

**NAVARRO COLLEGE BOARD OF TRUSTEES  
JANUARY 21, 2010 MEETING  
MINUTES**

The governing body of NAVARRO COLLEGE met on Thursday, January 21, 2010, in the Arrowhead Room of the Gooch One Stop Student Center for their regular monthly meeting. All trustees were in attendance including: Mr. Lloyd Huffman, Chairman; Dr. James Price, Vice-Chairman; Mr. James Borkchum, Jr., Secretary-Treasurer; Mr. Richard Aldama, Member; Mr. A. L. Atkeisson, Member; Mr. Phil Judson, Member; and Mr. Todd McGraw, Member.

Others in attendance included:

|                      |  |
|----------------------|--|
| Dr. Richard Sanchez  | District President   |
| Dr. Kenneth Martin   | Vice President, Academic Affairs                             |
| Ms. Gettie Moreno    | Vice President, Finance and Administration                   |
| Dr. Tommy Stringer   | Vice President, Institutional Advancement                    |
| Mr. Dewayne Gragg    | Vice President, Enrollment Management                        |
| Ms. Donna Parish     | Director, Market Relations & Public Information              |
| Mr. Roark Montgomery | Athletic Director  |
| Ms. Judy Cutting     | Asst. Dean of Business, Professional and Technical Education |
| Mr. Russell Brown    | Department Chair, Business Administration                    |
| Dr. Cubie Ward       | Dean, Midlothian Campus                                      |
| Ms. Marcy Ballew     | Director-Elect, Human Resources                              |
| Mr. Mike Able        | Jaynes, Reitmeier, Boyd & Therrel, P.C.                      |
| Ms. Diana Ward       | Jaynes, Reitmeier, Boyd & Therrel, P.C.                      |
| Mr. Lee McCleary     | Navarro County/Corsicana Economic Development Director       |
| Ms. Karen Morris     | Navarro County Chief Appraiser                               |
| Ms. Aaron York       | Comptroller  |
| Ms. Rhina Sandoval   | Chief Accountant   |
| Ms. Jan Phillips     | Internal Auditor   |
| Ms. Jeannette Sparks | Grants Accountant  |
| Ms. Leslie Smith     | Executive Administrative Assistant                           |
| Ms. Darla Littrel    | Executive Administrative Assistant                           |
| Mr. Rayland Haynes   | Media Integration Services Center                            |
| Mr. Bob Belcher      | Corsicana Daily Sun  |

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

**Call to Order**

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

**Board Announcements**

There were no announcements made by the Board.

## **Open Forum Time**

There were no requests to speak to the Board.

## **Consent Calendar**

### **a. Minutes - Board of Trustees Meeting December 17, 2009**

Dr. Price made a motion to approve the consent calendar, and Mr. Atkeisson seconded the motion. The decision was unanimous.

## **Take Action on Annual Financial Audit for the Fiscal Year Ended August 31, 2009**

Ms. Moreno requested the college's accounting staff – Ms. Aaron York, Ms. Rhina Sandoval, Ms. Jan Phillips, and Ms. Jeannette Sparks - stand and be recognized for earning the Government Finance Officers Association's Certificate of Excellence for the 2008 financial audit. Ms. Moreno stated this is the eighth consecutive year the college has earned this recognition and anticipates the tradition to continue for many more.

Ms. Moreno continued stating the college contracted in June 2006 with Jaynes, Reitmeyer, Boyd and Therrell, P.C. to conduct audits of the college's financial records. She introduced Mr. Mike Able and Ms. Diana Ward and asked them to present their findings from the annual financial audit for the fiscal year ended August 31, 2009.

Mr. Able stated he and Ms. Ward would be presenting a brief overview of their findings during the audit. He began by stating that management was responsible for the financial statements and it was their (Jaynes, Reitmeyer, Boyd and Therrell, P.C.) responsibility to plan and perform the audit, and to provide reasonable assurance that the financial statements are free of material misstatement and fairly presented. He stated it was also their responsibility to examine evidence and express an opinion on the district's compliance with certain requirements regarding major federal and state award programs.

Mr. Able continued stating he was pleased to announce they were issuing a clean, unmodified report on their findings. He stated a few adjustments on accruals for utility costs were required during the audit but were easily addressed. He commended the college's staff for their cooperation and stated there were no disagreements or difficulties encountered with management during the audit engagement.

Ms. Ward followed with a brief review of financial highlights based on the audit results. She stated the college's current assets increased primarily due to an increase in inventory in the Bookstore. The increase in accounts receivable was attributed to the growth in student enrollment, and the increase in noncurrent assets reflected the bond issue which had been received in July but not yet spent as of August 31, 2009. Overall, net assets increased from \$30,314,000 in 2008 to \$32,694,000 in 2009.

Ms. Ward continued stating the increase in noncurrent liabilities was due to the new debt from the bond issue. The 10% increase in contact hours and the slight increase in tuition rates for out-of-district students generated additional operating revenues for the district. A significant increase was also realized in federal and state grants. Ms. Ward stated that, basically, as more students become eligible for PELL funding, the college is able to recognize an increase.

Ms. Ward stated the need to strengthen internal controls over accruals was identified, and adjustments were made for utility bills pending at August 31, 2009. She stated that management has reacted quickly and already taken action on this issue.

Ms. Ward stated a compliance audit was also conducted on federal funds received. Several non-critical findings were reported: the need to strengthen internal controls over student withdrawal dates and the accuracy of information entered for the Texas Eligibility Grant. Ms. Ward stated these issues were also being addressed by management and concluded her report.

Mr. Huffman thanked Mr. Able and Ms. Ward. He then stated he would like to congratulate the college's staff on their performance based on the results of this audit as well as on the recent enrollment audit conducted by the state.

Mr. Aldama made a motion to approve the Financial Audit for the Fiscal Year Ended August 31, 2009. Mr. Atkeisson seconded the motion, and the vote was unanimous.

### **Take Action on December 2009 Financial Statement**

Ms. Moreno was asked to present the December 2009 Financial Statement and began with a review of the Statement of Budget Changes.

Ms. Moreno stated that although December was a short month, the budget increased by \$190,529 for a total of \$85,421,058 at December 31, 2009. This increase was due to the receipt of the Nursing Shortage Program State Grant in the amount of \$143,146, receipt of additional Adult Basic Education Federal Grant funds in the amount of \$31,772, a donation of \$15,000 by Corsicana Health Support for the purchase of equipment for the nursing programs, and fundraising proceeds raised by the volleyball team in the amount of \$611.

A review of the Source of Funds indicated 42.30% of the 2009-2010 amended budget had been earned at December 31, 2009 compared to 38.90% the previous year. Ms. Moreno pointed out that 83.61% of Student Income's budgeted revenues had already been earned compared to 72.43% the previous year and approximately 44% of the Auxiliary Fund's budget had been earned compared to 31% the previous year. She stated this was a direct result of the increase in enrollment the college has experienced. An increase in federal funding being awarded to students for PELL grants was reflected in Student Financial Aid with 36.82% earned compared to 26.83% last year.

Ms. Moreno stated that the Plant Fund (0%) was not comparable to the previous year due to the bond issue that was receipted in during the last fiscal year.

A review of the Disbursement of Funds showed expenditures were down slightly from the previous year with 57.56% expended or obligated as compared to 60.77%. Ms. Moreno stated the difference in Staff Benefits, with only 96.83% expended as compared to 100.87% the previous year, was due to monthly allocations being received this year from the State of Texas for health insurance benefits.

Ms. Moreno stated that Maintenance and Operations disbursements were down (70.74%) compared to last year (81.21%). She also noted that the increase in the disbursement of funds in the Student Financial Aid account was in direct correlation with the increase in the source of funds.

Mr. Judson made a motion to approve the Financial Statement for the Period ending December 31, 2009, and Mr. Aldama seconded the motion. The decision was unanimous.

### **Reaffirm Navarro College Investment Policy and Strategy**

Ms. Moreno stated the Public Funds Investment Act requires the college's Investment Policy and Strategy be reaffirmed annually. She stated that very minor grammatical and editorial changes were made to the Navarro College Investment Policy and Strategy being presented for reaffirmation. Dr. Sanchez stressed that there were no changes in the strategy, and Ms. Moreno concurred stating that safety and liquidity remain the foremost strategy with interest and risk secondary. She stated that safeguarding investments remains the top priority.

Dr. Price made a motion to reaffirm the Navarro College Investment Policy and Strategy. Mr. Atkeisson seconded the motion and the vote was unanimous.

### **Discuss and Approve Increase to Tuition and Fee Schedule for Fall 2010**

Ms. Moreno continued with the proposal for an increase in the tuition and fee schedule for fall 2010. She stated that a revised tuition and fee schedule was being proposed increasing in-district tuition by \$1 per semester credit hour (SCH), out-of district tuition by \$1/SCH, out-of-district fee by \$1/SCH and out-of-state tuition by \$5/SCH. She stated that if approved, these rates will take effect for the fiscal year 2010-11 beginning with the fall 2010 semester.

A comparison of the proposed rates to the Texas community colleges state average shows that the proposed tuition for Navarro County residents which will increase from \$52 to \$53/SCH will be \$9 below the state average. Out-of-district residents' tuition and fees will increase from \$83 to \$85/SCH, \$6 below the state average; and out-of-state residents will increase from \$118 to \$125/SCH, \$10 below the state average.

Ms. Moreno stated the estimated revenue that will be generated from the proposed fee increase is \$350,000. She stated the additional revenue will be used to fund five (5) additional full-time faculty members for the Corsicana and Ellis County campuses. Dr. Sanchez stated the college's ratio of full-time and part-time faculty is approximately 40% full-time to 60% part-time. A majority of full-time faculty are teaching two additional courses beyond their full-time loads making the full-time to part-time ratio on the Corsicana campus 65% to 35%. Both the Ellis County and Mexia campuses have a current ratio of 60% part-time faculty to 40% full-time. Dr. Sanchez stated full-time faculty members are available and easily accessible to students whereas many part-time faculty are not. He stated that Dr. Martin and Dr. Nolte have had tremendous difficulty finding part-time staff to teach courses as the college grows. He stated the goal is to eventually achieve a ratio of 75% full-time to 25% part-time to provide better quality and service to students.

Ms. Moreno displayed a table showing the proposed rates by semester credit hours. She stated that the proposed rate schedule will allow international students to take advantage of mini-mester courses. In the past, the fee structure required them to pay a minimum of 12 SCH even if they were only taking three or four semester credit hours. The new fee structure will allow them to pay according to the number of hours they are taking during mini-mesters only. International students will still be required to take a minimum 12 SCH during regular semesters.

Mr. Aldama inquired if most students take 15 hours each semester instead of 12 credit hours? Ms. Moreno and Mr. Gragg responded that students are encouraged to take 15 hours per semester to complete their requirements and graduate in two years. Mr. McGraw inquired if the in-district tuition and fees listed included books and Mr. Judson inquired if building use fees were being increased. Ms. Moreno stated the tuition and fees did not include books and that no increase in building use fees was proposed.

Mr. Huffman speculated on how tuition rates at universities such as Texas A&M University would compare to the college's rates. Some discussion followed. Ms. Moreno stated there have been dramatic increases since the deregulation of tuition at four-year colleges and universities. She stated that in some instances charges for building use fees alone were over \$100.

Mr. Judson made a motion to approve the Tuition and Fee Schedule for Fall 2010. Mr. Borkchum seconded the motion. The decision was unanimous.

### **Adopt Resolution Modifying Tax Abatement for Home Depot USA**

Mr. Lee McCleary, Economic Development Director for Corsicana/Navarro County, and Ms. Karen Morris, Navarro County Appraisal District Chief Appraiser, were asked to present the resolution modifying the tax abatement for Home Depot USA.

Mr. McCleary stated that the original tax abatement between the Home Depot Distribution Center and Navarro College was authorized on July 19, 2007. The abatement was negotiated with the developers and not with Home Depot. He stated that Home Depot notified his office several months ago they were having problems maintaining the value of investment committed to in the original agreement and requested a modification of the agreement.

A meeting was held which included representatives from Home Depot, the City of Corsicana, Navarro County and Navarro College to negotiate an agreement. The modifications proposed will increase the level of real property improvements from \$4 million to \$8 million and reduce the commitment for inventory and personal property improvements from \$47 million to \$40 million. The level of abatement will drop from 30 to 20 percent. The term of the abatement, seven years, will remain the same. Mr. McCleary stated the city and county have already agreed to the proposed tax abatement modifications and encouraged to college to do the same. He stated that Home Depot has been a significant employer and a substantial taxpayer for Navarro County.

Ms. Morris stated that as chief appraiser, it is her responsibility to check the value for each account and to check abatements for the amount of rendering value. She stated that in this instance, Home Depot was short and could not render a value of \$47 million called for by the abatement. She then alerted the entities that the abatement could not be administered. Ms. Morris stated that, if approved, the modified abatement will be taken back to Home Depot to be administered.

Mr. McCleary concluded by stating that over the term of the modified agreement, which will be retroactive to July 2007, the college will net \$8,984 and a gain over the life of the agreement.

Dr. Price made a motion to adopt the resolution modifying the tax abatement for Home Depot USA, and Mr. Aldama seconded the motion. The vote was unanimous.

### **Adopt Resolution Authorizing Tax Abatement for C.P. Mall, Ltd. (d/b/a College Park Mall)**

Mr. McCleary continued by presenting the proposed tax abatement for College Park Mall (C.P. Mall, Ltd.). He stated that the owners of College Park Mall, the Culpepper family, are facing challenging times finding additional retail tenants. Renovations are needed to assist the developers in attracting additional retailers.

Mr. McCleary stated that the tax abatement being proposed specifically applies to the owners of the mall and not to any of the retailers (tenants). The proposed abatement will apply to the improved value of the existing building for a period five years. Mr. McCleary stated the tax abatement will apply to the improvements only and not to the existing value of the building. It will also not pertain to any inventory, furniture or fixtures. He stated that at the end of the five year period, the full value of the property, including any improvements, will be placed on the tax books.

Ms. Morris stated the college will collect \$2,993.50 for tax year 2009 based on the total value of the building property of \$2,550,000 at the college's current tax rate of \$.0019. She stated the college will not be losing funds as the abatement will only cover any increased value. She stated that at the end of the five year abatement period, the building and any improvements will be taxed at the market value.

Mr. Atkeisson inquired if the owners have any commitment to increase the value of the building. Mr. McCleary responded that they are required to make improvements of \$1 million minimum.

Mr. Atkeisson made a motion to adopt the resolution authorizing the tax abatement for C.P. Mall, Ltd. (d/b/a College Park Mall). Mr. Borkchum seconded the motion and the vote was unanimous.

### **Update on Business Administration Department**

Dr. Martin requested Ms. Judy Cutting, Assistant Dean of Business, Professional and Technical Education, introduce Mr. Russell Brown, Department Chair. Ms. Cutting stated that Mr. Brown has been associated with the Business Administration Program for the past 13 years and has served as full time instructor and program coordinator/ department chair for the past 10 years. She then asked him to present an update on the Business Administration Program.

Mr. Brown stated the Business Administration Program's overall mission is to prepare students for the workforce and immediate employment. He stated that during his tenure many changes in technology and in the business environment have taken place. Many updates and adjustments have been made over the past few years to enhance the Business Administration Program. An advisory board consisting of service area business and industry professionals is assembled annually to provide feedback on the program and make suggestions for improvement. Many of the improvements to the program are a direct result of suggestions made by the Business Administration Advisory Committee.

Mr. Brown stated the Business Administration Program offers the A.A.S. Business Administration and A.S. Business Administration degrees, Level I and Level II Supervisor's Certificates, and Customer Service Certificate. He stated courses are offered at all four campuses.

The degree programs currently consist of thirteen core courses. An additional core course, BMGT 1301 – Supervision, pending approval from the Academic Council and the President's Executive Leadership Team (PELT), is a direct result of the advisory committee's recommendation. He stated the certificate programs are designed to concentrate on specific courses to prepare students for immediate employment.

Mr. Brown stated A.A.S. graduates are eligible to pursue a Bachelor of Applied Arts and Sciences (BAAS) Degree and A.S. graduates are eligible to pursue a Bachelor of Science in Business Administration (BSBA or BBA) through the Texas A&M University-Commerce/Navarro College partnership program.

Mr. Brown continued with a review of the program's three-year graduate history followed by a presentation of a video developed for recruiting students into the Business Administration Program. The video included interviews with former students who had completed the program and were successfully employed as well as their supervisors.

Mr. Brown concluded his presentation, and Mr. Huffman thanked him.

### **Update on Personnel**

Mr. Gragg presented the update on personnel for the Department of Human Resources.

The following appointments were made during the month of December 2009:

- Adrian Goodwin, Annual Retraining Instructor - Mexia State Supported Living Center
- Daniel Short, SBDC Counselor – Waxahachie
- Danielle Williams, Career & Technical Advisor – Corsicana
- Tammy French, Lab Coordinator - Mexia State Supported Living Center
- Kellie Driver, Account Clerk II-Financial Aid – Corsicana
- Erika Roland, Administrative Assistant II-Financial Aid – Waxahachie
- Meredith Johnston, Administrative Assistant IV / Benefits Coordinator – Corsicana

There were no reassignments, reclassifications, transfers, resignations, terminations, or retirements during the month of December, 2009.

### **President's Report on Items of Information**

#### Board of Trustees Calendar

Dr. Sanchez asked Ms. Parish to present the Board's calendar of events. Ms. Parish reviewed highlights of upcoming events including: College Day on February 4, Campus Preview Day on February 13, Elegance 2010 on February 20, Region XIV athletic director's and president's meeting being hosted by Navarro College on February 21, and upcoming basketball, baseball and softball games.

#### Spring 2010 Enrollment Report

Dr. Sanchez asked Mr. Gragg to present an update on enrollment. Mr. Gragg announced enrollment in the spring 2010 semester was tremendous. Headcount enrollment was up 15% over the previous year and contact hours increased 17%. He stated the enrollment in the Oil and Gas (Petroleum Technology) Program helped increase enrollment at the Corsicana campus, which was up 7.7% in contact hours over last year. Waxahachie's contact hours increased 34% as a result of the new cosmetology and Early College programs. The "turn-around" at the Mexia State Assisted Living Center and the increase in the number of those employees taking courses helped increase the contact hour enrollment at the South Campus in Mexia, which was up 23.5%. Dr. Sanchez commented that all community colleges throughout the state are experiencing strong enrollments as well.

Mr. Gragg continued his report stating contact hours from the TYC Training Program were down from the previous year. He stated that once all unpaid students are dropped from the system, he expects to report

an unduplicated headcount of approximately 9,680 students, an 8 ½% increase, and over two million contact hours, an 11.9% increase. He concluded by stating that the goal for fall 2010 is to enroll 9,700 students but predicts it may reach 10,000.

#### Construction – Midlothian Phase II

Dr. Sanchez stated that Dr. Nolte was currently en route from Washington D.C. where he has been involved in interviewing candidates for the American Council on Education (A.C.E.) Fellows Program. He asked Dr. Ward to present an update on the construction of Phase II at the Midlothian campus on behalf of Dr. Nolte.

Dr. Ward stated work has begun on Phase II with preparation of the soil underway to ensure a good, firm foundation for the building. He displayed pictures of the work in progress. He concluded his report by stating that the city of Midlothian is very happy about the construction of the second building and expressed his appreciation to the trustees.

#### Construction - Petroleum Technology Building and Police Department Building

Dr. Sanchez asked Ms. Moreno to present an update on the construction of the new Petroleum Technology and Police Department buildings. Ms. Moreno stated the architect has completed the first draft of the drawings for review and college staff is preparing the Request for Proposals (RFP). She stated the architect has been made aware that the buildings need to be complete and ready for use by the fall 2010 semester. She concluded by stating that the administration is seeking plans are to save money on the project by hiring one general contractor to construct both buildings simultaneously.

Dr. Sanchez stated he would like the trustees to review the plans before the bidding process is initiated. Based on consensus of the board, it was determined that a special board meeting will be held on Tuesday, February 2, 2010 at 12 noon in the Walker Dining Hall to review and approve the plans for the Petroleum Technology and Campus Police Buildings. A lunch will be served.

#### Construction – Cook Education Center Addition

Dr. Stringer was asked to present an update on the addition to the Cook Education Center. He stated the Cook Education Center is a valuable asset to both the community and the college and has evolved into a multi-purpose facility. As a result, the Cook Center has “outgrown its space”. Dr. Stringer stated the Foundation has raised enough funds through cash and pledges to fund an expansion to the building. An architect has been secured and is in the process of developing plans which will double the size of the atrium area. Dr. Stringer concluded by stating that once the expansion project is complete, plans are to move the arrowhead collection on display in the Gooch Arrowhead Room to the Cook Education Center making the collection more accessible to the public.

#### Legislative Funding 2011-13 Update

Dr. Sanchez stated he received a letter from the governor’s office asking state agencies to find ways to reduce their expenditures equal to 5% of their 2010-11 appropriation. Dr. Sanchez stated this is lower than what he had predicted (7%). He stated the funds that have been set aside in the special account will more than adequately cover the college’s 5% in the event funds have to be returned. News reports indicate the state is potentially facing a \$15 billion deficit as the next biennium 2011-13 approaches. Dr. Sanchez stated he hopes, at minimum, that the state appropriation to Navarro College will remain the same for the next biennium; however, it could potentially be 5%-10% less.



Dr. Sanchez continued stating he will be attending the Texas Association of Community Colleges (TACC) quarterly meeting the following week. He stated the TACC executive director is suggesting that the state be asked to grant community college's immunity from returning funds because of dramatic growth in enrollment. Dr. Sanchez stated he doesn't anticipate this happening because universities have also been experiencing tremendous growth in enrollment.

#### OCR Final Report

Dr. Sanchez stated he was pleased to receive a letter from the Office of Civil Rights stating the case against Navarro College was being dismissed. He expressed his pride in staff who are meeting the needs of all students.

#### Director of Human Resources Vacancy

Dr. Sanchez stated that he has appointed Ms. Marcy Ballew, currently Director of Adult Education, to the position of Director of Human Resources. He stated he is very confident Ms. Ballew is the right person to fill this position. She will be making the transition from her present assignment to her new assignment on February 15, 2010.

#### Passport for ACCT Congress – Toronto, Ontario Canada – October 20-23, 2010

Dr. Sanchez reminded trustees that a valid passport will be required to attend the ACCT Conference in Toronto, Canada in October. Copies of passport application forms were distributed to several members.

#### Elegance 2010

Dr. Sanchez inquired if any trustees planning to attend Elegance 2010 in February wished to have seats reserved for them at the college's table. Mr. Aldama, Dr. Price, and Mr. Atkeisson indicated they would like seats reserved. Mr. Judson indicated he will be seated at another table. Mr. Borkchum and Mr. McGraw indicated they were undecided. Dr. Sanchez stated his office would contact them the following week regarding their decision.

Dr. Sanchez concluded his report.

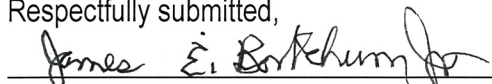
#### **Announcement and Adjournment**

Mr. Huffman announced that a special meeting of the Board of Trustees will be held on Tuesday, February 2, at 12 noon in the President's Dining Room in Walker Dining Hall to review plans for the new Petroleum Technology Building and Campus Police Building. The next regular meeting of the Board of Trustees will take place on Thursday, February 18, at 7 p.m.

Before adjourning, Mr. Huffman expressed sympathy over the passing of Ms. Nelida Aguilar, Director of Human Resources, on January 1, 2010 and stated she will be missed.

Mr. Aldama made a motion to adjourn the meeting at 8:35 p.m. Mr. McGraw seconded the motion and the decision was unanimous.

Respectfully submitted,



James E. Borkchum, Jr., Secretary-Treasurer  
NAVARRO COLLEGE BOARD OF TRUSTEES