

**CHAIR**

Robert D. Thomas

**COMMISSIONERS**

William D. Darby

Patti Jones

Mike Novak

Jack W. Perry

Betty Reinbeck

Joseph Slovacek



**EXECUTIVE DIRECTOR**

Harvey Hilderbran

**TEXAS FACILITIES COMMISSION**

Minutes No. 93: Minutes of the May 17, 2017 Public Meeting of the Texas Facilities Commission in Austin, Travis County, Texas.

After providing notice as required by the Texas Open Meetings Act, the Texas Facilities Commission held an open meeting at the Central Services Building, 1711 San Jacinto Boulevard, in Conference Room 402, Austin, Texas, on Wednesday, May 17, 2017, commencing at 10:00 a.m. Chairman Thomas presided, and Commissioners Novak, Perry, Jones and Slovacek were also present. Commissioners Reinbeck and Darby were absent.

**I. Call to Order.**

Chairman Thomas called the meeting to order at 10:02 a.m.

**II. Approval of the minutes from the April 19, 2017 Open Meeting.**

The Commission voted unanimously to approve the minutes from the previous meetings with a motion made by Commissioner Jones and a second to approve the motion made by Commissioner Perry.

**III. Public Comment.**

There was no public comment.

**IV. Consent Agenda for Award of Lease Recommendations and Summaries.**

**Leases and/or Amendments Pending Execution with Commencement Date on or after May 17, 2017.**

**Renewals:**

1. Lease #5901 – Health and Human Services Commission: Rosenberg, TX.
2. Lease #10576 – Texas Department of Criminal Justice: Huntsville, TX.
3. Lease #20347 – Texas Department of Insurance – Division of Workers' Compensation: Houston, TX.
4. Lease #303-6-10233 – Department of Family and Protective Services; Health and Human Services Commission; Texas Workforce Commission: Brownwood, TX

**Add Space:**

5. Lease #10625 – Health and Human Services Commission; Department of Family and Protective Services; Department of Aging and Disability Services: Crockett, TX.
6. Lease #20448 – General Land Office: Corpus Christi, TX.

The Commission voted unanimously to approve the above Consent Agenda for Award of Lease Recommendations and Summaries with a motion to approve made by Commissioner Novak and a second to approve the motion made by Commissioner Slovacek.

**V. Contract Consent Agenda.**

- 1. Consideration and possible action to approve eight consultant contracts to be used, if necessary, by the Center for Alternative Finance and Procurement to assist third parties with financial analysis of public private partnership qualified projects.**
- 2. Consideration and possible action to approve six technical services contracts to be used, if necessary, by the Center for Alternative Finance and Procurement to assist third parties with technical analysis and document development for public private partnership qualified projects.**
- 3. Consideration and possible action to approve an amendment to the Netronix Integration, Inc. access control and surveillance systems installation and maintenance services contract, TFC Contract No. 16-049-000.**
- 4. Consideration and possible action to approve an architectural and engineering professional services contract amendment for the Capitol Complex Phase 1 Project, Project No. 16-018-8001 in Austin, Texas.**

The Commission voted unanimously to approve the above Contract Consent Agenda, with a motion to approve made by Commissioner Perry and a second to approve the motion made by Commissioner Jones.

**VI. Consideration and possible action to approve an architectural and engineering professional services contract amendment for the Capitol Complex New Buildings and Utility Infrastructure Project, Site Utilities Package (Package 2), Project No. 17-008-8040 in Austin, Texas.**

The Commission voted unanimously to approve an architectural and engineering professional services contract amendment for Cobb, Fendley and Associates, Inc., in the amount of \$2,278,938.00 for the Capitol Complex New Buildings and Utility Infrastructure Project, Site Utilities Package (Package 2), Project No. 17-008-8040 in Austin, Texas, with a motion made by Commissioner Slovacek and a second to approve the motion made by Commissioner Novak.

**VII. Report from the Executive Director on facilities design, construction projects, facilities leasing, facilities operations, maintenance, energy management, HUB and legislation.**

Mr. Harvey Hilderbran, Executive Director, informed the Commission that TFC did not hear from the Governor's Office or the other two leadership offices regarding a May date for the groundbreaking ceremony for new construction in the Capitol Complex and it will be postponed indefinitely. He also gave an update on timelines and upcoming contacts for the new construction in the Capitol Complex. In addition, Mr. Hilderbran gave brief remarks regarding the E.O. Thompson parking garage and the RFQ that was issued by TFC for a potential project. Mr. Hilderbran then gave a brief summary on the TFC Operational Plan dashboard's strategic objectives. Lastly, Mr. Hilderbran gave a brief legislative update.

**VIII. Monthly Status Report from the Director of Internal Audit.**

- 1. Review and discussion of the Office of Internal Audit's (OIA) Follow-up of Human Resources Management (Report # 20170105).**

Ms. Amanda Jenami, Director of Internal Audit, gave brief remarks regarding the Follow-up of the Human Resources Management Report and informed the Commission that 72% of the recommendations have been implemented. Chairman Thomas reminded the Commission this follow up was based on the initial audit that was required by the Commissioners in 2015. The Commissioners instructed the Internal Auditor to do this audit as a result of some concerns that had been raised in the past. Thereafter, Ms. Donna Steadman gave the Commission a presentation on the report and thanked management and the staff of the HR Department for their cooperation and assistance provided throughout the audit process. Chairman Thomas spoke and stated that when he and Commissioner Jones joined the agency, they were under tremendous pressure and the HR Audit had been requested because of some things that had happened during the prior administration; and that Catherine Camp, the Director of Human Resources, was newly

back to the agency and charged with working with the Audit Division to identify areas of concern to make sure this agency was a healthy, safe, and a good place to work. Chairman Thomas thanked Ms. Camp and told her that he was very pleased personally and very thankful for the herculean amount of effort that she and her team put into fixing the issues which were identified in the report. And, the Chairman noted that this is a continuous and ongoing process; he recognized her efforts in not trying to take ownership of things that were identified as problems, but instead, in identifying ways to make them better. He then stated that auditing was a critically important function and was obviously not without its hiccups. But, the fact that we had gotten to a point where our Executive team and our Audit team were able to get this HR follow up done, and Audit obviously felt it was critically important to present to the whole Commission, was good.

Thereafter, Commissioner Jones stated that what she would like to see in future audits is that all parties involved be more diligent about the language that is used, and comments that are made: more factual comments rather than opinion as well as more professionalism. Chairman Thomas asked Commissioner Jones what she was referring to because her comments were broad. Commissioner Jones stated there were a number of comments made on both sides that she did not like; and she did not want to embarrass anybody in the meeting as the report has already been distributed and placed on our website. But, she would like to see more cooperation, a little more collaborative work, to show that we are moving forward in this organization. She stated that she recognized there were a number of differences of opinions throughout this audit, but she would like to see us move forward.

Chairman Thomas stated that he echoed Commissioner Jones' comments and wanted to direct these comments to both our Auditor and our Executive Director. He recognized that this was a very painful process and it was difficult for everyone. He stated that Commissioner Jones had made a valid point; and that we have to respect the independence and the professionalism of both of the auditors and executive management. Responding timely to the auditors' request that management provide comments as opposed to waiting until the end and rushing it, or having people make last minute comments and attacking each other in the documents has happened here and it has created difficulty for the teams to work together, as well as created difficulty for the staff, and it has put the Commissioners in an awkward situation. Chairman Thomas further state that the Audit Work Group has been trying to manage through this and that the Commissioners need to do a better job. Chairman Thomas further noted that something that is as critical as identifying risks to the agency, which is what the audit's function is—it is to identify risk so that the Commissioners, in their oversight function, can be aware – so that the Commissioners can ask management to address those issues and to hold management accountable.

He further state that the Commissioners have identified a risk to the agency: the cooperation and relationship between our Chief Internal Auditor and Executive Director. He would like to continue to see the efforts improve in that regard. He continued that he does not feel that building buildings is the agency's only critical function, but also leasing property, managing buildings, and also critical are all of the things TFC is required to do. And that means, the Commissioners expect the audit team to continue to do its job to provide factual-based, professional audits that help the Commissioners understand the risks to the agency. So that, the agency continues to improve, and the senior management team can be made aware of risk areas that they are otherwise too busy to know that need to be addressed. He also noted that the executive team needed the audit function to be a trusted source to help them identify ways to help them manage, in the best way possible, and to allow the oversight function of the Commissioners to work the best it possibly can.

Commissioner Slovacek stated that he felt that it is a question of courtesy and respect, and he thinks this organization is a team: a single team, not two teams, not auditing not management. He further stated that he felt that management and Audit need to work together, respect each other, be courteous of each other, and support the total team effort. He stated that the General Counsel could assist when Auditing has an issue by assisting with providing documents and files that are needed. He encouraged more interaction between the 2nd and 4th Floors and stated that he did not like that the Audit team and management were not on the same floor. Commission Slovacek reiterated that he wanted everybody to work together on one team, not on two teams; and he appreciated the difficulty of internal auditing and that it is a difficult position to be in, but respect and courtesy are two things he would like to see implemented and more of in the Commission.

Chairman Thomas stated that there were many articles in the HR Audit follow up report and he could tell that a majority of people in the room agreed that we are all part of a team and will get this done together. He also noted that there were several people in the room who were looking critical of the report. But, he stated that the bottom line is

we have an oversight Commission, and he thinks the Commissioners are going to work together to make sure that everybody performs their roles and responsibilities, to support to each other and to work to all be professionals, all be respectful, all be courteous, and to figure out how to achieve the objectives that the Legislature has instructed TFC to do.

**2. Consideration and possible action to approve the Revised Charter for the Office of Internal Audit.**

The Commission voted unanimously to approve the revised Charter for the Office of Internal Audit, with a motion to approve made by Commissioner Jones and a second to approve the motion made by Commissioner Perry. The revisions were necessary to reflect recent changes to the Commission policy regarding the Agency Audit Program adopted at the February Commission meeting as well as recent revisions to the OIA's standards.

**IX. Program Presentations.**

**1. Appropriations Status Update.**

Mr. Rob Ries, Director of Budget, gave a brief update on TFC's appropriations request from the submittal of the Legislative Appropriations Request to the current Senate and House of Representative versions being reviewed by the appointed conference committee as well as an overview of the current project budgets versus the core operations budget with the deductions TFC is already aware of that have been made to the FY 18-19 appropriations. Chairman Thomas asked staff to prepare a one page "Keep the lights On" memo, as suggested by Commissioner Novak, to be provided to all the Commissioners.

**X. Division/Program Director Reports.**

**1. Internal AEC (Minor Construction).**

Mr. Craig Winfield, Director of Internal AEC Services, gave the Commissioners a brief report on the Internal AEC Department. He gave a brief description of the overall program, the number of employees, and discussed the need for updated policies and procedures in written form, the objective to work on recycling more of the materials used by the program, and the new technology initiative involving a 3D scanner.

**2. Building Automation.**

Mr. Joaquin Garcia, Program Supervisor of Building Automation Department gave the Commissioners a brief report on Building Automation. He gave a brief description of the program, the number of employees, and discussed the goals of implementing new technology and providing training to staff regarding the new technology.

**3. Fire Controls.**

Mr. Matt Groce, Supervisor of Fire Controls gave the Commissioners a brief report on Fire Controls. He gave a brief description of the overall program, the number of employees, and discussed the program area's continued success in inspection, testing, and maintenance of the fire systems to cut down on the "yellow" and "red" tags received by the State Fire Marshall's Office.

**XI. Report from the Commission Work Groups.**

**1. Energy Work Group.**

Commissioner Novak informed the Commission that the Energy Work Group met on May 16, 2017 and discussed the status of the energy performance contract projects. In addition, Commissioner Novak mentioned that TFC is 95% complete with the LED lighting project in the Hobby Building Garage.

**XII. Report from the Chief Financial Officer on the monthly financial report update.**

Mr. Daniel Benjamin, Director of Accounts Payable, provided the monthly financial report including the agency forecast, operating expense report, year to date budget adjustments, cost recovery programs results of operations, the revenue forecast, and the financial transactions and appropriations not included in the operating budget.

**XIII. Discussion of Commission organization, policies, procedures and new initiatives.**

Chairman Thomas informed the Commission that the evaluations of the Executive Director and Internal Auditor will be conducted at the June Commission meeting. In addition the Chairman informed the Commission that the contract for the human resources/leadership training had been finalized. Lastly, the Chairman reminded the Commissioners that they will be contacted by the external contractor contracted by TFC to perform the peer review of the TFC Internal Audit Program.

**XIV. Recess into CLOSED session, if necessary, pursuant to Texas Government Code Chapter 551 for the following purposes:**

- a. Pending and potential litigation, Section 551.071.
- b. The appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of the Executive Director and executive management staff, Section 551.074 The duties, roles, and responsibilities as Commissioners of the Texas Facilities Commission, Section 551.074.
- c. The deliberation regarding purchase, exchange, lease, or value of real property, Section 551.072.
- d. All matters identified in this agenda where the commission votes unanimously that deliberation in an open meeting of business and financial issues relating to a contract being negotiated would have a detrimental effect of the position of the State in negotiations with a third person and in which the General Counsel has issued a determination in writing, Section 551.0726.
- e. Any matters identified in this agenda where the Commissioners seek the advice of their attorney, Section 551.071.

The Commission did not recess into executive session.

**XV. Reconvene in open meeting and consider action on matters discussed in Executive Session.**

The Commission did not recess into executive session.

**XVI. Adjournment.**

Chairman Thomas adjourned the meeting at 12:13 p.m.

**Reviewed and Submitted:**

By:   
Kay Molina, General Counsel

Approved by the Commission on June 21, 2017.

By:   
Robert D. Thomas, Chairman