

NAVARRO COLLEGE BOARD OF TRUSTEES
AUGUST 23, 2007 MEETING
MINUTES

The governing body of NAVARRO COLLEGE met on Thursday, August 23, 2007 in the Lone Star Room of the Kenneth P. Walker Dining Hall for their regular monthly meeting. All trustees were in attendance: Mr. Homer Wasson, Chairman; Mr. Lloyd Huffman, Vice Chairman; Dr. James Price, 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	District President
Dr. Harold Nolte	President, Ellis County Campuses
Dr. Kenneth Martin	Vice President, Academic Affairs
Mr. Darrell Raines	Vice President, Finance and Administration
Dr. Erik Zoellner	Vice President, Student Services
Dr. Tommy Stringer	Vice President for Institutional Advancement
Mr. Dewayne Gragg	Dean, Enrollment Management
Ms. Nelida Aguilar	Director, Human Resources
Mr. Roark Montgomery	Athletic Director
Ms. Donna Parish	Director, Marketing and Public Relations
Mr. Guy Featherston	Dean of Navarro College South
Ms. Brenda Duncan	Business Manager
Ms. Leslie Smith	Executive Administrative Assistant
Ms. Janet Daugherty	Executive Administrative Assistant
Mr. John Blewster	Media Integration Services Center
Mr. Karl Humphries	Director of Physical Plant
Mr. Tom Carr	Attorney
Ms. Belinda Speer	UNT Doctoral Student/Intern
Mr. Dick Aldama	KAND Radio
Ms. Julianne Dodge	<u>Navarro County Times</u>
Ms. Katie Spahn	Ready Maids

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

101. Call to Order

Mr. Wasson, Board Chairman, called the meeting to order at 4:00 p.m. and asked Mr. Borkchum to lead the assembly in prayer. Following the prayer, Mr. Wasson announced a closed session would be held following the President's Report to discuss personnel matters according to Government Code 551.074.

Dr. Sanchez then introduced Dr. Erik Zoellner, the newly appointed Vice President for Student Services, to members of the Board of Trustees.

102. Training Session on Open Records Act, Q&A with College Attorney

Board members and staff next participated in a training session on the Open Records Act. A training video provided by the State of Texas Attorney General's Office was viewed followed by a question and answer period with the College's attorney, Mr. Tom Carr.

103. *Break and Reconvene for Dinner in the President's Dining Room*

At 5:47 p.m., the Board Chairman announced a ten minute break to allow the Board, staff and guests to move to the President's Dining Room for dinner.

104. *Break and Reconvene at 7:00 p.m. for Regular Session in Lone Star Room*

At 6:45 p.m., Mr. Wasson announced the Board would break again to move back to the Lone Star Room. At 7:00 p.m., the Chairman reconvened the Board into regular session.

105. *Take Action on July 19, 2007 Board Meeting Minutes*

Mr. Herod made the motion to approve the minutes for the July 19, 2007 Board meeting. Mr. Borkchum seconded the motion. The decision was unanimous.

106. *Board Announcements*

There were no announcements or comments from the Board.

107. *Open Forum Time*

There were no requests to speak to the Board.

201. *Take Action on the June 2007 Financial Statement*

Mr. Raines briefly covered highlights of the June 2007 financial statement. The amended budget at June 30, 2007 totaled \$68,464,656, an increase of \$1,643. A review of the Source of Funds for the period ending June 30, 2007 indicated \$55,896,546 of the budget or 81.64% had been earned and received as compared to 84.39% the previous year.

A review of the Disbursement of Funds indicated \$49,290,953 had been expended and \$8,000,968 had been obligated at June 30, 2007 or 83.68% as compared to 85.30% on June 30, 2006.

Mr. Stites made the motion to accept the June 2007 Financial Statement and Mr. Herod seconded the motion. The vote was unanimous.

202. *Take Action on the July 2007 Financial Statement*

Mr. Raines continued with a more in depth review of the July Financial statement. Amendments to the Educational and General Fund for the month ending July 30, 2007 totaled \$235,071. Student Income was reduced by \$213,000 because of a lack of tuition income in the Continuing Education Fire Academy Program. Revenues from additional ad valorem taxes in the amount of \$150,000; receipt of \$236,772 in grant funds from the Texas Workforce Commission for the Ellis County Manufacturing Consortium; \$22,500 from the Texas Higher Education Coordinating Board, a \$30,000 donation from Northop Grumann for start-up costs for the Fast Trak Program; and additional local funds earned from museum program sales and cosmetology sales increased the budget for an amended total of \$68,699,727 at July 31, 2007.

A review of the Source of Funds for the month ending July 31, 2007 indicated \$58,136,143 or 84.62% of the budgeted funds had been earned as compared to 86.62% in 2006. Mr. Raines stated Auxiliary Funds were budgeted higher this year, and he fully anticipates the projected revenues to be earned by year end.

A review of the Disbursement of Funds indicated \$53,387,026 had been expended and \$5,351,922 had been obligated at July 31, 2007, or 83.68% of the current budget as compared to 85.30% at July 31, 2006. Mr. Raines stated a majority of the obligated funds were for the construction projects at the Waxahachie campus. He concluded by stating he expects to end the year within budget.

Mr. Huffman made the motion to approve the July 31, 2007 Financial Statements and Mr. Stites seconded the motion. The decision was unanimous.

203. *Take Action on Adoption of the Budget for the 2007-2008 Fiscal Year*

Dr. Sanchez stated the 2007-2008 fiscal year budget being presented for adoption was basically the same as the preliminary budget presented to the Board during their July work session. He then asked Mr. Raines to present the proposed budget for adoption.

Mr. Raines stated there were no changes in this budget document from the first document other than salary adjustments. Contingencies for 3% increments were distributed and are now budgeted in the respective departments. He stated that the Educational and General Fund represents almost half of the budget (49.4%). Student Financial Aid represents 34.7% due to the number of requests for financial aid this year. The Debt Service Fund represents 3.2% and the Auxiliary Fund 12.7%. Renovation of the John Arden Building is the only construction budgeted in the Plant Fund for 2007-2008 which represents only .1% of the total budget.

Mr. Raines continued his review of the budget by pointing out significant items:

- \$267,606 - Additional Debt Service requirements for 2007 Revenue Bonds. All bond issues are fully funded with the \$17 per SCH building use fee collected from all students.
- \$105,000 - Additional Building Use fees to be paid to Corsicana High School and Mexia State School. As enrollment grows at these sites, the fees for use of their facilities will increase.
- \$114,200 - Additional Physical Plant cost for the operation of additional 32,000 square feet of new space on the Waxahachie Campus. This cost includes utilities, housekeeping and other associated costs.
- \$60,000 - Equipment Contingency - Since there are no funds budgeted for equipment other than for grant funds, these funds will be allocated at the discretion of the President.
- \$50,000 - Honors Program - This new initiative provides scholarships and programming for 44 students that will be residing in the newly renovated IOOF Cottages.
- \$52,750 - Hobson School Relations Software - This software customizes brochures and e-mails to prospective students and should greatly aid in recruiting endeavors.

- \$25,000 - Northrup Grumman Fast Track Program - This new budget provides support for specialized instruction to teach the special software development courses that Navarro College will be offering in conjunction with Northrup Grumman.
- \$515,000 - Health Benefits Contingency Fund - This special account was established to provide for contingency funding for employee health insurance benefits for 2008-09. With the governor's veto of the second year of the biennium, the college administration must develop contingency plans as to how \$1,470,933 in funding would be recovered. The proposed budget was closely examined with salary adjustments being cut from 5% to 3%, two new positions were eliminated and \$168,000 of equipment funds were eliminated. The set aside of \$515,000 for the current year and with a like amount available in 2008-09 will posture the college to absorb the governor's unscrupulous action.
- \$37,900 - Datatel Release 18 - The college will complete the conversion to Datatel Release 18.
- \$33,000 - Upgrade to Blackboard Version 7 - Navarro College currently has Blackboard Version 6. Version 7 has been available for 3 years and is necessary to provide Blackboard utilities to faculty and students. Blackboard is requiring this upgrade.
- \$14,240 - Additional T-1 Line to Midlothian - An additional T-1 Line is necessary to provide increased internet speed to the Midlothian Campus.

Mr. Raines stated that Navarro College's tuition and fees remain competitively priced. A Navarro College student residing in-district will pay an average of \$52 per semester credit hour (SCH) or a total of \$620 in tuition and fees for 12 SCH. This compares to last year's state average of \$54/SCH which is expected to be even higher for 2007-2008. Texas residents will pay an out-of-district fee of \$79/SCH, the same as last year's state average, and non-Texas residents will pay \$115/SCH compared to last year's state average of \$121.

Dr. Price inquired about the average cost for an in-district student including room and board. Mr. Raines responded that room and board fees would add approximately \$2,000 more. Dr. Price inquired why the cost of \$2,000 for tuition and fees was being quoted for students entering the Northrop Grumann (Fast Trak) Program. Mr. Feathers, Dean of Navarro College South, noted that the amount of \$2,000 encompasses the entire 10 month program. Mr. Huffman inquired about the enrollment in the Fast Trak Program and Dr. Martin responded that the program has successfully hit its target of twenty-five (25) students and may possibly have fifty (50) students by January with a new program starting every 10 months.

Mr. Huffman inquired about the tuition rates for Texas A&M and UNT. Mr. Raines was unable to answer and responded that the rates at the universities in Texas are expected to increase in 2007-2008.

Mr. Raines responded to Dr. Price's inquiry about the sources of Student Financial Aid stating it included scholarships, student loans, educational opportunity grants (PELL), and the college work study program. He noted that students receiving PELL grants do not have to pay back those funds.

Mr. Raines concluded by stating that the 2007-2008 budget had started out as a good budget until the Governor made the decision to veto some of the funding for community colleges.

Mr. Stites made the motion to adopt the budget for the 2007-2008 fiscal year and Mr. Herod seconded the motion. The vote was unanimous.

204. *Discussion on Calendar Year 2007 (Fiscal Year 2007-2008) Tax Rate. Take Record Vote of Intent to Set Rate at \$0.129 per \$100 Assessed Valuation and Schedule Public Hearings as Proposed Tax Rate Exceeds the Effective Tax Rate*

Dr. Sanchez asked Mr. Raines to share information with the Board relative to the recommendation to adopt an ad valorem tax rate slightly below the rollback rate but higher than the effective rate based on the rationale that additional revenues are needed.

Mr. Raines stated that the Navarro County Tax Assessor has calculated the effective tax rate for 2007 at \$.1201/\$100. He explained that the effective tax rate provides the taxing unit with the same amount of revenue it received the year before on properties taxed in both years. The total valuation of Navarro County went up \$260,000,000 with only \$44,852,420 representing new property revenue. The remainder of the increase came from reappraised values on existing properties. Because of increased valuations on existing properties, the effective tax rate is less than the current tax rate of \$.0135/\$100.

Mr. Raines stated that by setting the tax at the effective rate Navarro College will only realize \$2,557,828, short of the required \$2,712,000 to fund the budget that was just adopted. Setting the tax at the rollback rate of \$.0129 would generate \$2,762,038, more than the amount needed. Mr. Raines stated that it was recommended the tax rate be set at \$.129, just slightly below the rollback rate but higher than the effective rate, to satisfy the needs of the budget. At the proposed rate the average homeowner in Navarro County with an appraised homestead value of \$63,488 would pay \$81.90. The difference between the amount in the current year and the preceding year would be an increase of \$10.26 in taxes.

Because the procedure for setting the tax rate above the effective rate is set by the Texas Legislature, Mr. Raines stated a calendar of events must be followed: a record vote must be taken; two (2) one-quarter page newspaper advertisements and a posting on the College's website must state the board's intention and announce the time and place for two public hearings where the public can address the board; and finally, three (3) to fourteen (14) days after the public hearings and by September 30, the taxing unit must adopt a tax rate.

Discussion on the proposed rate followed with Mr. McGraw inquiring what had been done the previous year. Mr. Raines responded that the Board had intended to set the rate above the rollback rate last year but after holding two public hearings, decided to drop the rate back. He stated that the rate being proposed this year was below the rollback rate but above the effective tax rate. Mr. Wasson noted that the recommendation was basically the same as what the Board had ended up doing last year.

Mr. Huffman stated his concern that \$515,000 had to be put aside in this year's budget to offset the \$1.5 million impact the Governor's veto will have on the College's budget next year. He stated that adopting the rate

of \$0.129 would help offset the impact. Dr. Sanchez also reminded the Board that if a lower tax rate is adopted the new budget will have to be reduced.

Mr. McGraw stated he felt the College would be better served by not upsetting the public and setting the tax at the effective rate. Mr. Stites agreed. Dr. Price stated that if something is not done at the state level to reinstate the funds vetoed by the Governor, an adjustment could be made the next year.

Mr. Stites made the motion for the intent to set the tax rate during the September 20, 2007 meeting at the effective rate of \$0.1201. Mr. McGraw seconded the motion. The decision was unanimous.

205. *Award the Contract for Housekeeping Services for the Corsicana Campus for the fiscal year 2007-2008 with a continuation at the same price and condition for two subsequent fiscal years if services are satisfactory.*

Mr. Raines stated that, as required by law, services for housekeeping were bid for the fiscal year 2007-2008 with a continuation at the same price and condition for two subsequent fiscal years if services are satisfactory. He stated that for the past six (6) years American Housekeeping has provided the contracted housekeeping services for the college. He stated they performed average initially and had improved greatly over the years. Mr. Raines stated two (2) proposals were received: American Housekeeping and Ready Maids.

Because of the increase in minimum wage, the bid process had to be repeated and as a result, American Housekeeping's bid escalated making Ready Maids the low bidder. Mr. Raines stated that over a period of three years, Ready Maids contract will save the college \$105,421.58. He stated that Ready Maids has provided satisfactory cleaning services at the Mexia campus as well as construction clean up for the former Construction Manager, David Long. He introduced Ms. Katie Spahn, owner of Ready Maids. Ms. Spahn described herself as an Air Force veteran and an alumni of Navarro College. She stated she has a new supervisor and plans to maintain the staff from American Housekeeping instead of bringing in a new crew. She assured the Board she looked forward to providing housekeeping services to their satisfaction.

Mr. Huffman made the motion to award the contract for housekeeping services to Ready Maids and Mr. Borkchum seconded the motion. The decision was unanimous.

206. *Appoint Sheri Short to replace Pearl Skewes on the Navarro College Employees Retirement Plan Committee*

Mr. Raines reminded the Board that the Navarro College Employees Retirement Plan is an option for employees to save for retirement since the College opted out of participating in Social Security. Participation in the retirement plan is optional. Employees contribute 5% of their salaries which is matched by an 8% contribution by the College. Mr. Raines stated that a number of employees have retired from the College with more than half a million dollars in retirement funds. Members of the Navarro College Employees Retirement Plan Committee entrusted with overseeing the plan are appointed by the Board. Mr. Raines stated the

retirement of Ms. Pearl Skewes has left a vacancy on the committee and recommended the Board appoint Ms. Sheri Short, Criminal Justice instructor, to fill this position.

Mr. Huffman made the motion to appoint Sheri Short to replace Ms. Skewes on the Navarro College Employees Retirement Committee, and Mr. Borkchum seconded the motion. All were in favor.

401. *New Hires / Reassignments-Transfers / Reclassifications*

402. *Resignations / Terminations / Retirements*

Ms. Aguilar presented an update on personnel activity for the month of July 2007.

The following appointments were made:

- Cheryl Gilbert (LVN Nursing Instructor, Ellis County Campuses)
- Heather Roecker (Administrative Assistant III, Registrar Clerk, Waxahachie)

Greg Hayes was reassigned from Computer Center to Student Relations, Corsicana. There were no employee reclassifications made during July 2007.

The following employees resigned during July 2007:

- Andy Garza (Assistant Football Coach/Instructor, Corsicana)
- Jeffrey Kilts (Assistant Football Coach/Instructor, Corsicana)
- Chuck Lawrence (Head Football Coach, Corsicana)
- Sharlene Mortimer (ADN Instructor, Ellis County Campuses)
- Angela Scasta (Administrative Assistant IV, Benefits Coordinator, Corsicana)

No employees were terminated or retired during July 2007.

500. *President's Report*

Dr. Sanchez began the President's Report by asking Donna Parish to present the Board Calendar. Ms. Parish pointed out several highlights on the calendar including: induction of Rev. Dairy Johnson, Navarro College retention counselor, into the Religion Hall of Fame; an Honors Housing cookout at the IOOF cottages; the beginning of fall classes; and the first Bulldogs home football game to be played in Midlothian.

Dr. Sanchez asked Ms. Parish to share her concerns about the community articles to be sent to area newspapers. Ms. Parish stated that several of the articles are lengthy and cannot be sent in a format to prevent the articles from being edited. Another concern is that not all the articles may get published based on the discretion of each paper. In addition, some of the outlying newspapers in Fairfield and Buffalo will not publish the articles without a fee. Ms. Parish also stated there is no control where the articles will be placed or what stories will be next to them. She suggested an option of printing the news articles in a booklet form to be inserted into area newspapers. This would insure that all the articles in their entirety, including charts and graphs, would be published. Another advantage would be a longer shelf life than the newspaper. A disadvantage to this option is the cost of printing approximately 32,000 copies and the cost of inserting them

into the newspapers. After some discussion, the Board agreed the printing of the information in a brochure format to be inserted in area newspapers appeared to be the best option.

Dr. Sanchez asked Dewayne Gragg to present an update on enrollment. Mr. Gragg stated that 6,000 students were currently registered for the fall 2007 semester with the anticipation of registering a total in excess of 8,000. He stated the enrollment is heavily dependent on dual credit enrollment which will be reported later. Mr. Gragg stated he fully expects a 6% increase with most of the increase coming from additional contact hours generated from Mexia State School and dual credit enrollment.

Dr. Sanchez then asked Dr. Nolte to update the Board on the construction projects at the Waxahachie campus. Dr. Nolte stated that taping, bedding, and texturing have been completed on the buildings and work on the sidewalks is nearing completion. He stated that permanent power is needed to lay the floors because of the moisture level. He stated that furniture ordered for the new buildings has arrived. Because there was no place to store the furniture, MagnaBlend, who occupies the industrial building on the property the College recently sold, graciously allowed the college to use its warehouse to store the furniture. The warehouse is being monitored by security to prevent theft.

Dr. Nolte continued his update stating he and Karl Humphries learned about a potential problem recently when they visited Stanford Smith at the City of Waxahachie to request permanent power. Mr. Smith advised Dr. Nolte and Mr. Humphries that half of the tilt walls erected had not been inspected. The Construction Manager at Risk had received a letter from the City of Waxahachie but had not shared this information with the college. During a recent storm, panels on the new JC Penney building, also constructed by Hill & Wilkerson, were blown down by the wind. A meeting between Dr. Sanchez, Dr. Nolte, the architects and the Construction Manager was held, and the college has received assurance that x-rays will be taken of the walls to ensure they are constructed properly according to specifications.

Dr. Nolte stated another situation the college was made aware of involved an accident with a backhoe. The backhoe damaged pipelines which caused cracks and holes in the foundation. Damaged pipes were replaced and the concern is that problems may appear later with other pipes that may have been damaged. Dr. Sanchez is in communication with the construction firm and he expects to receive assurance that future problems will not develop. Dr. Nolte concluded his report.

Dr. Sanchez asked Dr. Martin to give a report on a new program for EnCana Oil. Dr. Martin stated that Navarro College has been approached by Encana Oil and asked to offer an oil and gas program similar to the Fast Trak Program being offered for Northrop Grumman. He stated the program is expected to yield approximately \$120,000 per year with Encana investing \$200,000-\$300,000 into the program. He stated that with the Board's consent, the program will be sent to the Coordinating Board for approval which is expected to begin in January. Dr. Martin acknowledged the aggressive efforts of Ms. Judy Cutting, Dr. Harold Housley, Mr. Guy Featherston, Chris Grams and others to bring the program to the college.

Dr. Sanchez stated legislators were pleased with the hearing held by the Senate Subcommittee on Higher Education regarding the impact of the Governor's veto on community colleges. Dr. Sanchez, Mr. Wasson and Dr. Price attended the hearing with Dr. Sanchez and Dr. Price speaking on Navarro College's behalf. Dr. Sanchez stated he is optimistic there is a move towards a resolution and anticipates something happening within the next six (6) weeks. Legislators are concerned that institutions may increase tax rates and tuition, thereby upsetting the public. The Texas House of Representatives Select Committee on Higher Education will also be conducting a hearing on September 6th , which Dr. Sanchez plans to attend.

Dr. Sanchez continued his report stating he is scheduled to meet with residence hall students and student athletes next week as he does each year. He stated he will address the students about the college's expectations and attendance policy. He added that the new attendance policy has been very effective, and the past spring semester was reasonably calmer than previous spring semesters.

Dr. Sanchez stated the request for Branch Campus Status for the Midlothian campus is expected to be submitted shortly and mailed within the next two to four weeks.

Dr. Sanchez stated the annual dinner with the Support Staff Committee was postponed to allow the Board to visit with the new Vice President for Student Services, Dr. Erik Zoellner. The dinner with the Support Staff Committee will be held before the September 20, 2007 meeting in the President's Dining Room.

The first home football game will be held at the Midlothian ISD Stadium on September 8, 2007. Dr. Sanchez stated Trustees will be contacted next week to find out if they plan to attend the game and to reserve space for them in the VIP Lounge.

Dr. Sanchez stated he would be out of the office Thursday, August 30 through Tuesday, September 4, to go to California to attend to family matters.

Dr. Sanchez concluded his report by stating another commentary had appeared in the paper criticizing the college for "a lack of transparency" in its financial reporting. He asked Mr. Wasson for direction from the Board. Mr. Wasson responded that Navarro College is one college and not three or four. He stated it does not make sense to split up the financial statements into three or four parts just as it would not make sense for a farmer to try to keep separate records on each individual acre being farmed. He stated that he has been asked if other counties are getting a "free ride" on the Navarro County District taxpayers' dollar. He stated that out-of-district students are not getting a "free ride" and are paying higher tuition rates than Navarro County students. In addition, it is impossible that taxpayer funds be used for other campuses as there are not enough tax funds to cover the entire cost of maintenance for the Corsicana campus. Mr. Wasson stated that it is not possible to listen to and react to everyone who wants to tell the College what to do or complain. He stated he stands firm on the fact that the financial reports are prepared according to state requirements and the law. Mr. Stites agreed. Mr. Huffman added that the news articles will state how much it takes to run the Corsicana campus making it very clear that the Navarro County taxpayers are not paying for other counties. Dr. Price

commented that a handful of people keep using the word “transparency” but it is not possible to track every “widget” when they move around. Mr. Herod also agreed. Mr. McGraw stated that no one has made it clear what they are asking and they have never bothered to put it in writing or attend a board meeting. The full consensus of the Board was to continue with the status of the financial statements as they are now.

601. Convene into Closed Session

Mr. Borkchum made the motion to convene into closed session at 8:46 p.m. to discuss personnel matters according to Government Code 551.074. Mr. Huffman seconded the motion and the decision was unanimous.

602. Reconvene into Open Session

603. Take Action, if any, on Personnel Matters

At 9:50 p.m., Mr. Herod made the motion to reconvene into open session and Mr. McGraw seconded the motion. The decision was unanimous. Mr. McGraw made a motion and Mr. Stites seconded the motion to extend Dr. Sanchez's contract to December 31, 2010. The decision was unanimous.

604. Next Meeting Announcement

Mr. Wasson announced the next meeting of the Board of Trustees will be held in the Arrowhead Room on Thursday, September 20, 2007, at 7:00 p.m.

605. Adjournment

Mr. Herod made the motion to convene at 9:51 p.m. and Mr. McGraw seconded the motion. The vote was unanimous.

Respectfully submitted,

Dr. James G. Price
Secretary/Treasurer