



NAVARRO COLLEGE BOARD OF TRUSTEES
DECEMBER 16, 2021 MEETING
MINUTES

On Thursday, December 16, 2021, the Navarro College Board of Trustees gathered in the Bulldog Board Room located on the Corsicana Campus to conduct their regular monthly meeting. Trustees in attendance included: Chairman Phil Judson, Vice Chairman Billy Todd McGraw, Secretary-Treasurer Richard Aldama, Trustee A. L. "Buster" Atkeisson, Trustee Faith Holt, and Trustee Kim C. Wyatt. Trustee Loran Seely was absent.

Others in attendance included:

Dr. Kevin G. Fegan	District President
Ms. Teresa Thomas	Vice President, Finance and Administration
Ms. Sina Ruiz	Vice President, Enrollment Management and Instl. Effectiveness
Ms. Marcy Ballew	Vice President, Human Resources
Ms. Maryann Hailey	Vice President, Student Services
Dr. Harold Housley	Vice President, Operations and Instl. Advancement
Ms. Stacie Sipes	Director, Marketing and Public Information
Ms. Susan Womack	Senior Research Analyst, Corsicana Campus Strategic Plan Lead
Mr. Guy Featherston	Dean of Waxahachie Campus and Health Professions
Ms. Jeanette Underwood	Dean of Midlothian Campus and Dual Credit
Ms. Leslie Smith	Executive Assistant to the District President
Mr. Lupe Garcia	Whitley Penn
Mr. George Williford	Hilltop Securities

Additional staff and guests were also present.

Call to Order

Chairman Judson called the meeting to order at 10:30 a.m. and welcomed everyone present and Merry Christmas. Trustee Aldama began meeting with a prayer.

Board Announcements

Chairman Judson announced a Closed Session to discuss personnel matters in accordance with Government Code 551.074 would be held following the President's Report. He stated no action would be taken.

Open Forum Time

There were no requests to address the Board.

Consent Calendar

a. Minutes – October 28, 2021 Meeting

Trustee Atkeisson moved to approve the Consent Calendar; Trustee Wyatt seconded the motion. The decision was unanimous.

Consider Action on Annual Financial Audit for Fiscal Year Ended August 31, 2021

Mr. Lupe Garcia from Whitley Penn LLC was introduced by Vice President Thomas and asked to share the results of their audit of the financial statements for the fiscal year ended August 31, 2021.

Mr. Garcia began by explaining the process they used in conducting the audit, which was in accordance with Generally Accepted Auditing Standards and Government Auditing Standards. He was pleased to announce that based on their findings, they were issuing an "unmodified" or "clean" opinion on the FYE

August 31 2021 financial statements. This is the highest level of assurance that can be given a set of financial statements. He stated a second "clean report" was being issued on the college's internal control and compliance. No material weakness was identified, no significant deficiencies were reported and no instances of noncompliance material to the financial statements were noted.

For FY 2020-2021, major federal and state programs were Vocational Education (\$0.3M), Student Financial Assistance Cluster (\$20.6M), the Education Stabilization Fund (\$10.5M) and Texas Education Opportunity Grant (TEOG) (\$0.7M). Mr. Garcia stated a "clean report" was being issued on their audit of federal and state programs. There were no internal control findings related to each major program. An unmodified opinion was also being issued on compliance. No instances of noncompliance or questioned costs were noted.

Mr. Garcia reviewed the statement of net position as of August 31, 2021:

- Total Assets and Deferred Outflows: \$117.3 million
 - Cash and investments: \$22.9 million
 - Capital assets, net of depreciation: \$58.7 million
- Total Liabilities and Deferred Inflows: \$82.2 million
 - Bonds, leases, and note payable: \$17.0 million
 - Net pension liability: \$9.9 million
 - Net other post-employment benefits (OPEB) liability: \$27.9 million
- Net Position: \$35.1 million

When the required contributions to the Teacher's Retirement System of Texas and other post-employment benefits are discounted, the college's overall net position improved over the previous year. FYE 2021 revenue totaled \$67M, an increase when compared to \$59.5M in FYE 2020. Mr. Garcia stated although revenue increased by a significant amount, expenses were relatively "flat" due to careful and strategic budgeting resulting in the increase in the college's net position.

Mr. Garcia stated the college's accounting policies and methods were found appropriate and in accordance with industry standards. He noted one minor implementation this fiscal year: the report's name was changed from the "Comprehensive Financial Audit Report" to "Annual Comprehensive Financial Report." He continued stating it was concluded management has a reasonable basis for significant judgments and estimates that impact the financial statements.

Mr. Garcia commended Vice President Thomas and her team. He stated they encountered no difficulties in dealing with management in performing and completing their audit. There were no material misstatements that were identified that required management's correction and they had no disagreements with management over the application of accounting principles or management's judgments about accounting estimates.

Chairman Judson inquired if Mr. Garcia could foresee an additional audit in the future with the influx of federal funds. Mr. Garcia responded pandemic funds are receiving a lot of scrutiny and he could very well see the potential for the Department of Education to conduct desk audits. He added the college is prepared in that event.

Trustee Aldama made a motion to approve the Annual Comprehensive Audit for Fiscal Year Ending August 31, 2021 and Trustee Holt seconded the motion. The motion passed by a unanimous vote.

Both Vice President Thomas and Dr. Fegan thanked Mr. Garcia for the assistance and guidance his firm has been providing in particular with answering questions related to keeping the CARES grant funds clean from an audit perspective.

Chairman Judson thanked Mr. Garcia, Vice President Thomas and her team for their work.

Discussion and Consideration of Resolution Authorizing the Issuance of Navarro College District Consolidated Fund Revenue Refunding Bonds, Series 2022

Vice President Thomas introduced Mr. George Williford, financial advisor for Navarro College since 2003.

Mr. Williford presented information on refunding the District's Series 2009 and Series 2012 bond issues to take advantage of lower interest rates. A historical analysis of the 2009 and 2012 bond issues and the process for conducting a Parameter Bond Sale was shared. Mr. Williford noted a Parameter Bond Sale allows for flexibility, Bonds can be priced at any time and in an interest environment that is advantageous rather than being locked into pricing on the date of a Board meeting.

Mr. Williford shared examples of savings the college could realize from bond refunding based on different interest rates. He stated the Board of Trustees will need to delegate final pricing authority to a Pricing Officer(s) and establish bond sale parameters that must be met before the Pricing Officer(s) can approve the sale including:

- Maximum Interest Rate
- Minimum Savings Threshold for Refunding
- Aggregate Principal Amount of Issue
- Final Maturity Date
- Expiration of Delegated Authority

Mr. Williford advised that action cannot be taken to close on a sale before February 15, 2022 for the bond issue to be considered tax-exempt. Following a brief question and answer period, Chairman Judson thanked Mr. Williford and announced the proposed resolution will be placed on the January 27, 2022 agenda for action.

November 2021 Financial Statement

Vice President Thomas presented the November 2021 financial statement for approval. Budget adjustments increased the FY 2021-2022 budget \$4,119,757 for a revised total of \$99,045,027 as of November 30, 2021.

In a year-to-year comparison, Educational & General revenue before HEERF Federal Grants was up \$8,713,399. Vice President Thomas stated the increase was due to timing differences in state and federal grants which were up \$9,847,553. Student Income was down \$1,039,724, State Appropriations were down \$235,355 and Other Income was down \$62,698 compared to November 2020.

Educational & General resource allocations, before HEERF Federal Grants, increased by \$3,832,172 compared to November 2020. Vice President Thomas stated \$4,613,253 was also due to a timing difference in state and federal grants. The remaining expenditures decreased by \$781,081. The overall year to year comparison of actual net income in the General Operating fund, before HEERF Federal Grants, increased by \$4,881,227 with \$4,613,253 of federal grants making up the majority of the increase. Auxiliary net income increased \$1,016,260. Total net income, before HEERF Federal Grants, increased \$5,897,487.

Net income with HEERF Federal Dollars included for both the Educational & General Fund and the Auxiliary Fund increased \$126,889. Vice President Thomas noted there is a \$404,089 timing difference in HEERF and other grant funds still needing to be drawn down for September through November 2021. The increase in total net income then becomes \$530,978.

A month to date comparison of "budget" to "actuals" through November 2021 showed an increase of \$2,572,471 in revenue and \$6,692,329 less in resource allocations for a net General Operating increase of \$9,534,800. Vice President Thomas reminded the Board actuals include HEERF funds where the budget only includes HEERF funds known at the time the budget was adopted. The auxiliary revenue showed an increase of \$1,055,956 over budgeted amounts and \$112,842 less in resource allocations over budgeted amounts for a combined auxiliary net of \$1,168,798 over budget through November 2021. Contingencies totaled \$463,202.

Vice President Thomas stated an additional \$200,000 in tax revenue is expected due to the tax rate remaining the same in 2021 and concluded her report.

Trustee Wyatt inquired how the CARES funds in the report are being expended. Dr. Fegan explained what each HEERF (CARES) fund is designated for, how they are being spent, and gave examples of how the "lost revenue" funds can be used. He stated a report showing an itemized list of how funds are being expended is being developed.

Trustee Atkeisson expressed appreciation for the explanations and graphics in the financial statements. He moved to approve the November 2021 Financial statement and Trustee McGraw seconded the motion. The motion passed by a unanimous vote.

Quarterly Investment Report for Quarter Ended November 30, 2021

Vice President Thomas presented the Quarterly Investment Report for the quarter ended November 2021 for approval. She stated the book value of investments totaled \$2,476,000 with a market value of \$2,478,876 as of November 30, 2021.

Four CDs (Certificates of Deposit) in the amounts of \$500,000, \$250,000, \$145,000 and \$100,000 matured during the first quarter and were reinvested in CDs earning rates of 0.400% and 0.450%. She noted these interest rates exceed the Federal Funds and Treasury Bill benchmark rates of 0.1200% and 0.1000%.

Cash deposits totaling \$29,725,218 are secured with \$1,000,000 in FDIC Insurance and pledged collateral in the form of mortgage-backed securities and government agency issues totaling \$35,072,368. Following a review of the maturity schedule of investments through fiscal year 2022, Vice President Thomas concluded her report.

Trustee Wyatt moved to approve the Quarterly Investment Report for the quarter ended November 2021 and Trustee Atkeisson seconded the motion. The motion passed by a unanimous vote.

Appointment of Brandon Ford to Fill Vacancy on Navarro College Employees Retirement Committee

An opening was created within the Navarro College Employees Retirement Committee with the recent retirement of committee member, Mark Dillman. Current members of the committee are Teresa Thomas, Marcy Ballew, Jan Phillips, Debbie Pickett, Brad Richardson, Dr. Suzann Spaniel, Shannon Dunn, and Lynne Coker.

Dr. Fegan noted each committee member represents a specific group (i.e. faculty). The committee recommended the appointment of Brandon Ford to fill the vacancy. Mr. Ford has been a member of the plan since 2007.

Trustee Holt moved to appoint Brandon Ford to fill the vacancy on the Navarro College Employees Retirement Committee and Trustee Atkeisson seconded the motion. The motion passed by a unanimous vote.

Update on Enrollment

Vice President Ruiz presented an update on enrollment. She stated registration for Spring 16-week and Spring 1st 8-weeks classes was in progress and will continue through Saturday, January 15th. As of December 15, 2021, overall semester credit hour enrollment was down -7.30% compared to last year and contact hour enrollment was down -1%. Dr. Fegan noted contact hour enrollment was most important because that is what state funding is based upon.

Vice President Ruiz continued with a review of certified enrollment of Fall 2021 degree-seeking students, Continuing Education for Quarter 1, and Adult Education and Literacy (AEL) participants completing 15 hours in the program. Continuing Education certified 513 students, 195 students less than projected. AEL reported 578 students as of December which exceeded their projections by 2% or 74 students.

Vice President Ruiz stated as of December, Navarro College has served 7,656 students of the 12,000 projected to be served overall. She concluded her report and was thanked by Chairman Judson.

Update on Personnel Actions

Vice President Ballew presented an update on personnel actions. She reported the following appointments were made between November 19 and December 16, 2021:

- Jeff Magruder – Associate Professor – Philosophy/Speech
- Alison Skinner – Chief Accountant
- Marsha Thomas – Accounts Payable Specialist
- Travis King – Maintenance Worker – Housing
- Deffie Williams – Area Housing Coordinator
- Ryan Watson – Assistant Professor of Licensed Vocational Nursing

Vice President Ballew concluded her report and was thanked by Chairman Judson.

District President's Report

Calendar Highlights

Dr. Fegan reviewed highlights of upcoming events. The college will be closed for the Christmas holidays December 18 – January 2 and will also be closed Monday, January 17, for MLK Jr Day. The annual MLK Jr Breakfast will be held on Tuesday, January 18, starting at 7:00 a.m. in the Cook Education Center.

Dr. Fegan recognized Vice Presidents Maryanne Hailey and Dr. Harold Housley who will be retiring at the end of December. He stated Dr. Housley will remain on for a period as Navarro College Foundation Executive Director. He expressed appreciation for their service and wished them great success in their new opportunities. Chairman Judson thanked them for their years of service on behalf of the Board. He stated their passion contributed to the success of students.

Dr. Fegan concluded his report by thanking the Board for their support during the past year and for their generosity. He stated colleagues are very appreciative of the salary increases and one-time stipend they are receiving.

Chairman Judson thanked Dr. Fegan and stated it was a pleasure to be able to give the salary increases and stipend.

Next Meeting Announcement, Closed Session

Chairman Judson announced the next Board of Trustees meeting will be held on January 27, 2022 at 7:00 p.m. in the Bulldog Board Room. He wished everyone a safe and healthy holiday.

Trustee Wyatt moved to convene into Closed Session at 11:50 a.m. and Trustee Atkeisson seconded the motion. The decision was unanimous.

Reconvene into Open Session, Adjournment

At 12:40 p.m., Trustee McGraw moved to reconvene into Open Session and adjourn the meeting. The motion was seconded by Chairman Judson and the decision was unanimous. The meeting was immediately adjourned. No action, decision or vote was taken on the matters discussed.

Respectfully submitted,



Richard L. Aldama, Secretary-Treasurer
Navarro College Board of Trustees