

**NAVARRO COLLEGE BOARD OF TRUSTEES
MINUTES
APRIL 19, 2007 MEETING**

The governing body of NAVARRO COLLEGE met at 7:00 p.m. on Thursday, April 19, 2007 in the Gooch Arrowhead Room for their regular monthly meeting. All Trustees were in attendance: Mr. Homer Wasson, Chairman; Dr. James Price, Vice Chairman; Mr. Liston Herod, Member; Mr. Lloyd Huffman, Secretary/Treasurer; Mr. James Borkchum, Member; Mr. Todd McGraw, Member; Mr. Zane Stites, Member.

Also in attendance were:

Dr. Richard Sanchez	President
Dr. Harold Nolte	Provost, Ellis County Campuses
Dr. Kenneth Martin	Vice President for Academic Affairs
Mr. Darrell Raines	Vice President for Finance and Administration
Dr. Tommy Stringer	Vice President for Institutional Advancement
Ms. Maryann Hailey	Interim Vice President for Student Services
Mr. Dewayne Gragg	Dean of Enrollment Management
Ms. Nelida Aguilar	Director of Human Resources
Mr. Kacie Campbell	Interim Director of Marketing and Public Relations
Dr. Larry Weaver	Dean of Career and Technical Education
Dr. Cubie Ward	Dean of Midlothian Campus
Ms. Leslie Smith	Executive Administrative Assistant
Ms. Darla Littrel	Executive Administrative Assistant
Mr. Matt Miller	Director of Media Integration Services
Mr. Mark Malveaux	McCall, Parkhurst & Horton, LLP
Mr. George Williford	First Southwest Company
Mr. Bob Belcher	<u>Corsicana Daily Sun</u>

Various other faculty, staff, students and visitors were also in attendance.

100. Introduction

101. Call to Order

The meeting was called to order at 7:03 p.m. by the Chairman, Mr. Homer Wasson. Dr. Price was asked to lead the assembly in prayer.

Following the prayer, Mr. Wasson announced that the Closed Session would not be held as stated on the agenda. He stated the Board had “unknowingly” been in violation of the Open Meetings Act in the past and apologized. He stated they have been made aware of the violation and it will not happen again.

102. Changes to Agenda

When asked if there were any changes to the agenda, Dr. Sanchez requested *Item 301 – First Reading of Proposed Revisions to Section IV.11.00 On-Line Instruction Guidelines and Procedures* be postponed until the next Board meeting in May. He stated he had been in convocation with faculty about the policy and they have requested more time to address issues in the policy.

103. Take Action on the March 3, 2007 Board Meeting Minutes

104. Take Action on the March 22, 2007 Special Board Meeting Minutes

Mr. Huffman made the motion to approve the minutes for the March 3, 2007 Special Board Meeting and the March 22, 2007 Board Meeting. Mr. Stites seconded the motion. The decision was unanimous.

105. Board Comments

There were no comments by members of the Board.

106. Open Forum Time

There were no requests to address the Board of Trustees.

200. Finance and Administration

201. Adopt Resolution Authorizing the Issuance of Navarro College District Consolidated Fund Revenue Bonds, Series 2007 and Other Matters Related Thereto

Dr. Sanchez stated that during a special meeting held in January 2007, the decision was made to issue revenue bonds to complete the financing of construction projects in Waxahachie and Corsicana. He stated this will be the last issue of bonds for quite some time and asked Mr. Raines to present the resolution authorizing the issuance of Navarro College District Consolidated Fund Revenue Bonds, Series 2007.

Mr. Raines stated an issue of \$3,550,000 in revenue bonds was needed. The \$3,500,000 is needed for the construction of a 20,000 sq. ft. classroom building and a Fire Academy/Continuing Education building on the Waxahachie campus and two (2) new 32-bed residence halls on the Corsicana campus. The additional \$50,000 represents the cost to issue the bonds. He stated the identical procedure as last year will be used for issuing the Series 2007 Revenue Bonds. First Southwest Company has solicited bids from area banks. Mr. Raines then introduced Mr. George Williford, financial advisor from First Southwest Co., and bond legal council, Mr. Mark Malveaux from McCall, Parkhurst & Horton.

Mr. Williford stated that because of the size of the issue and the College's portfolio, private placement was selected versus the public market. He explained that issues of less than ten million dollars during the course of a calendar year by an entity such as the College is considered "bank qualified tax exempt" -- meaning commercial banks can take a tax deduction on the interest rate. Summaries of six (6) bids received from four (4) entities were distributed to the Board in addition to copies of the letter sent to the banks describing the issue and invitation to bid. He stated the interest rate received on last year's issue was only 3.7%. He stated that although interest rates still remained favorable, long-term interest rates have remained low and this factored into the interest rates offered on the 2007 issue. A fixed rate of 4.08% for a twenty year period with a "Make Whole"/Callable provision was the lowest bid received. Mr. Williford stated that if the bonds had been bid on the public market the expected rate would have been approximately 4.25 – 4.35%.

Mr. Williford stated it was his recommendation the Board accept the offer from Bank of America - Waco at a fixed rate of 4.08% for the entire twenty year maturity schedule with a "Make Whole" provision. Mr. McGraw inquired about the impact of the callable feature, and Mr. Williford responded that theoretically if interest rates increase, the bank will use a formula to determine the differential between the "constant maturity Treasury rates" and their rates. He stated if the rates are the same or lower the bank will be calculating a premium that will have to be made up to equalize their yield, and it would be likely the bonds would be called.

Mr. Williford concluded by stating that although the Board does not anticipate issuing more bonds, it is not unusual for entities to issue additional debt or restructure outstanding debt to keep payments low. He stated there will probably never be a need to restructure the 2006 and 2007 debt but the Board may want to look at restructuring their 2003 debt at some point.

Mr. Mark Malveaux followed Mr. Williford and stated the process for issuing the bonds will be the same as in the past. A resolution will be executed by the Chairman and Secretary/Treasurer along with other documents. He stated the private placement with a bank is much less complicated than a public offering. Documents along with a transcript will be provided to the State of Texas Attorney General's Office for an opinion that everything done to issue this debt has been according to state law. McCall, Parkhurst and Horton will also provide an opinion to confirm not only that everything has been done according to State of Texas law, but also that this issue of bonds is a tax exempt obligation. Mr. Malveaux concluded by stating expectations are to close on May 15th.

Dr. Price made the motion to adopt the resolution authorizing the issuance of Navarro College District Consolidated Fund Revenue Bonds, Series 2007 and Other Matters Related Thereto. Mr. Borkchum seconded the motion, and the vote was unanimous.

202. Approve Orders Declaring Unopposed Candidates Elected and Elections Cancelled

Dr. Sanchez stated he was very pleased that the three incumbent Trustees running for re-election were unopposed. He stated this is usually an indication that voters are satisfied. He asked Mr. Raines to explain the process for canceling the election.

Mr. Raines stated the deadline for filing for a place on the ballot for the May 12, 2007 Board of Trustees election was March 12, 2007. The last date to file for a write-in candidate was March 19, 2007. No one filed for each of the three (3) positions other than the three (3) incumbent trustees. The State of Texas statute allows for the Board to cancel the election and declare the unopposed candidates elected. Mr. Raines stated that Tom Carr, Navarro College's legal counsel, has prepared the election orders and that three (3) resolutions are necessary; one for each position. Each resolution will be posted in its corresponding precinct with the resolution for the At-large position being posted throughout all precincts.

Mr. Raines stated that canceling the election will save the College \$33,000. He concluded by stating the three incumbent trustees, Dr. James Price, Mr. James Borkchum and Mr. Todd McGraw, will be sworn in during the May 2007 Board meeting and an election of officers will follow.

Mr. Huffman made the motion to approve orders declaring the unopposed candidates elected and the elections cancelled. Mr. Herod seconded the motion and the decision was unanimous.

203. Take Action on February 2007 Financial Statement

Mr. Raines continued with a presentation of the College's financial statements for the period ending February 28, 2007.

He stated that February marks the mid-point in the College's fiscal year. More time is spent analyzing the budget item by item to determine if revenue and expenditure patterns are realistic to reach the end of the fiscal year. He stated adjustments totaling \$2,688,636 were proposed for the period ending February 28, 2007. A decrease of \$62,859 in the Educational and General Fund reflects a reduction in tuition income as a result of not meeting targeted enrollment increases. A reduction in the state appropriation to Midlothian was a result of an accounting adjustment between fiscal years. Major adjustments were also made as a result of a number of personnel changes. Interest expense associated with the 2007 Revenue bonds in the amount of \$33,000 was added to the debt service budget. A net increase of \$2,470,000 was proposed for the Plant Fund to reflect expenditures for construction projects approved by the Board. An increase of \$228,485 was proposed in the Auxiliary Fund as a result of College Store sales and miscellaneous athletic income. No adjustments were proposed for the Student Financial Aid Fund. The revised budget at February 28, 2007 totaled \$68,335,922.

A review of Source of Funds at February 28, 2007 indicated 61.34% had been earned as compared to 65.85% on February 28, 2006. A review of Disbursement of Funds at February 28, 2007 indicated 66.97% of the budget had been expended or obligated as compared to 73.86% in 2006.

Mr. Raines continued with a review of the Comparative Balance Sheet at February 28, 2006. He stated the Balance Sheet totaling \$65,657,605 reflects a nice increase of 9.82% from last year at \$59,787,956, basically as a result of construction projects being recognized as buildings.

Mr. Raines concluded by stating he was pleased the College was able to absorb changes that had to occur at mid-year. He also stated the College continues to maintain a very good financial condition. He added that a great deal of money in instruction for part-time teaching was not needed as a result of lower than anticipated enrollment and turned out to be a "life vest."

Mr. Huffman inquired about auxiliary services, and Mr. Raines responded that they were doing very well and would continue to perform well as long as housing stays full. He added that two (2) new assistant housing directors were hired this year and as a result, this semester has been one of the more peaceful ones in housing history.

Mr. Borkchum made the motion to approve the February 28, 2007 financial statements and Mr. Huffman seconded the motion. The vote was unanimous.

204. Take Action on Quarterly Investment Report for the Quarter Ending February 28, 2007

Mr. Raines continued with an overview of the Quarterly Investment Report for the Quarter ending February 28, 2007. He stated that the College's portfolio has a large portion invested in Public Funds Interest Bearing Checking/Savings accounts at Chase Bank paying approximately 5% interest. These funds are fully collateralized by Chase Bank. In addition to the higher interest rates, another reason for the shift towards short-term investments was attributed to the need to access cash funds over the next six months for the construction projects.

Mr. Raines reviewed the Investment Report by type of investment and fund. The College's portfolio book value increased during the quarter ending February 28, 2007 by \$1,405,600 for a total of \$13,332,183. The market value at February 28, 2007 totaled \$8,353,183.24 compared to \$3,997,725.55 for the quarter ended November 11, 2006.

Mr. Raines continued with a review of Benchmark Rates, the Maturity Schedule and Pledged Collaterals. He stated that deposits totaling \$13,310,109 are well collateralized by \$22,849,379 in pledges.

Mr. Huffman inquired about the multiple (x) of funds required to meet the bond covenants. Mr. Raines responded that it will most likely be "upper 3's to 4's" depending on performance of the auxiliary services and enrollment. Dr. Sanchez added that the increase in tuition and fees for the fall could help increase the coverage. Mr. Raines agreed and stated the College will have good coverage with four times (4x) the required amount available.

Mr. Stites inquired about rates TexPool/LoneStar are paying. Mr. Raines stated they are running around 5.29% but noted the pool is not insured and is not allowed by the College's Investment Policy.

Mr. Huffman made the motion to approve the Quarterly Investment Report and Mr. Herod seconded the motion. The decision was unanimous.

205. Update on Construction of Classroom and Continuing Education/Fire Academy Buildings on Waxahachie Campus and Residence Hall on Corsicana Campus

Dr. Sanchez asked Dr. Nolte to present an update on construction at the Waxahachie campus.

Dr. Nolte reported that he and Karl Humphries, Director of Physical Plant, continue to meet with the architects and contractors every Wednesday at 3 p.m. to go through reports and receive updates on what is needed. He stated there have been thirteen (13) construction days delayed due to rain and snow. Slab prep and pouring for the classroom building and for the continuing education building have been completed. Pouring of the slab will be finished by the following Monday. Panels have been poured for the

classroom building walls, and steel is expected to arrive the next week.

Dr. Nolte stated that after many discussions with TXU, they have agreed to provide primary feeds and transformers at no cost to the construction sites. Approximately \$60,000 is being saved on the project. However, the College will still have to bore beneath the road on John Arden Drive for the conduit and power line.

Mr. Raines followed Dr. Nolte's presentation with a brief update on the construction of the 32-Bed Residence Hall on the Corsicana campus. He stated that since the last Board meeting, piers and floors have been poured. The building was framed by a sub-contractor from Ennis who completed it in less than a week. He stated most trusses are now in place and the building is close to being "dried in". He concluded by stating that Mr. Dennis Melton is doing a very good job keeping the construction site very tidy and he was pleased to have local contractors on this job.

Mr. Wasson thanked both Dr. Nolte and Mr. Raines.

300. Instruction / Student Services / Athletics

301. First Reading of Proposed Revisions to Section IV.11.00 On-line Instruction Guidelines and Procedures of the Navarro College Administrative Policies and Procedures Manual

This item was postponed until the May 17, 2007 Board meeting.

302. First Reading of Section IX.14.02 – *Special Accommodations for Students with Disabilities* of the Navarro College Administrative Policies and Procedures Manual

Dr. Sanchez asked Ms. Maryann Hailey to present the next three items regarding proposed policies for the Navarro College Administrative Policies and Procedures Manual.

Ms. Hailey explained the purpose of the proposed policy, *Special Accommodations for Students with Disabilities*, is to define the type of accommodations requested by students with disabilities that the College deems to be reasonable. The policy also designates the type of documentation students must submit. Ms. Hailey stated requests for accommodations can be very minor, such as color overlays, while others can be very expensive, such as providing sign language interpreters for the hearing-impaired and note takers. Ms. Hailey stated that two (2) offices are designated to handle these requests. She stated there is a need for this policy with over one hundred (100) students with disabilities registered at Navarro College each semester.

Dr. Sanchez added the policy will also serve to keep the College in compliance with Title IX and the Equal Opportunity Act and avoid potential lawsuits.

Mr. Herod made the motion to adopt *Section IX.14.02 – Special Accommodations for Students with Disabilities* without a second reading. Mr. Borkchum seconded the motion and the decision was unanimous.

303. First Reading of Section IX.18.00 – Free Expression, Solicitation and Public Assembly of the Navarro College Administrative Policies and Procedures Manual

Ms. Hailey continued with a review of the proposed policy for Free Expression, Solicitation and Public Assembly. She stated this policy defines and regulates the reasonable time, place and manner for free speech and expression. It also designates appropriate areas on campus for assembly and free expression as well as acceptable forms of free speech.

Ms. Hailey stated the policy has been developed in consultation with other colleges and universities including those who have faced lawsuits for violation of free speech rights. She stated that cult-like organizations have attempted in the recent past to assemble on campus. Other organizations, whose sole income is from lawsuits, look for violations to their rights to free speech. She stated the policy should prevent occurrences such as these from happening and protect the College from lawsuits.

Mr. Huffman made the motion to approve *Section IX.18.00 – Free Expression, Solicitation and Public Assembly* without a second reading and Mr. Borkchum seconded the motion. The vote was unanimous.

304. First Reading of Section IX.19.00 – No Smoking Policy of the Navarro College Administrative Policies and Procedures Manual

Ms. Hailey continued with a review of the proposed No Smoking Policy. She stated the purpose of this policy is to protect the health, comfort, and environment of Navarro College's students, employees and guests by creating areas on campus that are reasonably free from tobacco smoke. The policy restricts any smoking inside buildings and within twenty (20) feet of any entrance to any campus building. Designated areas for smoking are included in the policy and signs will be posted throughout the campuses.

Ms. Hailey stated that students have voiced their concerns about the effects of second-hand smoke. She stated the Student Government recently thanked the administration for moving ashtray urns away from the building entrances. Dr. Sanchez added that this new policy is the first step towards a smoke-free campus.

Mr. Herod made the motion to adopt *Section IX.19.00 – No Smoking Policy* without a second reading and Mr. Huffman seconded the motion. The vote was unanimous.

400. Personnel

401. Appointments/Transfers/Reassignments

Ms. Aguilar presented the personnel reports for the month of March 2007.

The following appointments were made during March 2007:

- Dr. David Baca (Director of Library Services, Corsicana)

- Brett Manley (Assistant Director of Residence Life, Corsicana)
- Sherrill Warmack (Account Clerk - College Bookstore, Corsicana)
- Sarah Warren (Assistant Director of Residence Life, Corsicana)

The following employee reassignments were made during March 2007:

- Kacie Campbell (Interim Director of Marketing and Public Information)
- Kraig Hawkins (Interim Chief of Police)
- Pearl Skewes (Interim Assistant Dean of Business & Technology)
- Keely Tucker (Interim Assistant Director of Student Relations)
- Kim Vielma (Network Operations/PC Support Technician from Administrative Assistant IV/Benefits Coordinator)

There were no employee reclassifications were made during March 2007:

402. Resignations

The following employees resigned during March 2007:

- Derrick Crist (Chief of Police, Corsicana)
- Willie Pace (Custodian, Corsicana)
- Barbie Partington (LVN Instructor, Midlothian)
- Joann Thomas (Assistant Director of Residence Life, Corsicana)

No employees were terminated or retired during March 2007.

500. President's Report

501. President's Report

Dr. Sanchez began his President's Report by asking Ms. Kacie Campbell to review the Board Calendar. Ms. Campbell reviewed highlights of events for April and May including a celebration for the Navarro College Cheerleaders in recognition of their back-to-back win of the National Cheerleaders Championship and the Region XIV Softball Tournament and Banquet.

Dr. Sanchez asked Interim Chief Kraig Hawkins, Navarro College Police Department, to inform the Board of Trustees about the College's preparedness and plans to deter a tragedy such as the one recently suffered by Virginia Tech University. Chief Hawkins offered assurance that the College's Police Department is on patrol twenty-four hours a day/ seven days a week with 6 full-time and 2 part-time officers. He stated that self-examination is being made of their department, and training and technology needs addressed. He stated the department plans to be proactive during any crisis with a swift decisive response.

Mr. Huffman inquired if there is a process for getting word out quickly. Chief Hawkins responded the Crisis Management Plan has people designated in each building to communicate basically by word of mouth. He added that he and Mr. Raines plan to review the Crisis Management Plan for issues that need to be addressed. Dr. Sanchez stated he had met with Mr. Raines and Chief Hawkins earlier that day. He

stated they are considering several things such as having a signal such as “code red” sent out from the switchboard indicating a very serious situation and making people aware to not leave the building and to take cover until an all clear signal is given. He has authorized the hiring of an additional police officer and stated he intends to write the parent of every student living on campus to assure them that everything is being done to deter an incident from taking place at Navarro College.

Mr. Wasson commented he felt this was the most important thing the Board had to discuss this evening. He stated it is very important to take every precaution and make every effort to protect Navarro College’s students.

Dr. Sanchez continued the President’s Report with an update on the legislature. He stated the Senate is proposing to allocate far more than the House to community colleges. With the appropriation of \$2.4 million the House is proposing, Navarro College will receive approximately \$23 million. If the appropriation is possibly increased by \$30 to \$50 million dollars by the House, Navarro College will receive approximately \$24,070,000. The appropriation proposed by the Senate has been adjusted because of a settlement of a Medicaid lawsuit. Dr. Sanchez also stated the Senate is adamant about restoring a previous 10% reduction in health benefits to community colleges. The reduction had previously been restored to all other state agencies except community colleges. Dr. Sanchez stated the House has appointed their conference committee members but the Senate is having tremendous difficulty settling issues and has not appointed committee members yet. He stated it will be fortunate to know the amount of allocation Navarro College will receive by the end of April but it will more likely be late May.

Dr. Sanchez asked Mr. Huffman if he wanted to lead a discussion about an article he is proposing. Mr. Huffman stated he wanted to address the controversial articles appearing in the newspaper recently about the College service area and the use of local tax funds. He stated he has drafted a letter from the Board for their review that he would like to submit to the paper. He stated he felt it was important to explain and define the service area assigned to Navarro College by the legislature. He stated the College established education centers and has been serving Mexia and Waxahachie, and now Midlothian, since the late 60’s and early 70’s. He stated that it is not possible to use local Navarro County taxes for these education centers and stated that not enough local taxes are received to even cover the Corsicana campus’s utilities.

Mr. Huffman continued by stating there is a strong demand in Ellis County for Navarro College’s services which continues to grow and it is the College’s duty to provide them. He stated that the College felt justified in attempting to have legislation introduced in order to streamline the process of having the education centers designated as a branch campus. The intent was to allow voters in Ellis County to decide if they want to support additional buildings with a maintenance tax. He stated he would like to clarify the facts for the public with another letter to the paper and show how the local taxes only go towards the expenses for the Corsicana campus. Mr. Stites thanked Mr. Huffman for his work and for his statements. He stated it was timely and necessary.

Dr. Sanchez then asked Mr. Raines to address the issue of organizing financial statements broken out by campus. Mr. Raines stated the monthly financial statements that are always presented are consolidated to keep from overwhelming the Board. He stated GASB requires consolidated financial statements in the audit to meet their accounting standards as well as SACS for accreditation. One issue with breaking out the statements is the need to wait until the end of the fiscal year. Another issue is the difficulty of separating areas that are not clearly defined by campus. Many students and faculty take classes and teach at multiple campuses. Another concern is breaking out State Aid which is based on contact hours generated from the previous two years. Other services such as business services will have to be allocated as well. He stated separating the financial statements by campus can be done but will require a great deal of time and effort. Mr. Wasson asked what is required and Mr. Raines stated that the College is in full compliance with its monthly financial statements. Dr. Price, Mr. Herod and Mr. Wasson each expressed their appreciation for the work Mr. Raines does in keeping them well informed. Mr. Huffman agreed and suggested that a more detailed report could be issued showing the expenses for the Corsicana campus. Mr. Stites agreed and stated that it may be helpful for the public to see to help them understand better.

Dr. Sanchez inquired what the Board's pleasure was regarding the format of financial statements. A discussion followed with the Board coming to the consensus that it would be a good idea to show details on the expenses for operations at the Corsicana campus. Dr. Price stated that the point has been made that expenses at the Corsicana campus far exceed the taxes received. Mr. McGraw stated it was important to answer any questions asked but that it was not clear what was being asked of the Board and it needs to be determined. Dr. Sanchez stated the seven news articles being prepared for the community are almost complete. He stated that information could be added with itemized tax receipts and details of how the taxes are used to give the taxpayer an idea where their money is going. Dr. Sanchez stated the articles would be finalized and a meeting set up with Raymond Linex to find out when the series can begin to appear in the *Corsicana Daily Sun*.

Dr. Sanchez continued the President's Report by stating Navarro College could become involved with training employees for the Texas Youth Commission (TYC). He asked Chris Grams to explain the details. Mr. Grams stated that the opportunity was just presented earlier in the week and a proposal has been requested by next Monday (April 23). TYC is looking at three (3) sites for training because of the number of individuals to be trained. A new group of 100 would be trained every eight (8) weeks with fifty (50) staff members at a time being housed by Navarro College and fifty (50) housed at TYC. Mr. Grams stated this will generate 300 contact hours per employee with the potential of generating an increase of almost 180,000 contact hours per year. Mr. Grams concluded by adding that a bill is in legislature increasing the training requirements for TYC employees even more.

Dr. Sanchez stated he will be in California on May 3 and 4, 2007 attending his grandson's First Communion.

Dr. Sanchez further stated that Commencement will take place before the next board meeting and information will be sent out very soon. Texas A&M University-Commerce's commencement will be held on Friday, May 11 and Navarro College's will be held on Saturday, May 12. Two ceremonies will be held again, the 9:00 a.m. for AA and AS graduates and 2:00 p.m. for AAS and Certificates Program graduates. Mr. Huffman inquired about Texas A&M's enrollment and Dr. Martin responded that over 500 students were enrolled the past semester. He stated the program continues to grow as Navarro College grows.

Dr. Sanchez concluded his report by stating that a commencement ceremony will likely be proposed for Ellis County next year. He commented that the Texas A&M program in Midlothian may also schedule a Commencement ceremony there as well.

600. *Closed Session, Announcement and Adjournment*

601. Convene into Closed Session

602. Reconvene into Closed Session

No Closed Session was held.

603. Next Meeting Announcement

The next meeting of the Board of Trustees will be held at the Midlothian Campus on May 17, 2007.

604. Adjournment

Mr. Stites made the motion to adjourn at 8:59 p.m. and Mr. McGraw seconded the motion. The decision was unanimous.

Lloyd D. Huffman, Secretary/Treasurer
Navarro College Board of Trustees