

NAVARRO COLLEGE BOARD OF TRUSTEES
JULY 16, 2009 MEETING
MINUTES

The governing body of NAVARRO COLLEGE met on Thursday, July 16, 2009, in the Lone Star Room located in Walker Dining Hall for the Focus on the Future Part XV Budget and Planning Session. Following the workshop and dinner in the President's Dining Room, the board moved to the Arrowhead Room and reconvened for their regular monthly meeting.

Trustees in attendance included: Mr. Lloyd Huffman, Dr. James Price, Mr. Phil Judson, Mr. Richard Aldama, Mr. A. L. Atkeisson, and Mr. Todd McGraw.

Mr. James Borkchum was absent.

Others in attendance included:

Dr. Richard Sanchez	District President
Dr. Harold Nolte	President, Ellis County Campuses
Ms. Gettie Moreno	Vice President for Finance and Administration
Dr. Erik Zoellner	Vice President for Student Services
Dr. Tommy Stringer	Vice President for Institutional Advancement
Mr. Dewayne Gragg	Dean of Enrollment Management
Ms. Donna Parish	Director, Market Relations
Mr. Roark Montgomery	Athletic Director
Ms. Nelida Aguilar	Director of Human Resources
Dr. Larry Weaver	Dean, Arts, Sciences and Humanities
Dr. Harold Housley	Dean of Business, Professional & Tech Ed
Mr. Guy Featherston	Dean of South Campus
Dr. Cubie Ward	Dean, Midlothian Campus
Ms. Robin Lasher	Director, Small Business Development Center
Mr. Tom Hammargren	Chair, Faculty Association Committee
Ms. Leslie Smith	Executive Administrative Assistant
Mr. Cody Dickerson	Media Integration Services Center
Ms. Darla Littrel	Executive Administrative Assistant
Mr. Frank Viso	Ex. Director, Midlothian Economic Dev. Corp.
Mr. Michael Kormos	Corsicana Daily Sun
Ms. Julianne Dodge	Navarro County Times

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

Call to Order in Lone Star Room

Mr. Huffman called the meeting to order at approximately 3:00 p.m. in the Lone Star Room and asked Dr. Price to begin the workshop with a prayer.

Focus on the Future Part XV Planning and Budget workshop

Dr. Sanchez welcomed the trustees and thanked them for taking time from their day to participate in the Budget and Planning Workshop. A review of the 2008-09 academic year's accomplishments was presented by members of the President's Executive Leadership Team (PELT). Dr. Weaver, Dr. Housley and Mr. Featherston represented Dr. Martin.

Next, plans for the next academic year, 2009-10, were presented by Dr. Sanchez and Mr. Gragg and discussed. A preliminary, balanced budget was then presented for the board's consideration by Ms. Moreno.

At approximately 6:15 p.m., the Board recessed for dinner in the President's Dining Room.

Reconvene in Arrowhead Room for Regular Monthly Meeting

At 7:00 p.m., the board reconvened in the Arrowhead Room and Mr. Huffman called the meeting back to order for their regular session.

Mr. Huffman then announced that a closed session would be held following the President's Report to discuss real estate matters according to Government Code 551.072, and that no action was anticipated.

Board Announcements

There were no board announcements.

Open Forum Time

There were no requests to speak to the Board.

Consent Calendar

a. Minutes - Board of Trustees June 18, 2009 Meeting

Mr. McGraw made a motion to approve the Consent Calendar, and Mr. Judson seconded the motion. The vote was unanimous.

Take Action on Quarterly Investment Report for period ending May 31, 2009

Ms. Moreno was asked to present the quarterly investment report for the period ending May 31, 2009.

Investments decreased \$350,000 from the previous quarter ending February 28, 2009 with a total of \$6,700,000 remaining in investments. Certificates of deposits earning 3.270% interest that matured on March 3, 2009 were reinvested at Community National Bank at a rate of 1.190%. Ms. Moreno stated although the interest rate was much lower, the rate was a good one when compared to all other rates currently being offered. She stated that the U.S. Government Agency Security (FNMA) in the amount of \$350,000 matured during the past quarter and the funds were moved to a cash/interest bearing checking account. When funds from the 2009 revenue bond issue are received on July 21, 2009, the cash being held from the matured FNMA will be combined with the bond revenue proceeds and invested into a certificate of deposit to earn a better rate of interest.

Following a review of the maturity schedule and pledged collaterals, Ms. Moreno concluded by stating that liquidity and safety remains the first priority.

Dr. Price made a motion to approve the Quarterly Investment Report for the period ending May 31, 2009, and Mr. McGraw seconded the motion. The decision was unanimous.

Take Action on June 2009 Financial Statement

Ms. Moreno continued with a review of the June 2009 financial statement.

A review of the Statement of Budget Changes for the month ending June 30, 2009 showed funds received from the Foundation to purchase equipment, proceeds from the sale of planetarium equipment, and receipts from drug testing fees and Cosmetology sales increased the budget by \$53,722 for a total of \$74,760,748.

A review of the Source of Funds showed 87.54% of the budget (\$65,443,771) had been earned as compared to 82.49% the previous year. A review of the Disbursement of Funds indicated \$62,710,730 had been expended and \$6,220,151 obligated, or 92.20% of the current budget as compared to 86.15% the previous year.

The comparative balance sheet for the period ending May 31, 2009 displayed total assets of \$68,177,245, a 1.44% increase from 2008. Ms. Moreno explained the increase was attributed to the new construction on the Waxahachie campus which increased Buildings-Net of Depreciation.

Some discussion followed regarding the bond indebtedness and their payoff schedules. Ms. Moreno stated that the college is in good financial health with the debt ratio of approximately 4.34.

Dr. Price made a motion to approve the June 2009 financial statement and Mr. Aldama seconded the motion. The vote was unanimous.

Award Bid for Bank Depository for College Funds, 2009-2012

Ms. Moreno stated that requests for bids for a new bank depository for 2009-2012 was recently advertised and sent to eight different banks. Only two banks, Community National Bank & Trust and Prosperity Bank, submitted responses.

Ms. Moreno stated a thorough analysis was made of the two responses received. She stated the differences between the two bids were very minute. Both banks basically offered identical collateral in the form of U. S. Government agency securities (i.e. FNMA's) as well as the same basic interest rates. Ms. Moreno stated the difference and the deciding factor between the proposals was in the proposed banking services fees. Community National Bank proposed to charge for incoming and outgoing wire transfers while Prosperity Bank proposed no charges for wire transactions. Ms. Moreno stated that because of the new agreement recently made with Higher One Inc. to electronically process student refunds, many more wire transfers will be taking place. As a result, any charges on incoming and outgoing wire transfers will have a financial impact on the college.

Ms. Moreno stated that the proposal submitted by Community National Bank does not offer enough incentive to offset the cost to be incurred for electronic transfers. She concluded by recommending Prosperity Bank be awarded the depository bank contract based on their bid and the service they have provided in the past.

Mr. Judson inquired about the quantity of electronic transfers expected and the number of students expected to participate in the program. Ms. Moreno responded that the response other institutions have received from their students to the Higher One program has been 70% or higher. She stated she expects the program to be accepted by a large percentage of Navarro College students as well.

Dr. Price made a motion to award the bank depository contract to Prosperity Bank. Mr. McGraw seconded the motion, and the vote was unanimous.

Approval of Construction Manager at Risk

Ms. Moreno stated requests for qualifications (RFQ's) for a Construction Manager at Risk for construction of the phase two building on the Midlothian campus were sent to twelve different vendors and advertised in the local paper.

She stated the process, including the timeframe established for selecting the Construction Manager at Risk, was explicit within the RFQ. A committee consisting of three board members, Dr. Price, Mr. Aldama and Mr. Atkeisson, and administrators, Dr. Sanchez, Dr. Nolte, Ms. Moreno, and support staff members, Janet Daugherty and Nancy Hughes, was assembled to review and rank the RFQ's. Based on initial evaluation of the twelve RFQ's received, three proposals were disqualified for lack of signatures on a form required by the college and a fourth for not providing the required proof of insurance. The remaining eight proposals were then reviewed by committee members and three firms were selected and rank ordered. Ms. Moreno stated the committee selected Hill & Wilkinson Inc. as their first choice and an interview was scheduled.

Based on the interview with Hill & Wilkinson Inc. and the 2% fee negotiated, Ms. Moreno recommended that Hill & Wilkinson Inc. be approved as the Construction Manager at Risk for the Midlothian phase two construction project.

Mr. Judson stated he would have to abstain from making a motion or voting due to a personal friendship with one of the firms selected as the final three.

Dr. Price made a motion to approve Hill & Wilkinson Inc. as Construction Manager at Risk and Mr. Aldama seconded the motion. The vote was unanimous with the exception of Mr. Judson who abstained.

Approval of Agreement between Navarro College and Corporation for Economic Development of Midlothian (CEDM)

Mr. Huffman welcomed Mr. Frank Visio, Executive Director of Midlothian Economic Development Corporation, and Dr. Sanchez invited him to comment. Mr. Viso thanked them and stated the city of Midlothian is excited about the construction of a second building on the Midlothian campus. He stated they are very pleased with Navarro College's presence there and the educational opportunities it has provided for its residents.

Mr. Huffman commented on the packed crowd present during the graduation ceremony held for the first time in Midlothian this year and their great enthusiasm. Dr. Price expressed appreciation to Mr. Viso for the support the college receives from Midlothian.

Dr. Sanchez stated the Midlothian Economic Development Corporation is providing \$1.5 million toward the construction of the phase two project on the Midlothian campus. In addition, another \$500,000 dollars is being provided for infrastructure and parking by the City of Midlothian. He continued by stating that the Corporation for Economic Development of Midlothian (CEDM) has prepared a forgivable loan agreement on the \$1.5 million over a 20-year period.

Dr. Sanchez stated a copy of the agreement was sent to Mr. Huffman and was carefully reviewed by legal counsel and the administration. Three minor modifications were requested: (1) a copy of the courses held at Midlothian will be made available online, (2) one half of the \$1.5 million dollars (\$750,000) is to be provided up front and the last half provided after the

certificate of occupancy for the building is received; and (3) deletion of the indemnity clause as Navarro College is a state agency and does not indemnify. Dr. Sanchez stated that CEDM has reviewed and approved the changes.

Dr. Price made a motion to approve the agreement, and Mr. Judson seconded the motion. Mr. Huffman reiterated that no payments will be required under the terms of the agreement and that the loan will be forgiven after a period of 20 years if the college has met its obligations. Mr. Viso stated that this process is required by the CEDM because taxpayer funds are being used.

The vote to approve the agreement was unanimous.

Update on 2009 Revenue Bond Issue

Ms. Moreno was asked to present an update on the 2009 Revenue Bond Issue. She stated the bonds have been issued and \$4 million will be deposited to the college's account on July 21, 2009. Approximately \$3.5 million will be invested in 90-day securities to earn interest.

Update on Architectural Services for Midlothian Campus

Dr. Nolte was asked to present an update on architectural services for the new classroom building on the Midlothian Campus. He began by thanking Mr. Viso for his friendship with Navarro College and for his part in bringing the Midlothian campus to fruition.

Dr. Nolte stated a meeting with Bryce Weigand and architects from Good Fulton and Farrell has been scheduled for Tuesday, July 21, 2009. An architectural package equivalent to 50% of the complete design development will be presented and will include floor plans, ceiling plans, finish plans, building elevations, building sections and wall sections.

Dr. Nolte stated the architects have solicited three proposals for geotechnical investigation on behalf of the College. In addition, a topographical survey has been conducted by engineers, Schrickel Rollins, which will help determine the location and configuration of the new parking lot. Because much of the building will be glass, placement of the building to alleviate the glare of the sun will also be discussed.

Dr. Nolte concluded by stating that the project is now moving forward.

Small Business Development Program Presentation

Dr. Housley introduced Ms. Robin Lasher, Director of the Small Business Development Center (SBDC) since 2007, and asked her to present an update on the program.

Ms. Lasher stated the Navarro College SBDC was established in 1989 to provide assistance to startups and existing small businesses in Navarro, Limestone, Freestone and Ellis counties. Services provided include: one-on-one counseling at no charge; free and low cost workshops; assistance with business/marketing plans; developing loan proposals; providing in-house and/or outsourced business research; and connecting clients with other resources, i.e. people, organizations, technology and tools.

Ms. Lasher stated that Navarro College's SBDC program is recognized nationwide as a top ten research center. She stated she implemented Economic Gardening, an entrepreneurial approach to economic development, as a business model beginning in January 2008. As a result of its success, she has been asked to present several sessions on the model and its

results at the next ASBDC national conference.

Ms. Lasher stated she anticipates meeting and hopefully exceeding the economic impact goals set for the Navarro College SBDC for 2008-2009. She is currently working with an existing company to obtain a multi-million dollar loan to retool, expand and add jobs. The loan is currently pending and, if awarded, will be the largest regional loan by any SBDC office to date.

Ms. Lasher stated Navarro College SBDC will launch a new and improved web site in September. It will have a greater capacity for providing seminars, free information, resources, templates and tools. The new site will allow clients to access online webinars. Extended webinars that will qualify for CEU's (continuing education credit) will be offered online as well as through the college's Continuing Education Program. Ms. Alisha Greer has given her permission to be featured on the website as a successful SBDC client. Ms. Greer, who is also the owner of Affordable Affairs Catering, came to the SBDC for assistance in opening her new bakery, Three Sisters, in downtown Corsicana. Ms. Lasher stated the bakery offers a variety of food selections including prepackaged meals. The business appears to be thriving with success.

Ms. Lasher concluded her presentation and answered questions. Dr. Price inquired if counseling for existing small businesses that are struggling was available. Ms. Lasher stated counseling in all areas is provided for both existing and new businesses with less than 500 employees. She stated a typical client helped by SBDC has less than 20 employees.

Mr. Atkeisson asked if she assists with packaging SBA loans. Ms. Lasher responded that assistance is provided by referring clients to packagers. Mr. Aldama asked where most SBDC clients are located. Ms. Lasher responded that most of the Corsicana clients are mainly within a ten mile radius but most Ellis County clients go to the Waxahachie office.

Mr. Huffman thanked Ms. Lasher for her presentation.

Update on Personnel

Ms. Aguilar presented an update on personnel activities for the month of June 2009.

The following appointments were made:

- Bill Potter, Area Housing Coordinator III – Corsicana
- Theresa Johnson, Coordinator of Workforce Education – Ellis County

Justin Ball, was reassigned from Academic Advisor to International Student Coordinator – Corsicana and Brooke Sanchez resigned her position as Administrative Assistant I – Financial Aid.

There were no terminations or retirements in the month of June, 2009

President's Report on Items of Information

Dr. Sanchez asked Ms. Parish to present the Board calendar. Ms. Parish reviewed highlights of upcoming events and activities including a celebration event for support staff and paraprofessional staff on July 22, New Beginnings Open House sessions at the Corsicana and Waxahachie campuses for potential adult students, various campus and summer orientation sessions, LVN Pinning and Graduation scheduled for August 7, and the first Bulldogs football game on August 29.

Dr. Sanchez called on Ms. Moreno to present an update on the construction of the new student apartment building. Ms. Moreno stated the construction of the new building is finished and the adjacent parking lot is nearing completion. Furniture has arrived and the building will be ready for student occupancy by August. Ms. Moreno stated that of the 843 bed capacity, 790 beds have been committed, including the IOOF cottages. She stated she expects the remaining 53 beds to fill quickly. Some discussion followed regarding use of college-owned houses. Dr. Sanchez stated that the houses are only used for overflow in the event the residence halls are filled beyond capacity. He stated at least three homes will be available for overflow fall, 2009.

Dr. Sanchez asked Mr. Gragg to update the board on enrollment. Mr. Gragg stated he submitted the official, certified enrollment report for summer earlier in the day with an increase of 19.1% over last year. He stated the main increases came from TYC enrollment on the Corsicana campus and increased enrollment at the Waxahachie campus as a result of the added classroom space. Enrollment in Summer II courses ended with an increase of 28% in contact hours. He stated fall enrollment is taking place with 3,000 students currently registered and 6,000 more expected to be registered within the next few weeks.

Dr. Sanchez asked Mr. Gragg to continue with a report on the Administrators Retreat held on June 25-26, 2009. Mr. Gragg reported a new format for the administrator's workshop was developed this year incorporating group activities to encourage everyone's participation. The main activities included a balloon exercise where participants were asked to envision how the college campus will look in the future and tell what they saw. Other group activities included SWOT (strengths, weaknesses, opportunities and threats) and an environmental scan to identify threats to the college. Two "Good to Great" case studies were presented and each group was asked to strategize on how the college can continue to increase its student enrollment. Mr. Gragg stated much useful information was obtained from the workshop and feedback from the workshop's participants was positive. Dr. Sanchez added that the College's Strategic Plan expires in 2010 and information from the workshop will be used in developing a Strategic Plan to 2015.

Dr. Zoellner was asked to report on the New Beginnings Program. He stated he was pleased to report fifteen people attended the first open house for non-traditional students. Several more sessions are scheduled at the Corsicana, Waxahachie and Mexia campuses in July with the hope of reaching out to more adult students.

Dr. Sanchez asked Mr. Gragg to give an update on the State Auditor's recent enrollment audit. Mr. Gragg stated the State Auditor's Office sent two auditors to the Corsicana campus to conduct an audit of student files. They pulled 30 student files and 60 class rosters and examined them for accuracy. Mr. Gragg stated he was proud to report that Navarro's error rate was less than 1%, well below the 2% error rate allowed. He stated the auditors also looked into the security measures in place including computer access by employees, how accuracy of computer generated reports is ensured and validated, and the college's disaster recovery plan. Auditors made several suggestions regarding computer access to records. Mr. Gragg stated the college was already aware of these issues and was in the process of taking appropriate action.

Dr. Sanchez called on Ms. Moreno to report on the employee health insurance benefits. She stated the Coordinating Board advised her that a warrant has been issued for \$1.4 million to reimburse the college for the employee health insurance benefits vetoed by the governor last year. Dr. Sanchez advised that when received, a portion of the funds will be used to construct the new Oil and Gas building and the rest will be placed in the fund balance. He added a meeting was recently held with EnCana representatives and another is scheduled with XTO on

July 21, 2009 in the hopes of acquiring funding to complete the project.

Reservations have been made for trustees to attend the ACCT convention in San Francisco October 7-10, 2009. Mr. and Mrs. Huffman, Dr. and Mrs. Price, Mr. and Mrs. Aldama, Mr. Atkeisson, and Mr. and Mrs. Judson will be attending. Dr. Sanchez stated that he and Mrs. Sanchez will not be able to attend this year as they will be traveling to Rome. He stated Dr. Nolte will accompany Trustees and assist them during their time at the convention.

New Trustee orientation is scheduled prior to the September board meeting beginning at 3:00 p.m. in the Lone Star Room. Following the orientation, a dinner will be held with all Trustees in the President's Dining Room. Dr. Sanchez continued stating new Trustees are required to view three training videos: Protecting Public Funds, Open Government- Open Records, and Open Government – Open Meetings. He gave Mr. Atkeisson and Mr. Aldama a copy of first video to review and a certification form to complete. He stated a copy of the Open Records Act video will be provided next month and the final video on Open Meetings will be presented during orientation in September.

Dr. Sanchez stated he will be leaving for a two-week vacation next week. Dr. Nolte will be the responsible administrator during his absence until he returns on Monday, August 10, 2009.

Mr. Atkeisson requested an opportunity to comment prior to convening into closed session. He stated that Dr. Sanchez has done an outstanding job and he would be remiss not to acknowledge the outstanding team of men and women he has working with him. Mr. Huffman added that he and other board members concur with Mr. Atkeisson's statement.

Closed Session

Mr. Aldama made a motion to convene into closed session at 8:30 p.m. and Mr. McGraw seconded the motion.

No action, decision, or vote was taken during Closed Session.

Reconvene into Open Session, Announcement and Adjournment

Mr. Aldama made a motion to reconvene into open session at 8:55 p.m. and adjourn the meeting. Mr. McGraw seconded the motion. The decision was unanimous.

Mr. Huffman announced the next regular meeting of the Board of Trustees will be held on August 20, 2009 at 7:00 p.m.

Respectfully submitted,

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