

NAVARRO COLLEGE BOARD OF TRUSTEES
DECEMBER 20, 2007 MEETING
MINUTES

The governing body of NAVARRO COLLEGE met in the Arrowhead Room on Thursday, December 20, 2007 for their regular monthly meeting. Trustees in attendance were: 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. Dr. Richard Sanchez, District President, was absent.

Also in attendance were:

Dr. Harold Nolte	President, Ellis County Campuses
Mr. Darrell R. 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 of Enrollment Management and Institutional Research
Ms. Nelida Aguilar	Director, Human Resources
Mr. Roark Montgomery	Athletic Director
Ms. Donna Parish	Director of Market Relations
Dr. Cubie Ward	Dean of Midlothian Campus
Mr. Matt Miller	Media Integration Services Center
Mr. Charles Betts	Director of Residential Life and Gibson Hall
Ms. Brenda Duncan	Business Manager
Ms. Rhina Sandoval	Controller
Ms. Jan Phillips	Accountant
Mr. Mike Ables	Jaynes, Reitmeier, Boyd & Therrel, P.C.
Ms. Diana Ward	Jaynes, Reitmeier, Boyd & Therrell, P.C.
Ms. Leslie Smith	Executive Administrative Assistant
Ms. Janet Daugherty	Executive Administrative Assistant
Mr. Bob Belcher	Corsicana Daily Sun
Mr. Dick Aldama	KAND

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

Call to Order

Mr. Wasson called the meeting to order at 7:00 p.m. and welcomed everyone by wishing them a Merry Christmas and a Happy New Year. Mr. Borkchum was asked to lead the assembly in prayer.

Take Action on November 15, 2007 Board Meeting Minutes

Mr. McGraw made the motion to approve the minutes for the November 15, 2007 meeting, and Mr. Borkchum seconded the motion. The vote was unanimous.

Board Announcements

Mr. Huffman commented that attending the Pilgrims Pride Bowl game, which was nationally televised on FOX Sports Channel, was a wonderful experience. He commented on how well organized the event was and stated he was very proud of how Navarro College's young men represented Navarro College both on and off the football field. Mr. Wasson concurred with Mr. Huffman's comments. He stated organizers of the

bowl game have commented that Navarro College was one of the most well behaved teams that had ever participated. Mr. Wasson stated this was a public example of how the college as a whole is operated.

Open Forum Time

There were no requests to speak to the board.

Approval of Annual Financial Audit for the Fiscal Year ending August 31, 2007

Before asking Mr. Raines to introduce the auditors, Dr. Nolte acknowledged the work of the Navarro College accounting staff under the direction of Mr. Raines including Ms. Brenda Duncan - Business Manager, Ms. Rhina Sandoval – Controller, and Ms. Jan Phillips – Accountant.

Mr. Raines thanked Dr. Nolte and stated that for the sixth consecutive year, Navarro College has earned the Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ending August 31, 2006. He asked Ms. Duncan, Ms. Sandoval and Ms. Phillips to come forward and presented them with a plaque from the Governor's Finance Officers Association. Ms. Duncan expressed appreciation for the acknowledgement and recognized the work of both Ms. Sandoval and Ms. Phillips who "go above and beyond the call of duty" and work many hours.

Mr. Raines then introduced Mr. Mike Ables and Ms. Diana Ward from Jaynes, Reitmeyer, Boyd Therrell, P.C. who performed the annual audit on the College's financial records, and asked them to present the results of their findings for the fiscal year ending August 31, 2007.

Mr. Ables stated preliminary fieldwork on the audit began in early October and the complete process was finished in early December. He stressed that financial statements are the management's responsibility, and it is the auditor's responsibility to provide reasonable assurance that those financial statements presented by management are free of material misstatement and are fairly presented. In addition, he stated their firm was responsible for determining the College's compliance with state and federal programs. Based on their assessment, Mr. Ables stated they are issuing an "unqualified" opinion on the financial statements.

Mr. Ables stated no new or significant changes in accounting policies were adopted during the year. Estimates in financial statements made by management were found to be reasonable and consistent. He stated a few audit adjustments were made this year to convert the presentation to a more summarized level for reporting purposes.

No difficulties were encountered with management operations during the audit. Complete access was given the auditors.

Ms. Ward then presented an overview of the College's financial position. Net assets increased during the fiscal year ending August 31, 2007 by approximately \$5.3 million as a result of the construction of new buildings. A review of internal control and compliance revealed no material weaknesses that need to be addressed.

Liabilities were up due to issuance of bonds, increases in net assets were funded by debt, and operating revenues were up 7.7%, which is consistent with the 11.5% increase in enrollment. She stated this was a positive result of operations for the College. Operating expenses for the current year were up due to a salary increase of 3% and the addition of new positions. State appropriations were slightly down from the previous year, due to a one time appropriation received for the Midlothian campus. Property taxes were up due to an increase in property valuations, and interest paid by the College was also up due to the issuance

of more debt. A decrease of approximately a half million dollars was due to receipts of property sold by the College the previous year.

Ms. Ward stated she was pleased to report that an "unqualified" opinion was being issued on the College's compliance with federal and state laws and regulations. She stated one finding, also being reported as a control deficiency, was found related to the Student Financial Aid Program. Drop dates inaccurately entered into the system affected refunds. She stated the College is working on policies and procedures that will hopefully incorporate a process to capture this data in a timely manner.

Mr. Ables then continued the presentation stating a management letter was issued which included comments on purchasing and procurement policies. He stated the current policy requiring quotes for purchases of items that cost between \$2,000 - \$10,000 was not being consistently followed. Mr. Ables also stated he feels the current policy is too strict, and that Dr. Sanchez and administration are considering making changes.

He stated that comments were also issued regarding new standards issued by the state restricting auditing firms from preparing the financial statements. He stated historically small businesses have depended on them to prepare these statements because they do not have the expertise or staff to prepare the information, but this then creates a control deficiency. He stated the College has started the process of taking on more responsibility for preparing their own financial statements and footnotes.

Mr. Ables concluded his presentation. Mr. Stites stated the Board is very proud of the College's staff who prepare the financial statements, and Mr. Ables concurred by stating "they do a super job."

Mr. Wasson thanked Mr. Ables and Ms. Ward for their presentation. He also expressed the Board's confidence and pride in Mr. Raines and his staff.

Mr. Huffman made the motion to approve the Annual Financial Audit for the Fiscal Year Ending August 31, 2007 and Mr. Herod seconded the motion. The decision was unanimous.

Take Action on October 2007 Financial Statement

Mr. Raines presented the October 2007 financial statement. A review of the Statement of Budget Changes for the month ending October 31, 2007 indicated proposed amendments to recognize earnings from Cosmetology Program sales and a special appropriation to the Auxiliary fund. The amendments increased the budget by \$6,892 for a total of \$66,440,569.

A review of the Source of Funds indicated \$16,711,956 or 25.15% of the current budget had been earned as of October 31, 2007. This was a slight increase over 23.44% earned October 31, 2006.

A review of the Disbursement of Funds indicated \$12,617,666 had been spent and \$22,781,352 obligated as of October 31, 2007. This represents 53.28% of the budget, an increase when compared to the previous year's of 38.55%. Mr. Raines stated the difference in disbursements was basically a result of funds being encumbered by purchase requisitions earlier this fiscal year when compared to the previous year.

Mr. Raines concluded his report.

Mr. Stites made the motion to approve the October 2007 financial statement, and Mr. Herod seconded the motion. The decision was unanimous.

Take Action on Quarterly Investment Report for Period ending November 30, 2007

Mr. Raines continued with an overview of the Quarterly Investment Report for the Period ending November 30, 2007.

Mr. Raines noted that interest rates began dropping since the last quarter. He stated some funds had been moved from public funds interest bearing checking and savings accounts into certificate of deposits in order to "lock in" better rates. Overall, investment funds declined \$1,251,722.14 for the quarter ending November 30, 2007 mainly due to construction expenses for new buildings on the Waxahachie campus.

A review of the book value by investment types indicated \$5,629,270.81 invested in public funds interest bearing checking and savings accounts; \$2,658,463.12 invested in certificates of deposit; \$1,030,619.46 invested in U.S. Treasury Bills; and \$2,076,553.84 invested in U.S. Government Agency securities (Federal National Mortgage Association). The total book value of investments for the period ending November 30, 2007 was \$11,256,434.97 with a market value of \$11,394,907.23.

Dr. Price inquired about the certificates of deposits maturing in 2007. Mr. Raines explained that those particular CD's had already matured during the last quarter. He continued his report with a review of the Maturity Schedule for the period ending November 30, 2007. The schedule revealed \$5,582,435 invested in open maturities, \$5,074,000 will mature in 2008 and \$600,000 will mature in 2009.

A review of pledged collateral to secure cash and certificates of deposits showed \$830,886.54 in FDIC Insurance and \$23,368,448.73 in pledged collateral.

Mr. Raines responded to Dr. Price's inquiry about the College's depository bank stating it is Prosperity Bank. He stressed that if better interest rates are found at other institutions, the College is not obligated to Prosperity Bank.

Mr. Stites inquired if the invested funds could be used for constructing buildings and Mr. Raines responded the funds provide cash flow for day to day operations and current obligations.

Mr. Stites made the motion to approve the Quarterly Investment Report for the Quarter Ending November 30, 2007 and Dr. Price seconded the motion. The decision was unanimous.

Authority to Proceed with Architectural Plans for Gibson Hall

Dr. Nolte stated when he was an administrator at Kilgore College, they could not compete with the quality of Navarro College's student housing or dining services but Kilgore's game room and fitness center (weight room) facilities were much better and were used as a recruiting tool to attract students. He stated it was important to improve Navarro College's facilities in order to remain competitive with other colleges in attracting students. He then asked Mr. Raines to comment.

Mr. Raines stated the Board was only being asked to give their authorization to proceed with architectural plans. He stated that once the plans have been developed, the project would be brought back to the Board for approval before further action would be taken. He asked Mr. Charles Betts, Director of Residential Life and Gibson Hall, to make a presentation on the status of Gibson Hall.

Mr. Betts stated the residence life program with over 800 students has outgrown the current facilities in Gibson Hall. He stated it is important to have a fitness center, game room and laundry facilities that are on the cutting edge to appeal to prospective students and to stay competitive. He stated that the laundry

facilities, which had been inadequate to meet student demand, have now been upgraded with more efficient, front loading washers and twelve additional dryers have been added. Mr. Betts stated the laundry facilities are now sufficient to handle both current and future demand. He continued by stating that the game room and fitness center facilities, however, are lacking in space and equipment. He stated the current facilities are over five years old and need to be expanded. The facilities fill the need for a "positive" place for students to "hang out" and keep them from going out into the community and getting into trouble. Mr. Betts stated that indoor intramural games such as pool, air hockey and whiffle ball tournaments would help to keep students occupied if the facilities were larger.

Mr. Betts stated the current facilities stay very congested throughout the day and evening. The fitness center, which is very popular with both students and staff, is not available when in use by the athletic programs or general studies classes.

Mr. Betts stated the vision is to enlarge the current 3,500 sq. ft. game room facility to over 7,000 sq. ft. by expanding the game room into the current fitness center area. A new 5,000 sq. ft. extension would be then be constructed onto Gibson Hall for a new fitness center capable of accommodating the general student and staff populations as well as the athletic and weightlifting classes at the same time.

Some discussion followed regarding hours of operation of the game room and fitness facilities as well as the dining room and deli. Mr. Huffman inquired about the choices students have of places to go on campus during the evenings and weekends and about the hours of operation of the dining hall and deli. Dr. Price also asked about the possibility of expanding the deli's hours on weekends. Mr. Betts responded that the campus was like a "town within a town" with the main hub centered in the game room. He stated the fitness center hours are currently expanded to include evenings and weekends. Mr. Raines responded to the question of expanding the dining hall and deli hours, stating that most students lack the funds to spend at the deli if it remained open on weekends.

More discussion followed regarding the use of the fitness center by athletes and weightlifting classes. Mr. Betts stated the facility is blocked off for the athletes and classes from approximately 12 noon through 5 p.m. He stated plans are to petition off an area for cardio equipment by building a four-foot wall in the new facility which will allow individuals to work out even when athletes and classes are using the facility.

Mr. Raines stated the proposed budget for the project is approximately \$500,637 based on an estimate of \$378,376 from Mr. Dennis Melton, Generation II Company for adding 4,982 sq. ft. @ \$76 per sq. ft., \$22,000 for architectural services, \$20,000 for renovating the existing weight room into a game room, \$35,000 for furniture and equipment, and a contingency of \$45,000. He stated funds are available from the 2007 fiscal year auxiliary services fund balance as a result of revenues earned by the dining services, bookstore and student housing.

Mr. Huffman inquired about the possibility of accelerating the bond debt and "jumping ahead". Mr. Raines stated because there are so many "needs" there was no scenario for getting ahead on the debt service at the present time. He stated that as enrollment increases, however, the College may have more "repayment power".

Mr. Wasson stated it was important to provide a place for the students to keep them out of trouble. He commented that the students are the ones who make the auxiliary fund balance possible, and the expansion would be a way of giving back to them. Mr. Stites stated he would prefer to wait for the architectural plans to be drawn before making any decision to continue.

Dr. Price made a motion to proceed with having architectural plans drawn and Mr. Borkchum seconded the motion. The decision was unanimous.

Update on Media Integration Services Center

Dr. Harold Housley introduced Mr. Matt Miller, Director of Media Integration Services, stating Mr. Miller wears many hats and demonstrates a lot of enthusiasm for his job. Mr. Miller presented an update on the Media Integration Services Center.

Mr. Miller began his presentation by demonstrating a web-based product, Adobe Connect, acquired with the assistance of Northrop Grumman for the new Fast Track Program. The software program makes it possible to conduct live, two-way meetings over the internet through the use of webcams and microphones. Anyone with access to the internet can participate without the purchase of special software. He demonstrated the program with the assistance of John Blewster located at another location on campus.

Mr. Miller stated the Media Integration Services Center (MISC) is responsible for supporting campus media and technological needs. Audio-visual and technical support is provided for all College events as well as many community events including the Optimist Club Auction, Corsicana Education Foundation Telethon, etc.

MISC is involved in the coordination and support of Navarro College's distance learning programs. Mr. Miller stated the number of internet courses currently being offered by Navarro College generate enough contact hours to make up the College's third largest campus. As the number of online courses being offered by Navarro College has increased, the need to pay other colleges for online courses being taken by students through the Virtual College of Texas (VCT) program has dramatically decreased.

Mr. Miller stated the VCT Program paid for the implementation of the READI (Readiness for Education at a Distance Indicator) Assessment. He stated that READI is a 25 minute assessment students can take to determine if they are good candidates for successfully taking online courses.

Mr. Miller stated the Media Integration Services Center fields dozens of calls and e-mails on a weekly basis from students and faculty needing assistance with their Blackboard Learning System accounts. In addition, MISC offers several full-day instructor training opportunities throughout the year on all NC campuses on using the Blackboard Learning System.

Mr. Miller concluded his presentation stating the MISC Department is represented on Navarro College's Academic Affairs Council, Online Course Committee, Website Committee and the Texas Association of Community College's Distance Learning Advisory Committee. The department also provides assistance in the promotion and development of various programs including the FastTrack Software Development Certificate Program and the Oil & Gas Production Technology Certificate Program.

Mr. Wasson thanked Mr. Miller for his report.

At 8:25 p.m. Mr. Wasson announced the Board would take a short break. At 8:31 p.m. Mr. Wasson reconvened the meeting.

New Hires / Reassignments-Transfers / Reclassifications / Resignations / Terminations / Retirements

Ms. Aguilar was asked to present an update on personnel activities for the month of November 2007. The following appointments were made during November 2007:

- Peggy Reiter (Administrative Assistant III – Accounting / Registrar Clerk, Waxahachie)
- Jeanette Sparks (Human Resources Specialist, Corsicana)

There were no reassignments during November 2007.

The following employee reclassifications were made during November 2007:

- Todd Harrison (from Maintenance Technician to Maintenance Technician / Electrical Distribution Specialist, Corsicana)
- Genelle Willingham (from Library Assistant II to Library Assistant I, Corsicana)

Peggy Reiter (Administrative Assistant III – Accounting / Registrar Clerk, Waxahachie) resigned during November 2007. There were no employee retirements or terminations during November 2007.

Ms. Aguilar concluded her report stating final interviews have taken place for SBDC Director and references were being checked. In addition, a new Oil and Gas Instructor will be hired and introduced in February.

President's Report on Items of Information

Dr. Nolte began the President's Report by thanking trustees for the Christmas bonuses presented to all faculty and staff. He stated Navarro College is the only college in the country he is aware of that gives one, and that the faculty and staff were very appreciative. Dr. Nolte distributed the numerous thank you cards and notes sent by employees expressing their gratitude. He also thanked the trustees for the employee Christmas luncheon, adding that most schools charge their employees for their meals.

Dr. Nolte asked Ms. Parish to present the Board's calendar. Ms. Parish reviewed the highlights of the board calendar. She pointed out Christmas baskets placed at each board members seat were gifts from Dr. Sanchez and the College. She stated the College will close at 3:00 p.m. on Friday, December 20, 2007 for the holidays and reopen on Wednesday, January 2, 2008. Mini-mester classes will resume on January 2, 2008 and end on January 10, 2008. Regular registration will be held January 9 - 11, and spring 2008 semester classes will start on January 14, 2008.

Next, Dr. Nolte asked Dewayne Gragg to present an update on enrollment. Mr. Gragg was pleased to report final enrollment figures for the winter mini-mester are up 12-14% over last year, and spring enrollment is up approximately 52%. He cautioned that comparing spring enrollment figures to the same time last year can be misleading. He stated the increase is primarily due to starting registration a week earlier this year as well as enrollment in dual credit taking place earlier.

Dr. Nolte asked Mr. Raines to provide an update on the demolition of the Mexia downtown building owned by the College. Mr. Raines reported that asbestos had been identified in the building and will have to be abated at an estimated cost of \$10,000. He stated that demolition of the building, which will have to be bid, is estimated to cost approximately \$50,000-\$60,000. He stated he anticipates the cost of the entire project to run approximately \$75,000.00.

Dr. Nolte continued stating there have been a few issues with new classroom building in Waxahachie. Leaks in the new roof and a crack in the terrazzo flooring are being addressed. Dr. Nolte stated the dedication of the new buildings in Waxahachie has been scheduled for the March 27, 2008.

Dr. Nolte stated there was no additional news regarding the restoration of funds from the Governor's veto.

Following a presentation of gifts from the Support Staff Committee by Ms. Janet Daugherty, Support Staff Committee Chairman, and Ms. Christy Vincent, Vice-Chairman, Dr. Nolte concluded the President's Report by wishing Trustees a Merry Christmas and expressing everyone's appreciation of them.

Adjournment

Mr. Stites made a motion to adjourn at 8:44 p.m., and Mr. McGraw seconded the motion. The vote was unanimous.

Respectfully submitted,

Dr. James G. Price, Secretary/Treasurer
NAVARRO COLLEGE BOARD OF TRUSTEES