

**NAVARRO COLLEGE BOARD OF TRUSTEES
JUNE 21, 2012 MEETING
MINUTES**

The Navarro College Board of Trustees met for their regular monthly meeting on Thursday, June 21, 2012 in the Gaston Gooch One Stop Center's Arrowhead Room following dinner in the President's Dining Room. All trustees were in attendance including: Mr. Lloyd Huffman, Dr. James Price, Mr. Phil Judson, Mr. Richard Aldama, Mr. A. L. "Buster" Atkeisson, Ms. Faith Holt, and Mr. Todd McGraw.

Others in attendance included:

Dr. Richard Sanchez	District President
Dr. Kenneth Martin	President, Ellis County Campuses
Dr. Harold Housley	Vice President, Academic Affairs
Ms. Gettie Moreno	Vice President, Finance and Administration
Ms. Maryann Hailey	Vice President, Student Services
Mr. Dewayne Gragg	Vice Pres., Enrollment Mgt., Student Success & Inst'l Studies
Dr. Tommy Stringer	Vice President, Institutional Advancement
Ms. Marcy Ballew	Director, Human Resources
Ms. Kristin Walker	Director of Continuing Education
Ms. Theresa Johnson	Coordinator, Workforce Education
Mr. Ben Blanton	Interim Coordinator, Fire Science Protection Technology
Mr. Jason Westmoreland	Coordinator, Law Enforcement Academy
Mr. Chris Waller	Coordinator, Emergency Medical Services
Ms. Leslie Smith	Executive Administrative Assistant
Ms. Lynne Coker	Executive Administrative Assistant
Mr. Cody Dickerson	M.I.S.C. Coordinator

Various other faculty, staff, students and visitors were also present.

Call to Order

Mr. Huffman called the meeting to order at approximately 7 p.m. and asked Mr. Judson to open the meeting with a prayer.

Board Announcements

Mr. Huffman pointed out the walls in the Arrowhead Room were bare because the arrowhead collections had been removed. He stated an expert archeologist from Oklahoma University was temporarily available to work with the designer, hired by the Foundation, to create exhibits telling the story of the culture from this area. The archeologist is going through the Arrowhead Collection to identify the frames to be displayed in the future museum to be constructed in the Cook Education Center. Mr. Huffman added it was important to take advantage of this window of opportunity.

Open Forum

There were no requests to speak during Open Forum.

Consent Calendar

Minutes - Board of Trustees May 24, 2012 Meeting

Dr. Price made a motion to approve the Consent Calendar. Mr. Atkeisson seconded the motion and the vote was unanimous.

Take Action on May 2012 Financial Statement

Ms. Moreno was asked to present the May 2012 financial statement. She began by stating the college continues to be financially stable.

There were no budget amendments to report for the month ending May 31, 2012. A review of the Source of Funds indicated the percentage of earned revenues, 81.19%, was down when compared to last year with 87.68% earned. Ms. Moreno responded to Dr. Price's inquiry stating Other Local Income includes various testing fees and revenues from Cosmetology sales. She stated these programs are doing well and have generated more revenue than budgeted with 102.12% earned compared to 20.81% earned last year.

Ms. Moreno continued stating Student Income shows a decrease with 94.89% of budgeted revenues earned compared to 102.09% last year at this point in time. Student Financial Aid is almost 20% lower than this point in time last year with 79.44% of budgeted revenues earned compared to 98.58%. Ms. Moreno stated she does not foresee earning the amount of revenues budgeted for Student Financial Aid but does anticipate recognizing budgeted revenues in all other categories.

A review of the Disbursement of Funds for the period ending May 31, 2012 showed expenditures were well under control with 78.11% of the amended budget expended, compared to 87.48% at this point in time last year.

A review of the Auxiliary Enterprises Schedule of Revenues and Expenditures for the quarter ending May 31, 2012 shows the percentage of budgeted auxiliary revenues earned, 80.72%, decreased slightly when compared to 82.97% last year. Expenditures increased to 86.65% expended compared to 75.75% the previous year. The actual dollar amount of Auxiliary Enterprises revenues, however, exceeded expenditures by \$349,661.

Ms. Moreno stated bookstore sales also decreased slightly with 70.17% of budgeted revenues earned compared to 74.35% the previous year. The college is finding that fewer students are willing to purchase textbooks and the profit margin on leasing books is much lower. As a result,, additional revenue sources are being explored including computer sales. Ms. Moreno stated she anticipates earning 100% of budgeted revenues before the end of the fiscal year.

Ms. Moreno responded to Mr. Aldama's inquiry about the Waxahachie Campus deli sales stating they were included under Dining Services. She added that although the opening of the deli was delayed and budgeted revenues were not realized, sales at the Corsicana campus deli and dining services were very healthy. Since the opening of the Waxahachie deli, sales have been very good. It's anticipated the cost to construct the deli will be recouped within five years.

Ms. Moreno stated several summer camps, including volleyball camps, have been scheduled and will generate additional revenues for Auxiliary Enterprises.

A review of the Comparative Balance Sheet for the quarter ending May 31, 2012 conveyed the amount

under *Cash in Bank*, \$16,159,208, was almost double when compared to \$8,724,806 the previous year. Ms. Moreno explained that depending on the disbursement of student refunds, this amount can vary by \$1 - \$2 million in one day alone. Ms. Moreno also stated that funds placed in the college's interest-bearing checking accounts earn better rates of interest than certificates of deposit, which is another reason for the high cash balance.

With the completion of construction projects, *Construction in Progress* dropped significantly from \$3,514,321 to \$296,449, and *Buildings–Net of Depreciation* increased from \$42,485,447 to \$48,649,742. Under Liabilities and Fund Balance, *Bonds Payable* decreased by over \$1 million with a balance of \$26,860,000 compared to \$27,925,000 last year. Lastly, the *Fund Balance* increased from \$12,693,277 to \$14,363,647.

Dr. Price moved to approve the May 2012 financial statement and Mr. Aldama seconded the motion. The decision was unanimous.

Take Action on Quarterly Investment Report for Period Ending May 31, 2012

Ms. Moreno stated the Quarterly Investment Report for the period ending May 31 2012 reflects investment activity that took place during the third quarter of the year.

The book value of total investments between February 29, 2012 and May 31, 2012 decreased by \$1,610,000 -- from \$5,700,000 to \$4,090,000. Ms. Moreno stated three Certificates of Deposit (CDs), earning 0.7% interest, reached maturity but could not be reinvested at a comparable rate of interest. Because the rate of interest offered on CDs was only .20%, the funds were deposited into college's checking account earning a rate .75% interest. This resulted in a decrease in the investment portfolio and an increase in Cash in Bank as previously noted on the Comparative Balance Sheet.

A review of the Investment Portfolio's Maturity Schedule showed \$3,200,000 in investments will mature during the first quarter of the next fiscal year and \$890,000 will mature during the fourth quarter. Ms. Moreno stated investments in CDs will have to be seriously considered since Prosperity Bank may not allow further expansion of the college's checking account.

She responded to Mr. Atkeisson's question about collateral, stating the bank is required to secure total deposits with 110% in pledged collateral. All investments are currently secured by pledged collateral in the amount of \$28,869,680 and FDIC Insurance in the amount of \$1,750,000. Ms. Moreno then concluded her report.

Mr. Judson made a motion to approve the Quarterly Investment Report for the period ending May 31, 2012. Mr. Atkeisson seconded the motion, and the vote was unanimous.

Update Regarding the Issuance of Navarro College District Consolidated Fund Revenue Bonds, Series 2012

Ms. Moreno was asked to continue with an update regarding the issuance of Navarro College District Consolidated Fund Revenue Bonds, Series 2012. She began by stating that during the May 24, 2012 meeting, the Board approved refunding and reissuing the 2003 Revenue Bonds and issuing an additional \$5.5 million to generate new funds.

Proceeds from the \$21.37 million issue will be used to refund and re-issue the college district's 2003

Revenue Bonds, lowering the college district's annual debt service, and the \$5.5 million in new funds will be used to finance construction of a classroom and a physical plant building on the Waxahachie campus.

Ms. Moreno stated that today (June 21, 2012) was the closing date for the revenue bonds and Raymond James/Morgan Keegan, underwriters, received the order at 10 a.m. to release funds in association with this bond issue. The first step will be to transfer payment of \$110,000 to Assured Guaranty Municipal Corporation for the bond insurance premium which increased the bond's rating from A2 to A3. The upgraded rating made the revenue bond issue a more favorable investment vehicle to the public.

Once the insurance policy is guaranteed, \$5,500,000 will be transferred to Navarro College's Construction Fund account at Prosperity Bank; \$3,466 will be transferred to the college's Interest and Sinking Fund account and \$168,800 transferred to First Southwest Company, the college's financial advisor, for the remaining costs of issuance. In addition, \$1,200 will be transferred to cover the first year annual paying agent fee, a one-time redemption fee, and a one-time escrow agent fee. A total of \$16,522,554.46 will be deposited into an Escrow Fund account for U.S. Bank Corporation and Trust Services.

Ms. Moreno reported that due to the premium bond owners were willing to pay, only \$21.4 million in revenue bonds had to be issued to generate \$22.3 million. She stated liquidating the 2003 Bonds with a 4-5% interest rate for a rate of 2% was to the college's benefit. She responded to Mr. Huffman's inquiry by explaining the "effective interest rate" was 1.7% when the premium fund was taken into account. Because of the intent to pay off the additional \$5.5 million in new funds within five (5) years, the college's debt service for the first five years will be \$3.3 million. After the five (5) years, the payment will drop to \$2.1 million.

Finally, Ms. Moreno stated she was asked by Dr. Sanchez to determine if it would be beneficial for the college district to refund and reissue the 2006, 2007 and 2009 series bond issues as well. She stated the 2006 and 2007 bonds were sold with a "make whole call" provision which means a premium would have to be paid if bond holders were asked to turn in their bonds before maturity. This would offset any savings. The 2009 series bond doesn't have a "make whole call" provision but the first callable bonds do not occur until 2019. Currently, the 2006 bonds are financed at 3.7% interest, the 2007 bonds at 4.08%, and 2009 bonds at 4.56%. Ms. Moreno reiterated that it would be more costly to call these bonds early and it is unlikely savings would accrue to the college district.

Before concluding her presentation, Ms. Moreno stated she was asked at the last board meeting about the amount of the Navarro College Retirement Fund invested in each bank. She stated \$10.4 million is invested with Community National Bank and \$7.4 million is invested with U.S. Bank of America and Trust.

Mr. Huffman thanked Ms. Moreno for her reports.

Update on Continuing Education Program

Dr. Martin introduced Ms. Kristin Walker, Director of Continuing Education, and asked her to present an update on the Continuing Education Program.

Ms. Walker began by stating her staff was with her and will be presenting the programs offered by the Continuing Education Program. She stated community education classes offered through the Continuing Education Program such as "iPad Technology" "Fishing with Friends", "Cowboy Cooking", and "History of Religions" are considered "fun, feel-good" courses. These differ from regular continuing education courses such as "Intro to Computers" "Quickbooks" and "Insurance Adjustor" which are designed to help individuals

develop their skills for employment.

Ms. Walker then stated the program has generated approximately 172,429 contact hours, which is a 1.1% increase over the previous year. She attributed this increase to the partnership programs with the Texas Juvenile Justice Department (TJJD) and Mexia State Supported Living Center (MSSLC).

Kid's College, held each summer, has become a very successful program and is now offered at all four campuses. Since 2001, approximately 1,262 children have attended the program. Ms. Walker stated some of the first Kid's College attendees are now enrolled at Navarro College as students. She continued stating the fastest growing division of the Continuing Education Program is in Health Professions. Certified Nurse Aide (C.N.A.) classes are offered continuously year-round in both Corsicana and Waxahachie and fill up quickly. A Certified Medication Aide class is now being offered in Mexia and Phlebotomy is offered in Corsicana and Waxahachie.

To generate additional contact hours and revenues, future plans include expanding on-line course offerings, offering administrative professional training, expansion of the Certified Nurse Aide program and offering new health-related programs such as a Medical Assistant Program and Medical Billing Program.

Ms. Walker then introduced Theresa Johnson, Coordinator of Workforce Education. She stated Ms. Johnson and Mr. Don Jock work with local business and industry in generating grants. Ms. Johnson stated a Texas Workforce Commission Skills Development Grant for an Ellis County corporation is in the final stages of approval and will generate approximately 1,500 contact hours. A Department of Labor Grant currently funds entry level logistics training for distribution and manufacturers in the area. Approximately 100 certifications have been awarded to date. Ms. Johnson concluded by stating she and Mr. Jock are working with area hospitals and companies to obtain more Skills Development Grants through the Texas Workforce Commission. Ms. Walker added the Skills Development Fund Grant offers companies the opportunity to train their full-time employees at no cost.

Next, Ms. Walker introduced Mr. Ben Blanton who is acting as Interim Coordinator for the Fire Science Protection Technology Program. Mr. Blanton began by thanking the Board for the purchase of the fire engine for training purposes. He stated this is a "top-of-the-line" piece of equipment and is a great asset for teaching students. The program has over 140 years of experience among the lead instructors and they are primarily responsible for the success of the program. Every paid fire department within the Navarro College service area is represented in the program's Advisory Board as well as several volunteer fire departments. Mr. Blanton stated several former Fire Academy and Emergency Medical Services students are successfully employed and working for fire departments throughout the state of Texas including: Corsicana, Ennis, Midlothian, Rowlett, Red Oak and Arlington.

Mr. Blanton continued stating that spring 2012 students' pass rate on the Texas Commission Fire Protection exam was 100%. Mr. Blanton stated this is an extremely important exam because students must satisfactorily pass the exam before they are employed. He stated future plans for the program include offering new continuing education classes. He stated a Rapid Intervention Team Training was recently implemented within the service area and has received great feedback. He stated plans are to expand this training in the future before concluding his report.

Mr. Huffman inquired if the program still has access to Waxahachie Fire Department's fire training area. Mr. Blanton responded a great relationship exists with the Waxahachie Fire Department which allows the program to use their training facilities. He stated students are taken out for week-long periods at this training facility. Families are invited to view the training on Wednesday nights.

Ms. Walker then introduced Mr. Jason Westmoreland, Law Enforcement Academy Coordinator. Mr. Westmoreland began by acknowledging the quality of instructors in the academy. The lead instructors represent large metropolitan to rural county agencies locally and throughout the nation. The Advisory Board, which sets admission standards, is composed of law enforcement officers and civilians throughout the service area. Since 2000, almost 400 graduates have been employed as peace officers. Approximately 60% of these peace officers are employed within the college's service area. The spring 2012 class of 28 students had a first-attempt pass rate of 100% on the TCLEOSE exam. Mr. Westmoreland stated he is working with local law enforcement agencies to place classes where they are more accessible for students. He stated future plans include new classes offering more specialized training such as Rural Investigative Techniques which is geared toward local law enforcement. He concluded his report by thanking the Board for their support.

Ms. Walker introduced Mr. Chris Waller, Coordinator of the Emergency Medical Services Program. Mr. Waller stated program instructors and the Advisory Board are the foundation of the EMS Program. He stated lead instructors offer over 80 years of diversified experience from private, fire and hospital-based EMS. He stated their diversity and experience comes through in their training of students. The Advisory Board defines the program standards and curriculum. The Advisory Board consists of several members from local EMS agencies, representatives from hospital and clinical sites, as well as a medical director from Baylor Health Care System.

Mr. Waller stated graduates of the EMT and Paramedic program are currently employed throughout the state within all aspects of emergency medical services. Mr. Joey Padilla was awarded "Rookie of the Year" recently. The spring 2012 EMT class had the highest pass rate on the National Registry Exam required for licensure with a passing rate of 91%. Future plans include becoming a training center for the American Heart Association. A new paramedic program is scheduled to begin in January 2013. Expansion of clinical sites and training opportunities are being investigated as well. He concluded his report by stating it is hopeful the Paramedic Program will become accredited sometime in the fall semester 2012.

Ms. Walker concluded the update on the Continuing Education Program by stating this is her tenth year with Navarro College and under the guidance and leadership of Dr. Housley and Dr. Martin she feels she is on the pathway to make a difference in people's lives. She stated it is her goal to make the Board of Trustees proud and thanked them for their support of the program.

Mr. Huffman thanked Ms. Walker and her staff for their reports.

Update on Personnel Activity

Ms. Ballew presented an update on personnel activity. She began by stating the following appointments were made during the month of May 2012:

- Matthew Cates – Director of Marketing and Public Information - Corsicana
- Kasey McBrearty – Head Volleyball Coach – Corsicana
- Orlandrus Kelly – Coordinator of Student Life/Activities – Corsicana
- Kathy Hanna – Administrative Assistant II – Corsicana
- Marissa Santos – Academic Advisor/Registrar's Assistant - Mexia

The following retirements occurred during the month of May 2012:

- Nan Strebeck – Professor of Developmental Studies – Math – Corsicana
- Trina Jeffers – Administrative Assistant IV – Corsicana

The following resignations occurred during the month of May 2012:

- Karen Alewine – Professor of Business Information Technology – Mexia
- Kelsey Belsher – Head Athletic Trainer – Corsicana
- Carley Tucker – Coordinator of Tutorial Services/Academic Advisor – Corsicana
- Pat Granger – Cook Center Coordinator – Corsicana
- Marni White – Office Manager – Midlothian
- Tina Hiler – Assistant Professor Cosmetology - Corsicana

Ms. Ballew stated there were no reassignments, reclassifications, transfers, or terminations during the month of May 2012 to report. She continued by stating 13 open positions were currently being advertised including:

- Administrative Assistant II – Arts & Sciences – Corsicana Campus
- Administrative Assistant IV – Business, Professional and Technical Education – Corsicana Campus
- Administrative Assistant IV – Waxahachie Campus
- Human Resources Specialist – Corsicana Campus
- Marketing Specialist/Administrative Assistant V – Corsicana Campus
- Campus Police Officer – Corsicana Campus (2)
- Audio visual Specialist – Corsicana Campus
- Fire Academy Coordinator – Waxahachie Campus
- Professor of Petroleum Technology/Program Coordinator – Corsicana Campus
- Professor of Petroleum Technology/Automation – Corsicana Campus
- Professor of Business Information Technology – Mexia Campus
- Professor of Sciences – Chemistry – Ellis County Campuses
- Professor of Associate Degree Nursing – Corsicana Campus

Ms. Ballew concluded her report.

President's Report

Board of Trustees Calendar

Mr. Gragg was asked to present the Board Calendar for June-July 2012. Highlights included: First Year Experience Beau Camps, Kids College, volleyball and basketball camps, and the ACCT Workshop and Budget & Planning Workshop on July 19. A LVN Pinning Ceremony will be held on August 10 and GED Graduation on August 11, 2012

Enrollment Update

Mr. Gragg was asked to continue with an update on enrollment. He stated enrollment figures for Summer I are being finalized and he will have an accurate count for the July Board meeting. Enrollment for Summer II classes is down and "flat" for the fall 2012 semester when compared to last year.

Mr. Gragg continued stating he is confident of reaching the enrollment goals set for the fall 2012 semester. He stated the new Director of Marketing and Public Relations, Matthew Cates, has "hit the ground running." A media blitz including traditional newspaper advertisements as well as a variety of methods never tried in the past are planned to boost enrollment. Mr. Gragg concluded by stating Mr. Cates and Ms. Margaret Moreno will be sharing new strategies with the Board during the August meeting that will excite them.

Construction Update

Ms. Moreno was asked to share updates on construction projects in progress. She stated local contractor, Generation II, has performed extremely well and timely progress is being made on the construction of the new 64-bed residence hall and the adjacent parking lot. After sharing pictures of the construction in progress, she stated sheet rocking is scheduled to begin the following Monday, a week ahead of schedule.

Ms. Moreno continued stating it was disappointing to report very little progress has been made by the new contractor on the baseball/softball and soccer field houses. She has been told that construction has been delayed by one and one-half weeks because of a soil test failure caused by rain. Work is expected to begin the following Monday on digging piers. She stated once the piers and foundations are completed, the construction should move along rather quickly.

Ms. Moreno displayed pictures of renovations being made to Building C on the Waxahachie campus which contains the administrative offices, deli and bookstore. The main entrance near the cashiers/admissions and records area is being redesigned to reduce congestion and improve the look and flow of the area. Ms. Moreno concluded by stating most of the renovations are being completed "in-house" by maintenance staff, saving the district funds for use elsewhere.

Legislative Update

Dr. Sanchez stated there was little news to share regarding a legislative update. It does appear the state will face a possible deficit of \$20-\$25 billion this biennium and funds may have to be returned. Dr. Sanchez stated he has instructed Ms. Moreno to set aside another 5% of state allocations in the budget over next two years (for a total of 10%) in anticipation of having to return more funds.

Ms. Moreno has been informed the state desires to raise the employer-paid portion of TRS to 6.4%. Last year the employer portion was lowered from 6.5% to 6%. There was no mention of an increase for ORP (Optional Retirement Program) which remains at the 6% level.

ACCT Workshop and Budget and Planning Workshop – July 19, 2012

Dr. Sanchez stated the ACCT workshop on July 19, 2012 will be held from 8 a.m. to 12 noon. Following lunch, the budget and planning workshop will begin at approximately 1:30 p.m. and conclude at 4:30 p.m. Dinner will be served at 5 p.m. and the regular board meeting will begin at 6 p.m. Dr. Sanchez stated the agenda for the July 19, 2012 regular board meeting will be limited to a few items so the board may retire early.

ACCT Congress, Boston, MA – October 10-13, 2012

Dr. Sanchez informed the Board registration for the ACCT Congress in Boston, Massachusetts in October has been confirmed and reservations secured at the Sheraton Boston Hotel where the conference will be held.

LVN and GED Graduation Ceremonies

Dr. Sanchez stated the LVN Pinning and Graduation ceremony will be held on Friday, August 10, 2012 and the GED Graduation will be held the following morning on Saturday, August 11, 2012. He inquired if any Trustees plan to attend and stated his office would contact them the following week regarding their plans.

M.I.T.C. Advisory Committee Meeting

Dr. Sanchez stated the first meeting of the M.I.T.C. Advisory Committee will be held on Monday, July 9, 2012 on the Midlothian Campus. He stated the presidents from each of the institutions will be attending and the role of the advisory committee will be determined during this inaugural meeting.

ACT and U.S. News and World Report STEM Solutions 2012 Leadership Summit

Dr. Sanchez stated he has been asked to participate in a special dialogue among community college leaders from across the country during a pre-summit meeting convened by ACT and U.S. News & World Report. The event will be held in Dallas prior to the U. S. News & World Report STEM Solutions 2012 Leadership Summit June 27-29, 2012. He stated information sent to him states our nation is at a moment in history that requires bold, innovative leadership if it is going to regain its world presence and maintain its global competitiveness. Community colleges will have a vital role in shaping the nation's future. Dr. Sanchez stated he is looking forward to the meeting.

Mr. Huffman congratulated Dr. Sanchez on being selected to participate in the summit.

Announcement and Adjournment

Mr. Huffman announced the next regular meeting of the Board of Trustees would be held at 6 p.m. on July 19, 2012 in the Arrowhead Room following the ACCT and Budget and Planning Workshops earlier that day.

Mr. Aldama moved to adjourn the meeting at 8:25 p.m. and Mr. Atkeisson seconded the motion. The vote was unanimous.

Respectfully submitted,

Phil Judson, Secretary-Treasurer
Navarro College Board of Trustees