits and security of this Resolution to the same extent as the Bond or Bonds in lieu of which such replacement Bond is delivered.

15. Cancellation of Bonds. All Bonds paid in accordance with this Resolution, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered in accordance herewith, shall be cancelled and destroyed upon the making of proper records regarding such payment. The Registrar shall furnish the System with appropriate certificates of destruction of such Bonds.

16. Optional and/or Mandatory Redemption; Defeasance. The Bonds are subject to optional and/or mandatory redemption as set forth in the Form of Bond.

Notice of any redemption identifying the Bonds to be redeemed in whole or in part shall be given by the Registrar at least thirty (30) days prior to the date fixed for redemption by

sending written notice by first class mail to the Owner of each Bond to be redeemed in whole or in part at the address shown on the Register. Such notices shall state the redemption date, the redemption price, the place at which Bonds are to be surrendered for payment and, if less than all Bonds of a particular maturity are to be redeemed, the numbers of the Bonds or portions thereof of such maturity to be redeemed. Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice. By the date fixed for redemption, due provision shall be made with the Registrar for payment of the redemption price of the Bonds or portions thereof to be redeemed. When Bonds have been called for redemption in whole or in part and due provision has been made to redeem same as herein provided, the Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Owners to collect interest which would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

The Bonds may be discharged, defeased, redeemed or refunded in any manner now or hereafter permitted by law.

17. Forms. The form of the Bond, including the form of Registration Certificate of the Comptroller, which shall be attached or affixed to the Initial Bond, the form of the Registrar's Authentication Certificate and the form of Assignment, shall be, respectively, substantially as follows, with such additions, deletions and variations as may be required by the Pricing Officer, necessary or desirable and not prohibited by this Resolution:

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]



THIS BOND is one of a duly authorized issue of Bonds, aggregating \$<sup>16</sup>\_\_\_\_\_ (the “Bonds”), issued for the purpose of refunding the Refunded Bonds, under and in strict conformity with the Constitution and laws of the State of Texas, particularly Chapters 1207 and 1371, Texas Government Code, and pursuant to a resolution authorizing the issuance of the Bonds (the “Resolution”) duly adopted by the Board of Trustees of the System.

THIS BOND AND THE OTHER BONDS OF THE SERIES OF WHICH IT IS A PART, together with all other Bonds, as defined in the Resolution, are equally and ratably payable from and secured by a lien on and pledge of certain Pledged Revenues, as defined and provided in the Resolution, to which reference is made for all purposes, which Pledged Revenues include the General Fees, the Laboratory Fees, the Miscellaneous Fees, the Out-of-District Fees, the Technology Fees, the Continuing Education Fees, Tuition and any other revenues or receipts of the System which may hereafter be pledged to the payment of the Bonds. This Bond and the other Bonds of the series of which it is a part, together with the interest thereon, constitute special obligations of the System, are payable solely from the Pledged Revenues and do not constitute an indebtedness or general obligation of the System. The owner hereof shall never have the right to demand payment of principal or interest out of any funds raised or to be raised by taxation.

[Optional and mandatory redemption language]<sup>17</sup>

NOTICE OF ANY REDEMPTION identifying the Bonds to be redeemed in whole or in part shall be given by the Paying Agent/Registrar at least thirty (30) days prior to the date fixed for redemption by sending written notice by first class mail to the Owner of each Bond to be redeemed in whole or in part at the address shown on the Register. Such notices shall state the redemption date, the redemption price, the place at which Bonds are to be presented and surrendered for payment and, if less than all Bonds outstanding of a particular maturity are to be redeemed, the numbers of the Bonds or portions thereof of such maturity to be redeemed. Any notice given as provided herein shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice. By the date fixed for redemption, due provision shall be made with the Paying Agent/Registrar for payment of the redemption price of the Bonds or portions thereof to be redeemed, plus accrued interest to the date fixed for redemption. When Bonds have been called for redemption in whole or in part and due provision has been made to redeem the same as herein provided, the Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Owners to collect interest which would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

THIS BOND IS TRANSFERABLE only upon presentation and surrender at the principal payment office of the Paying Agent/Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his authorized representative, subject to the terms and conditions of the Resolution.

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<sup>16</sup> Insert from Officer’s Pricing Certificate.

<sup>17</sup> Insert from Officer’s Pricing Certificate, if necessary.

THIS BOND IS EXCHANGEABLE at the principal payment office of the Paying Agent/Registrar, for bonds in the principal amount of \$5,000 or any integral multiple thereof, subject to the terms and conditions of the Resolution.

THE SYSTEM HAS RESERVED the right to issue additional bonds, subject to restrictions contained in the Resolution, which may be secured by a lien senior and superior to, on a parity with, or subordinate and inferior to the lien on the Pledged Revenues securing this Bond and the other Bonds of the series of which it is a part.

THIS BOND shall not be valid or obligatory for any purpose or be entitled to any benefit under the Resolution unless this Bond is either (i) registered by the Comptroller of Public Accounts of the State of Texas by registration certificate attached or affixed hereto or (ii) authenticated by the Paying Agent/Registrar by due execution of the authentication certificate endorsed hereon.

THE REGISTERED OWNER of this Bond, by acceptance hereof, acknowledges and agrees to be bound by all the terms and conditions of the Resolution.

THE SYSTEM has covenanted in the Resolution that it will at all times provide a legally qualified paying agent/registrar for the Bonds and will cause notice of any change of paying agent/registrar to be mailed to each registered owner.

IT IS HEREBY certified, recited and covenanted that this Bond has been duly and validly issued and delivered; that all acts, conditions and things required or proper to be performed, to exist and to be done precedent to or in the issuance and delivery of this Bond have been performed, exist and have been done in accordance with law; that this Bond does not exceed any Constitutional or statutory limitation; and that provision has been made for the payment of the principal of and interest on this Bond by an irrevocable pledge of the Pledged Revenues.

IN WITNESS WHEREOF, this Bond has been signed with the manual or facsimile signature of the Chair of the Board and countersigned with the manual or facsimile signature of the Secretary of the Board, and the official seal of the System has been duly impressed, or placed in facsimile, on this Bond.

(AUTHENTICATE  
CERTIFICATE)

(SEAL)

HOUSTON COMMUNITY COLLEGE SYSTEM

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Chair, Board of Trustees

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Secretary, Board of Trustees

(b) Form of Comptroller's Registration Certificate.

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO. \_\_\_\_\_

I hereby certify that this Bond has been examined, certified as to validity, and approved by the Attorney General of the State of Texas, and that this Bond has been registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS MY SIGNATURE AND SEAL this \_\_\_\_\_.

\_\_\_\_\_  
Comptroller of Public Accounts  
of the State of Texas

(SEAL)

(c) Form of Registrar's Authentication Certificate.

AUTHENTICATION CERTIFICATE

It is hereby certified that this Bond has been delivered pursuant to the Bond Resolution described in the text of this Bond.

The Bank of New York Mellon Trust Company  
As Paying Agent/Registrar

By \_\_\_\_\_  
Authorized Signature  
Date of Authentication \_\_\_\_\_

(d) Form of Assignment.

ASSIGNMENT

For value received, the undersigned hereby sells, assigns, and transfers unto

\_\_\_\_\_

(Please print or type name, address, and zip code of Transferee)

\_\_\_\_\_
(Please insert Social Security or Taxpayer Identification Number of Transferee)
the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

attorney to transfer said Bond on the books kept for registration thereof, with full power of substitution in the premises.

DATED: \_\_\_\_\_

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

Registered Owner

NOTICE: The signature above must correspond to the name of the registered owner as shown on the face of this Bond in every particular, without any alteration, enlargement or change whatsoever.

NOTICE: Signature must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

(e) The Initial Bond shall be in the form set forth in paragraphs (a), (b) and (d) of this Section, except for the following alterations:

- (i) immediately under the name of the Bond, the headings "INTEREST RATE" and "MATURITY DATE" shall both be completed with the words "As Shown Below" and the word "CUSIP" deleted;
(ii) in the first paragraph of the Bond, the words "on the maturity date specified above" and "at the rate shown above" shall be deleted and the following shall be inserted at the end of the first sentence "..., with such principal to be paid in installments on April 15 in each of the years and in the principal amounts identified in the following schedule and with such installments bearing interest at the per annum rates set forth in the following schedule:

[Information to be inserted from Officer's Pricing Certificate]

- (iii) the Initial Bond shall be numbered I-1.

18. CUSIP Numbers. CUSIP Numbers may be printed on the Bonds, but errors or omissions in the printing of such numbers shall have no effect on the validity of the Bonds.

19. Pledge and Security. All Senior Lien Bonds shall, so long as they remain Outstanding, both as to principal and interest, be equally and ratably payable from and secured by an irrevocable first lien on and pledge of the Pledged Revenues. All Junior Lien Bonds shall, so long as they remain Outstanding, both as to principal and interest, be equally and ratably payable from and secured by an irrevocable lien on and pledge of the Pledged Revenues, subject to a senior and superior lien and pledge securing the Senior Lien Bonds.

20. Issuance of the Bonds as Senior Lien Bonds. The Bonds are authorized to be and shall be issued as Senior Lien Bonds. Any additional payments to the Senior Lien Bond Interest and Sinking Fund (as hereinafter defined) related to the new money portion of any Bonds will be reflected in the schedule attached to the Officer's Pricing Certificate.

21. Special Obligations. The Bonds and interest thereon shall constitute special obligations of the System, payable solely from and secured by a lien on, the Pledged Revenues, and such obligations shall not constitute an indebtedness of the System or of the State of Texas, and the Owners of the Bonds shall never have the right to demand payment thereof or interest thereon out of any funds raised or to be raised by taxation.

22. Senior Lien Bond Interest and Sinking Fund. The Senior Lien Bond Interest and Sinking Fund heretofore created in connection with the previously issued Senior Lien Bonds (the "Senior Lien Bond Interest and Sinking Fund") shall be maintained and accounted for as hereinafter provided, so long as any Senior Lien Bonds remain Outstanding:

The Senior Lien Bond Interest and Sinking Fund shall be maintained at an official depository bank of the System separate and apart from all other funds and accounts of the System, and shall constitute trust funds which shall be held in trust for the Owners of Senior Lien Bonds. Such Senior Lien Bond Interest and Sinking Fund shall be used solely as herein provided so long as any of the Senior Lien Bonds remain Outstanding.

On or before each Interest Payment Date, so long as any Senior Lien Bonds are Outstanding, there shall be deposited into the Senior Lien Bond Interest and Sinking Fund from the Pledged Revenues:

(a) such amounts as will be sufficient, when added to other money in such Senior Lien Bond Interest and Sinking Fund and available for such purpose, to pay the interest scheduled to come due on Senior Lien Bonds on the next Interest Payment Date; and

(b) such amounts as will be sufficient, when added to other money in such Senior Lien Bond Interest and Sinking Fund and available for such purpose, to pay the next maturing principal on the Senior Lien Bonds on the next Interest Payment Date.

Money in the Senior Lien Bond Interest and Sinking Fund shall be used to pay the principal of and interest on the Bonds and the bank charges and other costs associated with such payment. On or before each Interest Payment Date, the System shall transfer from the Senior Lien Bond Interest and Sinking Fund to the Paying Agent/Registrar an amount equal to the



principal and/or interest payable on such date on the Senior Lien Bonds plus bank charges and other costs associated therewith. Earnings on investments of money in the Senior Lien Interest and Sinking Fund shall remain a part of such Senior Lien Bond Interest and Sinking Fund.

23. Flow of Funds. The Pledged Revenues shall be used for the following purposes and in the following order of priority:

FIRST, to make all deposits into the Senior Lien Bond Interest and Sinking Fund required by this Resolution and any resolution authorizing the issuance of Senior Lien Bonds;

SECOND, to make all deposits into the Junior Lien Bond Interest and Sinking Fund required by any resolution authorizing the issuance of Junior Lien Bonds;

THIRD, to make all deposits into the Junior Lien Bond Reserve Fund required by any resolution authorizing the issuance of Junior Lien Bonds; and

FOURTH, for any lawful System purpose.

24. Deficiencies in Funds. If at any time there is a deficiency in any fund created in this Resolution, such deficiency shall be made up from the next available Pledged Revenues.

25. Investment and Security of Funds. (a) Money in the Senior Lien Bond Interest and Sinking Fund may, at the option of the System, be invested in investments authorized for the System under Texas law; provided that all such deposits and investments shall be made in such manner that the money required to be expended from any fund will be available at the proper time or times. Such investments shall be sold promptly when necessary to prevent any default in connection with the Senior Lien Bonds.

(a) All uninvested money on deposit to the credit of the Senior Lien Bond Interest and Sinking Fund shall be secured by the pledge of securities, as provided by law, in amounts at all times not less than the amount of deposits credited to such funds, respectively.

26. Additional Bonds. The System expressly reserves the right hereafter to issue, in one or more series, for purposes permitted by law: (i) Additional Senior Lien Bonds, which Additional Senior Lien Bonds, when issued, shall be payable from and secured by a first lien on the Pledged Revenues on a parity with the Outstanding Senior Lien Bonds, the Bonds, and any other Additional Senior Lien Bonds then Outstanding and (ii) Additional Junior Lien Bonds on a parity with Outstanding Junior Lien Bonds, and any Additional Junior Lien Bonds then Outstanding. It is specifically provided, however, that no Additional Senior Lien Bonds shall be issued unless:

(a) The Chair of the Board signs a written certificate to the effect that the System is not in default as to any covenant, condition or obligation in connection with the Bonds then Outstanding, and the resolutions authorizing their issuance;

(b) The Senior Lien Bond Interest and Sinking Fund contains the amount of money then required to be on deposit therein;

(c) For either the preceding fiscal year or the twelve calendar month period immediately preceding the month in which the resolution authorizing Additional Bonds is adopted (the “Base Period”):

For Additional Senior Lien Bonds, either:

- (i) Pledged Revenues were equal to at least 115% of the maximum annual principal and interest requirements on the Senior Lien Bonds that will be Outstanding after the issuance of the proposed Additional Senior Lien Bonds, as certified by the System’s Chancellor or an independent certified public accountant or firm of independent certified public accountants, or
- (ii) Pledged Revenues, as adjusted to give effect to any increase in the System’s rates and charges adopted at least sixty (60) days prior to the adoption of the resolution authorizing the proposed Additional Senior Lien Bonds, to the same extent as if such increase had been in effect for the entire Base Period, would have been at least equal to 125% of the maximum annual principal of and interest requirements on the Senior Lien Bonds that will be Outstanding after the issuance of the proposed Additional Senior Lien Bonds, as certified by the System’s Chancellor or an independent certified public accountant or firm of independent certified public accountants; and

(d) Principal on the proposed Additional Bonds is payable on April 15 and interest is payable on April 15 and October 15;

provided, however, that requirement (c) shall not apply to the issuance of any series of Additional Senior Lien Bonds for refunding purposes that will not have the result of increasing the average annual principal and interest requirements on the Senior Lien Bonds, as the case may be, after the issuance of such refunding bonds.

27. Rate Covenant. The System hereby covenants and agrees in this Resolution that, so long as any Bonds remain Outstanding, it will fix, revise, charge and collect rates and charges for the use and services of the System which, together with other Pledged Revenues, are calculated to be fully sufficient to produce Pledged Revenues at least equal to annual debt service requirements on all Bonds and Additional Bonds for each fiscal year, but not less than the amount required to make required deposits to the credit of the Senior Lien Bond Interest and Sinking Fund, the Junior Lien Bond Interest and Sinking Fund, and the Junior Lien Bond Reserve Fund.

28. Special Covenants. The System covenants and agrees:

(a) That it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Resolution and in each and every Bond issued and delivered hereunder; that it will promptly pay or cause to be paid from the Pledged Revenues the principal of and interest on every Bond issued hereunder on the dates and at the places and in the manner prescribed in such Bonds and in this Resolution, and that it will prior to maturity of each installment of interest and prior to the maturity of each such Bond at the times and in the manner

prescribed herein, deposit or cause to be deposited, from the Pledged Revenues or from other funds lawfully available for such use, the amount of money specified herein.

(b) That it will from time to time, and before the same become delinquent, cause to be paid and discharged all taxes, assessments and governmental charges, if any, which shall be lawfully imposed upon it, or upon its facilities; that it will cause to be paid all lawful claims for rents, royalties, labor, materials and supplies which if unpaid might by law become a lien which would be prior to or interfere with the lien on Pledged Revenues created by this Resolution in favor of the Owners, so that the priority of lien granted hereunder shall be fully preserved in the manner provided herein; and that it will not create or suffer to be created any mechanic's, laborer's, materialman's or other lien or charge which might or could be prior to the lien hereof, or do or suffer any matter or thing whereby the lien hereof might or could be impaired; provided, however, that no such tax, assessment or charge, and that no such claim which might be used as the basis of a mechanic's, laborer's, materialman's or other lien or charge, shall be required to be paid so long as the validity of the same shall be contested in good faith by the System.

(c) That it will, to the extent it lawfully may, continuously and efficiently operate and maintain in good condition and at a reasonable cost the facilities and services of the System.

(d) While the Bonds are Outstanding, the System shall not additionally encumber the Pledged Revenues in any manner, except as permitted by this Resolution in connection with the issuance of Additional Bonds, unless said encumbrance is made junior and subordinate in all respects to the liens, pledges, covenants and agreements of this Resolution.

(e) That each year while any of the Bonds is Outstanding, the System's annual audit will include an audit of the books and accounts relating to the Pledged Revenues by a certified public accountant. As soon as practicable after the close of each fiscal year, and when said audit has been completed and made available to the System, a copy of such audit shall be mailed to the major municipal rating agencies and to any Owner who shall so request in writing. Such annual audit reports shall be open to the inspection of the Owners, their agents and representatives at all reasonable times.

(f) That it shall cause to be kept proper books, records and accounts in which complete and correct entries shall be made of all transactions relating to the Pledged Revenues.

(g) That any Owner shall have the right at all times during normal business hours of any Business Day, upon written request to the Chancellor, to inspect all records, accounts and data of the System relating to the Pledged Revenues.

29. Covenants to Maintain Tax-Exempt Status.

(a) Definitions. When used in this Section, the following terms have the following meanings:

“Code” means the Internal Revenue Code of 1986, as amended by all legislation, if any, enacted on or before the Issue Date.

“Computation Date” has the meaning stated in Section 1.148-1(b) of the Regulations.

“Gross Proceeds” has the meaning stated in Section 1.148-1(b) of the Regulations.

“Investment” has the meaning stated in Section 1.148-1(b) of the Regulations.

“Issue Date” for each series or sub-series of the Bonds or other obligations of the System is the respective date on which such series or sub-series of the Bonds or other obligations of the System is delivered against payment therefor.

“Net Sale Proceeds” has the meaning stated in Section 1.148-1(b) of the Regulations.

“Nonpurpose Investment” has the meaning stated in Section 1.148-1(b) of the Regulations.

“Proceeds” has the meaning stated in Section 1.148-1(b) of the Regulations.

“Rebate Amount” has the meaning stated in Section 1.148-3 of the Regulations.

“Regulations” means the temporary or final Income Tax Regulations applicable to the Bonds issued pursuant to Sections 141 through 150 of the Code. Any reference to a section of the Regulations shall also refer to any successor provision to such section hereafter promulgated by the Internal Revenue Service pursuant to Sections 141 through 150 of the Code and applicable to the Bonds.

“Yield of”

- (i) any Investment shall be computed in accordance with Section 1.148-5 of the Regulations, and
- (ii) the Bonds shall be computed in accordance with Section 1.148-4 of the Regulations.

(b) Not to Cause Interest to Become Taxable. The System shall not use, permit the use of or omit to use Gross Proceeds of the Bonds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner which, if made or omitted, respectively, would cause the interest on any Bond to become includable in the gross income, as defined in Section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the System shall have received a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such

covenant will not adversely affect the exemption from federal income tax of the interest on any Bond, the System shall comply with each of the specific covenants in this Section.

(c) No Private Use or Private Payments. Except as permitted by Section 141 of the Code and the regulations and rulings thereunder, the System shall, at all times after the Issue Date of any Bond and prior to the last stated maturity of the Bonds

- (i) exclusively own, operate, and possess all property the acquisition, construction, or improvement of which is to be financed directly or indirectly with Gross Proceeds of the Bonds (including property financed with Gross Proceeds of the Refunded Bonds) and not use or permit the use of such Gross Proceeds or any property acquired, constructed, or improved with such Gross Proceeds in any activity carried on by any person or entity other than a state or local government, unless such use is solely as a member of the general public, or
- (ii) not directly or indirectly impose or accept any charge or other payment for use of Gross Proceeds of the Bonds or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with such Gross Proceeds (including property financed with Gross Proceeds of the Refunded Bonds) other than taxes of general application and interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(d) No Private Loan. Except to the extent permitted by Section 141 of the Code and the regulations and rulings thereunder, the System shall not use Gross Proceeds of the Bonds to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, Gross Proceeds are considered to be “loaned” to a person or entity if (1) property acquired, constructed or improved with Gross Proceeds (including property financed with Gross Proceeds of the Refunded Bonds) is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes, (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output, or similar contract or arrangement, or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or such property are otherwise transferred in a transaction which is the economic equivalent of a loan.

(e) Not to Invest at Higher Yield. Except to the extent permitted by Section 148 of the Code and the regulations and rulings thereunder, the System shall not, at any time prior to the earlier of the final stated maturity or final payment of the Bonds, directly or indirectly invest Gross Proceeds of the Bonds in any Investment (or use such Gross Proceeds to replace money so invested), if as a result of such investment the Yield of all Investments allocated to such Gross Proceeds whether then held or previously disposed of, exceeds the Yield on the Bonds.

(f) Not Federally Guaranteed. Except to the extent permitted by Section 149(b) of the Code and the regulations and rulings thereunder, the System shall not take or omit to take any action which would cause the Bonds to be federally guaranteed within the meaning of Section 149(b) of the Code and the regulations and rulings thereunder.

(g) Information Report. The System shall timely file with the Secretary of the Treasury the information required by Section 149(e) of the Code with respect to the Bonds on such forms and in such place as such Secretary may prescribe.

(h) Payment of Rebate Amount. Except to the extent otherwise provided in Section 148(f) of the Code and the regulations and rulings thereunder, the System shall:

- (i) account for all Gross Proceeds of the Bonds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of such accounting for at least nine years after the final Computation Date. The System may, however, to the extent permitted by law, commingle Gross Proceeds of the Bonds with other money of the System, provided that the System separately accounts for each receipt and expenditure of such Gross Proceeds and the obligations acquired therewith,
- (ii) calculate the Rebate Amount with respect to the Bonds not less frequently than each Computation Date, in accordance with rules set forth in Section 148(f) of the Code, Section 1.148-3 of the Regulations, and the rulings thereunder. The System shall maintain a copy of such calculations for at least three years after the final Computation Date,
- (iii) as additional consideration for the purchase of the Bonds by the initial purchasers thereof and the loan of the money represented thereby, and in order to induce such purchase by measures designed to ensure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, pay to the United States the amount described in paragraph (2) above at the times, in the installments, to the place, in the manner and accompanied by such forms or other information as is or may be required by Section 148(f) of the Code and the regulations and rulings thereunder, and
- (iv) exercise reasonable diligence to assure that no errors are made in the calculations required by paragraph (2) and, if such error is made, to discover and promptly to correct such error within a reasonable amount of time thereafter, including payment to the United States of any interest and any penalty required by the Regulations.

(i) Not to Divert Arbitrage Profits. Except to the extent permitted by Section 148 of the Code and the regulations and rulings thereunder, the System shall not, at any time after the Issue Date of the Bonds and prior to the earlier of the final stated maturity or final payment of the Bonds, enter into any transaction that reduces the amount required to be paid to the United States pursuant to Subsection (h) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of the Bonds not been relevant to either party.

(j) Not Hedge Bonds. The System did not invest more than 50 percent of the Proceeds of the Refunded Bonds, and will not invest more than 50 percent of the proceeds of the Bonds, in Nonpurpose Investments having a guaranteed yield for four years or more. On the Issue Date of the Bonds, the System will reasonably expect, and on the Issue Date of the Refunded Bonds, the System reasonably expected, that at least 85 percent of the Net Sale Proceeds of the Bonds and Refunded Bonds, respectively, would be used to carry out the governmental purpose of such series within three years after the Issue Date of such series.

30. Escrow Agreement. The discharge and defeasance of the Refunded Bonds may be effectuated pursuant to the terms and provisions of an Escrow Agreement to be entered into by and between the System and the Escrow Agent, the terms and provisions of which are hereby approved, subject to such insertions, additions and modifications as shall be necessary (a) to carry out the program designed for the System by the Underwriters, which shall be certified as to mathematical accuracy by Grant Thornton, LLP Certified Public Accountants, (b) to maximize the System's present value savings and/or to minimize the System's costs of refunding, (c) to comply with all applicable laws and regulations relating to the refunding of the Refunded Bonds and (d) to carry out the other intents and purposes of this Resolution, and the Chair or Vice Chair is hereby authorized to execute and deliver such Escrow Agreement on behalf of the System in multiple counterparts and the Secretary or the Assistant Secretary is hereby authorized to attest thereto and affix the System's seal.

31. Purchase of United States Treasury Obligations. To assure the purchase of the Escrowed Securities referred to in the Escrow Agreement, the Chair or Vice Chair of the Board of Trustees, the Vice Chancellor of Finance and Planning, the Treasurer, the Deputy Treasurer and the Escrow Agent are hereby authorized to subscribe for, agree to purchase, and purchase obligations which are authorized investments for escrow accounts pursuant to Section 1207.062, Texas Government Code, in such amounts and maturities and bearing interest at such rates as may be provided for in the Report, and to execute any and all subscriptions, purchase agreements, commitments, letters of authorization and other documents necessary to effectuate the foregoing, and any actions heretofore taken for such purpose are hereby ratified and approved.

32. Redemption Prior to Maturity of Refunded Bonds. The System has irrevocably exercised its option to call the bonds of the System for redemption prior to maturity on the dates and at the prices shown on Exhibit A attached to the Officer's Pricing Certificate, and authorized and directed notice of such redemption to be given in accordance with the resolutions authorizing the issuance of such bonds.

33. Continuing Disclosure Undertaking. As used in this Section, the following terms have the meanings ascribed to such terms below:

"MSRB" means the Municipal Securities Rulemaking Board.

"Rule" means SEC Rule 15c2-12, as amended from time to time.

"SEC" means the United States Securities and Exchange Commission.

(a) The System will provide certain updated financial information and operating data

to the MSRB annually in an electronic format as prescribed by the MSRB and available via the Electronic Municipal Market Access (“EMMA”) system at [www.emma.msrb.org](http://www.emma.msrb.org). The System shall provide annually to the MSRB, (1) within six months after the end of each fiscal year of the System, financial information and operating data with respect to the System of the general type included in the Official Statement in Appendix B (except for the information under “Estimated Overlapping Debt Statement”), and (2) if not provided as part of such financial information and operating data, audited financial statements of the System, when and if available. Any financial statements to be provided shall be (i) prepared in accordance with the accounting principles described in Appendix B of the Official Statement or such other accounting principles as the System may be required to employ from time to time pursuant to state law or regulation, and in substantially the form included in the Official Statement, and (ii) audited, if the System commissions an audit of such financial statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the System shall file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available.

If the System changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the System otherwise would be required to provide financial information and operating data pursuant to this Section.

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document) available to the public on the MSRB’s internet website or filed with the SEC.

(b) The System shall notify the MSRB in an electronic format prescribed by the MSRB, in a timely manner (not in excess of ten (10) days after the occurrence of the event), of any of the following events with respect to the Bonds:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of holders of the Bonds, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;



- (x) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the System;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the System or the sale of all or substantially all of the assets of the System, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

The System shall notify the MSRB in an electronic format prescribed by the MSRB, in a timely manner, of any failure by the System to provide financial information or operating data in accordance with this Section by the time required by such Section.

All documents provided to the MSRB shall be accompanied by identifying information, as prescribed by the MSRB.

(c) The System shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the System remains an “obligated person” with respect to the Bonds within the meaning of the Rule, except that the System in any event will give the notice required by this Section of any Bond calls and defeasance that cause the System to be no longer such an “obligated person.”

The provisions of this Section are for the sole benefit of the Registered Owners and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The System undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the System’s financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The System does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE SYSTEM BE LIABLE TO THE REGISTERED OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE SYSTEM, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

No default by the System in observing or performing its obligations under this Section shall constitute a breach of or default under this Resolution for purposes of any other provision of this Resolution.

Nothing in this Section is intended to or shall act to disclaim, waive, or otherwise limit the duties of the System under federal and state securities laws.

(d) The provisions of this Section may be amended by the System from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the System, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell the Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the Registered Owners of a majority in aggregate principal amount (or any greater amount required by any other provision of this Resolution that authorizes such an amendment) of the Outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the System (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Registered Owners and beneficial owners of the Bonds. If the System so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with this Section an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided. The System may also amend or repeal the provisions of this Section if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, and the System also may amend the provisions of this Section in its discretion in any other manner or circumstance, but in any case only if and to the extent that the provisions of this sentence would not have prevented an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds, giving effect to (a) such provisions as so amended and (b) any amendments or interpretations of the Rule.

34. Official Statement. The System hereby approves the form and content and distribution of the Preliminary Official Statement prepared in the initial offering and sale of the Bonds and hereby authorizes the preparation of a final Official Statement reflecting the terms of the Bond Purchase Agreement and other relevant information. The use of such final Official Statement by the Underwriters is hereby approved and authorized and the proper officials of the System are authorized to sign such Official Statement.

35. Power to Revise Form of Documents. Notwithstanding any other provision of this Resolution, the Chair of the Board is hereby authorized to make or approve such revisions, additions, deletions, and variations to this Resolution and in the form of the documents attached hereto as exhibits as, in the judgment of the Chair, and in the opinion of Bond Counsel to the System, may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, the Preliminary Official Statement, the final Official Statement, or as may be required for approval of the Bonds by the Attorney General of Texas; provided, however, that any changes to such documents resulting in substantive amendments to the terms and conditions of the Bonds or such documents shall be subject to the prior approval of the Board.

36. Related Matters. To satisfy in a timely manner all of the System's obligations under this Resolution and the Bond Purchase Agreement, the Chair or Vice Chair, the Secretary or the Assistant Secretary, the Pricing Officers, and all other appropriate officers and agents of the System are hereby authorized and directed to take all other actions that are reasonably necessary to carry out the terms and purposes of the Resolution and provide for the refunding of the Refunded Bonds, including, without limitation, executing and delivering on behalf of the System all certificates, consents, receipts, requests, and other documents as may be reasonably necessary to satisfy the System's obligations under the Bond Purchase Agreement and this Resolution and to direct the application of funds of the System consistent with the provisions of this Resolution.

37. Lease Amendments. In order to effectuate an orderly transfer of title from the PFC to the System and to clarify certain ambiguities in the original Leases, the System hereby approves the following amendments:

- (a) Pursuant to Section 16.6 of that certain Lease with Option to Purchase between the System and the PFC, dated June 1, 2005, as may have been amended from time to time, and Section 9.02 of the related Trust Agreement, as may have been amended from time to time:
  - (i) the definition of Purchase Option Date is amended in its entirety to read: "*Purchase Option Date* - shall mean (i) April 15, 2015, and any date thereafter ~~each Bond Payment Date~~ while the Bonds remain Outstanding, and (ii) prior thereto in the event of damage, destruction, destruction, or condemnation of the Project, a date established pursuant to Section 9.2 of this Lease."
  - (ii) Section 11.1 is amended in its entirety to read: "**Section 11.1 Option to Purchase.** On a Purchase Option Date, the

System shall have the option to purchase (the “*Option to Purchase*”) the Corporation’s interest in the Project, including the Leasehold Estate if still in existence, for an amount equal to the Purchase Option Price. The System shall give written notice to the Corporation and Trustee of its exercise of the Option to Purchase not less than thirty-five (35) days prior to the Purchase Option Date, which is the date on which title is to be transferred, which notice shall describe the sources of the ~~be accompanied by a~~ deposit with the Trustee of the amount, which taken together with the aggregate funds held by the Trustee under the Trust Agreement in the Project Account, Reserve Account, Payment Account, and Redemption Account on the Purchase Option Date will equal the aggregate of the Purchase Option Price and all other sums required to be paid hereunder as of such Purchase Option Date. The Trustee shall use the money so deposited to redeem the Bonds in accordance with the terms of the Trust Agreement and to discharge the other expenses for which the System is liable hereunder.”

- (b) Pursuant to Section 16.6 of that certain Lease with Option to Purchase between the System and the PFC, dated December 1, 2005, as may have been amended from time to time, and Section 9.02 of the related Trust Agreement, as may have been amended from time to time:
  - (i) the definition of Purchase Option Date is amended in its entirety to read: “*Purchase Option Date* - shall mean (i) April 15, 2015, and any date thereafter ~~each Bond Payment Date~~ while the Bonds remain Outstanding, and (ii) prior thereto in the event of damage, destruction, destruction, or condemnation of the Project, a date established pursuant to Section 9.2 of this Lease.”
  - (ii) Section 11.1 is amended in its entirety to read: “**Section 11.1 Option to Purchase.** On a Purchase Option Date, the System shall have the option to purchase (the “*Option to Purchase*”) the Corporation’s interest in the Project for an amount equal to the Purchase Option Price. The System shall give written notice to the Corporation and Trustee of its exercise of the Option to Purchase not less than thirty-five (35) days prior to the Purchase Option Date, which is the date on which title is to be transferred, which notice shall describe the sources of the ~~be accompanied by a~~ deposit with the Trustee of the amount, which taken together with the aggregate funds held by the Trustee under the Trust Agreement in the Project Account, Reserve

Account, Payment Account, and Redemption Account on the Purchase Option Date will equal the aggregate of the Purchase Option Price and all other sums required to be paid hereunder as of such Purchase Option Date. The Trustee shall use the money so deposited to redeem the Bonds in accordance with the terms of the Trust Agreement and to discharge the other expenses for which the System is liable hereunder.”

- (c) Pursuant to Section 16.6 of that certain Lease with Option to Purchase between the System and the PFC, dated October 1, 2006, as may have been amended from time to time, and Section 9.02 of the related Trust Agreement, as may have been amended from time to time:
- (i) the definition of Purchase Option Date is amended in its entirety to read: “*Purchase Option Date* - shall mean (i) April 15, 2015, and any date thereafter ~~each Bond Payment Date~~ while the Bonds remain Outstanding, and (ii) prior thereto in the event of damage, destruction, destruction, or condemnation of the Project, a date established pursuant to Section 9.2 of this Lease.”
  - (ii) Section 11.1 is amended in its entirety to read: “**Section 11.1 Option to Purchase.** On a Purchase Option Date, the System shall have the option to purchase (the “*Option to Purchase*”) the Corporation’s interest in the Project for an amount equal to the Purchase Option Price. The System shall give written notice to the Corporation and Trustee of its exercise of the Option to Purchase not less than thirty-five (35) days prior to the Purchase Option Date, which is the date on which title is to be transferred, which notice shall describe the sources of the ~~be accompanied by a~~ deposit with the Trustee of the amount, which taken together with the aggregate funds held by the Trustee under the Trust Agreement in the Project Account, Reserve Account, Payment Account, and Redemption Account on the Purchase Option Date will equal the aggregate of the Purchase Option Price and all other sums required to be paid hereunder as of such Purchase Option Date. The Trustee shall use the money so deposited to redeem the Bonds in accordance with the terms of the Trust Agreement and to discharge the other expenses for which the System is liable hereunder.”
- (d) Pursuant to Section 16.6 of that certain Lease with Option to Purchase between the System and the PFC, dated February 1, 2007, as may have

been amended from time to time, and Section 9.02 of the related Trust Agreement, as may have been amended from time to time:

- (i) the definition of Purchase Option Date is amended in its entirety to read: “*Purchase Option Date* - shall mean (i) April 15, 2015, and any date thereafter each Bond Payment Date—while the Bonds remain Outstanding, and (ii) prior thereto in the event of damage, destruction, destruction, or condemnation of the Project, a date established pursuant to Section 9.2 of this Lease.”
- (ii) Section 11.1 is amended in its entirety to read: “**Section 11.1 Option to Purchase**. On a Purchase Option Date, the System shall have the option to purchase (the “*Option to Purchase*”) the Corporation’s interest in the Project for an amount equal to the Purchase Option Price. The System shall give written notice to the Corporation and Trustee of its exercise of the Option to Purchase not less than thirty-five (35) days prior to the Purchase Option Date, which is the date on which title is to be transferred, which notice shall describe the sources of the ~~be accompanied by a~~ deposit with the Trustee of the amount, which taken together with the aggregate funds held by the Trustee under the Trust Agreement in the Project Account, Reserve Account, Payment Account, and Redemption Account on the Purchase Option Date will equal the aggregate of the Purchase Option Price and all other sums required to be paid hereunder as of such Purchase Option Date. The Trustee shall use the money so deposited to redeem the Bonds in accordance with the terms of the Trust Agreement and to discharge the other expenses for which the System is liable hereunder.”

38. Registrar. The form of agreement setting forth the duties of the Registrar is hereby approved, and the appropriate officials of the System are hereby authorized to execute such agreement for and on behalf of the System.

39. No Personal Liability. No recourse shall be had for payment of the principal of or interest on any Bonds or for any claim based thereon, or on this Resolution, against any Trustee of the Board, officer, official, employee or agent of the System or any person executing any Bonds.

40. Open Meeting. It is hereby officially found and determined that the meeting at which this Resolution was adopted was open to the public, and that public notice of the time, place and purpose of said meeting was given, all as required by the Texas Open Meetings Act.

PASSED AND APPROVED this 16th day of April, 2015.

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Chair, Board of Trustees  
Houston Community College System

ATTEST:

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Secretary, Board of Trustees  
Houston Community College System

(SEAL)

**EXHIBIT A**

**SYSTEM'S OUTSTANDING BONDS**

Senior Lien Student Fee Revenue Refunding Bonds, Series 2005  
Junior Lien Student Fee Revenue & Refunding Bonds, Series 2006  
Senior Lien Student Fee Revenue Bonds, Series 2008  
Senior Lien Student Fee Revenue Bonds, Series 2010  
Junior Lien Student Fee Revenue Refunding Bonds, Series 2011  
Combined Fee Revenue Refunding Bonds, Series 2014A  
Combined Fee Revenue Refunding Bonds, Taxable Series 2014B



# ACTION ITEM

Meeting Date: April 16, 2015

Committee: *Facilities and Finance*

ITEM NO.	ITEM TITLE	PRESENTER
<b>4</b>	<b>Resolution Authorizing the Issuance of Maintenance Tax Refunding Bonds, Series 2015 and Redemption Prior to Maturity of Certain Outstanding Notes</b>	<b>Dr. Cesar Maldonado Teri Zamora Andrews Kurth</b>

## RECOMMENDATION

Approve resolution for issuance of Maintenance Tax Refunding Bonds, Series 2015; set certain parameters for the Refunding Bonds; authorize the Vice Chancellor of Finance and Planning or certain designees including Treasurer and Deputy Treasurer to approve the amount, the interest rate, price and certain other terms thereof and procedures and provisions related thereto; preparation, distribution and execution of necessary documents and statements; the redemption prior to maturity of certain outstanding notes and other documents related thereto; and authorize the selection of underwriters.

## COMPELLING REASON/RATIONALE

The Resolution facilitates the issuance of the Bonds, all necessary documents and statements, and the syndicate of underwriters.

## DESCRIPTION OR BACKGROUND

This Bond resolution provides for the terms, conditions and parameters for the issuance of the Maintenance Tax Refunding Bonds, Series 2015.

## FISCAL IMPACT

The Maintenance Tax Refunding Bonds, Series 2015 will be approximately \$37,510,000 plus premium of \$7,400,000 including costs of issuance and other associated issuance costs. These Bonds will refund a portion of the Maintenance Tax Notes Series 2006 and 2008, totaling \$40,470,000. The approximate value of cash flow savings over the life of the Bonds will be \$3,100,000.

## STRATEGIC GOAL ALIGNMENT

*Strategic Initiative:* Support Innovation

Attachment Titles(s): **1. Listing of Underwriters**  
**2. Resolution**

This item is applicable to the following:

Central  Coleman  Northeast  Northwest  Southeast  Southwest  3100

**Limited Tax General Obligation Refunding Bonds, Series 2015 and  
Maintenance Tax Refunding Bonds, Series 2015**

**Listing of Underwriters**

Rice Financial Products Company	Senior Manager
Jefferies	Co-Manager
Morgan Stanley	Co-Manager
Raymond James	Co-Manager

RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF HOUSTON COMMUNITY COLLEGE SYSTEM MAINTENANCE TAX REFUNDING BONDS; SETTING CERTAIN PARAMETERS FOR THE BONDS; AUTHORIZING THE CHANCELLOR, THE VICE CHANCELLOR OF FINANCE AND PLANNING, THE TREASURER OR THE DEPUTY TREASURER, TO APPROVE THE AMOUNT, THE INTEREST RATE, PRICE, INCLUDING THE TERMS THEREOF AND CERTAIN OTHER PROCEDURES AND PROVISIONS RELATED THERETO; AUTHORIZING THE REDEMPTION PRIOR TO MATURITY OF CERTAIN OUTSTANDING NOTES; AND CONTAINING OTHER MATTERS RELATED THERETO

THE STATE OF TEXAS §  
COUNTIES OF HARRIS AND FORT BEND §  
HOUSTON COMMUNITY COLLEGE SYSTEM §

WHEREAS, Houston Community College System (the “System”) is a junior college district operating under Chapter 130, Texas Education Code; and

WHEREAS, the System desires to refund the Refunded Notes (as hereinafter defined) from time to time in advance of their maturities; and

WHEREAS, Chapter 1207, Texas Government Code, and Chapter 130, Texas Education Code, authorize the System to issue refunding bonds for the purpose of refunding the Refunded Notes in advance of their maturities, and to accomplish such refunding by depositing directly with a paying agent for the Refunded Notes (or other qualified escrow agent), the proceeds of such refunding bonds, together with other available funds, in an amount sufficient to provide for the payment or redemption of the Refunded Notes, and provides that such deposit shall constitute the making of firm banking and financial arrangements for the discharge and final payment or redemption of the Refunded Notes; and

WHEREAS, pursuant to Chapter 1207, Texas Government Code, the System desires to delegate the authority to effect the sale of the Bonds to each of the following: the Chancellor, the Vice Chancellor of Finance and Planning, the Treasurer and the Deputy Treasurer (each a “Pricing Officer”);

WHEREAS, upon the issuance of the refunding Bonds herein authorized and the deposit of funds referred to above, the Refunded Notes shall no longer be regarded as being outstanding, except for the purpose of being paid pursuant to such deposit, and the pledges, liens, trusts and all other covenants, provisions, terms and conditions of the resolution authorizing the issuance of the Refunded Notes shall be, with respect to the Refunded Notes, discharged, terminated and defeased; therefore

BE IT RESOLVED BY THE BOARD OF TRUSTEES OF HOUSTON COMMUNITY COLLEGE SYSTEM:

1. Recitals; Consideration. It is hereby found and determined that the matters and facts set out in the preamble to this Resolution are true and correct.

It is hereby found and determined that the refunding contemplated in this Resolution will benefit the System by providing a present value savings in the debt service payable by the System, that such benefit is sufficient consideration for the refunding of the Refunded Notes, and that the issuance of the refunding Bonds is in the best interests of the System.

2. Definitions. Throughout this Resolution the following terms and expressions as used herein shall have the meanings set forth below:

“Blanket Issuer Letter of Representations” means the Blanket Issuer Letter of Representations between the System, the Registrar and DTC.

“Business Day” means any day which is not a Saturday, Sunday, or a day on which the Registrar is authorized by law or executive order to close.

“Capital Appreciation Bonds” means those Bonds described in Section 5(b) of this Resolution.

“Chancellor” means Dr. Cesar Maldonado, or such other person serving the System as a successor in that capacity.

“Code” means the Internal Revenue Code of 1986, as amended.

“Comptroller” means the Comptroller of Public Accounts of the State of Texas.

“Current Interest Bonds” means those Bonds described in Section 5(a) of this Resolution.

“Debt Service Fund” means the interest and sinking fund for payment of the Bonds established by the System in Section 22 of this Resolution.

“Deputy Treasurer” means Brian Malone, or such other person serving the System as a successor in that capacity.

“System” means the Houston Community College System.

“Escrow Agent” means The Bank of New York Mellon Trust Company, N.A., and any successor in that capacity.

“Escrow Agreement” means the agreement between the System and the Escrow Agent relating to the escrow of funds to pay the Refunded Notes.

“Initial Bonds” mean the Initial Current Interest Bond and the Initial Capital Appreciation Bond.

“Initial Current Interest Bond” means the Initial Current Interest Bond authorized by Section 5(a).

“Initial Capital Appreciation Bond” means the Initial Capital Appreciation Bond authorized by Section 5(b).

“Interest Payment Date,” when used in connection with any Current Interest Bond, means the dates set forth in the Officer’s Pricing Certificate.

“Issuance Date” means the date on which the Bonds are delivered to and paid for by the Underwriter.

“Maturity Amount” with respect to any Capital Appreciation Bond means the amount payable to the Owner thereof at maturity, which shall include both principal and accrued interest.

“MSRB” means the Municipal Securities Rulemaking Board.

“Bond Purchase Agreement” means the agreement between the System and the Underwriter described in Section 25 of this Resolution.

“Bonds” means the Houston Community College System Maintenance Tax Refunding Bonds, Series \_\_\_\_\_<sup>1</sup>, authorized in this Resolution, unless the context clearly indicates otherwise.

“Officer’s Pricing Certificate” means a certificate signed by a Pricing Officer and containing the information regarding the Bonds specified herein.

“Owner” means any person who shall be the registered owner of any outstanding Bond.

“Outstanding,” when used with reference to Bonds or any other obligation of the System, means, as of a particular date, all such bonds or obligations theretofore and thereupon delivered except: (a) any such bond or obligation cancelled by or on behalf of the System at or before said date, (b) any such bond or obligation defeased or no longer considered outstanding pursuant to the provisions of the resolution authorizing its issuance, or otherwise defeased as permitted by applicable law, and (c) any such bond or obligation in lieu of or in substitution for which another bond or obligation shall have been delivered pursuant to the resolution authorizing the issuance of such bond or obligation.

“Paying Agent/Registrar” means The Bank of New York Mellon Trust Company, N.A., and its successors in that capacity.

“Pricing Officer” means the Chancellor, the Vice Chancellor of Finance and Planning, the Treasurer or the Deputy Treasurer of the System.

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<sup>1</sup> Insert from Officer’s Pricing Certificate.

“Record Date” means, for any Interest Payment Date, the close of business as of the last Business Day of the month next preceding each Interest Payment Date.

“Refunded Notes” means any of those notes of the System described in Exhibit A attached hereto that are selected to be refunded in the Officer’s Pricing Certificate.

“Register” means the books of registration kept by the Registrar, in which are maintained the names and addresses of, and the principal amounts of the Bonds registered to, each Owner.

“Resolution” as used herein and in the Bonds means this resolution authorizing the Bonds.

“Rule” means SEC Rule 15c2-12, as amended from time to time.

“SEC” means the United States Securities and Exchange Commission.

“Treasurer” means Ronald E. Defalco, or such other person serving the System as a successor in that capacity.

“Underwriters” means the individual underwriter or underwriting syndicate identified in the Officer’s Pricing Certificate.

“Vice Chancellor of Finance and Planning” means Teri Zamora, or such other person serving the System as a successor in that capacity.

3. Authorization; Delegation; Parameters. (a) The Bonds shall be issued in fully registered form in a maximum principal amount not to exceed \$38,000,000 for the purpose of refunding the Refunded Notes, under and in strict conformity with the Constitution and laws of the State of Texas, particularly Chapter 1207, Texas Government Code, as amended, and Chapter 130, Texas Education Code, as amended.

4. Date, Denomination, Interest Rates, and Maturities. The Bonds shall be designated as “HOUSTON COMMUNITY COLLEGE SYSTEM MAINTENANCE TAX REFUNDING BONDS, SERIES \_\_\_\_\_<sup>2</sup>”, and shall be dated as set out in the Officer’s Pricing Certificate.

5. Initial Bond; Numbers and Denominations. (a) The Current Interest Bonds shall mature on the maturity date in each of the years and in the amounts set out in the Officer’s Pricing Certificate, shall be subject to prior optional and mandatory redemption on the dates, for the redemption prices and in the amounts, if any, set out in the Officer’s Pricing Certificate and shall bear interest from their dated date at the rates set out in the Officer’s Pricing Certificate. The Initial Current Interest Bond shall be numbered ICI-1 and all other Current Interest Bonds shall be numbered in sequence beginning with RCI-1. Current Interest Bonds delivered on transfer of or in exchange for other Current Interest Bonds shall be numbered in order of their

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<sup>2</sup> Insert from Officer’s Pricing Certificate.

authentication by the Registrar, shall be in the denomination of \$5,000 or integral multiples thereof, and shall mature on the same date and bear interest at the same rate as the Bond or Bonds in lieu of which they are delivered.

(b) The Capital Appreciation Bonds, if any, shall be initially issued in the principal amount and bearing compound interest at the rate set out in the Officer's Pricing Certificate, and may be transferred and exchanged as set out in this Resolution. The Capital Appreciation Bonds shall mature on the dates and in the years set forth in the Officer's Pricing Certificate and in the Maturity Amounts set out in the Officer's Pricing Certificate. The Initial Capital Appreciation Bond shall be numbered ICA-1 and all other Capital Appreciation Bonds shall be numbered in sequence beginning with RCA-1. Capital Appreciation Bonds delivered on transfer of or in exchange for other Capital Appreciation Bonds shall be numbered in order of their authentication by the Registrar, shall be in the Maturity Amount of \$5,000 or integral multiples thereof, and shall mature on the same date and bear interest at the same rate as the Bond or Bonds in lieu of which they are delivered.

6. Selling and Delivering Bonds. As authorized by Section 1207.007, Texas Government Code, the Pricing Officer is hereby authorized to act on behalf of the System through a date 120 days from the date of this Resolution, in selling and delivering the Bonds and carrying out the other procedures specified in this Resolution, including without limitation determining the price at which the Bonds will be sold, the dated date, the issuance date, the initial interest payment date for the Bonds, the years in which the Bonds will mature, the principal amount to mature in each of such years, the rate of interest to be borne by each such maturity, any mandatory sinking fund redemption provisions for the Bonds, whether the Bonds will be issued as Current Interest Bonds or Capital Appreciation Bonds, or both, and all other matters not expressly provided in this Resolution, relating to the issuance, sale and delivery of the Bonds, including the refunding of the Refunded Notes, all of which shall be specified in the Officer's Pricing Certificate; provided that:

- (i) the net present value savings in debt service resulting from the refunding of the Refunded Notes shall be at least 4.00% of the principal amount of the Refunded Notes, as shown by a table of calculations prepared by the System's financial advisor and attached to the related Officer's Pricing Certificate;
- (ii) the price to be paid for the Bonds shall not be less than 90% of the aggregate original principal amount of the Bonds plus accrued interest thereon from their date to their delivery;
- (ii) the net effective interest rates on the Bonds shall not exceed the maximum rate allowed by Chapter 1204, Texas Government Code, as amended; and
- (iii) the sum of the principal amounts of the Bonds, which may not exceed the maximum principal amount authorized in Section 3 hereof, plus any net premium from the sale of the Bonds, plus other available funds of the System, must be sufficient to provide amounts necessary to fund the costs

and expenses of refunding the Refunded Notes and the estimated costs of issuance of the Bonds, including underwriters' discount.

7. Execution and Registration of Bonds. (a) The Bonds shall be signed by the Chair or Vice Chair of the Board and countersigned by the Secretary of the Board, by their manual, lithographed, or facsimile signatures, and the official seal of the System shall be impressed or placed in facsimile thereon. Such facsimile signatures on the Bonds shall have the same effect as if each of the Bonds had been signed manually and in person by each of said Officer's, and such facsimile seal on the Bonds shall have the same effect as if the official seal of the System had been manually impressed upon each of the Bonds.

(b) If any officer of the System whose manual or facsimile signature shall appear on the Bonds shall cease to be such officer before the authentication of such Bonds or before the delivery of such Bonds, such manual or facsimile signature shall nevertheless be valid and sufficient for all purposes as if such officer had remained in such office.

(c) Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Resolution unless and until there appears thereon the Registrar's Authentication Certificate substantially in the form provided herein, duly authenticated by manual execution by an officer or duly authorized signatory of the Registrar. In lieu of the executed Registrar's Authentication Certificate described above, the Initial Bonds delivered at the Closing Date shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided herein, manually executed by the Comptroller, or by her duly authorized agent, which certificates shall be evidence that the Initial Bonds have been duly approved by the Attorney General of the State of Texas and that they are valid and binding obligations of the System, and have been registered by the Comptroller.

(d) On the Closing Date, the Initial Bonds, payable in stated installments to the Underwriters or their designee, executed by manual or facsimile signature of the Chair or Vice Chair and Secretary of the Board, approved by the Attorney General, and registered and manually signed by the Comptroller, shall be delivered to the Underwriters or their designee. Upon payment for the Initial Bonds, the Registrar shall cancel the Initial Bond and definitive Bonds shall be delivered to DTC.

8. Payment of Principal and Interest. The Registrar is hereby appointed as the paying agent for the Bonds. The principal of the Bonds shall be payable, without exchange or collection charges, in any coin or currency of the United States of America which, on the date of payment, is legal tender for the payment of debts due the United States of America, upon their presentation and surrender as they respectively become due and payable at the operations office of the Registrar. The interest on each Bond shall be payable on each Interest Payment Date, by check mailed by the Registrar on or before the Interest Payment Date to the Owner of record as of the Record Date, to the address of such Owner as shown on the Register.

If the date for payment of the principal of or interest on any Bond is not a Business Day, then the date for such payment shall be the next succeeding Business Day with the same force and effect as if made on the date payment was originally due.



9. Successor Registrars. The System covenants that at all times while any Bonds are outstanding it will provide a commercial bank or trust company, organized under the laws of the United States or any state, duly qualified to serve as and perform the duties and services of Registrar for the Bonds. The System reserves the right to change the Registrar for the Bonds on not less than 30 days written notice to the Registrar, so long as any such notice is effective not less than 60 days prior to the next succeeding principal or interest payment date on the Bonds. Promptly upon the appointment of any successor Registrar, the previous Registrar shall deliver the Register or copies thereof to the new Registrar, and the new Registrar shall notify each Owner, by United States mail, first class postage prepaid, of such change and of the address of the new Registrar. Each Registrar hereunder, by acting in that capacity, shall be deemed to have agreed to the provisions of this Section.

10. Special Record Date. If interest on any Bond is not paid on any Interest Payment Date and continues unpaid for thirty (30) days thereafter, the Registrar shall establish a new record date for the payment of such interest, to be known as a Special Record Date. The Registrar shall establish a Special Record Date when funds to make such interest payment are received from or on behalf of the System. Such Special Record Date shall be fifteen (15) days prior to the date fixed for payment of such past due interest, and notice of the date of payment and the Special Record Date shall be sent by United States mail, first class, postage prepaid, not later than five (5) days prior to the Special Record Date, to each affected Owner of record as of the close of business on the day prior to the mailing of such notice.

11. Book-Entry Only System. (a) The Initial Bonds shall be registered in the name of Southwest Securities, Inc. Except as provided in Section 12 hereof, all other Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

(b) With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the System and the Registrar shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such DTC Participant holds an interest in the Bonds, except as provided in this Resolution. Without limiting the immediately preceding sentence, the System and the Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than an Owner, as shown on the Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than an Owner, as shown on the Register, of any amount with respect to principal of, premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Resolution to the contrary, the System and the Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Register as the absolute Owner of such Bond for the purpose of payment of principal of and interest on the Bonds, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfer with respect to such Bond, and for all other purposes whatsoever. The Registrar shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Owners, as shown in the Register as provided in this Resolution, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully

satisfy and discharge the System's obligations with respect to payments of principal, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Register, shall receive a Bond certificate evidencing the obligation of the System to make payments of amounts due pursuant to this Resolution. Upon delivery by DTC to the Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions of this Resolution with respect to interest checks being mailed to the Owner of record as of the Record Date, the phrase "Cede & Co." in this Resolution shall refer to such new nominee of DTC.

12. Successor Securities Depository; Transfer Outside Book-Entry Only System. In the event that the System, in its sole discretion, determines that the beneficial owners of the Bonds should be able to obtain certificated Bonds, or in the event DTC discontinues the services described herein, the System shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants, as identified by DTC, of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants, as identified by DTC, of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts, as identified by DTC. In such event, the Bonds shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Resolution.

13. Payments to Cede & Co. Notwithstanding any other provision of this Resolution to the contrary, so long as any Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bonds, and all notices with respect to such Bonds, shall be made and given, respectively, in the manner provided in the Blanket Letter of Representations.

14. Ownership; Unclaimed Principal and Interest. The System, the Registrar and any other person may treat the person in whose name any Bond is registered as the absolute owner of such Bond for the purpose of making and receiving payment of the principal of or interest on such Bond, and for all other purposes, whether or not such Bond is overdue, and neither the System nor the Registrar shall be bound by any notice or knowledge to the contrary. All payments made to the person deemed to be the Owner of any Bond in accordance with this Section shall be valid and effectual and shall discharge the liability of the System and the Registrar upon such Bond to the extent of the sums paid.

Amounts held by the Registrar which represent principal of and interest on the Bonds remaining unclaimed by the Owner after the expiration of three years from the date such amounts have become due and payable shall be reported and disposed of by the Registrar in accordance with the applicable provisions of Texas law including, to the extent applicable, Title 6 of the Texas Property Code, as amended.

15. Registration, Transfer, and Exchange. So long as any Bonds remain outstanding, the Registrar shall keep the Register at its operations office. Subject to such reasonable regulations as it may prescribe, the Registrar shall provide for the registration and transfer of Bonds in accordance with the terms of this Resolution.

Each Bond shall be transferable only upon the presentation and surrender thereof at the operations office of the Registrar, in Dallas, Texas, duly endorsed for transfer, or accompanied by an assignment duly executed by the registered Owner or his authorized representative in form satisfactory to the Registrar. Upon due presentation of any Bond for transfer, the Registrar shall authenticate and deliver in exchange therefor, within three Business Days after such presentation, a new Bond or Bonds registered in the name of the transferee or transferees, in authorized denominations and of the same maturity and aggregate principal amount and bearing interest at the same rate as the Bond or Bonds so presented.

All Bonds shall be exchangeable upon presentation and surrender thereof at the operations office of the Registrar in Dallas, Texas, for a Bond or Bonds of like maturity and interest rate and in any authorized denomination, in an aggregate amount equal to the unpaid principal amount of the Bond or Bonds presented for exchange. The Registrar shall be and is hereby authorized to authenticate and deliver exchange Bonds in accordance with the provisions of this Section. Each Bond delivered in accordance with this Section shall be entitled to the benefits and security of this Resolution to the same extent as the Bond or Bonds in lieu of which such Bond is delivered.

The System or the Registrar may require the Owner of any Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer or exchange of such Bond. Any fee or charge of the Registrar for such transfer or exchange shall be paid by the System.

16. Mutilated, Lost, or Stolen Bonds. Upon the presentation and surrender to the Registrar of a mutilated Bond, the Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like maturity, interest rate, and principal amount, bearing a number not contemporaneously outstanding. If any Bond is lost, apparently destroyed, or wrongfully taken, the System, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall authorize and the Registrar shall authenticate and deliver a replacement Bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding.

The System or the Registrar may require the Owner of a mutilated Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith and any other expenses connected therewith, including the fees and expenses of the Registrar. The System or the Registrar may require the Owner of a lost, apparently destroyed or wrongfully taken Bond, before any replacement Bond is issued, to:

- (1) furnish to the System and the Registrar satisfactory evidence of the ownership of and the circumstances of the loss, destruction or theft of such Bond;

- (2) furnish such security or indemnity as may be required by the Registrar and the System to save them harmless;
- (3) pay all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Registrar and any tax or other governmental charge that may be imposed; and
- (4) meet any other reasonable requirements of the System and the Registrar.

If, after the delivery of such replacement Bond, a bona fide purchaser of the original Bond in lieu of which such replacement Bond was issued presents for payment such original Bond, the System and the Registrar shall be entitled to recover such replacement Bond from the person to whom it was delivered or any person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the System or the Registrar in connection therewith.

If any such mutilated, lost, apparently destroyed or wrongfully taken Bond has become or is about to become due and payable, the System in its discretion may, instead of issuing a replacement Bond, authorize the Registrar to pay such Bond.

Each replacement Bond delivered in accordance with this Section shall be entitled to the benefits and security of this Resolution to the same extent as the Bond or Bonds in lieu of which such replacement Bond is delivered.

18. Cancellation of Bonds. All Bonds paid in accordance with this Resolution, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered in accordance herewith, shall be cancelled and destroyed upon the making of proper records regarding such payment. The Registrar shall furnish the System with appropriate certificates of destruction of such Bonds.

19. Redemption; Defeasance. The Bonds may be subject to redemption as set forth in the Officer's Pricing Certificate and the Form of Bonds in this Resolution.

Notice of any redemption identifying the Bonds to be redeemed in whole or in part shall be given by the Registrar at least thirty days prior to the date fixed for redemption by sending written notice by first class mail to the Owner of each Bond to be redeemed in whole or in part at the address shown on the Register. Such notices shall state the redemption date, the redemption price, the place at which Bonds are to be surrendered for payment and, if less than all Bonds of a particular maturity are to be redeemed, the numbers of the Bonds or portions thereof of such maturity to be redeemed. Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice. By the date fixed for redemption, due provision shall be made with the Registrar for payment of the redemption price of the Bonds or portions thereof to be redeemed. When Bonds have been called for redemption in whole or in part and due provision has been made to redeem same as herein provided, the Bonds or portions thereof so redeemed shall no longer be regarded as

outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Owners to collect interest which would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

The Bonds may be discharged, defeased, redeemed or refunded in any manner now or hereafter permitted by law.

20. Forms. The forms of the Bonds, including the form of Registration Certificate of the Comptroller, which shall be attached or affixed to each Initial Bond, the form of the Registrar's Authentication Certificate, the form of Assignment, and the form of Statement of Insurance, shall be, respectively, substantially as follows, with such additions, deletions and variations as may be required by the Officer's Pricing Certificate, necessary or desirable and not prohibited by this Resolution:

(a) Form of Current Interest Bond.

UNITED STATES OF AMERICA  
STATE OF TEXAS  
COUNTIES OF HARRIS AND FORT BEND

REGISTERED  
NUMBER

\_\_\_\_\_

REGISTERED  
DENOMINATION

\$ \_\_\_\_\_

HOUSTON COMMUNITY COLLEGE SYSTEM  
MAINTENANCE TAX REFUNDING BOND  
SERIES \_\_\_\_\_<sup>3</sup>

INTEREST RATE:

MATURITY DATE:  
\_\_\_\_\_<sup>4</sup>, 20\_\_\_\_<sup>5</sup>

ISSUANCE DATE:  
\_\_\_\_\_<sup>6</sup>

CUSIP:

REGISTERED OWNER:

PRINCIPAL AMOUNT:

DOLLARS

\_\_\_\_\_

<sup>3</sup> Insert from Officer's Pricing Certificate.

<sup>4</sup> Insert from Officer's Pricing Certificate.

<sup>5</sup> Insert from Officer's Pricing Certificate.

<sup>6</sup> Insert from Officer's Pricing Certificate.

Houston Community College System (the "System") promises to pay to the registered owner identified above, or registered assigns, on the maturity date specified above, upon presentation and surrender of this Bond at the operations office of The Bank of New York Mellon Trust Company, N.A., in Dallas, Texas (the "Registrar"), the principal amount identified above, payable in any coin or currency of the United States of America which on the date of payment is legal tender for the payment of debts due the United States of America, and to pay interest thereon at the rate shown above, calculated on the basis of a 360 day year of twelve 30 day months, from the later of the Issuance Date, or the most recent interest payment date to which interest has been paid or duly provided for. The date of this Bond is \_\_\_\_\_<sup>7</sup>. Interest on this Bond is payable by check on each \_\_\_\_\_<sup>8</sup> and \_\_\_\_\_<sup>9</sup>, beginning on \_\_\_\_\_<sup>10</sup>, mailed to the registered owner as shown on the books of registration kept by the Registrar as of the close of business on the last business day of the month next preceding each interest payment date.

THIS BOND is one of a duly authorized issue of Bonds, aggregating \$ \_\_\_\_\_<sup>11</sup> the "Bonds"), issued for the purpose of refunding a portion of the System's outstanding maintenance tax notes, under and in strict conformity with the Constitution and laws of the State of Texas, particularly Chapter 1207, Texas Government Code, and pursuant to a resolution adopted by the Board of Trustees (the "Resolution"), which Resolution is of record in the official minutes of the System. [The Bonds are issued as (i) Bonds in the aggregate principal amount of \$ \_\_\_\_\_<sup>12</sup> which pay interest only at maturity and (ii) Bonds in the aggregate principal amount of \$ \_\_\_\_\_<sup>13</sup> which pay interest semiannually until maturity.]<sup>14</sup>

THE SYSTEM RESERVES THE RIGHT, at its option, to redeem Bonds maturing on or after \_\_\_\_\_<sup>15</sup>, in whole or from time to time in part, in integral multiples of \$5,000, on \_\_\_\_\_<sup>16</sup>, or any date thereafter at par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption. If less than all the Bonds are to be redeemed, the System shall select the Bonds to be redeemed.

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<sup>7</sup> Insert from Officer's Pricing Certificate.

<sup>8</sup> Insert from Officer's Pricing Certificate.

<sup>9</sup> Insert from Officer's Pricing Certificate.

<sup>10</sup> Insert from Officer's Pricing Certificate.

<sup>11</sup> Insert from Officer's Pricing Certificate.

<sup>12</sup> Insert from Officer's Pricing Certificate.

<sup>13</sup> Insert from Officer's Pricing Certificate.

<sup>14</sup> Remove bracketed language if there are no CABs.

<sup>15</sup> Insert from Officer's Pricing Certificate.

<sup>16</sup> Insert from Officer's Pricing Certificate.

[If applicable, mandatory redemption language]<sup>17</sup>

NOTICE OF ANY REDEMPTION shall be given by the Registrar at least thirty (30) days prior to the date fixed for redemption by first class mail, addressed to the registered owners of each Bond to be redeemed in whole or in part at the address shown on the books of registration kept by the Registrar. When Bonds or portions thereof have been called for redemption, and due provision has been made to redeem the same, the principal amounts so redeemed shall be payable solely from the funds provided for redemption, and interest which would otherwise accrue on the amounts called for redemption shall terminate on the date fixed for redemption.

THIS BOND IS TRANSFERABLE only upon presentation and surrender at the operations office of the Registrar in Dallas, Texas, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his authorized representative, subject to the terms and conditions of the Resolution.

THIS BOND IS EXCHANGEABLE at the operations office of the Registrar in Dallas, Texas, for Bonds in the denomination of \$5,000 or any integral multiple thereof, subject to the terms and conditions of the Resolution.

THIS BOND shall not be valid or obligatory for any purpose or be entitled to any benefit under the Resolution unless this Bond is either (i) registered by the Comptroller of Public Accounts of the State of Texas by registration certificate attached or affixed hereto or (ii) authenticated by the Registrar by due execution of the authentication certificate endorsed hereon.

THE REGISTERED OWNER of this Bond, by acceptance hereof, acknowledges and agrees to be bound by all the terms and conditions of the Resolution.

THE SYSTEM has covenanted in the Resolution that it will at all times provide a legally qualified registrar for the Bonds and will cause notice of any change of registrar to be mailed to each registered owner.

IT IS HEREBY certified, recited and covenanted that this Bond has been duly and validly issued and delivered; that all acts, conditions and things required or proper to be performed, to exist and to be done precedent to or in the issuance and delivery of this Bond have been performed, exist and have been done in accordance with law; and that annual ad valorem taxes within the limits prescribed by law, for maintenance purposes, sufficient to provide for the payment of the interest on and principal of this Bond, as such interest comes due and such principal matures, have been levied and ordered to be levied against all taxable property in the System, and have been pledged irrevocably for such payment.

IN WITNESS WHEREOF, this Bond has been signed with the manual or facsimile signature of the Chair or Vice Chair and countersigned with the manual or facsimile signature of

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<sup>17</sup> Insert from Officer's Pricing Certificate.

the Secretary, and the official seal of the System has been duly impressed, or placed in facsimile, on this Bond.

(AUTHENTICATION  
CERTIFICATE)

(SEAL)

HOUSTON COMMUNITY  
COLLEGE SYSTEM

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Chair, Board of Trustees

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Secretary, Board of Trustees

(b) Form of Capital Appreciation Bonds, if required.

UNITED STATES OF AMERICA  
STATE OF TEXAS  
COUNTIES OF HARRIS AND FORT BEND

REGISTERED  
NUMBER

\_\_\_\_\_

REGISTERED  
DENOMINATION

\$ \_\_\_\_\_

HOUSTON COMMUNITY COLLEGE SYSTEM  
MAINTENANCE TAX REFUNDING BOND  
SERIES \_\_\_\_\_<sup>18</sup>

MATURITY DATE:

ISSUANCE DATE:

<sup>19</sup>

\_\_\_\_\_

CUSIP:

REGISTERED OWNER:

MATURITY AMOUNT:

DOLLARS

Houston Community College System (the "System") promises to pay to the registered owner identified above, or registered assigns, on the maturity date specified above, upon presentation and surrender of this Bond at the operations office of The Bank of New York Mellon Trust Company, N.A., in Dallas, Texas (the "Registrar"), the Maturity Amount identified

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<sup>18</sup> Insert from Officer's Pricing Certificate.

<sup>19</sup> Insert from Officer's Pricing Certificate.



above, representing the principal amount hereof and accrued and compounded interest hereon (both as shown in the table attached to this Bond), in any coin or currency of the United States of America which on the date of payment is legal tender for the payment of debts due the United States of America. The date of this Bond is \_\_\_\_\_<sup>20</sup>, but interest shall accrue on the principal amount hereof from the Issuance Date at the per annum rate specified on the Table of Accreted Values attached hereto. The Accreted Value (per \$5,000 of Maturity Amount) of this Bond, as of the Issuance Date and as of each \_\_\_\_\_<sup>21</sup> and \_\_\_\_\_<sup>22</sup> is set forth in the Table of Accreted Values attached hereto. Such value as of any other date shall be determined by straight-line interpolation between such values.

THIS BOND is one of a duly authorized issue of Bonds, aggregating \$ \_\_\_\_\_<sup>23</sup> the “Bonds”), issued for the purpose of refunding a portion of the System’s outstanding maintenance tax notes, under and in strict conformity with the Constitution and laws of the State of Texas, particularly Chapter 1207, Texas Government Code, and pursuant to a resolution adopted by the Board of Trustees (the “Resolution”), which Resolution is of record in the official minutes of the System. The Bonds are issued as (i) Bonds in the aggregate principal amount of \$ \_\_\_\_\_<sup>24</sup> which pay interest only at maturity and (ii) Bonds in the aggregate principal amount of \$ \_\_\_\_\_<sup>25</sup> which pay interest semiannually until maturity.

THIS BOND IS TRANSFERABLE only upon presentation and surrender at the operations office of the Registrar in Dallas, Texas, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his authorized representative, subject to the terms and conditions of the Resolution.

THIS BOND IS EXCHANGEABLE at the operations office of the Registrar in Dallas, Texas, for Bonds in the denomination of \$5,000 or any integral multiple thereof, subject to the terms and conditions of the Resolution.

THIS BOND shall not be valid or obligatory for any purpose or be entitled to any benefit under the Resolution unless this Bond is either (i) registered by the Comptroller of Public Accounts of the State of Texas by registration certificate attached or affixed hereto or (ii) authenticated by the Registrar by due execution of the authentication certificate endorsed hereon.

THE REGISTERED OWNER of this Bond, by acceptance hereof, acknowledges and agrees to be bound by all the terms and conditions of the Resolution.

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<sup>20</sup> Insert from Officer’s Pricing Certificate.

<sup>21</sup> Insert from Officer’s Pricing Certificate.

<sup>22</sup> Insert from Officer’s Pricing Certificate.

<sup>23</sup> Insert from Officer’s Pricing Certificate.

<sup>24</sup> Insert from Officer’s Pricing Certificate.

<sup>25</sup> Insert from Officer’s Pricing Certificate.

THE SYSTEM has covenanted in the Resolution that it will at all times provide a legally qualified registrar for the Bonds and will cause notice of any change of registrar to be mailed to each registered owner.

IT IS HEREBY certified, recited and covenanted that this Bond has been duly and validly issued and delivered; that all acts, conditions and things required or proper to be performed, to exist and to be done precedent to or in the issuance and delivery of this Bond have been performed, exist and have been done in accordance with law; and that annual ad valorem taxes, within the limits prescribed by law, for maintenance purposes, sufficient to provide for the payment of the interest on and principal of this Bond, as such interest comes due and such principal matures, have been levied and ordered to be levied against all taxable property in the System, and have been pledged irrevocably for such payment.

IN WITNESS WHEREOF, this Bond has been signed with the manual or facsimile signature of the Chair or Vice Chair and countersigned with the manual or facsimile signature of the Secretary, and the official seal of the System has been duly impressed, or placed in facsimile, on this Bond.

(AUTHENTICATION  
CERTIFICATE)

(SEAL)

HOUSTON COMMUNITY  
COLLEGE SYSTEM

\_\_\_\_\_  
Chair, Board of Trustees

\_\_\_\_\_  
Secretary, Board of Trustees

**TABLE OF ACCRETED VALUES<sup>26</sup>**

(c) Form of Comptroller's Registration Certificate.

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO. \_\_\_\_\_

I hereby certify that this Bond has been examined, certified as to validity, and approved by the Attorney General of the State of Texas, and that this Bond has been registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS MY SIGNATURE AND SEAL this \_\_\_\_\_.

(SEAL)

\_\_\_\_\_  
Comptroller of Public Accounts

<sup>26</sup> Insert from Officer's Pricing Certificate, if applicable.

of the State of Texas

(d) Form of Registrar's Authentication Certificate.

**AUTHENTICATION CERTIFICATE**

It is hereby certified that this Bond has been delivered pursuant to the Bond Resolution described in the text of this Bond.

The Bank of New York Mellon Trust Company, N.A.

By \_\_\_\_\_  
Authorized Signature  
Date of Authentication \_\_\_\_\_

(e) Form of Assignment.

**ASSIGNMENT**

For value received, the undersigned hereby sells, assigns, and transfers unto

\_\_\_\_\_

\_\_\_\_\_

(Please print or type name, address, and zip code of Transferee)

\_\_\_\_\_

(Please insert Social Security or Taxpayer Identification Number of Transferee)  
the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

attorney to transfer said Bond on the books kept for registration thereof, with full power of substitution in the premises.

DATED: \_\_\_\_\_

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

\_\_\_\_\_

NOTICE: Signature must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

Registered Owner

NOTICE: The signature above must correspond to the name of the registered owner as shown on the face of this Bond in every particular, without any alteration, enlargement or change whatsoever.

(f) The Initial Bond shall be in the form set forth in paragraphs (a), (b), (c) and (e) of this Section, except for the following alterations:

(i) immediately under the name of the Current Interest Bond, the headings "INTEREST RATE" and "MATURITY DATE" shall both be completed with the words "As Shown Below" and the word "CUSIP" deleted; immediately under the name of the Capital

Appreciation Bond, the heading "MATURITY DATE" shall be completed with the words "As Shown Below" and the word "CUSIP" deleted;

(ii) in the first paragraph of the Current Interest Bond, the words "on the maturity date specified above" and "at the rate shown above" shall be deleted and the following shall be inserted at the end of the first sentence "..., with such principal to be paid on <sup>27</sup>\_\_\_\_\_, in each of the years and in the principal amounts identified in the following schedule and with such installments bearing interest at the per annum rates set forth in the following schedule:"

[Information to be inserted from schedule in the Officer's Pricing Certificate]

(iii) in the first paragraph of the Capital Appreciation Bond, the words "on the maturity date specified above" shall be deleted, and the words "the Maturity Amount identified above" shall be replaced with "the Maturity Amounts shown in the schedule below".

[Information to be inserted from Officer's Pricing Certificate]

(iv) the Initial Bonds shall be numbered ICI-1 and ICA-1, respectively.

21. CUSIP Numbers. CUSIP Numbers may be printed on the Bonds, but errors or omissions in the printing of such numbers shall have no effect on the validity of the Bonds.

22. Debt Service Fund; Tax Levy. A special fund to be designated "Houston Community College System Maintenance Tax Refunding Bonds, Series <sup>28</sup>\_\_\_\_\_, Debt Service Fund" is hereby created, and the proceeds from all taxes levied, assessed and collected for and on account of the Bonds authorized by this Resolution shall be deposited, as collected, in such Fund. While the Bonds or any part of the principal thereof or interest thereon remain outstanding and unpaid, there is hereby levied and there shall be annually assessed and collected in due time, form and manner, and at the same time as other System taxes are assessed, levied and collected, in each year, an ad valorem maintenance tax, within the limits prescribed by law, upon all taxable property in the System, sufficient to pay the interest on the Bonds as the same becomes due and to pay each installment of the principal of the Bonds as the same matures, full allowance being made for delinquencies and costs of collection, and said taxes are hereby irrevocably pledged to the payment of the interest on and principal of the Bonds and to no other purpose.

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<sup>27</sup> Insert from Officer's Pricing Certificate.

<sup>28</sup> Insert from Officer's Pricing Certificate.

To pay the debt service coming due on the Bonds prior to receipt of the taxes levied to pay such debt service, there is hereby appropriated from current funds on hand, which are hereby certified to be on hand and available for such purpose, an amount sufficient to pay such debt service, and such amount shall be used for no other purpose.

23. Application of Chapter 1208, Government Code. Chapter 1208, Government Code, applies to the issuance of the Bonds and the pledge of the taxes granted by the System under Section 22 of this Resolution, and such pledge is therefore valid, effective and perfected. If Texas law is amended at any time while the Bonds are outstanding and unpaid such that the pledge of the taxes granted by the System under Section 22 of this Resolution is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the System agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

24. Further Proceedings. After the Initial Bonds have been executed, it shall be the duty of the Chair or Vice Chair and other appropriate officials and agents of the System to deliver the Initial Bonds and all pertinent records and proceedings to the Attorney General of the State of Texas, for examination and approval. After the Initial Bonds have been approved by the Attorney General, they shall be delivered to the Comptroller for registration. Upon registration of the Initial Bond, the Comptroller (or the Comptroller's Bond clerk or an assistant Bond clerk lawfully designated in writing to act for the Comptroller) shall manually sign the Comptroller's Registration Certificate prescribed herein and the seal of said Comptroller shall be impressed, or placed in facsimile, thereon.

25. Sale; Bond Purchase Agreement. The Bonds shall be sold and delivered to the Underwriters at a price to be set forth in the Officer's Pricing Certificate, plus accrued interest to the date of delivery, in accordance with the terms of a Bond Purchase Agreement to be approved by the Pricing Officer. The Pricing Officer is hereby authorized and directed to execute the Bond Purchase Agreement on behalf of the System, and the Pricing Officer and all other officers, agents and representatives of the System are hereby authorized to do any and all things necessary or desirable to satisfy the conditions set out therein and to provide for the issuance and delivery of the Bonds.

26. Federal Income Tax Exclusion.

(a) General. The System intends that the interest on the Bonds shall be excludable from gross income for federal income tax purposes pursuant to sections 103 and 141 through 150 of the Code, and the applicable Income Tax Regulations (the "Regulations"). The System covenants and agrees not to take any action, or knowingly omit to take any action within its control, that if taken or omitted, respectively, would cause the interest on the Bonds to be includable in gross income, as defined in section 61 of the Code, for federal income tax purposes. In particular, the System covenants and agrees to comply with each requirement of this Section; provided, however, that the System shall not be required to comply with any particular requirement of this Section if the System has received an opinion of nationally

recognized Bond counsel (“Counsel’s Opinion”) that such noncompliance will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or if the System has received a Counsel’s Opinion to the effect that compliance with some other requirement set forth in this Section will satisfy the applicable requirements of the Code and the Regulations, in which case compliance with such other requirement specified in such Counsel’s Opinion shall constitute compliance with the corresponding requirement specified in this Section.

(b) No Private Use or Payment and No Private Loan Financing. The System shall certify, through an authorized officer, employee or agent that based upon all facts and estimates known or reasonably expected to be in existence on the date the Bonds are delivered, that the proceeds of the Refunded Notes have not been used, and that proceeds of the Refunded Notes and the Bonds will not be used, in a manner that would cause the Bonds to be “private activity bonds” within the meaning of section 141 of the Code and the Regulations promulgated thereunder. Moreover, the System covenants and agrees that it will make such use of the proceeds of the Refunded Notes and the Bonds including interest or other investment income derived from Bond proceeds, regulate the use of property financed, directly or indirectly, with such proceeds, and take such other and further action as may be required so that the Bonds will not be “private activity bonds” within the meaning of section 141 of the Code and the Regulations promulgated thereunder.

(c) No Federal Guarantee. The System covenants and agrees that it has not and will not take any action, and has not knowingly omitted and will not knowingly omit to take any action within its control, that, if taken or omitted, respectively, would cause the Bonds to be “federally guaranteed” within the meaning of section 149(b) of the Code and the applicable Regulations thereunder, except as permitted by section 149(b)(3) of the Code and such Regulations.

(d) No Hedge Bonds. The System covenants and agrees that it has not and will not take any action, and has not knowingly omitted and will not knowingly omit to take any action, within its control, that, if taken or omitted, respectively, would cause the Bonds to be “hedge bonds” within the meaning of section 149(g) of the Code and the applicable Regulations thereunder.

(e) No Arbitrage. The System shall certify, through an authorized officer, employee or agent that based upon all facts and estimates known or reasonably expected to be in existence on the date the Bonds are delivered, the System will reasonably expect that the proceeds of the Bonds will not be used in a manner that would cause the Bonds to be “arbitrage bonds” within the meaning of section 148(a) of the Code and the applicable Regulations promulgated thereunder. Moreover, the System covenants and agrees that it will make such use of the proceeds of the Bonds including interest or other investment income derived from Bond proceeds, regulate investments of proceeds of the Bonds, and take such other and further action as may be required so that the Bonds will not be “arbitrage bonds” within the meaning of section 148(a) of the Code and the applicable Regulations promulgated thereunder.

(f) Arbitrage Rebate. If the System does not qualify for an exception to the requirements of section 148(f) of the Code relating to the required rebate to the United States, the System will take all necessary steps to comply with the requirement that certain amounts earned by the System on the investment of the “gross proceeds” of the Bonds (within the meaning of section 148(f)(6)(B) of the Code), be rebated to the federal government. Specifically, the System will (i) maintain records regarding the investment of the gross proceeds of the Bonds as may be required to calculate the amount earned on the investment of the gross proceeds of the Bonds separately from records of amounts on deposit in the funds and accounts of the System allocable to other Bond issue of the System or moneys which do not represent gross proceeds of any Bonds of the System, (ii) calculate at such times as are required by applicable Regulations, the amount earned from the investment of the gross proceeds of the Bonds which is required to be rebated to the federal government, and (iii) pay, not less often than every fifth anniversary date of the delivery of the Bonds or on such other dates as may be permitted under applicable Regulations, all amounts required to be rebated to the federal government. Further, the System will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the gross proceeds of the Bonds that might result in a reduction in the amount required to be paid to the federal government because such arrangement results in a smaller profit or a larger loss than would have resulted if the arrangement had been at arm’s length and had the yield on the issue not been relevant to either party.

(g) Information Reporting. The System covenants and agrees to file or cause to be filed with the Secretary of the Treasury, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Bonds are issued, an information statement concerning the Bonds, all under and in accordance with section 149(e) of the Code and the applicable Regulations promulgated thereunder.

(h) Continuing Obligation. Notwithstanding any other provision of this Resolution, the System’s obligations under the covenants and provisions of this Section shall survive the defeasance and discharge of the Bonds.

27. Use of Proceeds. Proceeds from the sale of the Bonds shall, promptly upon receipt by the System, be applied as follows:

- (i) Accrued interest in the amount of \$<sup>29</sup>\_\_\_\_\_ and, if necessary, net premium on the Bonds in the amount of \$<sup>30</sup>\_\_\_\_\_, shall be deposited into the Debt Service Fund.
- (ii) Net premium on the Bonds in the amount of \$<sup>31</sup>\_\_\_\_\_ shall be used to pay the costs of issuance.
- (iii) Net premium on the Bonds in the amount of \$<sup>32</sup>\_\_\_\_\_ shall be used to pay the underwriters’ discount.

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<sup>29</sup>Insert from Officer’s Pricing Certificate.

<sup>30</sup>Insert from Officer’s Pricing Certificate.

<sup>31</sup>Insert from Officer’s Pricing Certificate.



- (iv) Bond proceeds in the amount of \$ \_\_\_\_\_<sup>33</sup> shall be used for the purposes described in Section 3(a).
- (v) Bond proceeds in the amount of \$ \_\_\_\_\_<sup>34</sup>, and, if necessary, other available funds from the System in the amount of \$ \_\_\_\_\_<sup>35</sup> shall be deposited directly with the paying agent for the Refunded Notes or applied to establish an escrow fund to refund the Refunded Notes, as more fully provided in Section 30 of this Resolution, and, to the extent not otherwise provided for, to pay all expenses arising in connection with the issuance of the Bonds, the establishment of such escrow fund and the refunding of the Refunded Notes due on the redemption date specified in the Officer's Pricing Certificate and all cost incurred in connection with the issuance of the Bonds and the refunding of the Refunded Notes.

23. Escrow Agreement. If required, the discharge and defeasance of the Refunded Notes shall be effectuated pursuant to the terms and provisions of an Escrow Agreement to be entered into by and between the System and the Escrow Agent, the terms and provisions of which are hereby approved, subject to such insertions, additions and modifications as shall be necessary (a) to carry out the program designed for the System by the Underwriters, which shall be certified as to mathematical accuracy by Grant Thornton, LLP Certified Public Accountants, (b) to maximize the System's present value savings and/or to minimize the System's costs of refunding, (c) to comply with all applicable laws and regulations relating to the refunding of the Refunded Notes and (d) to carry out the other intents and purposes of this Resolution, and the President or Vice President is hereby authorized to execute and deliver such Escrow Agreement on behalf of the System in multiple counterparts and the Secretary or the Assistant Secretary is hereby authorized to attest thereto.

24. Purchase of United States Treasury Obligations. To assure the purchase of the Escrowed Securities referred to in the Escrow Agreement, the President or Vice President of the Board of Trustees, a Pricing Officer, and the Escrow Agent are hereby authorized to subscribe for, agree to purchase, and purchase obligations which are authorized investments for escrow accounts pursuant to Section 1207.062, Texas Government Code, in such amounts and maturities and bearing interest at such rates as may be provided for in the Report, and to execute any and all subscriptions, purchase agreements, commitments, letters of authorization and other documents necessary to effectuate the foregoing, and any actions heretofore taken for such purpose are hereby ratified and approved.

25. Redemption Prior to Maturity of Refunded Notes. The System has irrevocably exercised its option to call the Bonds of the System for redemption prior to maturity on the date and at the price shown on Exhibit A attached to the Officer's Pricing Certificate, and authorized

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<sup>32</sup>Insert from Officer's Pricing Certificate.

<sup>33</sup>Insert from Officer's Pricing Certificate.

<sup>34</sup>Insert from Officer's Pricing Certificate.

<sup>35</sup>Insert from Officer's Pricing Certificate.

and directed notice of such redemption to be given in accordance with the resolution authorizing the issuance of such Bonds.

26. Continuing Disclosure Undertaking. As used in this Section, the following terms have the meanings ascribed to such terms below:

“*MSRB*” means the Municipal Securities Rulemaking Board.

“*Rule*” means SEC Rule 15c2-12, as amended from time to time.

“*SEC*” means the United States Securities and Exchange Commission.

(a) The System will provide certain updated financial information and operating data to the MSRB annually in an electronic format as prescribed by the MSRB and available via the Electronic Municipal Market Access (“EMMA”) system at [www.emma.msrb.org](http://www.emma.msrb.org). The System shall provide annually to the MSRB, (1) within six months after the end of each fiscal year of the System, financial information and operating data with respect to the System of the general type included in the Official Statement in Appendix B (except for the information under “Estimated Overlapping Debt Statement”), and (2) if not provided as part of such financial information and operating data, audited financial statements of the System, when and if available. Any financial statements to be provided shall be (i) prepared in accordance with the accounting principles described in Appendix B of the Official Statement or such other accounting principles as the System may be required to employ from time to time pursuant to state law or regulation, and in substantially the form included in the Official Statement, and (ii) audited, if the System commissions an audit of such financial statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the System shall file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available.

If the System changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the System otherwise would be required to provide financial information and operating data pursuant to this Section.

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document) available to the public on the MSRB’s internet website or filed with the SEC.

(b) The System shall notify the MSRB in an electronic format prescribed by the MSRB, in a timely manner (not in excess of ten (10) days after the occurrence of the event), of any of the following events with respect to the Bonds:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial

- difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
  - (v) Substitution of credit or liquidity providers or their failure to perform;
  - (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
  - (vii) Modifications to rights of holders of the Bonds, if material;
  - (viii) Bond calls, if material, and tender offers;
  - (ix) Defeasances;
  - (x) Release, substitution, or sale of property securing repayment of the Bonds, if material;
  - (xi) Rating changes;
  - (xii) Bankruptcy, insolvency, receivership or similar event of the System;
  - (xiii) The consummation of a merger, consolidation, or acquisition involving the System or the sale of all or substantially all of the assets of the System, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
  - (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

The System shall notify the MSRB in an electronic format prescribed by the MSRB, in a timely manner, of any failure by the System to provide financial information or operating data in accordance with this Section by the time required by such Section.

All documents provided to the MSRB shall be accompanied by identifying information, as prescribed by the MSRB.

(c) The System shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the System remains an “obligated person” with respect to the Bonds within the meaning of the Rule, except that the System in any event will give the notice required by this Section of any Bond calls and defeasance that cause the System to be no longer such an “obligated person.”

The provisions of this Section are for the sole benefit of the Registered Owners and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The System undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete

presentation of the System's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The System does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE SYSTEM BE LIABLE TO THE REGISTERED OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE SYSTEM, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

No default by the System in observing or performing its obligations under this Section shall constitute a breach of or default under this Resolution for purposes of any other provision of this Resolution.

Nothing in this Section is intended to or shall act to disclaim, waive, or otherwise limit the duties of the System under federal and state securities laws.

(d) The provisions of this Section may be amended by the System from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the System, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell the Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the Registered Owners of a majority in aggregate principal amount (or any greater amount required by any other provision of this Resolution that authorizes such an amendment) of the Outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the System (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Registered Owners and beneficial owners of the Bonds. If the System so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with this Section an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided. The System may also amend or repeal the provisions of this Section if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, and the System also may amend the provisions of this Section in its discretion in any other manner or circumstance, but in any case only if and to the extent that the provisions of this sentence would not have prevented an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds, giving effect to (a) such provisions as so amended and (b) any amendments or interpretations of the Rule.

26. Official Statement. The System hereby approves the form and content and distribution of the Preliminary Official Statement prepared in the initial offering and sale of the Bonds and hereby authorizes the preparation of a final Official Statement reflecting the terms of the Bond Purchase Agreement and other relevant information. The use of such final Official Statement by the Underwriters is hereby approved and authorized and the proper officials of the System are authorized to sign such Official Statement.

27. Related Matters. To satisfy in a timely manner all of the System's obligations under this Resolution and the Bond Purchase Agreement, the Chair or Vice Chair, the Secretary or the Assistant Secretary, and all other appropriate officers and agents of the System are hereby authorized and directed to do any and all things necessary and/or convenient to carry out the terms and purposes of this Resolution.

28. Registrar. The form of agreement setting forth the duties of the Registrar is hereby approved, and the appropriate officials of the System are hereby authorized to execute such agreement for and on behalf of the System.

29. No Personal Liability. No recourse shall be had for payment of the principal of or interest on any Bonds or for any claim based thereon, or on this Resolution, against any official or employee of the System or any person executing any Bonds.

30. Open Meeting. It is hereby officially found and determined that the meeting at which this Resolution was adopted was open to the public, and that public notice of the time, place and purpose of said meeting was given, all as required by the Texas Open Meetings Act.

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PASSED AND APPROVED this 16<sup>th</sup> day of April, 2015.

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Chair, Board of Trustees  
Houston Community College System

ATTEST:

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Secretary, Board of Trustees  
Houston Community College System

(SEAL)

**EXHIBIT A**

**SYSTEM'S OUTSTANDING NOTES**

Maintenance Tax Notes, Series 2006

Maintenance Tax Notes, Series 2008

# ACTION ITEM

Meeting Date: April 16, 2015

Committee: *Facilities and Finance*

ITEM NO.	ITEM TITLE	PRESENTER
<b>5</b>	<b>Resolution Authorizing the Issuance of Limited Tax General Obligation Refunding Bonds, Series 2015 and Redemption Prior to Maturity of Certain Outstanding Bonds</b>	<b>Dr. Cesar Maldonado Teri Zamora Andrews Kurth</b>

## RECOMMENDATION

Approve resolution for issuance of Limited Tax General Obligation Refunding Bonds, Series 2015; set certain parameters for the Refunding Bonds; authorize the Vice Chancellor of Finance and Planning or certain designees including Treasurer and Deputy Treasurer to approve the amount, the interest rate, price and certain other terms thereof and procedures and provisions related thereto; preparation, distribution and execution of necessary documents and statements; the redemption prior to maturity of certain outstanding bonds and other documents related thereto; and authorize the selection of underwriters.

## COMPELLING REASON/RATIONALE

The Resolution facilitates the issuance of the Bonds, all necessary documents and statements, and the syndicate of underwriters.

## DESCRIPTION OR BACKGROUND

This Bond resolution provides for the terms, conditions and parameters for the issuance of the Limited Tax General Obligation Refunding Bonds, Series 2015.

## FISCAL IMPACT

The Limited Tax General Obligation Refunding Bonds, Series 2015 will be approximately \$22,350,000 plus premium of \$3,800,000, including costs of issuance and other associated issuance costs. These Bonds will refund a portion of the Limited Tax General Obligation Bonds, Series 2013 totaling \$24,065,000. The approximate value of cash flow savings over the life of the Bonds will be \$3,500,000.

## STRATEGIC GOAL ALIGNMENT

*Strategic Initiative:* Support Innovation

Attachment Titles(s): **1. Listing of Underwriters**  
**2. Resolution**

This item is applicable to the following:

Central     Coleman     Northeast     Northwest     Southeast     Southwest     3100



**Limited Tax General Obligation Refunding Bonds, Series 2015 and  
Maintenance Tax Refunding Bonds, Series 2015**

**Listing of Underwriters**

Rice Financial Products Company      Senior Manager

Jefferies      Co-Manager

Morgan Stanley      Co-Manager

Raymond James      Co-Manager

RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF HOUSTON COMMUNITY COLLEGE SYSTEM LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS; SETTING CERTAIN PARAMETERS FOR THE BONDS; AUTHORIZING THE CHANCELLOR, THE VICE CHANCELLOR OF FINANCE AND PLANNING, THE TREASURER OR THE DEPUTY TREASURER, TO APPROVE THE AMOUNT, THE INTEREST RATE, PRICE, INCLUDING THE TERMS THEREOF AND CERTAIN OTHER PROCEDURES AND PROVISIONS RELATED THERETO; AUTHORIZING THE REDEMPTION PRIOR TO MATURITY OF CERTAIN OUTSTANDING BONDS; AND CONTAINING OTHER MATTERS RELATED THERETO

THE STATE OF TEXAS §  
COUNTIES OF HARRIS AND FORT BEND §  
HOUSTON COMMUNITY COLLEGE SYSTEM §

WHEREAS, Houston Community College System (the “System”) has heretofore issued the bonds described in Exhibit A attached hereto and as more particularly described in the Officer’s Pricing Certificate; and

WHEREAS, the System desires to refund a portion of said bonds (the “Refunded Bonds”) in advance of their maturities; and

WHEREAS, Chapter 1207, Texas Government Code, authorizes the System to issue refunding bonds for the purpose of refunding the Refunded Bonds in advance of their maturities, and to accomplish such refunding by depositing directly with a paying agent for the Refunded Bonds (or other qualified escrow agent), the proceeds of such refunding bonds, together with other available funds, in an amount sufficient to provide for the payment or redemption of the Refunded Bonds, and provides that such deposit shall constitute the making of firm banking and financial arrangements for the discharge and final payment or redemption of the Refunded Bonds; and

WHEREAS, upon the issuance of the refunding bonds herein authorized and the deposit of funds referred to above, the Refunded Bonds shall no longer be regarded as being outstanding, except for the purpose of being paid pursuant to such deposit, and the pledges, liens, trusts and all other covenants, provisions, terms and conditions of the orders or resolutions authorizing the issuance of the Refunded Bonds shall be, with respect to the Refunded Bonds, discharged, terminated and defeased; and

WHEREAS, pursuant to Sections 1207.007, Texas Government Code, the System desires to delegate the authority to each Pricing Officer (as defined herein) to effect the sale of the Bonds; Now, therefore

BE IT RESOLVED BY THE BOARD OF TRUSTEES OF HOUSTON COMMUNITY COLLEGE SYSTEM:

1. Recitals; Consideration. It is hereby found and determined that the matters and facts set out in the preamble to this Resolution are true and correct.

It is hereby found and determined that the refunding contemplated in this Resolution will benefit the System by providing a present value savings in the debt service payable by the System, that such benefit is sufficient consideration for the refunding of the Refunded Bonds, and that the issuance of the refunding Bonds is in the best interests of the System.

2. Definitions. Throughout this Resolution the following terms and expressions as used herein shall have the meanings set forth below:

“Act” means Chapter 1207, Texas Government Code, as amended.

“Blanket Issuer Letter of Representations” means the Blanket Issuer Letter of Representations between the System, the Registrar and DTC.

“Bond Purchase Agreement” means the agreement between the System and the Underwriters described in Section 4(e) of this Resolution.

“Bonds” means one or more series of Houston Community College System Limited Tax General Obligation Refunding Bonds, Series \_\_\_\_\_<sup>1</sup>, authorized in this Resolution, unless the context clearly indicates otherwise.

“Business Day” means any day which is not a Saturday, Sunday, or a day on which the Registrar is authorized by law or executive order to close.

“Capital Appreciation Bonds” means those Bonds bearing compound interest at the rate set out in the Officer’s Pricing Certificate to accrete from their date of delivery and compounding on the dates set forth in the Officer’s Pricing Certificate, payable only at maturity.

“Chancellor” means Dr. Cesar Maldonado, or such other person serving the System as a successor in that capacity

“Code” means the Internal Revenue Code of 1986, as amended.

“Comptroller” means the Comptroller of Public Accounts of the State of Texas.

“Current Interest Bonds” means those Bonds on which interest is paid semiannually on the Interest Payment Dates.

“Debt Service Fund” means the interest and sinking fund for payment of the Bonds established by the System in Section 19 of this Resolution.

“Deputy Treasurer” means Brian Malone, or such other person serving the System as a successor in that capacity.

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<sup>1</sup> Insert From Officer’s Pricing Certificate

“DTC” means The Depository Trust Company of New York, New York, or any successor securities depository.

“DTC Participant” means brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

“Escrow Agent” means The Bank of New York Mellon Trust Company, N.A., Houston, Texas, and any successor in that capacity.

“Escrow Agreement” means the agreement between the System and the Escrow Agent relating to the escrow of funds to pay the Refunded Bonds.

“Initial Bonds” means the Initial Current Interest Bond and the Initial Capital Appreciation Bond.

“Initial Capital Appreciation Bond” means the Initial Capital Appreciation Bond authorized by Section 4(b)(ii).

“Initial Current Interest Bond” means the Initial Current Interest Bond authorized by Section 4(b)(i).

“Interest Payment Date”, when used in connection with any Current Interest Bond, means the dates set forth in the Officer’s Pricing Certificate.

“Issuance Date” means the date on which the Bonds are delivered to and paid for by the Underwriters.

“MSRB” means the Municipal Securities Rulemaking Board.

“Officer’s Pricing Certificate” means a certificate signed by a Pricing Officer and containing the information regarding the Bonds specified herein.

“Owner” means any person who shall be the registered owner of any outstanding Bond.

“Pricing Officer” means the Chancellor, the Vice Chancellor of Finance and Planning, the Treasurer or the Deputy Treasurer of the System.

“Record Date” means, for any Interest Payment Date, the close of business of the last Business Day of the month next preceding each Interest Payment Date.

“Refunded Bonds” means the bonds described in Exhibit A attached hereto and as more particularly described in the Officer’s Pricing Certificate.

“Register” means the books of registration kept by the Registrar, in which are maintained the names and addresses of, and the principal amounts of the Bonds registered to, each Owner.

“Registrar” means The Bank of New York Mellon Trust Company, N.A., Houston, Texas, and its successors in that capacity.

“Resolution” as used herein and in the Bonds means this resolution authorizing the Bonds.

“Rule” means SEC Rule 15c2-12, as amended from time to time.

“SEC” means the United States Securities and Exchange Commission.

“System” means the Houston Community College System.

“Treasurer” means Ronald E. Defalco, or such other person serving the System as a successor in that capacity.

“Underwriters” means the individual underwriter or underwriting syndicate identified in the Officer’s Pricing Certificate.

“Vice Chancellor of Finance and Planning” means Teri Zamora, or such other person serving the System as a successor in that capacity.

3. Authorization. The Bonds shall be in one or more series in fully registered form in a maximum aggregate principal amount, not to exceed \$24,000,000 for the purpose of refunding the Refunded Bonds, under and in strict conformity with the Constitution and laws of the State of Texas, particularly the Act.

4. Delegation of Authority. As authorized by Section 1207.007, Texas Government Code, the Pricing Officer is authorized to act on behalf of the System through a date 180 days from the date of this Resolution, in selling and delivering the Bonds subject to the conditions and carrying out the other procedures as set forth below:

(a) Designation. The Bonds shall be designated as “HOUSTON COMMUNITY COLLEGE SYSTEM LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS, SERIES \_\_\_\_\_<sup>2</sup>”.

(b) The Bonds may be issued as Current Interest Bonds and/or Capital Appreciation Bonds.

(i) The Initial Current Interest Bond shall be numbered ICI-1 and all other Current Interest Bonds shall be numbered in sequence beginning with RCI-1. Current Interest Bonds delivered on transfer of or in exchange for other Current Interest Bonds shall be numbered in order of their authentication by the Registrar, shall be in the denomination of \$5,000 or integral multiples thereof, and shall

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<sup>2</sup> Insert From Officer’s Pricing Certificate

mature on the same date and bear interest at the same rate as the Bond or Bonds in lieu of which they are delivered.

- (ii) The Capital Appreciation Bonds, if any, shall be initially issued bearing compound interest at the rates set out in the Officer's Pricing Certificate. The Initial Capital Appreciation Bond shall be numbered ICA-1 and all other Capital Appreciation Bonds shall be numbered in sequence beginning with RCA-1. Capital Appreciation Bonds delivered on transfer of or in exchange for other Capital Appreciation Bonds shall be numbered in order of their authentication by the Registrar, shall be in the Maturity Amount of \$5,000 or integral multiples thereof, and shall mature on the same date and bear interest at the same rate as the Bond or Bonds in lieu of which they are delivered.

(c) Date, Denomination, Interest Rates, and Maturities. The Bonds shall be dated, mature on the dates in each of the years and in the amounts set out in the Officer's Pricing Certificate, shall be subject to prior optional and/or mandatory redemption on the dates, for the redemption prices and in the amounts, set out in the Officer's Pricing Certificate and shall bear interest at rates and from their Issuance Date as set out in the Officer's Pricing Certificate payable on each Interest Payment Date.

(d) Selling and Delivering Bonds. The Pricing Officer shall determine any mandatory sinking fund redemption provisions for the Bonds, whether the Bonds will be issued as Current Interest Bonds and/or Capital Appreciation Bonds, and all other matters not expressly provided in this Resolution, relating to the issuance, sale and delivery of the Bonds, all of which shall be specified in the Officer's Pricing Certificate; provided that:

- (i) the net effective interest rate on the Bonds shall not exceed the maximum rate allowed by Chapter 1204, Texas Government Code, as amended;
- (ii) the sum of the principal amounts of each series of the Bonds, plus any net premium from the sale of such Bonds, plus other available funds of the System, must be sufficient to provide amounts necessary to fund the costs and expenses of refunding the Refunded Bonds and the estimated costs of issuance of the Bonds, including underwriters' discount; and
- (iv) the net present value savings in debt service resulting from any refunding of the Refunded Bonds shall be, at least 4.000% of the principal amount of the Refunded Bonds, as shown by a table of calculations prepared by the System's financial advisor and attached to the Officer's Pricing Certificate.

(e) Sale; Bond Purchase Agreement. The Bonds shall be sold and delivered to the Underwriters at a price to be set forth in the Officer's Pricing Certificate, plus accrued interest to the date of delivery, in accordance with the terms of a Bond Purchase Agreement to be approved by the Pricing Officer. The Pricing Officer is hereby authorized and directed to execute the Bond Purchase

Agreement on behalf of the System, and the Chair or Vice Chair and all other officers, agents and representatives of the System are hereby authorized to do any and all things necessary or desirable to satisfy the conditions set out therein and to provide for the issuance and delivery of the Bonds.

(f) Use of Proceeds. Proceeds from the sale of the Bonds shall, promptly upon receipt by the System, be applied as follows:

- (i) Net premium on the Bonds in the amount of \$\_\_\_\_<sup>3</sup>\_\_\_\_, shall be deposited into the Debt Service Fund.
- (ii) Premium in the amount of \$\_\_\_\_<sup>4</sup>\_\_\_\_ produced through market pricing of the Bonds when the Bonds were resold by the Underwriters shall be used to pay the Underwriters' Discount.
- (iii) Net premium in the amount of \$\_\_\_\_<sup>5</sup>\_\_\_\_ shall be used to pay the costs of issuance.
- (iv) Bond proceeds in the amount of \$\_\_\_\_\_, together with other available funds of the System in the amount of \$\_\_\_\_<sup>6</sup>\_\_\_\_ from the System's Debt Service Fund, shall be applied to establish an escrow fund to refund the Refunded Bonds, as more fully provided in Section 23 below, and, to the extent not otherwise provided for, to pay all expenses arising in connection with the issuance of the Bonds, the establishment of such escrow fund and the refunding of the Refunded Bonds. Any proceeds of the Bonds remaining after making all such deposits and payments shall be deposited into the Debt Service Fund.

5. Execution and Registration of Bonds. (a) The Bonds shall be signed by the Chair or Vice Chair of the Board and countersigned by the Secretary of the Board, by their manual, lithographed, or facsimile signatures, and the official seal of the System shall be impressed or placed in facsimile thereon. Such facsimile signatures on the Bonds shall have the same effect as if each of the Bonds had been signed manually and in person by each of said officers, and such facsimile seal on the Bonds shall have the same effect as if the official seal of the System had been manually impressed upon each of the Bonds.

(b) If any officer of the System whose manual or facsimile signature shall appear on the Bonds shall cease to be such officer before the authentication of such Bonds or before the delivery of such Bonds, such manual or facsimile signature shall nevertheless be valid and sufficient for all

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<sup>3</sup> Insert from Officer's Pricing Certificate.

<sup>4</sup> Insert from Officer's Pricing Certificate.

<sup>5</sup> Insert from Officer's Pricing Certificate.

<sup>6</sup> Insert from Officer's Pricing Certificate.

purposes as if such officer had remained in such office.

(c) Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Resolution unless and until there appears thereon the Registrar's Authentication Certificate substantially in the form provided herein, duly authenticated by manual execution by an officer or duly authorized signatory of the Registrar. In lieu of the executed Registrar's Authentication Certificate described above, the Initial Bonds delivered at the Closing Date shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided herein, manually executed by the Comptroller, or by her duly authorized agent, which certificates shall be evidence that the Initial Bonds have been duly approved by the Attorney General of the State of Texas and that they are valid and binding obligations of the System, and have been registered by the Comptroller.

(d) On the Closing Date, the Initial Bonds, payable in stated installments to the Underwriters or their designee, executed by manual or facsimile signature of the Chair of the Board and Secretary of the Board, approved by the Attorney General, and registered and manually signed by the Comptroller, shall be delivered to the Underwriters or their designee. Upon payment for the Initial Bonds, the Registrar shall cancel the Initial Bond and definitive Bonds shall be delivered to DTC.

6. Payment of Principal and Interest. The Registrar is hereby appointed as the paying agent for the Bonds. The principal of the Bonds shall be payable, without exchange or collection charges, in any coin or currency of the United States of America which, on the date of payment, is legal tender for the payment of debts due the United States of America, upon their presentation and surrender as they respectively become due and payable at the operations office of the Registrar, in Houston, Texas. The interest on each Bond shall be payable on each Interest Payment Date, by check mailed by the Registrar on or before the Interest Payment Date to the Owner of record as of the Record Date, to the address of such Owner as shown on the Register.

If the date for payment of the principal of or interest on any Bond is not a Business Day, then the date for such payment shall be the next succeeding Business Day with the same force and effect as if made on the date payment was originally due.

7. Successor Registrars. The System covenants that at all times while any Bonds are outstanding it will provide a commercial bank or trust company, organized under the laws of the United States or any state, duly qualified to serve as and perform the duties and services of Registrar for the Bonds. The System reserves the right to change the Registrar for the Bonds on not less than 30 days written notice to the Registrar, so long as any such notice is effective not less than 60 days prior to the next succeeding principal or interest payment date on the Bonds. Promptly upon the appointment of any successor Registrar, the previous Registrar shall deliver the Register or copies thereof to the new Registrar, and the new Registrar shall notify each Owner, by United States mail, first class postage prepaid, of such change and of the address of the new Registrar. Each Registrar hereunder, by acting in that capacity, shall be deemed to have agreed to the provisions of this Section.



8. Special Record Date. If interest on any Bond is not paid on any Interest Payment Date and continues unpaid for thirty (30) days thereafter, the Registrar shall establish a new record date for the payment of such interest, to be known as a Special Record Date. The Registrar shall establish a Special Record Date when funds to make such interest payment are received from or on behalf of the System. Such Special Record Date shall be fifteen (15) days prior to the date fixed for payment of such past due interest, and notice of the date of payment and the Special Record Date shall be sent by United States mail, first class, postage prepaid, not later than five (5) days prior to the Special Record Date, to each affected Owner of record as of the close of business on the day prior to the mailing of such notice.

9. Book-Entry Only System. (a) The Initial Bonds shall be registered in the name designated in the Officer's Pricing Certificate. Except as provided in Section 10 hereof, all other Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

(b) With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the System and the Registrar shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such DTC Participant holds an interest in the Bonds, except as provided in this Resolution. Without limiting the immediately preceding sentence, the System and the Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than an Owner, as shown on the Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than an Owner, as shown on the Register, of any amount with respect to principal of, premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Resolution to the contrary, the System and the Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Register as the absolute Owner of such Bond for the purpose of payment of principal of and interest on the Bonds, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfer with respect to such Bond, and for all other purposes whatsoever. The Registrar shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Owners, as shown in the Register as provided in this Resolution, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the System's obligations with respect to payments of principal, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Register, shall receive a Bond certificate evidencing the obligation of the System to make payments of amounts due pursuant to this Resolution. Upon delivery by DTC to the Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions of this Resolution with respect to interest checks being mailed to the Owner of record as of the Record Date, the phrase "Cede & Co." in this Resolution shall refer to such new nominee of DTC.

10. Successor Securities Depository; Transfer Outside Book-Entry Only System. In the event that the System, in its sole discretion, determines that the beneficial owners of the Bonds should be able to obtain certificated Bonds, or in the event DTC discontinues the services described herein, the System shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC

Participants, as identified by DTC, of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants, as identified by DTC, of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts, as identified by DTC. In such event, the Bonds shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Resolution.

11. Payments to Cede & Co. Notwithstanding any other provision of this Resolution to the contrary, so long as any Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bonds, and all notices with respect to such Bonds, shall be made and given, respectively, in the manner provided in the Blanket Letter of Representations.

12. Ownership; Unclaimed Principal and Interest. The System, the Registrar and any other person may treat the person in whose name any Bond is registered as the absolute owner of such Bond for the purpose of making and receiving payment of the principal of or interest on such Bond, and for all other purposes, whether or not such Bond is overdue, and neither the System nor the Registrar shall be bound by any notice or knowledge to the contrary. All payments made to the person deemed to be the Owner of any Bond in accordance with this Section shall be valid and effectual and shall discharge the liability of the System and the Registrar upon such Bond to the extent of the sums paid.

Amounts held by the Registrar which represent principal of and interest on the Bonds remaining unclaimed by the Owner after the expiration of three years from the date such amounts have become due and payable shall be reported and disposed of by the Registrar in accordance with the applicable provisions of Texas law including, to the extent applicable, Title 6 of the Texas Property Code, as amended.

13. Registration, Transfer, and Exchange. So long as any Bonds remain outstanding, the Registrar shall keep the Register at its operations office in Houston, Texas. Subject to such reasonable regulations as it may prescribe, the Registrar shall provide for the registration and transfer of Bonds in accordance with the terms of this Resolution.

Each Bond shall be transferable only upon the presentation and surrender thereof at the operations office of the Registrar in Houston, Texas, duly endorsed for transfer, or accompanied by an assignment duly executed by the registered Owner or his authorized representative in form satisfactory to the Registrar. Upon due presentation of any Bond for transfer, the Registrar shall authenticate and deliver in exchange therefor, within three Business Days after such presentation, a new Bond or Bonds of the same type registered in the name of the transferee or transferees, in authorized denominations and of the same maturity and aggregate principal amount and bearing interest at the same rate as the Bond or Bonds so presented.

All Bonds shall be exchangeable upon presentation and surrender thereof at the operations office of the Registrar in Houston, Texas, for a Bond or Bonds of the same type, maturity and

interest rate in any authorized denomination, in an aggregate amount equal to the unpaid principal amount of the Bond or Bonds presented for exchange. The Registrar shall be and is hereby authorized to authenticate and deliver exchange Bonds in accordance with the provisions of this Section. Each Bond delivered in accordance with this Section shall be entitled to the benefits and security of this Resolution to the same extent as the Bond or Bonds in lieu of which such Bond is delivered.

The System or the Registrar may require the Owner of any Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer or exchange of such Bond. Any fee or charge of the Registrar for such transfer or exchange shall be paid by the System.

14. Mutilated, Lost, or Stolen Bonds. Upon the presentation and surrender to the Registrar of a mutilated Bond, the Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like maturity, interest rate, and principal amount, bearing a number not contemporaneously outstanding. If any Bond is lost, apparently destroyed, or wrongfully taken, the System, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall authorize and the Registrar shall authenticate and deliver a replacement Bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding.

The System or the Registrar may require the Owner of a mutilated Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith and any other expenses connected therewith, including the fees and expenses of the Registrar. The System or the Registrar may require the Owner of a lost, apparently destroyed or wrongfully taken Bond, before any replacement Bond is issued, to:

- (1) furnish to the System and the Registrar satisfactory evidence of the ownership of and the circumstances of the loss, destruction or theft of such Bond;
- (2) furnish such security or indemnity as may be required by the Registrar and the System to save them harmless;
- (3) pay all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Registrar and any tax or other governmental charge that may be imposed; and
- (4) meet any other reasonable requirements of the System and the Registrar.

If, after the delivery of such replacement Bond, a bona fide purchaser of the original Bond in lieu of which such replacement Bond was issued presents for payment such original Bond, the System and the Registrar shall be entitled to recover such replacement Bond from the person to whom it was delivered or any person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the System or the Registrar in connection therewith.

If any such mutilated, lost, apparently destroyed or wrongfully taken Bond has become or is about to become due and payable, the System in its discretion may, instead of issuing a replacement Bond, authorize the Registrar to pay such Bond.

Each replacement Bond delivered in accordance with this Section shall be entitled to the benefits and security of this Resolution to the same extent as the Bond or Bonds in lieu of which such replacement Bond is delivered.

15. Cancellation of Bonds. All Bonds paid in accordance with this Resolution, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered in accordance herewith, shall be cancelled and destroyed upon the making of proper records regarding such payment. The Registrar shall furnish the System with appropriate certificates of destruction of such Bonds.

16. Optional and/or Mandatory Redemption; Defeasance. The Bonds are subject to optional and/or mandatory redemption as set forth in the Form of Bonds.

Notice of any redemption identifying the Bonds to be redeemed in whole or in part shall be given by the Registrar at least thirty days prior to the date fixed for redemption by sending written notice by first class mail to the Owner of each Bond to be redeemed in whole or in part at the address shown on the Register. Such notices shall state the redemption date, the redemption price, the place at which Bonds are to be surrendered for payment and, if less than all Bonds of a particular maturity are to be redeemed, the numbers of the Bonds or portions thereof of such maturity to be redeemed. Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice. By the date fixed for redemption, due provision shall be made with the Registrar for payment of the redemption price of the Bonds or portions thereof to be redeemed. When Bonds have been called for redemption in whole or in part and due provision has been made to redeem same as herein provided, the Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Owners to collect interest which would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

The Bonds may be discharged, defeased, redeemed or refunded in any manner now or hereafter permitted by law.

17. Forms. The form of the Bonds, including the form of Registration Certificate of the Comptroller, which shall be attached or affixed to each Initial Bond, the form of the Registrar's Authentication Certificate and the form of Assignment, shall be, respectively, substantially as follows, with such additions, deletions and variations as may be required by the Pricing Officer, necessary or desirable and not prohibited by this Resolution:



shown on the books of registration kept by the Registrar as of the close of business on the last business day of the month next preceding each interest payment date.

THIS BOND is one of a duly authorized issue of Bonds, aggregating \$\_\_\_\_\_<sup>14</sup> (the “Bonds”), issued to refund certain outstanding bonds of the System pursuant to Chapter 1207, Texas Government Code, and pursuant to a resolution adopted by the Board of Trustees of the System (the “Resolution”), which Resolution is of record in the official minutes of the System. [The Bonds are issued as (i) Bonds in the aggregate principal amount of \$\_\_\_\_\_<sup>15</sup> which pay interest only at maturity, and (ii) Bonds in the aggregate principal amount of \$\_\_\_\_\_<sup>16</sup> which pay interest semiannually until maturity or earlier redemption.]<sup>17</sup>

THE SYSTEM RESERVES THE RIGHT, at its option, to redeem Bonds maturing on or after \_\_\_\_\_<sup>18</sup>, \_\_\_\_\_<sup>19</sup>, in whole or from time to time in part, in integral multiples of \$5,000, on \_\_\_\_\_<sup>20</sup>, \_\_\_\_\_<sup>21</sup>, or any date thereafter at par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption. If less than all the Bonds are to be redeemed, the System shall select the Bonds to be redeemed.

[If applicable, mandatory redemption language]<sup>22</sup>

NOTICE OF ANY REDEMPTION shall be given by the Registrar at least thirty (30) days prior to the date fixed for redemption by first class mail, addressed to the registered owners of each Bond to be redeemed in whole or in part at the address shown on the books of registration kept by the Registrar. When Bonds or portions thereof have been called for redemption, and due provision has been made to redeem the same, the principal amounts so redeemed shall be payable solely from the funds provided for redemption, and interest which would otherwise accrue on the amounts called for redemption shall terminate on the date fixed for redemption.

THIS BOND IS TRANSFERABLE only upon presentation and surrender at the operations office of the Registrar in Houston, Texas, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his authorized representative, subject to the

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<sup>14</sup> Insert from Officer’s Pricing Certificate.

<sup>15</sup> Insert from Officer’s Pricing Certificate.

<sup>16</sup> Insert from Officer’s Pricing Certificate.

<sup>17</sup> Remove bracketed information if no Capital Appreciation Bonds are issued.

<sup>18</sup> Insert from Officer’s Pricing Certificate.

<sup>19</sup> Insert from Officer’s Pricing Certificate.

<sup>20</sup> Insert from Officer’s Pricing Certificate.

<sup>21</sup> Insert from Officer’s Pricing Certificate.

<sup>22</sup> Insert from Officer’s Pricing Certificate.

terms and conditions of the Resolution.

THIS BOND IS EXCHANGEABLE at the operations office of the Registrar in Houston, Texas, for Bonds in the denomination of \$5,000 or any integral multiple thereof, subject to the terms and conditions of the Resolution.

THIS BOND shall not be valid or obligatory for any purpose or be entitled to any benefit under the Resolution unless this Bond is either (i) registered by the Comptroller of Public Accounts of the State of Texas by registration certificate attached or affixed hereto or (ii) authenticated by the Registrar by due execution of the authentication certificate endorsed hereon.

THE REGISTERED OWNER of this Bond, by acceptance hereof, acknowledges and agrees to be bound by all the terms and conditions of the Resolution.

THE SYSTEM has covenanted in the Resolution that it will at all times provide a legally qualified registrar for the Bonds and will cause notice of any change of registrar to be mailed to each registered owner.

IT IS HEREBY certified, recited and covenanted that this Bond has been duly and validly issued and delivered; that all acts, conditions and things required or proper to be performed, to exist and to be done precedent to or in the issuance and delivery of this Bond have been performed, exist and have been done in accordance with law; and that annual ad valorem taxes, within the limits prescribed by law, sufficient to provide for the payment of the interest on and principal of this Bond, as such interest comes due and such principal matures, have been levied and ordered to be levied against all taxable property in the System, and have been pledged irrevocably for such payment.

IN WITNESS WHEREOF, this Bond has been signed with the manual or facsimile signature of the Chair and countersigned with the manual or facsimile signature of the Secretary, and the official seal of the System has been duly impressed, or placed in facsimile, on this Bond.

(AUTHENTICATION  
CERTIFICATE)

(SEAL)

HOUSTON COMMUNITY COLLEGE  
SYSTEM

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Chair, Board of Trustees

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Secretary, Board of Trustees





THIS BOND is one of a duly authorized issue of Bonds, aggregating \$ \_\_\_\_\_<sup>28</sup> (the “Bonds”), issued to refund certain outstanding bonds of the System pursuant to Chapter 1207, Texas Government Code, and pursuant to a resolution adopted by the Board of Trustees of the System (the “Resolution”), which Resolution is of record in the official minutes of the System. The Bonds are issued as (i) Bonds in the aggregate principal amount of \$ \_\_\_\_\_<sup>29</sup> which pay interest only at maturity, and (ii) Bonds in the aggregate principal amount of \$ \_\_\_\_\_<sup>30</sup> which pay interest semiannually until maturity or earlier redemption.

THIS BOND IS TRANSFERABLE only upon presentation and surrender at the operations office of the Registrar, in Houston, Texas, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his authorized representative, subject to the terms and conditions of the Resolution.

THIS BOND IS EXCHANGEABLE at the operations office of the Registrar, in Houston, Texas, for Bonds in the denomination of \$5,000 or any integral multiple thereof, subject to the terms and conditions of the Resolution.

THIS BOND shall not be valid or obligatory for any purpose or be entitled to any benefit under the Resolution unless this Bond is either (i) registered by the Comptroller of Public Accounts of the State of Texas by registration certificate attached or affixed hereto or (ii) authenticated by the Registrar by due execution of the authentication certificate endorsed hereon.

THE REGISTERED OWNER of this Bond, by acceptance hereof, acknowledges and agrees to be bound by all the terms and conditions of the Resolution.

THE SYSTEM has covenanted in the Resolution that it will at all times provide a legally qualified registrar for the Bonds and will cause notice of any change of registrar to be mailed to each registered owner.

IT IS HEREBY certified, recited and covenanted that this Bond has been duly and validly issued and delivered; that all acts, conditions and things required or proper to be performed, to exist and to be done precedent to or in the issuance and delivery of this Bond have been performed, exist and have been done in accordance with law; and that annual ad valorem taxes, within the limits prescribed by law, sufficient to provide for the payment of the interest on and principal of this Bond, as such interest comes due and such principal matures, have been levied and ordered to be levied against all taxable property in the System, and have been pledged irrevocably for such payment.

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<sup>28</sup> Insert from Officer’s Pricing Certificate.

<sup>29</sup> Insert from Officer’s Pricing Certificate.

<sup>30</sup> Insert from Officer’s Pricing Certificate.

IN WITNESS WHEREOF, this Bond has been signed with the manual or facsimile signature of the Chair and countersigned with the manual or facsimile signature of the Secretary, and the official seal of the System has been duly impressed, or placed in facsimile, on this Bond.

(AUTHENTICATION  
CERTIFICATE)

(SEAL)

SAN JACINTO COMMUNITY COLLEGE  
DISTRICT

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Chair, Board of Trustees

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Secretary, Board of Trustees

**TABLE OF ACCRETED VALUES<sup>31</sup>**

(c) Form of Comptroller's Registration Certificate.

COMPTROLLER'S REGISTRATION CERTIFICATE:

REGISTER NO. \_\_\_\_\_

I hereby certify that this Bond has been examined, certified as to validity, and approved by the Attorney General of the State of Texas, and that this Bond has been registered by the Comptroller of Public Accounts of the State of Texas.

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<sup>31</sup> Insert from Officer's Pricing Certificate.

WITNESS MY SIGNATURE AND SEAL this \_\_\_\_\_.

\_\_\_\_\_  
Comptroller of Public Accounts  
of the State of Texas

(SEAL)

(d) Form of Registrar’s Authentication Certificate.

**AUTHENTICATION CERTIFICATE**

It is hereby certified that this Bond has been delivered pursuant to the Resolution described in the text of this Bond.

The Bank of New York Mellon Trust Company, N.A.  
As Paying Agent/Registrar

By \_\_\_\_\_  
Authorized Signature  
Date of Authentication \_\_\_\_\_

(e) Form of Assignment.

**ASSIGNMENT**

For value received, the undersigned hereby sells, assigns, and transfers unto

\_\_\_\_\_  
\_\_\_\_\_  
(Please print or type name, address, and zip code of Transferee)

\_\_\_\_\_  
(Please insert Social Security or Taxpayer Identification Number of Transferee)  
the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints  
\_\_\_\_\_  
attorney to transfer said Bond on the books kept for registration thereof, with full power of  
substitution in the premises.

DATED: \_\_\_\_\_

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

\_\_\_\_\_  
Registered Owner

NOTICE: The signature above must correspond to the name of the registered owner as shown on the face of this Bond in every particular, without any alteration, enlargement or change whatsoever.

NOTICE: Signature must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

(f) The Initial Bond shall be in the form set forth in paragraphs (a), (b), (c) and (e) of this Section, except for the following alterations:

(i) immediately under the name of the Current Interest Bond, the headings "INTEREST RATE" and "MATURITY DATE" shall both be completed with the words "As Shown Below" and the word "CUSIP" deleted; immediately under the name of the Capital Appreciation Bond, the heading "MATURITY DATE" shall be completed with the words "As Shown Below" and the word "CUSIP" deleted;

(ii) in the first paragraph of the Current Interest Bond, the words "on the maturity date specified above" and "at the rate shown above" shall be deleted and the following shall be inserted at the end of the first sentence "..., with such principal to be paid in installments on the dates, in each of the years and in the principal amounts identified in the following schedule and with such installments bearing interest at the per annum rates set forth in the following schedule:"

[Information to be inserted from schedule in the Officer's Pricing Certificate]

(iii) in the first paragraph of the Capital Appreciation Bond, the words "on the maturity date specified above" shall be deleted, and the words "the Maturity Amount identified above" shall be replaced with "the Maturity Amounts shown in the schedule below".

[Information to be inserted from schedule in the Officer's Pricing Certificate]

(iv) the Initial Bonds shall be numbered ICI-1 and ICA-1, respectively.

18. CUSIP Numbers. CUSIP Numbers may be printed on the Bonds, but errors or omissions in the printing of such numbers shall have no effect on the validity of the Bonds.

19. Debt Service Fund; Tax Levy. A special fund to be designated "Houston Community College System Limited Tax General Obligation Refunding Bonds, Series \_\_\_\_\_<sup>32</sup>, Debt Service Fund" is hereby created, and the proceeds from all taxes levied, assessed and collected for and on account of the Bonds authorized by this Resolution shall be deposited, as collected, in such Fund. While the Bonds or any part of the principal thereof or interest thereon remain outstanding and unpaid, there is hereby levied and there shall be annually assessed and collected in due time, form and manner, and at the same time as other District taxes are assessed, levied and collected, in each year, an annual ad valorem tax, within the limits prescribed by law, upon all taxable property in the System, sufficient to pay the interest on the Bonds as the same becomes due and to pay each installment of the principal of the Bonds as the same matures, full allowance being made for

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<sup>32</sup> Insert from Officer's Pricing Certificate.

delinquencies and costs of collection, and said taxes are hereby irrevocably pledged to the payment of the interest on and principal of the Bonds and to no other purpose.

To pay any debt service coming due on the Bonds prior to receipt of the taxes levied to pay such debt service, there is hereby appropriated from current funds on hand, which are hereby certified to be on hand and available for such purpose, an amount sufficient to pay such debt service, and such amount shall be used for no other purpose.

20. Application of Chapter 1208, Government Code. Chapter 1208, Government Code, applies to the issuance of the Bonds and the pledge of the taxes granted by the System under Section 19 of this Resolution, and such pledge is therefore valid, effective and perfected. If Texas law is amended at any time while the Bonds are outstanding and unpaid such that the pledge of the taxes granted by the System under Section 19 of this Resolution is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the System agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

21. Further Proceedings. After the Initial Bonds have been executed, it shall be the duty of the Chair of the Board and other appropriate officials and agents of the System to deliver the Initial Bonds and all pertinent records and proceedings to the Attorney General of the State of Texas, for examination and approval. After the Initial Bonds have been approved by the Attorney General, they shall be delivered to the Comptroller for registration. Upon registration of the Initial Bonds, the Comptroller (or the Comptroller's bond clerk or an assistant bond clerk lawfully designated in writing to act for the Comptroller) shall manually sign the Comptroller's Registration Certificate prescribed herein and the seal of said Comptroller shall be impressed, or placed in facsimile, thereon.

22. Federal Income Tax Exclusion. The System intends that the interest on the Bonds shall be excludable from gross income of the owners thereof for federal income tax purposes pursuant to Sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended (the "Code"), and all applicable temporary, proposed and final regulations (the "Regulations") and procedures promulgated thereunder and applicable to the Bonds. For this purpose, the System covenants that it will monitor and control the receipt, investment, expenditure and use of all gross proceeds of the Bonds (including all property the acquisition, construction or improvement of which is to be financed directly or indirectly with the proceeds of the Bonds) and take or omit to take such other and further actions as may be required by Sections 103 and 141 through 150 of the Code and the Regulations to cause interest on the Bonds to be and remain excludable from the gross income, as defined in Section 61 of the Code, of the owners of the Bonds for federal income tax purposes. Without limiting the generality of the foregoing, the System shall comply with each of the following covenants:

- (a) The System will use all of the proceeds of the Bonds to (i) provide funds for the purposes described in Section 2 hereof, which will be owned and operated by the System and (ii) to pay the costs of issuing the Bonds. The System will not use any

portion of the proceeds of the Bonds to pay the principal of or interest or redemption premium on, any other obligation of the System or a related person.

- (b) The System will not directly or indirectly take any action, or omit to take any action, which action or omission would cause the Bonds to constitute “private activity bonds” within the meaning of Section 141(a) of the Code.
- (c) Principal of and interest on the Bonds will be paid solely from ad valorem taxes collected by the System, investment earnings on such collections, and as available, proceeds of the Bonds.
- (d) Based upon all facts and estimates now known or reasonably expected to be in existence on the date the Bonds are delivered, the System reasonably expects that the proceeds of the Bonds will not be used in a manner that would cause the Bonds or any portion thereof to be an “arbitrage bond” within the meaning of Section 148 of the Code.
- (e) At all times while the Bonds are outstanding, the System will identify and properly account for all amounts constituting gross proceeds of the Bonds in accordance with the Regulations. The System will monitor the yield on the investments of the proceeds of the Bonds and, to the extent required by the Code and the Regulations, will restrict the yield on such investments to a yield which is not materially higher than the yield on the Bonds. To the extent necessary to prevent the Bonds from constituting “arbitrage bonds,” the System will make such payments as are necessary to cause the yield on all yield restricted nonpurpose investments allocable to the Bonds to be less than the yield that is materially higher than the yield on the Bonds.
- (f) The System will not take any action or knowingly omit to take any action that, if taken or omitted, would cause the Bonds to be treated as “federally guaranteed” obligations for purposes of Section 149(b) of the Code.
- (g) The System represents that not more than fifty percent (50%) of the proceeds of the Bonds will be invested in nonpurpose investments (as defined in Section 148(f)(6)(A) of the Code) having a substantially guaranteed yield for four years or more within the meaning of Section 149(g)(3)(A)(ii) of the Code, and the System reasonably expects that at least eighty-five percent (85%) of the spendable proceeds of the Bonds will be used to carry out the governmental purpose of the Bonds within the three-year period beginning on the date of issue of the Bonds.
- (h) The System will take all necessary steps to comply with the requirement that certain amounts earned by the System on the investment of the gross proceeds of the Bonds, if any, be rebated to the federal government. Specifically, the System will (i) maintain records regarding the receipt, investment, and expenditure of the gross proceeds of the Bonds as may be required to calculate such excess arbitrage profits separately from records of amounts on deposit in the funds and accounts of the System allocable to other obligations of the System or moneys which do not represent

gross proceeds of any obligations of the System and retain such records for at least six years after the day on which the last outstanding Bond is discharged, (ii) account for all gross proceeds under a reasonable, consistently applied method of accounting, not employed as an artifice or device to avoid in whole or in part, the requirements of Section 148 of the Code, including any specified method of accounting required by applicable Regulations to be used for all or a portion of any gross proceeds, (iii) calculate, at such times as are required by applicable Regulations, the amount of excess arbitrage profits, if any, earned from the investment of the gross proceeds of the Bonds and (iv) timely pay, as required by applicable Regulations, all amounts required to be rebated to the federal government. In addition, the System will exercise reasonable diligence to assure that no errors are made in the calculations required by the preceding sentence and, if such an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter, including payment to the federal government of any delinquent amounts owed to it, interest thereon and any penalty.

- (i) The System will not directly or indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the gross proceeds of the Bonds that might result in a reduction in the amount required to be paid to the federal government because such arrangement results in a smaller profit or a larger loss than would have resulted if such arrangement had been at arm's length and had the yield on the Bonds not been relevant to either party.
- (j) The System will timely file or cause to be filed with the Secretary of the Treasury of the United States the information required by Section 149(e) of the Code with respect to the Bonds on such form and in such place as the Secretary may prescribe.
- (k) The System will not issue or use the Bonds as part of an "abusive arbitrage device" (as defined in Section 1.148-10(a) of the Regulations). Without limiting the foregoing, the Bonds are not and will not be a part of a transaction or series of transactions that attempts to circumvent the provisions of Section 148 of the Code and the Regulations, by (i) enabling the System to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage, or (ii) increasing the burden on the market for tax-exempt obligations.
- (l) Proper officers of the System charged with the responsibility for issuing the Bonds are hereby directed to make, execute and deliver certifications as to facts, estimates or circumstances in existence as of the date of issuance of the Bonds and stating whether there are facts, estimates or circumstances that would materially change the System's expectations. On or after the date of issuance of the Bonds, the System will take such actions as are necessary and appropriate to assure the continuous accuracy of the representations contained in such certificates.

- (m) The covenants and representations made or required by this Section are for the benefit of the Bond holders and any subsequent Bond holder, and may be relied upon by the Bond holders and any subsequent Bond holder and bond counsel to the System.

In complying with the foregoing covenants, the System may rely upon an unqualified opinion issued to the System by nationally recognized bond counsel that any action by the System or reliance upon any interpretation of the Code or Regulations contained in such opinion will not cause interest on the Bonds to be includable in gross income for federal income tax purposes under existing law.

Notwithstanding any other provision of this Resolution, the System's representations and obligations under the covenants and provisions of this Section shall survive the defeasance and discharge of the Bonds for as long as such matters are relevant to the exclusion of interest on the Bonds from the gross income of the owners for federal income tax purposes.

23. Escrow Agreement. If required, the discharge and defeasance of the Refunded Bonds shall be effectuated pursuant to the terms and provisions of an Escrow Agreement to be entered into by and between the System and the Escrow Agent, the terms and provisions of which are hereby approved, subject to such insertions, additions and modifications as shall be necessary (a) to carry out the program designed for the System by the Underwriters, which shall be certified as to mathematical accuracy by Grant Thornton, LLP Certified Public Accountants, (b) to maximize the System's present value savings and/or to minimize the System's costs of refunding, (c) to comply with all applicable laws and regulations relating to the refunding of the Refunded Bonds and (d) to carry out the other intents and purposes of this Resolution, and the Chair or Vice Chair is hereby authorized to execute and deliver such Escrow Agreement on behalf of the System in multiple counterparts and the Secretary or the Assistant Secretary is hereby authorized to attest thereto.

24. Purchase of United States Treasury Obligations. To assure the purchase of the Escrowed Securities referred to in the Escrow Agreement, the Chair or Vice Chair of the Board of Trustees, a Pricing Officer, and the Escrow Agent are hereby authorized to subscribe for, agree to purchase, and purchase obligations which are authorized investments for escrow accounts pursuant to Section 1207.062, Texas Government Code, in such amounts and maturities and bearing interest at such rates as may be provided for in the Report, and to execute any and all subscriptions, purchase agreements, commitments, letters of authorization and other documents necessary to effectuate the foregoing, and any actions heretofore taken for such purpose are hereby ratified and approved.

25. Redemption Prior to Maturity of Refunded Bonds. The System has irrevocably exercised its option to call the bonds of the System for redemption prior to maturity on the dates and at the prices shown on Exhibit A attached to the Officer's Pricing Certificate, and authorized and directed notice of such redemption to be given in accordance with the orders or resolutions authorizing the issuance of such bonds.

26. Continuing Disclosure Undertaking. (a) Annual Reports. The System shall provide annually to the MSRB, (1) within six months after the end of each fiscal year of the System, financial information and operating data with respect to the System of the general type included in the Official Statement in Appendix B (except for the information under "Estimated Overlapping Debt Statement"), and (2) if not provided as part of such financial information and operating data,



audited financial statements of the System, when and if available. Any financial statements to be provided shall be (i) prepared in accordance with the accounting principles described in Appendix B of the Official Statement or such other accounting principles as the System may be required to employ from time to time pursuant to state law or regulation, and in substantially the form included in the Official Statement, and (ii) audited, if the System commissions an audit of such financial statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the System shall file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available.

If the System changes its fiscal year, it will submit a notice of such change to the MSRB, and the date of the new fiscal year end prior to the next date by which the System otherwise would be required to provide financial information and operating data pursuant to this Section.

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document, if it is available from the MSRB).

(b) Event Notices. The System shall submit a notice to the MSRB, in a timely manner (not in excess of ten (10) business days after the occurrence of an event), of any of the following events with respect to the Bonds, if such event is material within the meaning of the federal securities laws:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of holders of the Bonds, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the System;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the System or the sale of all or substantially all of the assets of the System, other than in the ordinary course of business, the entry

into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

The System shall notify the MSRB, in a timely manner, of any failure by the System to provide financial information or operating data in accordance with Section 27(a) of this Resolution by the time required by such Section.

(c) Limitations, Disclaimers, and Amendments. The System shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the System remains an “obligated person” with respect to the Bonds within the meaning of the Rule, except that the System in any event will give notice of any deposit made in accordance with Texas law that causes Bonds no longer to be outstanding.

The provisions of this Section are for the sole benefit of the holders and the beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The System undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the System’s financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The System does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE SYSTEM BE LIABLE TO THE REGISTERED OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE SYSTEM, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

No default by the System in observing or performing its obligations under this Section shall comprise a breach of or default under this Resolution for purposes of any other provision of this Resolution.

Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the System under federal and state securities laws.

The provisions of this Section may be amended by the System from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, or status or type of principal payment of the System, if (1) the agreement, as

so amended, would have permitted an underwriter to purchase or sell Bonds in the initial primary offering in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders of a majority in aggregate amount of the outstanding Bonds consent to such amendment or (b) a person unaffiliated with the System (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The System may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If any such amendment is made, the System will include in its next annual update an explanation in narrative form of the reasons for the change and its impact on the type of operating data or financial information being provided.

27. Official Statement. The System hereby approves the form and content and distribution of the Preliminary Official Statement prepared in the initial offering and sale of the Bonds and hereby authorizes the preparation of a final Official Statement reflecting the terms of the Bond Purchase Agreement and other relevant information. The use of such final Official Statement by the Underwriters is hereby approved and authorized and the proper officials of the System are authorized to sign such Official Statement.

28. Related Matters. To satisfy in a timely manner all of the System's obligations under this Resolution and the Bond Purchase Agreement, the Chair or Vice Chair, the Secretary or the Assistant Secretary, and all other appropriate officers and agents of the System are hereby authorized and directed to do any and all things necessary and/or convenient to carry out the terms and purposes of this Resolution.

29. Power to Revise Form of Documents. Notwithstanding any other provision of this Resolution, the Chair of the Board is hereby authorized to make or approve such revisions, additions, deletions, and variations to this Resolution and in the form of the documents attached hereto as exhibits as, in the judgment of the Chair, and in the opinion of Bond Counsel to the System, may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, the Preliminary Official Statement, the final Official Statement, or as may be required for approval of the Bonds by the Attorney General of Texas; provided, however, that any changes to such documents resulting in substantive amendments to the terms and conditions of the Bonds or such documents shall be subject to the prior approval of the Board.

30. Registrar. The form of agreement setting forth the duties of the Registrar is hereby approved, and the appropriate officials of the System are hereby authorized to execute such agreement for and on behalf of the System.

31. No Personal Liability. No recourse shall be had for payment of the principal of or interest on any Bonds or for any claim based thereon, or on this Resolution, against any official or employee of the System or any person executing any Bonds.

32. Open Meeting. It is hereby officially found and determined that the meeting at which this Resolution was adopted was open to the public, and that public notice of the time, place and purpose of said meeting was given, all as required by the Texas Open Meetings Act.

PASSED AND APPROVED this \_\_\_ day of \_\_\_\_\_, 2015.

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Chair, Board of Trustees  
Houston Community College System

ATTEST:

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Secretary, Board of Trustees  
Houston Community College System

(SEAL)

**EXHIBIT A**

**DISTRICT'S OUTSTANDING BONDS**

Limited Tax General Obligation Bonds, Series 2013

# APPENDIX A



**Strategic Plan 2012-2015**  
Creating Opportunities for Our Shared Future  
*Approved by the HCC Board of Trustees, June 2012*

**Mission:**

Houston Community College is an open-admission, public institution of higher education offering a high-quality, affordable education for academic advancement, workforce training, career and economic development, and lifelong learning to prepare individuals in our diverse communities for life and work in a global and technological society.

**Vision:**

HCC will be a leader in providing high quality, innovative education leading to student success and completion of workforce and academic programs. We will be responsive to community needs and drive economic development in the communities we serve.

**Guiding Principles:**

Our Guiding Principles direct our interactions with students, the internal and external communities we serve, and each other, giving focus to our primary purpose: devotion to the achievement of student success, defined as timely completion of certificates and degrees that drive real accomplishments in the workplace, at universities, and in society.

- **Freedom with Responsibility**  
HCC subscribes to and upholds a doctrine of freedom that follows the principle of responsibility.
- **Commitment to Excellence**  
HCC believes that a commitment to doing one's very best without regard to position is the starting point of all expressions of excellence and setting of high standards for quality and performance.
- **Respect for the Person**  
HCC holds that a principle of community mindfulness begins with respect for oneself and for others. Respect is the framework of personal integrity and provides the tie that binds us together.
- **Sound Stewardship**  
Stewardship is the path to fulfilling HCC's Mission and acknowledges our guardianship of its resources and positive impact on the lives of our students and community at large.



## **Strategic Initiative #1 - Increase Student Completion**

HCC currently leads the state and is fifth in the nation in the number of students who complete associate degrees. While we are proud of this fact, we can do better. We will strengthen our efforts and scale up those strategies that have been proven to increase the rates of students' persistence and completion.

HCC will continue to serve as a national Achieving the Dream (ATD) Leader College and work hand in hand with our high school partners to ensure more students enter our doors college-ready and leave well-prepared for successful transition to jobs, careers, and further education.

- Action 1.1:** Improve student preparation for higher education and transition to careers
- Action 1.2:** Improve academic success of students in their first semester
- Action 1.3:** Revamp developmental education to ensure greater success with more efficient delivery
- Action 1.4:** Improve students' persistence rates from one semester to the next
- Action 1.5:** Ensure students complete their programs of study and transition successfully to jobs/careers or further education

## **Strategic Initiative #2 – Respond to Business and Industry**

As the supplier of skilled workers to business and industry, we have a responsibility to build partnerships and to develop the means to respond quickly with the creation and design of programs and student-learning outcomes that meet their requirements.

The employer is our customer. Our clear responsibility to both employers and to students is to narrow the jobs gap and the skills gap for both of these stakeholders.

- Action 2.1:** Engage industry leaders in dialogue to identify present and future needs
- Action 2.2:** Improve the infrastructure of workforce programs (instruction, curriculum, facilities, and equipment) to meet the business and industry needs
- Action 2.3:** Ensure students have access to information and support services to complete career and technical education programs

## **Strategic Initiative #3 – Develop 21<sup>st</sup> Century Learners**

HCC must prepare our students to become citizens and workers capable of productive and meaningful participation in the 21<sup>st</sup> century. Core competencies of critical thinking, effective communications, quantitative reasoning, teamwork, personal responsibility, and social responsibility must be taught in all of our instructional programs.

All classrooms at HCC should meet minimum technology standards, and all faculty must be trained and supported in using effective teaching and learning strategies to promote success for students in their learning today as well as throughout their lifetime.

- Action 3.1:** Ensure adoption and commitment by HCC to 21<sup>st</sup> century core curriculum skills as defined by the Texas Higher Education Coordinating Board (THECB)
- Action 3.2:** Create new platforms and methodologies to teach and support students using effective methods of course delivery, teaching practices,
- Action 3.3:** Provide an environment conducive to optimal learning that includes consideration of facilities, technology, equipment, materials, accessibility, and concern for students

## **Strategic Initiative #4 – Support Faculty/Staff Professional Development and Student Leadership Development**

HCC has celebrated its 40<sup>th</sup> year by enrolling and graduating more students than ever before. To ensure we continue to thrive as an essential and relevant institution for the educational development of our students and the economic development of our community, we must prepare students, faculty, and staff for the leadership roles of tomorrow.

We will do this in multiple ways – through the expansion of external resources and support, purposeful mentoring of leadership candidates, infusion of opportunities for leadership development in our instructional programs, student services, extracurricular activities, and human resources.

- Action 4.1:** Develop a system-wide strategy to encourage leadership development for students
- Action 4.2:** Develop a system-wide strategy for ongoing professional and leadership development for faculty
- Action 4.3:** Develop a system-wide strategy for provision of professional and leadership development for HCC personnel at all levels and functions of the organization

## **Strategic Initiative #5 - Support Innovation**

HCC recognizes that in the near term there will be continuing economic turmoil to challenge the funding and stability of the institution. We also recognize that continuous technical challenges will create disruptions and opportunities in the delivery and transfer of knowledge and data.

To counter and overcome these difficulties, we must be an institution where innovation is valued and promoted. However, nothing will be accepted merely on the basis of custom, anecdote, or fad – everything we do must be proven to have long-term value in terms of strengthening our institutional resilience and capacity to serve our students and our community.

- Action 5.1:** Reduce HCC's reliance on debt to maximize the use of operating dollars for strengthening teaching and learning capabilities
- Action 5.2:** Leverage current and new grant opportunities to improve the institution's capability to respond to our teaching and learning needs
- Action 5.3:** Expand opportunities for the HCC Foundation to fund capital projects, program excellence, and faculty development
- Action 5.4:** Optimize technology and capital assets through planning for business continuity, disaster recovery, replacements, training, and environmental sustainability

## **Strategic Initiative #6 – Support Entrepreneurialism**

Houston is an entrepreneurial, “opportunity city” where taking a risk, failing, and starting over again are valued. HCC is the “Opportunity College” and is grassroots in its approach to serving its constituents. Therefore, HCC is committed to strategic thinking that not only respects students wherever they are, but also inspires and gives them the tools and confidence to follow their dreams.

HCC will commit to an entrepreneurial culture within the organization to serve as an example of the “spirit of Houston.” For this institution, fostering a culture that encourages inspiration and dreaming helps students actualize their potential.

- Action 6.1:** Encourage an entrepreneurial culture among all members of the HCC family
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## Strategic Initiative #7 – Leverage Partnerships

Houston is a global leader. The diversity of our economic structure and our willingness to embrace and value the partnerships encourage innovation. HCC is a principle partner for educational and economic opportunities, enhancing and advancing the community's quality of life. HCC is a catalyst for creating jobs.

Former U.S. Secretary of Defense Robert M. Gates described foreign language education, study abroad, and the recruitment of foreign students to U.S. campuses as key strategies in promoting America's national security and economic interests. While addressing the audience at the 2012 NAFSA conference in Houston, Gates stated, "Our economic future depends on Americans who can work successfully in an international setting."

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- Action 7.1:** Identify and secure new local partnerships capable of improving the institution's capacity, performance, and resilience
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# **APPENDIX B**

## **Personnel Report for April 16, 2015**

**(No Board Action Required)**

***Personnel Agenda -***  
**Staff (No Board Action Required)**

**Board Meeting: April 16, 2015**

**INFORMATION ITEMS - NO BOARD ACTION REQUIRED**  
**NON-FACULTY (REGULAR)**

<u>Name</u>	<u>Previous Organization</u>	<u>Proposed Title/Organization</u>	<u>FLSA/Grade</u>	<u>Previous Salary</u>	<u>Salary</u>	<u>Effective Date</u>
1. Alarcon, Maria	HCCS F/T Accounting Specialist/System	to F/T Contract Analyst Procurement/System	EX/08 12 months	\$41,503 yr.	\$47,729 yr.	04-01-15
2. Archie, Cephas	HCCS F/T (Temp) Program Coordinator Diversity & Inclusion /System	to F/T Program Coord. Diversity & Inclusion/System	EX/09 12 months	\$45,507 yr.	\$60,230 yr.	02-16-15
3. Brough, Douglas	Shell Oil	to F/T Sr. Database Administrator/ System	EX/12 12 months	\$136,341yr	\$111,922yr	03-09-15
4. Drain, Tonya	Atlanta Metro State College	to F/T Financial Aid Associate/ System	EX/07 12 months	\$35,000 yr.	\$39,960 yr.	02-09-15
5. Falls, Keffus	HCCS P/T Campus Manager/NE	to F/T Campus Manager II/Central	EX/09 12 months	\$20,987 yr.	\$60,230 yr.	02-09-15
6. Franklin, David	Advantage Sales & Marketing LLC	to F/T Advisor/NW	EX/07 12 months	\$17,378 yr.	\$36,000 yr.	03-09-15

**INFORMATION ITEMS - NO BOARD ACTION REQUIRED  
 NON-FACULTY (REGULAR)**

<u>Name</u>	<u>Previous Organization</u>	<u>Proposed Title/Organization</u>	<u>FLSA/Grade</u>	<u>Previous Salary</u>	<u>Salary</u>	<u>Effective Date</u>
7. Gentry, Hilda	HCCS F/T (Temp) Educational Liaison Cultural Program /Coleman	to F/T Educational Liaison Cultural Program/NE	EX08 12 months	\$39,970 yr.	\$45,000 yr.	03-01-15
8. Harrison, Taylar	Caliber Collision	to F/T Business Analyst I (PeopleSoft)/System	EX/08 12 months	\$36,000 yr.	\$42,500 yr.	02-23-15
9. Holland, Shaunda	HCCS F/T Budget Assistant/System	to F/T Sr. Financial Analyst/System	EX/09 12 months	\$48,626 yr.	\$55,919 yr.	02-17-15
10. Jackson, Judy	HCCS P/T HR Representative I/ System	to F/T Payroll Associate/System	NE/07 12 months	\$11,336 yr.	\$40,000 yr.	02-23-15
11. Kannady, Pidie	Transocean Offshore Drilling	to F/T Business Intelligence Analyst/ System	EX/10 12 months	\$103,000yr	\$70,000 yr.	03-23-15
12. Le, Donna	RS&H	to F/T Sr. Human Representative / System	EX/08 12 months	\$38,000 yr.	\$46,000 yr.	04-01-15

**INFORMATION ITEMS - NO BOARD ACTION REQUIRED**  
**NON-FACULTY (REGULAR)**

<u>Name</u>	<u>Previous Organization</u>	<u>Proposed Title/Organization</u>	<u>FLSA/Grade</u>	<u>Previous Salary</u>	<u>Salary</u>	<u>Effective Date</u>
<b>13. Lopez, Martha</b>	HCCS F/T (Temp) Office Manager/System	to F/T Office Manager/System	NE/08 12 months	\$39,303 yr.	\$39,303 yr.	03-01-15
<b>14. Mahanta, Anuradha</b>	HCCS F/T CE Support Specialist/SW	to F/T Program Manager/SW	EX/08 12 months	\$40,866 yr.	\$44,136 yr.	02-16-15
<b>15. Mays, Shanda</b>	HCCS F/T Student Acct Representative II/SW	to F/T Student Account Specialist/ System	NE/07 12 months	\$40,223 yr.	\$45,546 yr.	02-09-15
<b>16. Morris, Darius</b>	Patriot Bank Mortgage	to F/T Research Analyst I, Data Warehouse/System	EX/09 12 months	\$85,000 yr.	\$60,230 yr.	02-09-15
<b>17. Oladega, Lanre</b>	Technical College System of Georgia	to F/T Sr. Database Administrator/ System	EX/12 12 months	\$76,000yr.	\$97,290 yr.	02-23-15
<b>18. Oliver, Savannah</b>	HCCS F/T (Temp) Office Assistant/ System	to F/T Secretary II /System	NE/07 12 months	\$19,834 yr.	\$31,625 yr.	03-01-15

**INFORMATION ITEMS - NO BOARD ACTION REQUIRED**  
**NON-FACULTY (REGULAR)**

<u>Name</u>	<u>Previous Organization</u>	<u>Proposed Title/Organization</u>	<u>FLSA/Grade</u>	<u>Previous Salary</u>	<u>Salary</u>	<u>Effective Date</u>
<b>19. Percival, Allison</b>	Odessa American	to F/T Office Manager/System	NE/08 12 months	\$29,000 yr.	\$36,717 yr.	02-23-15
<b>20. Pledger, Darnell</b>	Lamar University	to F/T Coordinator Student Life/ Coleman	EX/08 12 months	\$38,000 yr.	\$44,153 yr.	02-23-15
<b>21. Rodriguez, Ismael</b>	HCCS P/T Sr. Lab Assistant/SW	to F/T Sr. Hardware/ Software Technician /SW	NE/08 12 months	\$12,756 yr.	\$40,000 yr.	02-23-15
<b>22. Shabbir, Mohammad</b>	HCCS F/T System Administrator I/System	to F/T Manager, Eagle Online Support Center/System	EX/10 12 months	\$56,177 yr.	\$65,000 yr.	02-16-15
<b>23. Sit, Estelle</b>	HCCS F/T Sr. Advisor /SE	to F/T Counselor Disability Services/ SE	EX/10 12 months	\$47,430 yr.	\$58,000 yr.	02-16-15

**INFORMATION ITEMS - NO BOARD ACTION REQUIRED**  
**NON-FACULTY (REGULAR)**

<u>Name</u>	<u>Previous Organization</u>	<u>Proposed Title/Organization</u>	<u>FLSA/Grade</u>	<u>Previous Salary</u>	<u>Salary</u>	<u>Effective Date</u>
<b>24. Torre, Gissella</b>	HCCS F/T Accounting Specialist/System	to F/T Accountant II (Refunds)/System	EX/08 12 months	\$38,872 yr.	\$44,703 yr.	02-09-15
<b>25. Townley, Darren</b>	HCCS F/T Hardware/ Software Tech/System	to F/T Sr. Hardware/ Software Tech/ System	NE/08 12 months	\$33,907 yr.	\$44,000 yr.	03-01-15
<b>26. Watkins, Darron</b>	D & R Utilities	to F/T Police Telecommunications Cadet/System	NE/05 12 months	\$13,000 yr.	\$27,165 yr.	02-09-15
<b>27. William. Dorsetta</b>	HCCS F/T Instructional Designer/ System	to F/T Manager Instructional Design Services/System	EX/10 12 months	\$58,140 yr.	\$63,954 yr.	04-01-15
<b>28. Wilson, Melissa</b>	HCCS F/T (Temp) Secretary II/System	to F/T Secretary II /System	NE/07 12 months	\$32,225 yr.	\$32,225 yr.	02-16-15



**SEPARATIONS OF EMPLOYMENT**

<b>Bubb, Terri</b>	Terri Bubb, Instructional Designer for System, effective March 25, 2015.
<b>Doan, Ngoc</b>	Ngoc Doan, Office Manager for System, effective April 07, 2015.
<b>Hallmark, Robbe</b>	Robbe Hallmark, MLT Instructor for Coleman College, effective January 30, 2015.
<b>Heidke, Janice</b>	Janice Heidke, HR Training Specialist for System, effective February 27, 2015.
<b>Henderson, Michael</b>	Michael Henderson, Sr. Computer Operator for System, effective February 27, 2015.
<b>Huron, Daniel</b>	Daniel Huron, Communications Coordinator for Coleman College, effective February 27, 2015.
<b>Hyder, Leander</b>	Leander Hyder, Nuclear Medicine Tech Instructor for Coleman College, effective January 30, 2015.
<b>Lacy, Myra</b>	Myra Lacy, Transfer Specialist for System, effective February 27, 2015.
<b>Maboudian, Wendy</b>	Wendy Maboudian, Manager of Instructional Design Services for System, effective February 11, 2015.
<b>Mason, Larry</b>	Larry Mason, Radiography Instructor for Coleman College, effective January 30, 2015.
<b>Pino, Diana</b>	Diana Pino, Vice Chancellor, Student Services for System, effective March 31, 2015.
<b>Rodriguez, Susana</b>	Susana Rodriguez, Senior Internal Auditor for System, effective April 10, 2015.
<b>Schmidt, Terry</b>	Terry Schmidt, Senior Web Developer for Coleman College, effective February 20, 2015.
<b>Tucker, Diane</b>	Diane Tucker, Instructional Designer for System, effective February 24, 2015.