

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

May 19, 2016

Minutes

The Board Governance Committee of the Board of Trustees of Houston Community College held a meeting on Thursday, May 19, 2016 at the HCC Administration Building, Second Floor Auditorium, 3100 Main, Houston, Texas.

MEMBERS PRESENT

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

ADMINISTRATION

Cesar Maldonado, Chancellor
Melissa Gonzalez, Chief of Staff
Ashley Smith, General Counsel
Teri Zamora, Senior Vice Chancellor, Finance and Administration
Kimberly Beatty, Vice Chancellor, Instructional Services, Chief Academic Officer
William Carter, Vice Chancellor, Information Technology
Madeline Burillo, President, Southwest College
Margaret Ford Fisher, President, Northeast College
William Harmon, President, Central College
Zachary Hodges, President, Northwest College
Phillip Nicotera, President, Coleman College/Interim Vice Chancellor, Student Services
Irene Porcarello, President, Southeast College
Janet May, Chief Human Resources Officer
Carme Williams, Executive Director, HCC Foundation

OTHERS PRESENT

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

CALL TO ORDER

Mr. Zeph Capo, Committee Chair, called the meeting to order at 3:02 p.m. and declared the Board convened to consider matters pertaining to Houston Community College as listed on the duly posted Meeting Notice.

TOPICS FOR DISCUSSION AND/OR ACTION

DISCUSS GUIDELINES FOR MANAGEMENT OF BOARD COUNSEL LEGAL FEES

Mr. Capo noted that the purpose of the report item is to review a guideline for management of Board Counsel legal fees. He noted that one of the tasks implemented last year was begin itemizing the expense cost as it relates to Board Counsel and issues incurring expenses, how they apply to particular areas of Board Counsel, and how the expenses were assigned to the trustees. He referenced documents provided by general counsel and noted that general counsel with assistance from Board Counsel has been working to develop the documents to show breakdown of cost. He noted that the document provides the cost the institution has incurred through the Board Counsel office broken out by trustees.

Dr. Tamez noted that general counsel was asked to provide a three-year historical comparison of expenses incurred. She noted that the breakout list each of the trustees and the expense associated.

Mr. Capo noted that the Board has to take responsibility for one another to be accountable to the process and noted administration is consistently being asked to identify efficiencies. He noted that there are areas the trustees can assist in taking a look at the cost that are being incurred.

(Ms. Loreda joined the meeting at 3:06 p.m.)

Mr. Capo referenced a second document provided by general counsel regarding breakdown in reviewing the invoices from 2011 to the current. He noted that the effort was to develop a base line and apprised that the document shows the primary drivers for the expenses in a particular year. He informed that the intent was to use the historical numbers to establish a baseline to assist in identifying guidelines to help control the cost. He noted that the document showed the what and why regarding Board Counsel expenses.

Mr. Capo referenced the draft guidelines proposal developed with input from him, Board Chair, and Board Counsel.

Mrs. Sane noted that the baseline that need to be establish should take into account a better pattern because some of the expenses may not be normal occurrences. Mr. Capo noted that the comments made by Mrs. Sane were taken into consideration and noted that the request was to back up the date to include additional years so that such instances could be taken into consideration.

(Mr. Oliver joined the meeting at 3:09 p.m.)

Dr. Tamez mentioned that there was difficulty obtaining from other colleges of similar size to see what they expend on Board Counsel. She noted that for a college of HCC size, the expense ranged from \$300,000 to \$500,000; however, it was not known if the expense included special projects.

Dr. Tamez provided an overview of the proposed guideline. She noted that the proposed guidelines would address the following regarding Board Counsel expenses:

Trustee Requests

Dr. Tamez noted that 1.A and 1.B are already in policy regarding trustees requesting legal advice should go through the Board Chair. She noted that 1.C is new and requested input from the trustees regarding the allotment for each trustee annually. She noted that the board must limit themselves to a certain amount. She noted that the recommendation is that each cap of \$10,000 annually and noted any special projects will need to be approved prior to Board Counsel conducting the request. She noted that serving in the role of board chair is somewhat different.

Mr. Oliver expressed appreciation to the Chair and Board Governance Chair for bring the item forward. He inquired with Board Counsel regarding the details as to how the particular fees were generated. Ms. Mihalick informed that the firm has prepared the information a period in the past and noted that the firm is in the process of updating to include invoices from January 2016 to the present day.

Mr. Oliver requested a breakout of the fees on yearly bases begin with January 2014. Dr. Tamez informed that the information is available with the annual historical breakout and apprised that the information could be provided to the board.

Mr. Oliver informed that effort is to get a handle on the fees on a going-forward base. He noted that legal fees are generated by legal action. He noted that he personally want to know how to reduce expenses generated by him.

Mr. Oliver inquired if there would be an opportunity for trustees to review the expenses. Mr. Capo noted that the information is available and noted that the intent for trustees to be able to ask questions with the understanding that there is an individual trustee limit.

(Mrs. Sane stepped out at 3:21 p.m.)

Mr. Oliver noted that there are often times that board members may not be aware that legal fees are generated by simple asking a question. He referenced that Board Counsel is present at the meeting and inquired if there is a cost associated with him asking the question.

Mr. Capo noted that the document includes a start line referencing Mrs. Sane and him. He noted that there was an effort to separate costs associated with being the Board Chair. He noted that the indicators C and D under the individual trustees

Special Projects

Dr. Tamez noted that the special projects will be assigned to Board Counsel from time to time. She noted that there will not be duplications of services unless there is a dire situation and in the best interest of the college. She apprised that there needs to be some form of predictability regarding the cost of a particular project. She noted that she met with the Board Governance Committee Chair, Board Counsel, and Chancellor regarding the special projects and predictability of costs. She noted that there has to be a system in place where Board Counsel is providing an estimated amount for a particular project.

Chancellor and Board Services Projects

Dr. Tamez there has been a review as to how Board Services and Chancellor utilize services for Board Counsel. She noted that Board Services and Chancellor would need to go through an approval process with the Board Chair for legal work beyond normal Board Counsel responsibilities such as reviewing the agenda.

Budget

Dr. Tamez noted that expenses were reviewed in comparison to other large colleges and noted that the range was from \$300,000 to \$500,000. She noted that the number was determined by the review conducted by General Counsel as to what other institutions are expending.

Mr. Oliver inquired as to what happens when the fees exceed the fiscal year cap.

Dr. Tamez noted that as mentioned by Mr. Oliver, there must be an alternative as it relates to exceeding the cap due to special projects. She noted that she has scheduled a meeting with Board Counsel to review fees for the remainder of the fiscal year.

(Mrs. Sane returned at 3:28 p.m.)

(Dr. Evans-Shabazz stepped out at 3:28 p.m.)

Mr. Oliver noted that it is commendable that there is a concern regarding the legal fees. He noted that there is a movement to get a handle on the issue but noted that it is a housekeeping thing that entire Board should be aware of. He noted that instead of capping by statute or bylaws, a lot could also be accomplished with Board Chair having a conversation with Board Counsel. Mr. Capo noted that what is presented is not capping anything but the effort provides indicating levels where there is an escalation in oversight. He noted that that Bracewell will need to provide an analysis to show where the spending occurred.

Mr. Capo noted that there may be other issues driving up the legal expense and noted that the effort is not to cap but merely to inform. He gave an example of the revision of the policy that included the assistance of Board Counsel. He noted that the project contribute to the increase fees.

Mr. Oliver noted that there are times when Trustees have to participate in legal situations such as depositions, which could easily drive up the cost. He noted that there will be cases where the Board is being sued and noted that the \$10,000 limited would be blown quickly if a Trustee is being sued. He noted that he agrees that the legal fees have mushroomed over the last couple years.

(Dr. Evans-Shabazz returned at 3:32 p.m.)

Mr. Capo noted that the main issue seen is that since 2014 there have been very specific and direct issues of allegation. He noted that when there is nothing in place, Board Counsel has to answer to nine individual people causing the bill to escalate before the Board is apprised of the expense. He noted that this effort provides some guidance and transparency for Board Counsel.

Mr. Oliver noted that there should be some flexibility on behalf of the legal counsel firm relating to the generation of the fees. He noted that a lawyer is a lawyer and apprised that Board Counsel should inform the trustee that the billable hour has started.

Mr. Capo noted that the Board Chair is working with Board Counsel regarding the renewal of the contract and the parameters. Dr. Tamez noted that she is in the process of reviewing the current contract and will be meeting with Board Counsel regarding the contract. She recommended that trustees submit suggestions in terms of finalizing the letter of agreement with Counsel.

Mr. Oliver noted that some of the wounds are self-inflicted. Dr. Tamez informed that the discussion is only regarding Bracewell. She noted that the other attorneys enlisted are not taken into account and noted that there should effort to continue to have checks and balances in place to keep the spending down.

Mr. Capo noted that there should be some ideal where General Counsel could engage someone from the finance side provide a recommendation on cost containment based on what is expended and why. He noted that some of the best practices should be identified to assist with lowering the cost.

Mr. Wilson inquired if the Board Governance was properly posted because he did not receive information on the Board Governance meeting. He noted that he did not receive the notice or information. He clarified that he does not recall any trustees suing each other while on the Board. He applauded Dr. Tamez for addressing the issue in trying to get a handle of the legal fees.

(Dr. Tamez stepped out at 3:40 p.m.)

Mr. Wilson referenced the two reports provided to the Board regarding the legal fees and noted that one report shows \$157,000 for Trustee Wilson and other shows \$55,000. He

noted that the expenses need to be audited. He noted that he has been defending himself since being on the Board.

(Dr. Tamez returned at 3:41 p.m.)

Mr. Wilson requested to receive a copy of the billings.

Ms. Loredo inquired if there was a discussion referencing the hiring of legal firm should go through the Board Chair. Mr. Capo noted that the effort is to balance the situation so there is not complete constraint on the trustees. He noted that changes included the requirement that costs regarding an individual trustee should come back to the Board. He noted that the \$10,000 cap per trustee allows for the trustees not to feel restricted by having to go through the Board Chair.

Ms. Loredo noted that the numbers are outrageous and noted that the trustees should have a concern regarding the legal counsel. She noted that the \$10,000 should be sufficient for each trustee regarding consultation with Board Counsel for a particular reason.

Mr. Glaser noted that the Board Counsel services are for the Board and not to serve as personal attorney for the trustees. He noted that the structure of the contract should be considered as well. He noted that other options may need to be reviewed.

Mr. Capo noted that there are some exceptions regarding the engagement of Board Counsel.

Dr. Tamez noted that the next steps would be to provide a finalized version of the guideline for consideration by the full Board.

ADJOURNMENT

With no further business coming before the Board, the meeting adjourned at 3:10 p.m.

Minutes submitted by Sharon Wright, Director, Board Services

Minutes Approved: June 16, 2016