

TARRANT COUNTY COLLEGE DISTRICT

Meeting of the Board of Trustees

May 16, 2014

9:00 a.m.

1. Call to Order. The Board of Trustees conducted its regular monthly meeting on Friday, May 16, in the District Offices, May Owen Center, with Mrs. Louise Appleman presiding. Other trustees present were Mrs. Kristin Vandergriff, Mr. O.K. Carter, Dr. Gwendolyn Morrison, Mrs. Robyn Medina Winnett, Mr. William Greenhill, and Mr. Conrad Heede
2. Public Comment. There was no public comment
3. Board Action Items and Board Business Related Items.
 - a. Approval of Minutes of the Meeting of April 17, 2014. On a motion by Mr. Heede, seconded by Mr. Carter, the minutes were approved as presented by a vote of 7-0.
4. Committee Reports.
 - a. Audit and Finance Committee – Mr. Carter reported that the committee had not met since the last report.
 - b. Governance Committee – Mrs. Appleman said the committee had met to approve the agenda for the May meeting.
 - c. Institutional Planning Committee – Mrs. Vandergriff said the work of the committee would be presented later in the meeting.
 - d. 50th Anniversary – Dr. Morrison reported that the work of the Golden Jubilee Committee is well underway and would be presented to the Steering Committee at a meeting on June 7.
5. Consideration and Approval on Committee Recommendations. No recommendations required approval.
6. Consideration and Approval of Contract with TD Industries to Install Chiller and Supporting Systems at the Southeast Campus: Amount, not to exceed \$285,818. On a motion by Mr. Carter, seconded by Mr. Heede, the contract was approved, 7-0.

7. Consideration and Approval of BuyBoard Cooperative Agreement with Facility Solutions Group for the Purchase of Exterior Lighting Fixtures and Controls at the Northeast Campus: Amount, not to exceed \$465,703.20. On a motion by Mr. Heede, seconded by Mr. Carter, the agreement was approved, 7-0.
8. Consideration and Approval of South Campus Electrical Distribution System Upgrade to Include: BuyBoard Agreement with The Reynolds Company for the Purchase of the Switchgear, the Interlocal Purchasing System Agreement with Texas Air Systems for the Purchase of Transformers, and a Contract with Facilities Solutions Group for Installation: Amount, not to exceed \$3,261,934.98. On a motion by Mr. Carter, seconded by Mr. Heede, the contract was approved, 7-0.
9. Monthly Financial Report. – Mr. Mark McClendon, vice chancellor for finance, reported that, at the end of April, budgeted income for the fiscal year stood at 88.1 percent while expenditures were at 68.3 percent. The cash position of the District was at about \$140 million. The investment portfolio for the month ended March 31, 2014, showed an overall yield of 0.46 percent.
10. Board Workshop.
 - a. Review of Real Estate Holdings – Mr. Chris Wilde of Dunaway Associates gave a PowerPoint presentation updating the board on the firm’s project regarding District real estate. He gave details on the five campuses, the TCC Opportunity Center, the Alliance Center, and the May Owen Center, showing boundaries and the breakdown of land on each property as to developed land, developability, floodplain, limited floodplain, restrictions, easements, gas pads, and gas pad perimeters. Mr. Todd Burnette of the firm of Jones, Lang, LaSalle reviewed property holdings as to their marketability. Prime areas designated as those that might eventually be sold or used as part of a public-private partnership included the north parcel at Alliance, the May Owen Center site, property north of the Trinity River, and property at the Opportunity Center bordering Loop 820. Mr. Michael Bennett of Bennett Benner Partners then gave an overview of real estate trends in the Downtown Fort Worth area. He singled out the

desirability of the property north of the Trinity River, the May Owen Center site, and some riverfront property at the Trinity River Campus.

- b. Discussion of Proposed Performing Arts Center – After introductory comments by Mrs. Vandergriff, Mrs. Nina Petty, vice chancellor for real estate and facilities, reviewed the history of discussions concerning the performing arts center project, including the probable estimate of cost study conducted by Mr. Dennis Sewell of Sewell Advisory Services. Ms. Margaret Lutton, director of institutional strategic development, then described how the proposed project had been integrated into the Innovation Forum process. The project had received a preliminary DREAM score of 2.3 and is projected to have a community impact of \$22.9. She also described the non-biased committee aspect of the process. Mr. Dennis Sewell of Sewell Advisory Services, described a study whereby a “probable estimate of cost” for the performing arts center was reached. He described the various phases involved in such a project and the confidence levels in cost projections at each phase. At present, he said, the project is very conceptual in nature. After research, which included meetings with construction managers familiar with such projects, his findings were that the probable estimate of cost, which includes the first year of operation minus staffing, is \$57.285 million. This figure, less the \$8.2 million anticipated in TIF funding from North Richland Hills, yields a net cost figure to TCCD of \$48.985 million. Mrs. Vandergriff acknowledged this to be “steep,” and said that, in her opinion, more study needs to be done on deriving revenue from the center, if built. Mr. Carter expressed discouragement with the estimate and said that, in his opinion, the College should consider backing away from the projects. Chancellor Hadley said that the College and stakeholders should not lose sight of the fact that the project would be a center of excellence for all Tarrant County, not only for the Northeast Campus and the surrounding community. Mrs. Vandergriff said that next steps, should funding be established, would be

to engage a consultant to complete programming and design. She said she is confident the cost estimate can be lowered.

- c. Public/Private Partnerships (P3) – Mrs. Angela Robinson, vice chancellor for administration and general counsel, noted that the board, in July 2013, had voted to engage the services of the PFM Group as a financial consultant. She introduced Jean Matte and Tom Morsch of PFM, who made the presentation to the board. Mr. Morsch first reviewed the agenda for the meeting, including the objectives of defining P3s, putting P3s in context for TCC, outlining possible steps in implementing a P3 process, and an assessment of whether or not P3s could be a viable alternative for TCC. He listed TCC’s possible objectives for P3s, including what roles private parties are expected to play, the scale of proposed projects, outcomes sought, alignment with College strategies, and goals and timing constraints of projects. He discussed the divisions of control inherent in a P3 and the benefits to each party. He said that partners must have confidence that the College has clear objectives, adequate time and resources, a buy-in from stakeholders, and the ability to get required approvals. He then described a feasibility and procurement approach in which the steps (assessment and preparation, alternative analysis, communications, the procurement process, and transition/implementation) are accompanied by the tasks required and the associated success points. These would necessarily be very specific to the College and the individual project. He then listed the “value drivers” in a P3, including such items as length of lease, maintenance and capital costs, pricing, and risk. He described how PFM uses quantitative models to analyze client opportunities and showed a sample list of events that would be entailed in the process. In answer to a question from Mr. Greenhill, Ms. Matte said that one of the responsibilities of PFM would be to give the board the information necessary for it to make a decision on funding vehicles and the cost/operation of the project over time.

11. Closed Meeting. At 1:05 p.m., Mrs. Appleman called for a closed meeting under terms of the sections of the Texas Government Code cited below.

- a. Deliberation Real Property, Section 551.072, *Texas Government Code*. The Real Property discussion will address the purchase, improvement, exchange, lease or value of real estate to include recommendations from the Institutional Plan.
- b. Deliberation on Personnel Matters, Section 551.074, *Texas Government Code*. The deliberation will include a discussion on the chancellor's 2013-14 performance goals mid-year update.
- c. Consultation with Attorney, Section 551.071, *Texas Government Code*. For purposes of a private consultation with board's attorney on any subjects or matters authorized by law. The deliberation will include any pending/contemplated litigation.

The open meeting resumed at 2:52 p.m.

12. Consideration and Action on Closed Meeting Items. There were no items requiring action.

10. Board Workshop (continued).

- d. Future Funding Strategies. Mr. McClendon reviewed the College's "pay-as-you-go" strategy and showed a chart on bonded indebtedness wherein the College will be debt-free in 2015. He explained how the debt service portion of the total tax rate could convert to maintenance and operations. He also addressed issues involved in going to the effective tax rate. Chancellor Hadley asked for the board's direction as to what type of funding strategy it would like to see brought back at the next workshop. Mr. Greenhill said, and the chancellor agreed, that the financial advisors should be involved in this determination.
- e. Board Assessment Tool – Chancellor Hadley gave the board samples of assessment tools from other institutions.
- f. Mission Statement – Mr. Heede said that he and other board members think the College Mission Statement should incorporate the aspect of student success. Chancellor Hadley replied that, with Vision 2015 coming to an end,

another strategic plan is on the horizon and will include a primary focus on student success.

- g. Review of 2013-2014 Major Building Projects – Mr. Kirby Chadwell, director of facilities planning and development reviewed the progress of the Southeast Campus early college high school; the Northwest Campus Center of Excellence for Transportation, Aviation and Logistics; the South Campus Energy Technology Center; and Districtwide “sticky spaces.” He also showed a list of projects that will require future budgetary consideration.
- h. 2014-2015 Budget Forecast – Mr. McClendon explained that formula funding and tuition rates will remain the same and that taxable property values should increase 3 to 5 percent. He then demonstrated the Future Perfect forecasting model that shows how changes in such factors as tax/tuition rates and salary increases affect revenue and costs.

Supporting documents, including copies of the PowerPoint presentations, are available in the Supplemental Board Materials.

13. Adjournment and Announcement of Next Meeting. As there was no action to be taken on Closed Meeting items, Mrs. Appleman adjourned the meeting at 4:43 p.m. The board will next meet on June 19, 2014, at the May Owen Center.



Louise Appleman, President
Board of Trustees



O.K. Carter, Secretary
Board of Trustees