

**NAVARRO COLLEGE BOARD OF TRUSTEES
JANUARY 11, 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 11, 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. Dewayne Gragg	Dean of Enrollment Management
Mr. Paul Smith	Interim Director of Marketing
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 12:00 noon. Mr. Borkchum was asked 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 the directives of the Board at their January 4, 2007 special meeting had been followed and a meeting had been held with the architects and construction manager to determine additional cost saving measures. He stated that not much in additional savings could be found at

this stage and it was determined it would not be wise to consider construction of the Continuing Education/Fire Academy building alone. It would cost over \$3 million to construct 10,000 square feet and this would not be best use of funds. He stated five options would be presented by Mr. Raines for the Board's consideration and added that all options call for issuing revenue bonds.

Prior to asking Mr. Raines to present the options, Dr. Sanchez stated he was compelled to comment on a recent article in the Corsicana Daily Sun. He stated he does not believe the Board has ever "rubber stamped" projects brought before them. He wanted to clarify that projects brought before the Board were associated with the Board's previous approval to issue revenue bonds. Mr. Wasson stated the Board has never "rubber stamped" projects in his experience and everything has always been a matter of public record. Mr. Huffman added that the result of all building projects were based on a strategic decision made based on the need for more buildings. He stated the "big decision" was made when the bonds were approved.

Dr. Sanchez next stated it was important for the Board to know that the Construction Managers have been incredibly responsive working with the College. He stated he was very pleased to be working with them.

Mr. Camp stated since the Board's last meeting, better electrical bids had been received with more competitive prices. Mr. Raines stated that in addition to the reduced electrical costs, other proposed changes included deleting lightning protection on the building, deleting sleeves for the irrigation which can be done by the College's Physical Plant Department, and deleting the security camera systems.

Option B proposed constructing both the classroom building and Continuing Education/Fire Academy building deleting accepted alternates and issuing \$3 million in revenue bonds. Total construction expenses for Option B would be approximately \$6,534,589.

Option C proposed constructing both buildings including accepted alternate deductions; leaving 6,200 sq. ft. of classroom building interior unfinished; reducing contingency fund by \$100,000; reducing furniture budget by \$50,000 and issuing \$2.5 million in revenue bonds. Total construction costs for Option C was estimated at \$6,278,589. Dr. Sanchez noted that only \$106,000 would be saved from not finishing out the classroom building and if the Trustees should choose this option, funds from the regular budget will be found to complete it.

Option D proposed constructing the classroom building only with accepted alternate deductions; leaving 6,200 sq. ft. interior unfinished; and issuing \$1.5 million revenue bonds. Total

construction expenses for Option D would be \$5,235,289. Dr. Sanchez asked Dr. Nolte to explain what would be done if the Continuing Education/Fire Academy building was not constructed. Dr. Nolte stated he would find space to accommodate the Fire Academy and EMT programs by using up to two (2) classrooms in the John Arden Drive facility. He has also talked to the Fire Chief in Waxahachie for assistance in finding a place for storing the fire truck. He added that the campus is in desperate need for additional classroom space.

Option E proposed constructing the Continuing Education/Fire Academy Building only at a cost of \$3,635, 241 and not issuing revenue bonds.

In reviewing the funding needed for each option, Mr. Raines noted that work had already begun on the demolition of the tennis courts for the 64-Bed residence hall and those expenses had to be included with each option. Dr. Sanchez noted that all options delete the construction of both 64-bed residence halls.

Discussion followed on the amount of new revenue bonds needed and the consolidated ratio of pledged revenues. Dr. Sanchez and Mr. Raines noted that the coverage ratio of 3.77x was based on issuing \$4.5 million of additional debt at 4.25% interest rate. If \$3.5 million were issued, the College would have approximately four times (4x) available revenues to cover the debt based on existing enrollment and existing net profitability of the auxiliary enterprises. He reiterated that building use fees are used to pay the debt.

Dr. Price noted that increased enrollment could be realized from adding classroom space and increase revenues. Mr. Raines stated that if enrollment goes up the ratio would improve also.

Dr. Sanchez asked Dewayne Gragg to show what would happen with and without additional classroom space. Mr. Gragg reviewed the historical enrollment at the Waxahachie campus. He noted enrollment increases through 2000 and a drop in enrollment occurring the following year when building capacity was maxed out. When additional "shelled" classrooms were finished out, enrollment jumped. When the building reached capacity again in 2004, enrollment growth dropped again. The addition of three classrooms and parking spaces caused a spark in enrollment again in 2005. He stated that the building is reaching maximum capacity again and enrollment increases cannot be expected without additional space. He stated the addition of five classrooms is expected to spike enrollment approximately 20% and 18% over the next few years.

In response to a question about the possible increase in legislative funding, Dr. Sanchez stated the Compact Agreement with Texas would give the College a great deal more funds if the

Compact with Texas is funded by the legislature. If not approved, the College should expect approximately \$3 million plus another \$900,000 from increased tuition and fees. Current tuition and fees are still below the state average. Mr. Raines stated plans are to increase tuition and fees to reach the 2005-2006 state average by Fall 2007.

Dr. Price stated he would prefer to build both the classroom building and the Continuing Education/Fire Academy building less the deductions in addition to one residence hall. He also stated that funds should be found to make it possible to add the garage back to the Continuing Education/Fire Academy building. Dr. Sanchez stated that should not be a problem if that is what the Board decides.

Dr. Price made the motion to approve Option C and adding one residence hall with the intent to issue \$3.5 million in revenue bonds. Mr. Borkchum seconded the motion. A vote of 6-1 approved the motion with Mr. Todd McGraw casting the dissenting vote.

300. Instruction / Student Services / Athletics

400. Personnel

500. President's Report

Dr. Sanchez inquired if any Trustees needed tickets to attend the Chamber of Commerce Banquet on Thursday, January 18, 2007. He also asked who would like to attend Elegance on February 24, 2007 and asked Trustees to contact Leslie Smith.

600. Closed Session, Announcement and Adjournment

Mr. Huffman made the motion to adjourn at 12:50 p.m. and Mr. Herod seconded the motion. The decision was unanimous.

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