

**NAVARRO COLLEGE BOARD OF TRUSTEES
DECEMBER 15, 2011 MEETING
MINUTES**

The governing body of Navarro College gathered on Thursday, 2011 in Arrowhead Room located in the Gooch One Stop Student Center following a dinner in the President's Dining Room to conduct their regular monthly meeting. All Trustees were in attendance including: Mr. Lloyd Huffman, Dr. James Price, Mr. Phil Judson, Mr. Richard Aldama, Mr. A. L. Atkeisson, Ms. Faith Holt and Mr. Todd McGraw.

Others in attendance included:

Dr. Richard Sanchez	District President
Dr. Kenneth Martin	President, Ellis County Campuses
Ms. Maryann Hailey	Vice President, Student Services
Mr. Dewayne Gragg	Vice President, Enrollment Management and Inst. Studies
Dr. Tommy Stringer	Vice President, Institutional Advancement
Ms. Marcy Ballew	Director, Human Resources
Ms. Aaron York-Langston	Comptroller
Ms. Janet Daugherty	Budget Officer
Mr. Mike Ables	Jaynes, Reitmeier, Boyd & Therrell, P.C.
Ms. Kristy Davis	Jaynes, Reitmeier, Boyd & Therrell, P.C.
Mr. Tom Carr	Attorney at Law
Ms. Rhina Sandoval	Chief Accountant
Ms. Jan Phillips	Internal Auditors
Ms. Jeannette Sparks	Grants Accountant
Mr. Dairy Johnson	Chairman, Support Staff/Paraprofessional Committee
Ms. Leslie Smith	Executive Administrative Assistant
Ms. Darla Littrel	Executive Administrative Assistant
Mr. Cody Dickerson	M.I.S.C. Coordinator/Vice-Chairman Support Staff/Paraprofessional Com.

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

Call to Order

Mr. Huffman called the meeting to order in the Arrowhead Room at approximately 7:00 p.m. and asked Mr. Judson to begin with a prayer.

Following the prayer, Mr. Huffman announced a closed session would take place following Item 501 – The President's Report on Items of Information. He stated no decision was anticipated following the closed session.

Board Announcements

There were no announcements.

Open Forum Time

There were no requests to speak to the Board.

Consent Calendar

a. Minutes - Board of Trustees November 10, 2011 Meeting

Mr. Aldama moved to approve the Consent Calendar and Mr. Judson seconded the motion. The decision was unanimous.

Approve the Financial Audit for the Fiscal Year Ended August 31, 2011

Ms. Aaron York-Langston was asked to represent the Vice President for Finance and Administration, Ms. Gettie Moreno, in her absence. Ms. Langston introduced representatives from the auditing firm, Jaynes, Reitmeier, Boyd & Therrell, P.C., Mr. Mike Ables and Ms. Kristy Davis. She then asked them to present their findings on the college's financial statements.

Mr. Ables stated it was their firm's responsibility to perform an audit to determine if the college's financial statements were "free of material misstatement and fairly presented." Based on examination of the amounts and disclosures in the financial statements, estimates made by management, and evaluation of the overall financial statement presentation, it was their opinion the financial statements are fairly presented in all material aspects. He stated he was pleased to report they were issuing a "clean, unmodified opinion."

He continued by stating it was also their responsibility during the audit to obtain reasonable assurance that the District has complied with the requirements of major federal and state award programs. The audit was initiated in October 2011 and took 350 man hours to perform. He stated based on evidence examined, the District has complied in all material respects with the specified compliance requirements.

Mr. Ables continued stating there were no new accounting policies to report this year. There no audit adjustments made.

Mr. Ables stated there were no difficulties or disagreements with management. He expressed appreciation to Ms. Moreno, Ms. Langston and their staff for their cooperation and assistance during the audit. He then asked senior auditor, Ms. Kristy Davis, to present financial highlights of the year end audit.

Ms. Davis reported the district's net assets of \$40,164,000 for the year ending August 31, 2011 were a healthy increase from \$36,436,000 for the previous year ending August 31, 2010. She stated the two major factors for this growth were an increase in accounts receivable which was in direct correlation to the increase in student enrollment and increase in contact hours. Also, growth in non-current assets was a result of several capital projects initiated in 2010 that were completed and placed in service during 2011, including Phase II Midlothian Campus building, Petroleum Technology building and Police building.

Operating revenues and operating expenses grew in 2011 when compared to the previous year. Ms. Davis stated operating expenses increased in correlation to the increase in student population as well as the increase in maximum PELL grants students received, salary increases and staff bonuses paid during the year. In addition, operation and maintenance of the college increased as a result of the increase in buildings within the district. Ms. Davis pointed out that most of the operating expenses were offset by the reimbursement of federal and state grants (PELL awards) the district received.

Ms. Davis stated there were no material weaknesses or instances of noncompliance to disclose in regard to financial reporting and compliance under *Government Auditing Standards and Public Funds Investment Act*.

Ms. Davis concluded her report by stating there were two internal control findings; one under a federal program and one under a state program which were brought to management's attention. She stated these findings did not impact the clean opinions reported.

Mr. Ables and Ms. Davis concluded their presentation. Dr. Price inquired if they had any suggestions or recommendations. Mr. Ables responded by stating they had no findings or recommendations.

Dr. Price moved to approve the annual financial audit for the year ending August 31, 2011. Mr. Aldama seconded the motion and the decision was unanimous.

Following the motion for approval, Ms. Langston announced for the tenth successive year, the college has been awarded the Certificate of Achievement for Excellence in Financial Reporting presented by the Government Finance Officers Association of the United States and Canada. Ms. Langston asked Ms. Rhina Sandoval, Ms. Jeannette Sparks, and Ms. Jan Phillips to stand and be recognized for this recognition. She stated this has become a tradition since the award has been earned in previous years and that they have every intention of continuing to receive the award for the next twenty years. Trustees congratulated them on this achievement.

Take Action on November 2011 Financial Statement

Ms. Janet Daugherty was asked to present the November 2011 Financial Statement. She began by stating that Ms. Moreno asked her to reiterate that the college continues to be in a "very healthy financial condition."

She continued with a review of the Statement of Budget Changes for the month ending November 30, 2011. One budget amendment totaling \$5,050 recognized grant funds received from XTO for the purchase of equipment for the Multimedia Department. The revised budget totaled \$114,067,542 for the month ending November 30, 2011.

A review of the Source of Funds indicated 38.78% of total budgeted revenues had been earned as of November 30, 2011, compared to 39.73% the previous year. Ms. Daugherty stated because the current year's budget is larger than last year's, the percentage of revenues earned appear lower. She stated an increase of Other Local Income with 31.93% earned compared to 8.40% the previous year was due to reimbursement received from the Navarro College Foundation for half of salary and benefits of an employee.

Ms. Daugherty stated the large difference in the Plant Fund with 265.13% earned as of November 30, 2011, compared to last year with 0.21% earned, was due to different construction projects in progress. An increase in budgeted revenues in the Student Financial Aid Fund impacted the percentages, with 36.56% earned as of November 30, 2011 compared to 42.34% last year.

A review of the Disbursement of Funds indicated 46.45% of the total budget had been expended as of November 30, 2011 compared to 54.14% the previous year. Ms. Daugherty stated the difference in the Plant Fund with 89.36% expended compared to 102.34% last year was due to the different stages of the construction projects in progress between the two years. She stated the larger Student Financial Aid budget also impacted the percentage of funds that have been expended with 23.19% expended compared to 30.92% the previous year.

Ms. Daugherty concluded and Ms. Langston continued by presenting the Auxiliary Enterprises Schedule of Revenues and Expenditures for the quarter ending November 30, 2011.

Ms. Langston stated it has been one year since Ms. Moreno began presenting the Auxiliary Enterprises Schedule of Revenues and Expenditures and as a result, percentages can now be compared to the previous year. She stated \$3,305,344, or 29.13%, of total revenues had been earned compared to 31.65% last year at this time. Other Income with 16.49% earned, compared to 98.93% last year, was lower because athletic fundraising receipts have been moved to the Agency Fund. Expenses in Dining Services appear to be down with 86.58%, compared to 99.03% last year; however, because the new Waxahachie Deli is not yet in operation, budgeted salaries and expenditures have not been encumbered. Ms. Langston explained the increase in Student Activities expenditures was due to the new encumbrance process for salaries and expenses. These expenses are in line with the expenses reported for the previous year.

Ms. Langston continued with a review of the Comparative Balance Sheet as of November 30, 2011. Net assets increased 7.93% over last year with a total of \$93,107,364 compared to \$86,264,419 the previous year. Ms. Langston stated investments increased by \$3 million in a concerted effort to earn as much interest as possible. The increase in Plant and Equipment reflected the completion of new buildings including Phase II of the Midlothian Campus, the Petroleum Technology Building and Public Safety Building. Ms. Langston stated the forgivable loan for the construction of Phase II on the Midlothian Campus has now been added to the college's books for approximately 20 years. A decrease in Bonds Payable was due to the yearly debt service payment.

Dr. Price made a motion to approve the November 2011 financial statement and Mr. Judson seconded the motion. The decision was unanimous.

Take Action on Quarterly Investment Report for Period Ending November 30, 2011

Ms. Langston was asked to continue with a review of the Quarterly Investment Report for the Period Ending November 30, 2011. The beginning book value of investments totaling \$8,700,000 did not change during the first quarter of the fiscal year 2011-12. Several Certificates of Deposit (CDs) earning .45% - 2.2% matured during the first quarter for a combined total of \$4.7 million. Ms. Langston stated the matured funds were reinvested into new CDs earning 1%-1.5% interest.

Ms. Langston continued with a review of the maturity schedule. She stated a majority of invested funds will mature during the second quarter and will be available to fund any shortages during the months when state appropriations are not received.

Ms. Langston concluded by stating total deposits of \$21,062,174 are well secured with pledged collateral in the amount of \$28,826,391 and FDIC Insurance in the amount of \$1,750,000.

Presentation on Student Financial Aid Program

Ms. Langston introduced Ms. Crystal Nicholson, Financial Aid Director-Elect, and asked her to present an update on the Student Financial Aid Program. Dr. Sanchez stated Ms. Nicholson will assume the duties of Financial Aid Director when Mr. Ed Ephlin retires February 2012.

Ms. Nicholson stated Mr. Ephlin will continue working on a part-time basis before beginning her presentation. She stated all students are encouraged to complete a Free Application for Student Financial Aid (FASFA) which is required to determine their eligibility for financial aid, grants, and scholarships. She stated the number of applications processed by the college's Financial Aid Department has increased dramatically from 6,166 applications in 2006 to 11,959 in 2010. Ms. Nicholson stated this fiscal year 11,233 applications have already been processed and many more are anticipated through June 30 with spring and summer enrollments still pending.

Ms. Nicholson stated financial aid includes PELL grants, student loans, scholarships, as well as other federal and state grants. The amount of financial aid issued has increased dramatically over the years. In 2006, students were issued just over \$22 million compared to \$64,770,803 in 2010. She stated as of fall 2011, \$31,397,411 has already been issued.

Mr. Huffman inquired if all financial aid goes through Navarro College's "books". Ms. Nicholson responded it does but does not show up as one large amount because of the different types of aid, grants or scholarships students receive.

Ms. Nicholson continued stating technology is being used in an effort to offer excellent customer service to students. The college's Financial Aid website is designed to be "user friendly" and provides information on financial aid. Online documents can be printed out at home that would otherwise require a special trip to the Student Financial Aid Office.

Ms. Nicholson stated the Image Now document scanning system has significantly improved the process of verifying students for financial aid. The utilization of Web Advisor and email has dramatically improved communication with students and decreased the amount of paper used.

A call center with three operators was initiated in spring 2007 to assist during heavy registration periods allowing the counselors time to work on student files so they can enroll in classes. Ms. Nicholson stated this past fall, two additional operators were added. Over 19,000 phone calls were processed between May and September by the call center.

Ms. Nicholson stated financial aid services are offered at each campus location. The Corsicana campus is responsible for importing all data from the Department of Education and processes state and federal reports and scholarships. Eight full-time and one part-time staff accept documentation, process verification and loan information and provide counselor assistance daily. Work-study payroll is also processed by the Corsicana offices. The South Campus provides counselor assistance twice a month and accepts documents to be processed at the Corsicana campus. The Midlothian Campus provides counselor assistance once per week and also accepts documents, processes verifications and loan information. Two full-time staff located on the Waxahachie Campus provide counselor assistance and accept documents, process verification, and loan information.

Ms. Nicholson stated Mr. Ephlin's upcoming retirement will provide the opportunity to offer better financial aid services at the Mexia Campus. She stated Mr. Ephlin has agreed to work part-time after he retires and will provide counseling services on a weekly basis on the Navarro College in Mexia Campus. Ms. Nicholson concluded by stating the ImageNow System offers additional automation features that can help improve customer service. She stated she looks forward to providing better customer service.

Some discussion followed. Mr. Judson inquired about student default on loans. Ms. Nicholson stated when students fail to make payments on their student loans, they are declared in default and this negatively impacts the college's default rate. She stated the Department of Education contacts students and gives them many opportunities to pay this debt before they are placed in default status. Ms. Nicholson stated the college is not liable for the students' loans but there are ramifications if the college's default rate becomes excessive. Once the default rate reaches 25%, a plan of action must be developed by the institution to show improvement. If the default rate does not improve or gets worse, the college could become ineligible to offer financial aid to its students.

Ms. Nicholson stated the college's last reported default rate was just over 17%. A company hired by Navarro College to help improve its default rate has produced some results. The company found several students who were incorrectly reported as being in default which has made a slight improvement on the college's default rate. Dr. Sanchez added that a change in federal statutes is making it more difficult by increasing assessment of the default rate from two years to three years. He continued stating Congress is discussing the possibility of reducing the amount of financial aid awards provided to students and this could have a dramatic impact on Navarro College's students. Ms. Nicholson agreed and stated it appears fewer students will be eligible for PELL awards as well.

Mr. Huffman thanked Ms. Nicholson for her presentation.

Update on Personnel Actions

Ms. Ballew reported the following appointments were made during the month of November 2011:

- Dorothy Garrison – Accounting Clerk II - Waxahachie
- Jennifer Coleman – Archivist-Pearce Museum – Corsicana Campus
- Oliver Pineda – Deli Manager – Waxahachie Campus

Ms. Erin Flint – Administrative Assistant III – Waxahachie Campus resigned. There were no reassignments, reclassifications or transfers, terminations or retirements during the month of November 2011.

Ms. Ballew continued stating sixteen open positions were currently being advertised:

- Campus Police Officer – Ellis County Campuses
- Counselor/Academic Specialist – Corsicana Campus
- Dishwasher – Corsicana Campus
- E.M.S. Coordinator – Waxahachie Campus
- Police Academy Coordinator – Corsicana Campus
- Area Housing Coordinator III – Corsicana Campus
- Director of Carl Perkins Career Center – Corsicana Campus
- Financial Aid Counselor – Corsicana Campus
- Custodial Services Supervisor – Corsicana Campus
- A.M. Deli Cook – Waxahachie Campus
- P.M. Deli Cook – Waxahachie Campus
- Professor of Sciences – Corsicana Campus
- Professor of Sciences – Waxahachie Campus
- Professor of Developmental Studies-Mathematics – Corsicana Campus
- Dean of Business, Professional and Technical Education – Corsicana Campus
- Assistant Dean of Humanities and Kinesiology – Corsicana Campus

Ms. Ballew concluded her report.

President's Report on Items of Information

Mr. Gragg was asked to present the Board Calendar. Upcoming events included: Protective Services Graduation, winter mini-mester classes, Employee Holiday Party on December 21, Kiwanis Classic basketball tournament Dec. 29-31. Mr. Gragg stated the college will close for the Christmas holidays December 22 and reopen on January 3. He concluded by stating a welcome reception will be held in Mexia on January 24 for Ms. Linda Davis who was appointed new dean of the Navarro College Campus in Mexia.

Dr. Sanchez asked Mr. Gragg to continue with an update on enrollment. Mr. Gragg began by stating a new faculty salary survey was recently issued by TACC for 2011-12. He stated when Dr. Sanchez first came to Navarro College, faculty salaries were well below the state average and efforts have been made to improve them. Currently, the average nine-month salary for Navarro College faculty is \$53,245. This is well above the state average of \$50,748. Navarro College is currently ranked 19th out of 50 community colleges districts in the state in average faculty salaries paid.

Mr. Gragg continued with the enrollment update stating 633 students have registered for winter mini-mester classes. He stated the mini-mester was added in an intensive effort to increase enrollment for a solid growth for the fiscal year. Spring enrollment has been fluctuating up and down but is currently even with this time last year. He concluded by stating he anticipates enrolling 11,000 students before classes begin on January 18, 2012.

Dr. Sanchez asked Ms. Daugherty to present an update on construction. Ms. Daugherty displayed pictures of the Waxahachie Deli. Construction has been completed and a certificate of occupancy is pending from the City of Waxahachie. She continued stating plans for the 64-bed residence hall have been completed and requests for proposals are being advertised. Bids are due on January 10, 2011. She continued by stating plans are still being developed for the Athletic Field Houses. Dr. Sanchez stated as soon as the plans are completed, they will be brought to

the board for review. Mr. Judson inquired if the smell from the Magna Blend fire in Waxahachie has improved. Dr. Martin stated rain has delayed the cleaning process and there has been some improvement in the smell.

Dr. Sanchez stated he was pleased to report Navarro College has again been recognized in the national publication, *Community College Week*, as one of the fastest growing community colleges in the nation with enrollments of 10,000 or more. The publication ranked Navarro College 19th out of 50 fastest growing community colleges in the nation.

Dr. Sanchez asked Dr. Housley to update the board on a recent visit from Anadarko. Dr. Housley stated two representatives from Anadarko, one of the largest petroleum companies in the nation, came to visit Navarro College's Petroleum Technology Program. Phil Rutledge and Tim Bates were pleased with what they saw. Dr. Housley stated he received a letter of support this morning from Anadarko. He is optimistic Anadarko will either recruit students and send them to Navarro College for training or provide scholarships for students. Mr. Huffman inquired if there were any other areas they would be interested in having training provided. Dr. Housley stated several options were discussed and they are extremely interested in corrosion and automation classes which are currently being offered. Dr. Housley stated the college is preparing to submit a grant request for J.E.T. funds to help purchase additional equipment in order to expand the program.

Dr. Sanchez continued and stated last month the state budget was approaching a deficit of \$19 billion for the 2013-15 biennium. A newspaper report on Monday indicated the State Comptroller has now projected there could be a surplus next biennium. The Comptroller also states the recession is over and receipts are coming in very strong. Dr. Sanchez stated this is great news but he is "cautiously optimistic".

Dr. Sanchez continued stating when he requested the board consider an increase in tuition and fees for fall 2011 during the budget workshop, he felt certain the college's rates would remain below the state average. He stated he was pleased to report that the TACC Survey of Tuition and Fees for Fall 2011 indicates that Navarro College's tuition and fees are substantially below the state average. The state average in-district tuition and fees for fall 2012 was \$72/SCH compared to Navarro College's in-district rate of \$57/SCH. The state average for out-of-district tuition and fees was \$110/SCH compared to Navarro College's \$91/SCH. Dr. Sanchez stated the only issue is Tarrant County and Dallas County's out-of-district rates are still lower.

Dr. Sanchez stated he met with Lee McCleary, Navarro County Economic Development Director, and signed the petition to reclaim the tax abatement provided Lance Foods. Approximately \$15,000 is earmarked for Navarro College. A similar petition will be filed with Home Depot.

Dr. Sanchez continued stating a ring ceremony and fundraiser will be held at the Palace Theater for the Navarro College baseball team on Sunday.

Dr. Sanchez stated he has been asked once again to participate in A.C.E. Fellows interviews in Washington D.C. on January 19, 2012. He stated if the board approves his participation, Dr. Martin will represent him at the next Board of Trustees meeting. He then requested to be absent from the next meeting of the Board of Trustees on January 19, 2012 and was given permission.

Dr. Sanchez concluded by stating Navarro College has an outstanding Board of Trustees and wished them each a very, merry Christmas. He stated staff was very appreciative of the Christmas bonuses. In addition to gift baskets and homemade candy made by Mrs. Sanchez, gifts were distributed to each trustee by Dairy Johnson and Cody Dickerson, Chairman and Vice-chairman of the Support Staff/Paraprofessional Committee.

Mr. Huffman wished everyone present a merry and safe Christmas holiday. He announced the next board meeting will be held on January 19, 2012 in the Arrowhead Room.

Convene into Closed Session to Discuss Personnel Matters According to Government Code 551.074

Mr. Aldama made a motion to convene into closed session at 8:40 p.m. The motion was seconded by Mr. Atkeisson and the decision was unanimous.

At 9:15 p.m., Dr. Price made a motion to reconvene into open session and immediately adjourn the meeting. Mr. Atkeisson seconded the motion and the decision was unanimous.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Phil Judson", with a long, sweeping horizontal line extending to the right.

Phil Judson, Secretary/Treasurer
NAVARRO COLLEGE BOARD OF TRUSTEES