

NAVARRO COLLEGE BOARD OF TRUSTEES
NOVEMBER 18, 2010 MEETING
MINUTES

The governing body of NAVARRO COLLEGE met on Thursday, November 18, 2010 at the Midlothian Campus, 899 Mt. Zion Road, Midlothian, TX for their regular monthly meeting. Trustees in attendance were: Mr. Lloyd Huffman, Chairman; Dr. James Price, Vice-Chairman; Mr. Richard Aldama, Member; Mr. A. L. Atkeisson, Member; and Mr. Phil Judson, Member. Trustees absent were Mr. James E. Borkchum, Jr., Secretary-Treasurer, and Mr. Todd McGraw, Member..

Others in attendance included:

Dr. Richard Sanchez	District President
Dr. Harold Nolte	President, Ellis County Campuses
Dr. Kenneth Martin	Vice President, Academic Affairs
Ms. Gertrud Moreno	Vice President, Finance and Administration
Ms. Maryann Hailey	Vice President, Student Services
Dr. Tommy Stringer	Vice President, Institutional Advancement
Ms. Donna Parish	Director, Market Relations & Public Information
Ms. Marcy Ballew	Director, Human Resources
Dr. Cubie Ward	Dean, Midlothian Campus
Dr. Pat Westergaard	Asst. Dean, Ellis County Campuses
Ms. Terry Gibson	Asst. Dean, Ellis County Campuses
Ms. Leslie Smith	Executive Administrative Assistant
Ms. Darla Littrel	Executive Administrative Assistant
Mr. Cody Dickerson	Media Integration Services Center
Waxahachie Global High Early College Administrators and Students	

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

Call to Order

Mr. Huffman called the meeting to order at approximately 7:01 p.m. and asked Dr. Price to begin with a prayer. Mr. Huffman expressed the board's gratitude for the number of staff and students in attendance and stated it is always a pleasant experience to visit the Ellis County campuses.

Board Announcements

There were no announcements by the board.

Open Forum Time

There were no requests to speak to the board.

Consent Calendar

- a. Minutes - Board of Trustees October 14, 2010 Meeting
- b. Minutes - Board of Trustees October 28, 2010 Special Meeting
- c. Minutes – Board of Trustees November 11, 2010 Special Meeting

Dr. Sanchez stated minutes from the October 14, 2010 regular meeting and October 28 and November 11, 2010 special meetings were presented in the Consent Calendar for approval.

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

Take Action on October 2010 Financial Statement

Dr. Sanchez asked Ms. Moreno to present the October 2010 financial statement.

A review of the Statement of Budget Changes for the period ending October 31, 2010 showed amendments increasing the 2010-2011 budget by \$123,271 for a revised total of \$106,391,988. Ms. Moreno stated the budget changes were mainly due to adjustments in state grants including the Nursing Shortage Grant, the Adult Basic Education State Grant, and to remove the budgeted amount for the P-16 Grant which was not awarded.

A review of the Source of Funds indicated 28.27% of the 2010-2011 budget had been earned for the month ending October 31, 2010 as compared to 27.23% during the same period last year. Ms. Moreno noted that Student Income was slightly down with 46.23% earned as compared to last year with 50.67% earned. She stated this is a timing issue only; revenues from the second 8-Week classes will be recognized next month.

A review of the Disbursement of Funds for the month ending October 31, 2010 indicated 48.23% of the 2010-2011 budget has been expended or obligated; slightly down from 53.81% expended/obligated the same period last year. Increased expenditures in State and Federal grants were a result of the budget adjustments, including the Nursing Shortage Grant.

An increase in expenditures in the Debt Service Fund with 100% expended/obligated compared to 86.76% the previous year was due to interest on the debt. An increase in expenditures in the Plant Fund, with 97.34% expended/obligated compared to 4.79% the previous year, was due to the Midlothian Campus Phase II construction project carried over from the last fiscal year. Disbursements in Student Financial Aid were down with 20.65% expended/obligated compared to 37.81%.

Ms. Moreno concluded her report.

Mr. Atkeisson moved to approve October 2010 financial statement and Mr. Judson seconded the motion. The decision was unanimous.

Update on Navarro College Employees Retirement Plan

Ms. Moreno was asked to continue with a presentation on the Navarro College Employees Retirement Plan. She stated in lieu of Social Security, Navarro College employees participate in the Teachers Retirement System (TRS) or an Optional Retirement Plan (ORP). Approximately 30 years ago, the college made the decision to offer an additional employment benefit via the Navarro College Employees Retirement Plan.

Ms. Moreno stated all full-time employees are eligible to participate in this optional retirement plan after completing one full year of employment. Members contribute 5% of their after-tax earnings which is matched with an additional 8% by the college. Participants are always 100% vested in the amount they have contributed and become fully vested in the college's contribution after five years. When participants withdraw from the plan or leave the college's employment before becoming fully vested, their matching funds are distributed among the other plan participants.

Funds are invested in stocks and bonds and are carefully monitored by two financial institutions. Approximately two-thirds of the funds are managed by Community National Bank and the remaining one-third by US Trust Bank of America. A "Safe Harbor" option is available for members who are not comfortable with the risk associated with the stock market. Safe Harbor funds are invested in a U.S. Government money market account which has a current yield of 0.16%.

A committee of nine trustees, representing all areas of the college and chaired by Ms. Moreno, is responsible for oversight of the Plan. Ms. Moreno stated the committee meets twice a year to hear reports from representatives from each bank and

review the performance of the investment portfolios. A newsletter sharing performance information is distributed to employees twice a year.

Ms. Moreno stated that out of 293 qualified employees, 227 are currently participating in the Navarro College Retirement Plan. She expressed her disappointment that 100% of those eligible are not participating. She concluded her report and responded to questions from the board.

In response to a question by Mr. Aldama, Ms. Moreno stated the 5% contribution by participants is "after tax" and is not taxed again when participants withdraw their accounts. She stated that funds moved into Safe Harbor must remain there for six months and will only earn interest at the current U.S. Treasury Bill rate. She stated because the economy will eventually bounce back, she does not recommend leaving funds in Safe Harbor for more than six months.

Mr. Huffman thanked Ms. Moreno for her report.

Update on Ellis County Campuses and Early College

Dr. Nolte thanked the Board and asked faculty and staff from the Ellis County Campuses who were present to stand and be acknowledged. He praised them stating they are the heart and soul of the Ellis County campuses. He continued by introducing a short video highlighting activities and events Ellis County students and staff have participated in over the past year.

Following the video, Dr. Nolte asked Dr. Westergaard to present an update on the Early College Program. He stated this program is a "shining star." After only two years, twenty-three students will be graduating from Early College before graduating from high school. He stated he was approached by someone in Canada recently during the ACCT Congress wanting information on Early College. They indicated they are hoping to implement a similar program in Nova Scotia.

Dr. Westergaard explained that the Early College program allows students to take college and high school courses simultaneously. She stated the program is academically rigorous and "not for the feeble." Out of the 23 students who will be graduating, 13 are first-time college students in their families. She then invited students from Waxahachie Global High School's Early College Program to come forward to speak to the board.

Each student spoke expressing their gratitude to the board for the opportunity Early College has provided them and briefly told about their plans to continue their education as well as their career goals for the future. When they finished, the Board of Trustees honored them with a standing ovation.

Dr. Westergaard introduced administrators and staff from Waxahachie Global High School: principal, Mr. Don Snook; assistant principal, Mr. Ken Lynch; and counselor, Ms. Jean Baskin. Mr. Snook thanked the board for the opportunities students are being given. He stated he has the "best job" working with dedicated students and motivated faculty. Mr. Lynch also spoke stating that education is not only changing the lives of the individual students but their families as well. Many younger siblings will follow in their footsteps.

Dr. Nolte thanked everyone and concluded the presentation. Mr. Huffman commended Dr. Nolte and his staff for a very good presentation.

Update on Personnel

Ms. Ballew was asked to present an update on personnel. She stated she had a short report for the month of October.

Ms. Judyth Ochoa was appointed Administrative Assistant II for Financial Aid – Waxahachie during the month of October 2010. There were no reclassifications, reassignments or transfers. Ms. Sherry Mathison, Administrative Assistant III – Mexia, resigned during the month of October 2010 and there were no terminations or retirements. Ms. Ballew reported a

special addition to Navarro College was made with the acquisition of a new Campus Police Dog named Dixie.

Following a review of five open support staff/paraprofessional positions currently being advertised, Ms. Ballew concluded her report.

500. President's Report

Dr. Sanchez asked Ms. Parish to present the Board's calendar of events. Ms. Parish briefly reviewed upcoming events including scheduled productions by the Corsicana and Midlothian Theatre Departments; the NJCAA Football Conference Championship Game against Butler, Kansas on Sunday, December 5; and the President's Holiday Tea at the Cook Education Center on Thursday, December 9, followed by the Holiday Concert in Dawson Auditorium. Final exams will be administered December 13-18, and the annual staff Christmas party will be held on December 20 in Gibson Hall. She concluded by stating the college will be closed for the holidays December 23, 2010 through January 2, 2011.

Dr. Sanchez asked Mr. Gragg to present an update on enrollment. Mr. Gragg stated he has a certified enrollment of 10,166 students for the fall 2010 semester. Simultaneous events were held at all campuses on November 1, 2010 to celebrate reaching the 10,000 student mark. Mr. Gragg stated enrollment has increased a remarkable 195% since Dr. Sanchez became president in 1989. A breakout of enrollment by campus for fall 2010 showed an unexpected 14% increase in headcount enrollment at the Corsicana campus. This exceeded the growth at the Ellis County campuses. Mr. Gragg stated most of the increase was due to new Business and Technology Programs including TYC, welding and the oil and gas program. Enrollment at the South Campus decreased slightly in headcount by 1.3% but increased in contact hours. The Waxahachie Campus increased 10.3% and Midlothian by 4.4%. The Internet has been the fastest growing entity at the college with a 21.7% increase in contact hours.

Mr. Gragg stated this is the middle of a funding year and contact hours generated now will determine funding from the State of Texas. He stated that although funding has been cut, Navarro College's share of "the pot" will be greater based on its growth compared to other institutions. He responded to a question from Mr. Huffman stating Midlothian's enrollment has been "maxed out" because of space. He stated he anticipates a spike in enrollment with the addition of the new classroom building (Phase II).

Dr. Sanchez asked Ms. Moreno to present an update on construction of the new Petroleum Technology and Campus Police Buildings in Corsicana. Ms. Moreno stated both projects are on schedule, and she provided pictures of the work in progress. It is anticipated the Campus Police Building will be ready to move into before the holidays. She stated the Petroleum Technology Building is scheduled to be turned over with a Certificate of Occupancy by December 29; the contract asked for December 31. She stated furniture and equipment are expected to arrive in early January in preparation for the beginning of the spring 2011 semester.

Dr. Sanchez stated faculty and staff were extremely appreciative of the \$50 bonus given to them by the Board during the 10,000 Student Celebration. He distributed numerous cards written to the Board by faculty and staff expressing their thanks.

Dr. Sanchez continued with a legislative update. He stated news reports indicate a third person may be bidding for the Speaker of the House position. He stated the next four years are going to be "quite difficult" for the legislature because of the huge deficit in the state budget.

Dr. Sanchez shared a presentation on the impact reduced state funding will have on the college as a result of the deficit the state is facing. The anticipated \$25 billion deficit will not only impact the 2011-13 biennium but the following biennium, 2013-15, as well. He stated Navarro College was directed to return 5% of its appropriations for 2009-2010 totaling \$1,506,358. Two days ago (November 16) he received word from the Office of the Governor, Lieutenant Governor and Speaker of the House directing state agencies to expect another 2-3% reduction. Dr. Sanchez stated a 3% reduction will amount to \$902,015, bringing the total state appropriation returned by Navarro College for this biennium to \$2,405,373. For the 2011-

13 biennium, state agencies have been directed to anticipate 10% less in state appropriations. This will amount to a reduction of approximately \$2,766,178 for Navarro College and a total reduction of approximately \$5,171,551 over the two bienniums.

Dr. Sanchez stated last year \$800,000 was set aside to apply towards the 2011-2013 deficit. These funds will now have to be used to offset the additional 3% reduction mandated by the State of Texas. Dr. Sanchez expressed concern that the amount generated by the mandated reductions statewide amounts to only \$1.2 billion, a "drop in the bucket" compared to the \$25 billion deficit the state is facing. He stated the legislature will have to find more money to balance the budget and it is his hope they do not ask state agencies to return additional funds beyond those funds mandated to date.

Dr. Sanchez stated from a historical context, Navarro College is currently serving 10,200 students with a budget allocation for 8,200. Fall 2011 enrollment is projected to reach 10,800 and the college is expected to serve these students with \$5 million less in state appropriation. He added that the college will not be reimbursed for increases in contact hours from fall 2009 through spring 2013. He stated the college will likely serve 3,300 more students toward the end of the biennium with a state appropriation allocation for only 8,200 students.

Dr. Sanchez stated structural problems are contributing to the state deficit and must be resolved. The legislature's "property tax buy-down" reduced the maintenance/operations rate from \$1.50 to \$1 of assessed valuation at a cost of \$15 billion per biennium. To offset this shortage of funds, the franchise tax was increased to generate \$8-\$9 billion more in revenues, leaving a shortage of \$6-\$8 billion. In addition, \$6-\$8 billion in ARRA stimulus funds were used to fund on-going operations. Replacement funds will have to be found, most likely from "non-essential" funds.

Dr. Sanchez reviewed charts from the Texas Association of Community Colleges showing the dramatic increases in enrollment at Texas Community Colleges from 1990-2010 and the projected decline in formula funding through 2012-2013. Dr. Sanchez stated a Cost Efficiency Committee being chaired by Dr. Nolte is expected to make recommendations for reducing expenses. He stated it may be necessary to increase tuition and fees and place a freeze on hiring new personnel when positions become vacant. He stated he will be presenting recommendations to the board in January 2011 in preparation for developing a budget for the next fiscal year.

Dr. Sanchez asked Mr. Gragg to share information on Momentum Points funding. Mr. Gragg stated the concept behind Momentum Points is to promote student success and encourage colleges to implement program success. Colleges will be awarded points for helping students progress from developmental studies to college level courses, students earning a degree or certificate, and students that are able to transfer to a four-year college.

Mr. Gragg stated this program will not be an incentive program. Ten percent will be removed from the state allocation and the colleges will be given the opportunity to "earn it back." He stated the Momentum Points program is scheduled to go into effect fall 2012. Funding measurements and how points will be allocated are still being discussed.

Mr. Huffman commented it appears the way the system is being designed, the college will not be able to earn back its full 10%. Mr. Gragg stated Momentum Points are favoring schools such as Navarro College more than technical schools. A scenario based on 2008 figures, shows Navarro College would have benefited from Momentum Points earning 4,754 points or 1.75% of the state's "pot." The college would have earned \$3,191,000, which is \$151,000 more than the college actually received in 2008. He stated based on this scenario, it is highly likely Navarro College will benefit from the Momentum Points but other schools, such as Texas State Technical College, will not.

Dr. Sanchez asked Dr. Nolte to report on the Cost Efficiency Committee. Dr. Nolte stated the committee consisting of approximately 15 members was created to identify cost-cutting and cost-savings measures and make recommendations to reduce the college's expenditures. The committee has met several times over the past few months and is considering many

options. The committee is in the process of finalizing its recommendations and will be presenting them to Dr. Sanchez in the next few weeks.

Dr. Sanchez stated the Bulldogs will play against Butler, Kansas for the NJCAA National Championship on Sunday, December 5, 2010 at 1:00 p.m. in Pittsburg, Kansas. Tickets were available for any trustees wishing to attend. Mr. Aldama stated he was making plans to attend but was not certain.

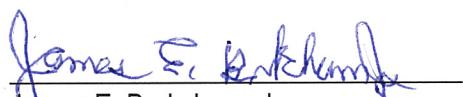
Dr. Sanchez concluded his report stating he will be out of the office on Friday, November 19, and could be reached by cell phone if needed.

Announcement and Adjournment

Mr. Huffman thanked everyone present on behalf of the board, and announced the next regular meeting of the Board of Trustees will take place on Thursday, December 16, 2010 on the Corsicana campus.

Mr. Aldama made a motion to adjourn the meeting at 8:43 p.m. and Mr. Atkeisson seconded the motion. The decision was unanimous.

Respectfully submitted,



James E. Borkchum, Jr.
Secretary-Treasurer
Navarro College Board of Trustees