

**NAVARRO COLLEGE BOARD OF TRUSTEES
JANUARY 4, 2007 SPECIAL MEETING
MINUTES**

The Board of Trustees met at 12:00 noon in the Lone Star Room located in the Walker Dining Hall for a special meeting on January 4, 2007. All Trustees were in attendance: Mr. Homer Wasson, Chairman; Dr. James Price, Vice-Chairman; Mr. Lloyd Huffman, Secretary/Treasurer; Mr. James Borkchum, Member; Mr. Liston Herod, Member; Mr. Todd McGraw, Member; and Mr. Zane Stites, Member.

Also in attendance were:

Dr. Richard Sanchez	President
Dr. Kenneth Martin	Interim Vice President for Academic Affairs
Mr. Darrell Raines	Vice President for Finance and Administration
Dr. Harold Nolte	Provost, Ellis County Campuses
Mr. Bryce Weigand	Good, Fulton and Farrell Architects
Mr. David Dumas	Good, Fulton and Farrell Architects
Mr. Steve Camp	Hill and Wilkerson
Mr. David Hunt	Hill and Wilkerson
Mr. Wade Wilson	Hill and Wilkerson
Mr. Mike Oswald	Hill and Wilkerson
Ms. Leslie Smith	Executive Administrative Assistant
Mr. Matt Miller	Director, Media Integration Services
Mr. Dick Aldama	KAND
Mr. A.J. Narasimhan	<u>Corsicana Daily Sun</u>

100. Introduction

Mr. Wasson called the meeting to order at 12:04 p.m. and asked Dr. Price to lead the assembly in prayer.

200. Finance and Administration

201. Approve Construction of Classroom Building and Fire Academy/Continuing Education Building at the Waxahachie Campus

Dr. Sanchez stated as he shared with the Board at their last meeting, bid prices received for the construction of a new classroom building and Fire Academy/Continuing Education Building on the Waxahachie campus totaled \$6 million, \$2 million dollars higher than budgeted. The difference between the cost and the budget set for the projects was attributed to the architects using price estimates from the construction of the Midlothian campus which are two years old. He also stated

a meeting had been held with the architects and construction manager to determine ways to cut costs.

Steve Camp from Hill and Wilkenson, the firm acting as Construction Manager at Risk for both projects, was asked to introduce his team: David Hunt, chief estimator who compiled the bids received; Mike Oswald, Project Manager; and Wade Wilson, Project Engineer.

Mr. Raines stated two buildings were being constructed and two different architects were being used. Mr. Raines asked Mr. Tater to provide an update on the Continuing Education/Fire Academy Building. Mr. Tater stated the plans had started out as a 12,000 sq. ft. building, and had been increased with the addition of a classroom section and storage/garage for the ambulance and fire trucks. He stated the entire structure will be primarily a pre-engineered metal building with a masonry arcade across the front. He stated \$188,000 could be saved with the elimination of the storage building/garage and the masonry arcade across the front.

Dr. Sanchez commented that the piers would still be drilled and poured so that the foundation would be in place for additions to be constructed at a later date. He stated two options were being presented for this facility: Option A – leaving the plans as they are at a cost of \$1,355,000 or Option B - with deletions in the amount of \$188,000 for a total cost of \$1,165,000.

Dr. Price stated he would not like to see the masonry arcade deleted for that small amount of savings. Mr. Tater agreed it would enhance the look of the building. Dr. Sanchez stated that if the Trustees wished, funds could likely be found to include the arcade on the front side of the building.

Mr. Herod expressed concern over the deletion of the storage building for the fire truck and ambulance and felt the unprotected vehicles would not be safe from vandalism. He stated he would prefer to keep the storage facility.

Dr. Sanchez asked Mr. Bryce Weigand from Good Fulton and Farrell Architects to explain why their original estimate was off by \$2 million. Mr. Weigand stated they had realized both the original budget of \$3 million for a classroom building and parking area and \$1 million for the Continuing Education/Fire Academy Building was considered inadequate initially. The time schedule for the project is also “tight” which could have impacted the total cost. He stated that initial discussion on original classroom building was 16,000 square feet. It subsequently grew to 20,000 square feet with plans to “shell out” the additional 4,000 square feet for completion sometime in the future. As the project moved along, a decision was made to finish out the entire

building (20,000 sq. ft) with classrooms and laboratory spaces. He agreed that there was quite a bit of difference in the cost and their estimate, and stated in hindsight they should have simply said that \$4 million was not enough to build 32,000 sq. ft. and 353 parking spaces. He stated the prices received, approximately \$162 per sq. ft., were very good when compared to the cost of the Midlothian project built two years ago at \$156 per sq. ft.

With the assistance of David Dumas, Mr. Weigand exhibited elevations and drawings as they pointed out suggestions for deletions and changes to the classroom building to reduce costs:

- Change roof structure to single-ply roof
- Substitute terrazzo for VCT vinyl tile
- Replace cast iron piping with PVC
- Substitute chilled water system with rooftop units
- Delete chain link fence on northside of site
- Delete landscaping and irrigation allowance

Mr. Weigand stated total changes and deletions for both projects will save \$619,000, including \$188,000 in reductions suggested for the Continuing Education/Fire Academy Building,

Questions and discussion followed by the Board members regarding the material costs and personnel costs attributed to the savings. Mr. Huffman asked if consideration had been given to finishing out only 16,000 sq. ft. of the classroom building and leaving the rest to be shelled out later. Mr. Weigand and Mr. Hunt estimated a potential savings of only \$35 to \$40 per sq. ft.

Mr. Camp, Hill and Wilkenson, stated pending work by the civil engineer, two alternates were pending to reduce the size of the retaining wall and amount of paving needed. He stated the potential savings could possibly be an additional \$30,000. Mr. Weigand stated that the savings would be contingent upon deleting the garage on the Continuing Education/Fire Academy Building. He suggested the possibility of erecting a high security fence to reduce the chance of vandalism.

Mr. Herod inquired about Magna Blend's agreement to cover the cost of landscaping and Dr. Sanchez responded the agreement is for the cost to be shared equally.

Mr. Raines reviewed the funding and revenues available. He stated other costs have to be considered in addition to the construction cost. Revenues needed for the entire project in Waxahachie, including miscellaneous expenses and a contingency fund, are estimated at \$6,500,000 and could be achieved in two phases:

- \$3,622,412 representing funds that are available from a portion of the 2006 Revenue Bonds, sale of Chevron Phillips land, rental income from the Chevron-Phillips building, and interest income; and
- \$2.97 million from a proposed issue of \$4.5 million in revenue bonds. He also stated that funds from the issue of 2007 Revenue Bonds originally allocated for an addition to Gibson Hall, a new Wolens SEC entrance to the courtyard, and a 64-Bed Residence Hall could be redirected to the Waxahachie project to make up the balance needed.

Mr. Stites inquired if the critical need stated last month for the Gibson Hall addition had changed. Dr. Sanchez stated the need for additional space in Gibson Hall was still there but the need for classroom space in Waxahachie was a greater consideration because of expected increase in contact hour growth.

A review of both current and proposed debt service requirements indicated an estimated additional \$340,000 annually would be required to meet the debt obligation on the new issue of revenue bonds based on 4.25% interest for 20 years. Mr. Raines stated the payment being projected was likely higher than would actually be required based on the sale of last year's revenue bonds at a lower interest rate.

Concern was expressed about the debt requirements not being staggered out over the years as in the past as well as the College's ability to meet its debt requirements if enrollment should level off or drop. Mr. Raines stated if enrollment should drop it would require the College to "tighten" its belt but the debt requirement could still be met. He agreed the debt was sizeable but the College could handle it. He stated the students at off-campus centers have not seen a return for the building use fees they are paying. It was stressed that building use fees were being used to pay the debt requirements and not local taxes.

Dr. Sanchez stated concerns voiced by board members regarding enrollment were legitimate and stated he believes enrollment will not decrease over the next ten year period and expects to see no less than five percent increases.

Additional discussion followed regarding the option of shelling out the additional 4,000 sq. ft. of the classroom building to be finished at a later date. Dr. Sanchez stated he would prefer to see the building finished out.

Dr. Sanchez pointed out enrollment charts displaying 34% of contact hours are currently being

generated at the Waxahachie campus, 11% at the South campus and 55% on the Corsicana campus. He stated the classroom building is needed to increase enrollment. Mr. Wasson inquired about current enrollment at the Midlothian campus and plans for moving the nursing program. Dr. Sanchez stated the capacity is 800 and enrollment was currently at 500. He stated it was possible to shift the nursing program back to the Waxahachie campus.

Dr. Sanchez stated approval was requested for the construction of the classroom building and the Continuing Education/Fire Academy building with deducts and contingent upon the sale of \$4.5 million in revenue bonds. He acknowledged the College cannot commit to any more debt beyond this issue of revenue bonds that may be sold this year.

Dr. Price made a motion to approve the construction of the classroom building and Continuing Education/Fire Academy building including proposed deductions with the exception of putting back in the masonry arcade and the garage. Mr. Borkchum seconded the motion.

Dr. Price and Mr. Borkchum voted in favor of the motion. Mr. Herod, Mr. Huffman, Mr. Stites, and Mr. McGraw opposed the motion.

Mr. Huffman stated he would like to look at the possibility of reducing costs even more by shelling out the classroom building. Mr. Weigand estimated only \$150,000 to \$160,000 could possibly be saved from not finishing out the facility. Dr. Sanchez asked Hill and Wilkenson how much time was available before construction had to begin. Mr. Camp stated it was critical they know something by the next week. He stated that additional cost may be involved if the projects are separated and not built at the same time.

After some discussion it was decided to call another special meeting in one week on Thursday, January 11, at 12:00 noon in the Lone Star Room.

Mr. Weigand asked for directives from Dr. Sanchez and the Board on what modifications are being requested. Plans were made for Mr. Raines and Dr. Nolte to meet immediately following the meeting to discuss possible alternatives with follow-up in an additional meeting the following week.

Mr. Camp cautioned that alternative costs would have to be estimated because there was not enough time to get definitive amounts from contractors by the next meeting.

300. Instruction / Student Services / Athletics

400. Personnel

500. President's Report

Dr. Sanchez inquired how many trustees would like to attend the Chamber of Commerce Annual Banquet and asked them to contact Leslie Smith for tickets.

Dr. Sanchez also stated that as of Wednesday, January 3, 2007, Representative McCall had withdrawn his bid against Representative Craddick for the position of Speaker of the House in the Texas House of Representatives and had shifted his support to Representative Jim Pitts. He stated Representatives Pitts had scheduled a news conference for that afternoon and would be making an announcement. He concluded by stating the House will vote next Tuesday and he would keep the Board advised on the outcome.

600. Closed Session, Announcement and Adjournment

Mr. Stites made the motion to adjourn at 1:30 p.m. and Mr. Herod seconded the motion. The vote was unanimous.

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