

NAVARRO COLLEGE BOARD OF TRUSTEES
DECEMBER 16, 2010 MEETING
MINUTES

The governing body of NAVARRO COLLEGE met on Thursday, December 16, 2010, at 6 p.m. in the President's Dining Room for dinner. No business was discussed or conducted during this time. Following dinner, trustees relocated to the Arrowhead Room of the Gooch One Stop Student Center for their regular monthly meeting.

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

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
Mr. Dewayne Gragg	Vice President, Enrollment Management and Inst. Studies
Dr. Tommy Stringer	Vice President, Institutional Advancement
Mr. Roark Montgomery	Athletic Director
Ms. Marcy Ballew	Director, Human Resources
Mr. Nick Bobeck	Head Football Coach
Ms. Mary Palmeri	Chair, Support Staff/Paraprofessional Committee
Ms. Leslie Smith	Executive Administrative Assistant
Ms. Darla Littrel	Executive Administrative Assistant
Mr. Rayland Haynes	Media Integration Services Center
Mr. Oliver Sheehan	Corsicana Daily Sun

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

Call to Order and Dinner

Mr. Huffman called the meeting to order at approximately 6:00 p.m. in the President's Dining Room. Following dinner, the board relocated to the Arrowhead Room for their regular monthly meeting. At approximately 7 p.m., Mr. Huffman called the meeting to order and asked Dr. Price to begin the meeting 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 November 18, 2010 Meeting
- b. Revisions and Additions to Sections IX.15.00 - IX.15.16 - Computer and Information Technology Policies of the Navarro College Administrative Policies and Procedures Manual

Minutes from the November 18, 2010 meeting and changes to the Navarro College Administrative Policies and Procedures

Manual were presented in the Consent Calendar for approval. Dr. Sanchez asked Ms. Moreno to review the proposed changes in Computer and Information Technology policies.

Ms. Moreno stated during an information technology audit conducted in 2008, auditors sited three major findings: lack of safeguards in the wireless network; a need for a written disaster recovery plan in case of emergency; and the need for updated policies and procedures regarding computers and information technology. She stated a written disaster plan has since been developed and approval was recently given to purchase the final components required to protect the wireless network on campus. She stated the proposed revisions to the Navarro College Policies and Procedures Manual addresses the final issue and asked for the board's approval.

Dr. Price moved to approve the Consent Calendar and Mr. Aldama seconded the motion. The vote was unanimous.

Review of Unaudited Statement of Changes in Fund Balances for Year Ended August 31, 2010

Ms. Moreno was asked to continue with a review of the Unaudited Statement of Changes in Fund Balance for the Year Ending August 31, 2010. She stated this report was not official and was being presented for informational purposes only. Auditors will be presenting the official year-end statement during their presentation next month.

The fiscal year 2009-2010 ended August 31, 2010 with a surplus of revenues over expenses in the amount of \$2,169,488 in the Educational & General Fund and \$687,738 in the Auxiliary Fund. Ms. Moreno stated a contract with TXU, locking in a reduced electric utility rate, resulted in a savings of approximately \$500,000 over the previous year. She stated the contracted rate will carry over into the 2011 fiscal year.

Auxiliary enterprises ended the year with a net increase. Revenues earned from the College Store, Dining Services, and Residence Life in the amount of \$10,914,800 exceeded expenditures of \$10,228,090. Ms. Moreno stated after funds for the athletic program were deducted, the net increase in the Auxiliary Fund was \$686,710.

Ms. Moreno stated as a service to students, the College Store increased its stock of used textbooks for sale compared to new books. Approximately 4,142 used books were sold compared to 2,714 the previous year for a total of \$343,441. Ms. Moreno responded to questions from the board about book sales. She stated the markup rate on new books is 35% and 26% for used. Follett Company handles administrative duties for "book buy backs" and re-issues the books to Navarro College.

Dining services served 208,772 meals during fiscal year 2009-2010. Twenty full-time and five part-time employees are assisted by approximately 42 student employees working an average of 14 hours per week each. Residence Life housed 865 students during the fall 2009 semester and 764 students during the spring 2010 semester, an increase of 124 students over the previous fiscal year. Ms. Moreno stated Gibson Hall is being used to its maximum capacity by residence life students. Between November 1, 2009 and August 31, 2010, Gibson Hall was accessed by students approximately 140,336 times.

Ms. Moreno continued stating a slight decrease of \$14,141 in the Debt Service Fund was due to end of year accrual entries for interest, and the decrease of \$148,538 in the Scholarship Fund was temporary pending reimbursement by the Navarro College Foundation for scholarships that were awarded.

Ms. Moreno concluded her report by stating a portion of the new fund balance will be set aside to offset the reduction in state funding. Plans are to allocate additional funds for renovation of the "quad" area on the Corsicana campus and construction of a deli on the Waxahachie campus.

Take Action on November 2010 Financial Statement

Ms. Moreno was asked to continue by presenting the November 2010 Financial Statement. She stated the college district continues to be in a very healthy financial position.

Amendments in the Statement of Budget Changes increased the budget \$36,616. The revised budget for the period ending November 30, 2010 totaled \$106,428,604. Ms. Moreno stated an increase of \$87,932 in Local Appropriations reflected an increase based on information received from the Navarro County Tax Assessor showing an increase in tax assessments. Ms. Moreno explained the reduction of \$58,788 in the Plant Fund was required because the cost incurred for issuance of the revenue bonds for the Midlothian campus may not be applied to the construction cost of the building.

A review of the Source of Funds showed 39.73% (\$42,286,154) had been earned as of November 30, 2010 compared to 34.84% the previous year. A review of Disbursement of Funds showed 54.14% of the current budget had been expended or obligated. Expenditures were down when compared to the previous year with 57.10% expended/obligated.

The Comparative Balance Sheet for the quarter ending November 30, 2010 indicated a balance of \$86,264,419, an increase of 6.99% over the same period in 2009. Mr. Moreno stated the amount shown in Construction in Progress will move to Buildings-Net of Depreciation once the construction of the new buildings is complete. She stated auditors increased the Allowance for Uncollectable Accounts because of an increase in Accounts Receivable. Ms. Moreno pointed out that the college's debt, currently at \$29 million, is consistently being reduced and decreased by over a million dollars each year.

Ms. Moreno continued with the addition of an Auxiliary Services Report. A review of the Auxiliary Enterprises 2010-2011 Schedule of Revenues and Expenditures showed 31.65% of the budgeted revenues had been earned and 51.84% had been expended and/or obligated as of November 30, 2010. Ms. Moreno concluded by stating she plans to present this new Auxiliary Enterprises Report on a quarterly basis.

Dr. Price made a motion to approve the November 2010 Financial Statement. Mr. Borkchum seconded the motion and the vote was unanimous.

Take Action on Quarterly Investment Report for the Quarter Ending November 30, 2010

Ms. Moreno continued with a review of the Quarterly Investment Report for the Quarter Ending November 30, 2010. She stated during the first quarter of the 2010-2011 fiscal year, the book value of total investments decreased by \$3 million – from \$8,700,000 to \$5,700,000.

Five Certificates of Deposit (CDs), with a combined value of \$5,700,000 and earning interest rates of .8% to 2.2%, matured during the first quarter ending November 30, 2010. Approximately \$2,700,000 was reinvested into four new CDs at Prosperity Bank and First National Bank in Dawson earning from .45% to 2.2% rates of interest. The remaining balance of \$3,000,000 was applied toward payments for the construction of Phase II on the Midlothian Campus.

The Investment Portfolio's Maturity Schedule indicated all investments will be maturing over the next four quarters. Ms. Moreno continued with a review of pledged collateral stating \$12,008,880 in cash deposits are well secured with \$1,750,000 in FDIC Insurance and \$39,380,206 in pledged collateral. She concluded her report.

Mr. Atkeisson moved to approve the Quarterly Investment Report for the Quarter Ending November 30, 2010. Mr. Aldama

seconded the motion, and the decision was unanimous.

Presentation on Economic Impact Study

Mr. Gragg was asked to make a presentation on the Economic Impact Study conducted by Economic Modeling Specialists, Inc. for Navarro College.

Mr. Gragg stated the Texas Association of Community College (TACC) contracted the firm, Economic Modeling Specialists Inc., to conduct a study on the economic impact community colleges have on the state's economy to present to the legislature. Each individual community college was given the opportunity to enter into an individual contract with Economic Modeling Specialists Inc. to have individual studies conducted for the district.

Mr. Gragg stated Navarro College contracted with the firm to conduct an Economic Impact Study to measure the impact the college has within its five-county service area (Ellis, Freestone, Leon, Limestone, and Navarro Counties). The study addressed two primary areas of socioeconomic impact: return on investment for students and taxpayers, and economic growth in the regional economy. He continued with an overview of the results of the Economic Impact Study conducted on the Navarro College district.

Mr. Gragg stated students give up time and forego earnings to attend college. In return, students benefit from a lifetime of higher earnings relative to what they would have been earning had they not chosen to go to college. From the perspective of society as a whole, Navarro College students expand the state's economic base through their higher incomes, while the businesses that employ them also become more productive through the students' added skills. These benefits, together with the associated ripple effects, contribute an estimated \$40.5 million in taxable income to the Texas economy each year.

As they achieve higher levels of education, Navarro College students are also less likely to smoke or abuse alcohol, draw welfare or unemployment benefits, or commit crimes. This translates into associated dollar savings (i.e. avoided costs) to the public equal to approximately \$2.6 million annually. Benefits include added tax revenue stemming from the higher earnings of students, plus avoided social costs to the government for health, crime, and income assistance.

Mr. Gragg further stated the study shows every dollar invested in Navarro College returns \$1.80, a 6.3% rate of return. A rate of return that exceeds the assumed 3% discount rate from the taxpayer perspective indicates a positive investment. Adjusting for taxes and other monies withdrawn from the local economy in support of Navarro College, it is estimated that Navarro College District's economy receives a net of \$23.8 million in added labor and non-labor income due to Navarro College's operations each year.

Students from outside the region spend money for room and board, transportation, entertainment, and other miscellaneous personal expenses. These expenditures create jobs and income for local businesses. The study indicates spending of Navarro College's non-local students generates approximately \$5.1 million in added income in the Navarro College District economy each year.

Each year students enroll at the college and enter the local workforce, bringing with them skills they acquired while in attendance. Over time these skills build up and accumulate, steadily increasing the training level and experience of the workforce. This sparks a chain reaction in which the higher earnings of students generate additional rounds of consumer spending, while new skills and training translate to increased business output and higher property income, causing still more consumer purchases and local multiplier spending. Based on NC's historical enrollment and credit production over the past 30-year period, it is estimated that the accumulated contribution of NC instruction received by former students (both completers and non-completers) annually adds some \$97.9 million in income to the Navarro College District.

Mr. Gragg concluded by stating the study shows the college has a positive impact on its service area. Results demonstrate that the college is a sound investment from multiple perspectives: it enriches the lives of students and increases their lifetime incomes; it benefits taxpayers by generating increased tax revenues from an enlarged economy and reducing the demand for taxpayer-supported social services; and, finally, it contributes to the vitality of both the local and state economies.

Mr. Huffman thanked Mr. Gragg for his report. He and Mr. Aldama noted that the college receives approximately \$2.8 million in taxes and is generating \$23.8 million in return.

Recognition of Navarro College National Championship Football Team

Dr. Sanchez asked Mr. Montgomery to introduce Coach Bobeck. Mr. Montgomery stated the NJCAA Championship Bowl was very well organized and orchestrated. He stated the players visited elementary schools in Pittsburg, Kansas on Friday before the game emphasizing the importance of studying and attending school. Mr. Montgomery stated he received an email from a parent of one of those elementary students thanking them for the positive impression they made on her son.

He introduced head football coach, Nick Bobeck, stating during his tenure at Navarro College he has "turned things around." Coach Bobeck has consecutively been unbeaten in conference games and has a record of 32 wins and 3 losses during the past three years. At 30 years of age, he is one of the youngest coaches to win the National Championship.

Coach Bobeck thanked the board and administration for the trust they placed in him three years ago, when he was only 27 years old, and appointed him head coach. He talked about the football season and expressed his pride in his players. He stated the team had to overcome many non-football issues this year but "fought through and recovered." He stated playing in the championship game was a wonderful experience for everyone. The support from both the college and community, including the downtown pep rally and players being asked to sign autographs, has been tremendous.

Coach Bobeck acknowledged each of his assistant coaches and commented on the role they have played in the team's accomplishments. He stated Wednesday, November 15, was national signing day. Many Navarro College players have been recruited by four-year institutions to play football for them and will be using this avenue to continue their education. With many players moving on, Coach Bobeck stated he and his assistant coaches have been on the road all week recruiting new players. He stated that Navarro College has developed a good reputation and many four-year institutions are trusting him by sending him good players that are not academically prepared to attend their schools. He stated winning the national championship is also helping their recruiting efforts. He concluded by stating the future is looking bright.

On behalf of the Board of Trustees, Mr. Huffman stated they were very proud of Coach Bobeck, his staff and players and the fame and fortune they have brought to Navarro College. Mr. Huffman stated that bowl organizers were very complimentary of Navarro College's team, stating the demeanor of the players was exemplary. Mr. Huffman continued stating the values Coach Bobeck and his coaching staff have instilled in these young players will remain with them for the rest of their lives.

Update on Personnel

Ms. Ballew was asked to present an update on personnel. She reported the following appointments were made during the month of November 2010:

- Jaime Munoz – Graphic Designer – Corsicana
- Kyler Copsey – Junior Programmer – Corsicana
- Donna Hodge – Network Operations/PC Support Specialist – Corsicana
- Janice Cason – Executive Administrative Assistant II – Corsicana

- Kathy Paschal – Administrative Assistant III - Mexia

The following resignations occurred:

- Wanda Garrett – Lab Coordinator – Mexia State Supported Living Center
- Amanda Jordan – Area Housing Coordinator III – Corsicana
- Jill Heald – Assistant Bookstore Coordinator - Midlothian

There were no reclassifications, reassessments, transfers or retirements during the month of November 2010. Ms. Ballew concluded her report by stating only two open positions were currently being advertised: Area Housing Coordinator II and Coordinator of Student Guidance for the Corsicana campus.

President's Report on Items of Information

Dr. Sanchez stated Ms. Parish was absent for personal reasons and asked Ms. Ballew to present the Board's calendar of events on her behalf. Highlights of upcoming events included: Fire/EMS/Police Academy Graduation in Waxahachie on December 17; Navarro College Annual Staff Christmas Party on December 20; and upcoming basketball games and athletic events. Ms. Ballew concluded by stating the college will be closed for the holidays from December 23 through January 2.

Dr. Sanchez invited Trustees to attend the Staff Christmas Party on December 20 in Gibson Hall from 11:30 a.m.- 2 p.m. He then invited Ms. Mary Palmeri, Chair of the Support Staff/Paraprofessional Committee, to come forward. Ms. Palmeri and Dairy Johnson, Vice-Chairman, expressed their appreciation for the board and distributed Christmas gifts to each trustee on behalf of the Support Staff/Paraprofessional Committee.

Dr. Sanchez asked Mr. Gragg to present an update on enrollment. Mr. Gragg stated early enrollment for the spring 2011 semester is progressing well. Approximately 5,400 students have registered, representing an increase of 5.4% in contact hours over this time last year. He concluded by stating he anticipates an increase of 27% over last year's base enrollment.

Dr. Sanchez asked Ms. Moreno to update the board on the construction of the Petroleum Technology Building and Campus Police Building. Ms. Moreno stated both projects are "on track." Construction of the Campus Police Building was approximately 95% complete and was slightly ahead of the Petroleum Technology Building. She displayed pictures of the work in progress. She concluded by stating Hill & Wilkinson anticipates turning over both buildings to the college with a "Certificate of Occupancy" by December 31, 2010.

Dr. Sanchez stated the 82nd Legislative Session is scheduled to begin in January. No new information in terms of the budget shortfall was known. He stated there has been some discrepancy between the house and the senate regarding the extent of the deficit, but planning perimeters are still being based on the estimate of \$25 billion.

Dr. Sanchez stated a letter received from the Governor's Office on Tuesday, December 7, 2010 directed an additional 2.5% reduction in the 2009-2011 state appropriation. This additional \$378,957 brings the total amount Navarro College has had to return to the State of Texas this biennium to approximately \$1,894,780. Dr. Sanchez stated the legislature has also advised Texas Community Colleges to prepare for another 10% reduction in state funding for the 2011-2013 biennium - amounting to a reduction of \$2,766,178 million for the college. The total reduction projected from the 2009-2011 biennium through the 2011-2013 biennium is approximately \$4,910,397.

Dr. Sanchez indicated that from a historical context, funding allocated for the 2009-2011 biennium was based on enrollment of 8,200 students in fall 2008. He stated Navarro College will not be reimbursed for student contact hours generated fall

2009 through spring 2013. Fall 2010 enrollment reached 10,200 students. Projections for fall 2011 show student enrollment will increase to 10,800 and 11,500 for fall 2012. He stated the college will be expected to serve 3,300 additional students with a state appropriation allocated for only 8,200 students.

He stated the 2013-2015 biennium is predicted to also have a deficit due to structural problems within the budget. The legislature's "property tax buydown" created a shortage of \$15 billion/biennium. To offset the deficit this created, the legislature increased the franchise tax. However, this increase has only generated \$8-\$9 billion, leaving a shortage of \$6-\$8 billion. In addition, one-time ARRA funds (stimulus funds) were used to fund ongoing operations and replacement funds must be found. Increases in Medicaid and public school enrollment must also be funded.

Dr. Sanchez commented by stating that although full formula funding is the goal of the President's Association, contact hour funding continues to decrease each year. He stated contact hours were reimbursed at the rate of \$7.11 for 2009-2011 biennium but the mandated reductions have reduced their worth to \$6.64. Next biennium, the contact hour rate will decrease to \$5.47 and possibly as low as \$4.92 depending on the amount of reduction. Dr. Sanchez noted that the legislature considers higher education a "non-essential" service.

Finally, Dr. Sanchez stated several options are being considered in preparation for the reduction in state appropriations for 2011-13. A Cost Efficiency Committee has submitted suggestions for saving money which will be reviewed after the beginning of the year. Other options include: increase tuition and fees, reductions in budgeted items, placing a freeze on hiring new personnel and reviewing vacated positions carefully before filling them, and use of the year-end balance from fiscal year ending 2011. Dr. Sanchez stated, fortunately, Navarro College has been financially stable and will not suffer as badly as other community colleges from the reductions.

Dr. Sanchez continued his President's Report by stating he would like to move forward with renovations to the quad area on the Corsicana campus between the Albritton Administration Building and the Gooch One-Stop Center. He stated uneven cement is a hazard causing students and members of the public to trip and fall. He stated he would also like to move ahead with the addition of a deli for the Waxahachie campus and plans to bring these two projects forward at a future board meeting.

Dr. Sanchez stated gifts placed in front of each trustee were from the College. Gifts were also sent by his wife. He thanked the trustees for their service and their value to the college. He concluded his report wishing them a Merry Christmas and a very Happy New Year.

Announcement and Adjournment

Mr. Huffman announced that the next Board of Trustees meeting will take place on January 20, 2011 in the Arrowhead Room and wished everyone a Merry Christmas and Happy New Year.

Mr. Aldama moved to adjourn the meeting at 8:31 p.m. The motion was seconded by Mr. McGraw, and the decision was unanimous.