

**NAVARRO COLLEGE BOARD OF TRUSTEES
DECEMBER 17, 2020 MEETING
MINUTES**

The Navarro College Board of Trustees gathered in the Cook Education Center on Thursday, December 17, 2020 at 10:00 a.m. to conduct their regular monthly meeting. Vice Chairman Billy Todd McGraw, Secretary-Treasurer Richard Aldama, Trustee A. L. "Buster" Atkeisson, Trustee Faith Holt, Trustee Loran Seely and Trustee Kim C. Wyatt were present. Chairman Phil Judson was absent.

Others in attendance included:

Dr. Kevin G. Fegan	District President
Ms. Teresa Thomas	Vice President, Finance and Administration
Ms. Marcy Ballew	Vice President, Human Resources
Dr. Carol Hanes	Vice President, Academic Affairs
Ms. Maryann Hailey	Vice President, Student Services
Dr. Harold Housley	Vice President, Operations and Instl. Advancement
Ms. Susan Womack	Senior Research Analyst
Ms. Leslie Smith	Executive Assistant to the District President
Mr. Guy Featherston	Dean, Waxahachie Campus and Health Professions
Ms. Jeanette Underwood	Dean, Midlothian Campus and Dual Credit
Mr. Lupe Garcia	Whitley Penn LLC
Ms. Sheryl Messer	Whitley Penn LLS

Other staff and guests were also present.

Call to Order

Vice Chairman McGraw called the meeting to order at 10:00 a.m. in the Cook Education Center. After welcoming everyone present, he asked Trustee Seely to begin the meeting with a prayer.

Board Announcements

No announcements were made.

Open Forum Time

There were no requests to address the Board.

Consent Calendar

- a. Minutes – November 12 2020 Meeting
- b. Revisions to Board Policies:
 - Policy DFD - Employee Rights and Privileges - Sexual Harassment Policy
 - Policy FFE – Student Welfare – Title IX Sexual Harassment Policy

Trustee Aldama made a motion to approve the Consent Calendar; the motion was seconded by Trustee Atkeisson. The Consent Calendar was approved by a unanimous vote.

Board Recognition

Recognition of the Physical Plant Department was postponed.

Take Action on Resolution and Order of Election

Vice President Thomas stated Navarro College has two trustee positions expiring 2021: Trustee Single Member District 4, Place 4 currently held by Richard Aldama, and Trustee-At-Large, Place 6 currently held by A.L. ‘Buster’ Atkeisson. She stated a resolution and Order of Election must be adopted to call for a general election on May 1, 2021 to fill the two positions, both for six-year terms ending in 2027. Candidates seeking election as a board member for Single Member District 4 must reside within the single member district and all candidates seeking election as an at-large member of the Board of Trustees must reside within the boundaries of Navarro County, Texas.

Vice President Thomas stated Texas Education Code, Section 130, provides the methodology for election of college trustees and reviewed significant dates in the Order of Events. January 13, 2021 will be the first day a candidate may file for place on the ballot. Packets will be available in her office as well as online. The last date to file for a place on the ballot is February 12th and February 19th will be the last date a candidate can withdraw. February 19th is also significant because if each candidate is unopposed, the election can be canceled and the candidates declared elected. She stated campaign expense reports must be filed with her office if a candidate spends more than \$930 in accordance with the Texas Ethics Commission guidelines. She stated a dedicated page with information on the Board Election has been added to the College’s website.

Trustee Seely moved to adopt the Resolution and Order of Election and Trustee Wyatt seconded the motion. The motion passed by a unanimous.

Dr. Fegan recognized Jacqui Rejcek, Lori Snodgrass, Stacie Sipes and Leslie Smith for their work on creating a Board Election page on the College’s website.

Update on Enrollment

Dr. Fegan presented the enrollment report in the absence of Vice President Sina Ruiz. The Spring 2021 enrollment report included Fall 2nd 8-weeks, Winter Mini, Spring 16-weeks, and Spring 1st 8-weeks.

As of December 16, 2020, Fall 2nd 8 weeks SCH enrollment was down 2.50%, Winter Mini SCH enrollment was up 3.40%, Spring 16-weeks was down 11.89% compared to December 18, 2019; and Spring 1st 8-weeks compared to December 18, 2019 was up 27.83%. Dr. Fegan stated enrollment is usually the highest in fall and it was significant to be up in both winter mini and spring 1st 8 weeks SCH enrollment. Dual credit headcount enrollment has exceeded the Spring 2021 Headcount Goal by 12 students and Credit only headcount enrollment is only 2 students away from the goal. He stated although headcount enrollment is almost even with last year; students are taking less credit hours. He stated if enrollment reaches the “flat” goal, we will be up.

Spring 2021 headcounts are indicators of validated enrollment. Of 78% students enrolled in spring 2021, 32% have been validated. Dr. Fegan noted SAP (satisfactory academic progress) from the fall semester may be a factor forcing schedules to change. Progress towards the Spring 2021 Student Profile Goals showed: 82% - Adult Learners; 79% - Opportunity Youth and 81% - Hispanic.

Dr. Fegan thanked Margaret Alfaro for implementing a plan for serving students while the college is closed December 19 – January 3 for winter break. Students have been sent a letter and will receive a series of letters when college reopens about important dates and COVID protocols. He stated Charles Betts has reported only one student will be staying in housing over the holiday break. Students will return in phases starting January 4th and classes will begin on January 19th.

Consider Action on Annual Financial Audit FYE August 2020

Teresa Thomas introduced Lupe Garcia and Sheryl Messer from Whitley Penn LLC and invited Mr. Garcia to share their audit findings for FYE August 31, 2020. Mr. Garcia began by introducing the team members involved in conducting the audit and described the process that was followed in accordance with Generally Accepted Auditing Standards (GASB). He was pleased to announce Whitley Penn will be issuing an unmodified “clean” opinion on the financial statement based on their findings. This is the highest level of assurance that can be given on a set of financial statements.

Mr. Garcia stated major federal and state programs, Student Financial Assistance Cluster, CARES Act – Higher Education Emergency Relief Fund Direct Student Aid and Institutional Portion, and the Texas Education Opportunity Grant (TEOG) were audited. Based on results, will also have an unmodified opinion issued. He stated in testing TEOG some non-compliance was noted in 3% of 60 TEOG samples tested. These were noted in their report and management has already instituted corrective action.

He continued with a review of the balance sheet and statement of net position as of August 31, 2020:

- Total Assets and Deferred Outflows: \$119.4 million
 - Cash and investments: \$27.3 million
 - Capital assets, net of depreciation: \$60.5 million
- Total Liabilities and Deferred Inflows: \$91.5 million
 - Bonds, leases, and note payable: \$19.3 million
 - Net pension liability: \$10.4 million
 - Net other post-employment benefits (OPEB) liability: \$28.2 million
- Net Position: \$27.9 million

Mr. Garcia stated the net position as of August 31, 2020 without the impact of Pension and OPEB and over the past three years (2018-2020) indicates the net position is improving each year and that Navarro College is being a good steward.

Mr. Garcia continued stating:

- The District's accounting policies and methods are appropriate and in accordance with industry standards.
- The preparation of the financial statements requires that certain estimates and judgments be made by management. These judgments and estimates include:
 - Allowances for uncollectable taxes receivable
 - Useful lives of capital assets
 - Net pension and OPEB liabilities, deferred inflows and outflows of resources, and pension and OPEB expense
- They concluded that management has a reasonable basis for significant judgments and estimates that impact the financial statements.
- They encountered no difficulties in dealing with management in performing and completing their audit.
- There were no material misstatements that were identified that required management's correction.
- They had no disagreements with management over the application of accounting principles or management's judgments about accounting estimates.
- They have requested certain representations from management and they are not aware of any situations in which management consulted with other accountants on accounting or financial reporting matters.
- The application of accounting principles and auditing standards were discussed with management prior to retention, however, responses were not a condition to their retention.

Mr. Garcia continued stating the audit report is comprehensive and includes a significant amount of analysis and statistical information. He encouraged Trustees to take the time to review the information as well as the transmittal letter. He concluded his presentation by stating the audit report will be submitted to the Government Finance Officers Association and anticipates it will be issued a certificate of award, similar to past audits.

Vice Chairman McGraw thanked Mr. Garcia for his report. Trustee Holt made a motion to approve the Annual Financial Audit FYE August 31, 2020 and Trustee Seely seconded the motion. The audit was approved by a unanimous vote.

Dr. Fegan thanked Vice President Thomas for her leadership with this opportunity, especially during the pandemic with staff not physically present. He stated while it is important to celebrate the findings and results, next year will be a different year. He noted he and Vice President Thomas have discussed a forensic analysis of the past year is needed because of the many variables due to the pandemic including CARES Act funds coming in and out. Enrollment is concerning and there is a possible opportunity with state funding depending on what the legislature decides to do.

Consider Action on November 2020 Financial Statement

Vice President Thomas presented the November 2020 financial statement for approval. Budget amendments for November increased the 2020-2021 budget \$547,418 for a revised total of \$91,263,079. The majority of the increase was due to federal and state grant funds being rolled forward to 2021 from fiscal year 2020 including CARES dollars and Adult Education Funds.

As of November 2020, 62.26% of the revised student income budget and 41.37% of the total Educational and General Revenue had been received. Vice President Thomas noted the federal budget includes the CARES ACT dollars that are remaining for 2021 including the student portion (\$1,657,691), the institutional portion (\$1,264,333), and the Strengthening Institutions Portion (\$204,259). As the college spends these funds, there is a lag time of approximately a month before the income actuals reflects the “draw downs” of these funds. Total year to date expenses for the Education and General Fund were higher compared to November 2019 due to Federal Grants expenditures for COVID 19; Debt Service Fund expenses reflected the November 2020 bond payments.

Vice President Thomas continued with a review of the Comparative Summary of Sources and Disbursements for November 2020 stating total Educational & General Revenue was down \$386,844 from the same time in 2019. Student income was down \$765,657 while State and Federal Grants were up a net of \$209,570. She stated the federal grants include all the CARES dollars rollovers from 2020 that have been drawn down through November, but there is timing discrepancy between when federal dollars are spent and shown as expenses and when they are drawn down and recorded in income. Total Educational & General resource allocations increased by \$588,190; however, expenses before the State and Federal Grants actually decreased \$355,199 compared to November 2019. Federal and State Grants resource allocations increased \$900,043 due to CARES dollars for COVID expenditures. The combined net income for General Operating and Auxiliary decreased \$1,318,666 from November 2019 but will even out when CARES funds are drawn down.

A comparison of the month to date revenue budget (original budget) through November 2020 to the actual to date revenue through November 2020 showed a shortfall of \$2,396,502 in the General Fund of which \$2,033,332 was in student income. In addition, there was a shortfall of \$499,354 in the Auxiliary Fund through November 2020. Timing differences in the Debt service and the Plant Fund budgets were noted as funds are moved and transferred.

Month to date budget (original budget) for expenditures compared to actual month to date as of November 2020 were below budget by \$165,969; therefore, the total net income was down by \$2,562,471 as of November 2020 in the Education and General Fund and \$52,755 in the Auxiliary Fund. These monthly variances are based on actuals to the original adopted budget. Since September, budget adjustments of \$401,909 to student income and \$342,135 to auxiliary income have been made.

Vice President Thomas concluded. Trustee Aldama made a motion to approve the November 2020 Financial Statement and Trustee Wyatt seconded. The motion passed by a unanimous vote.

Dr. Fegan shared additional information regarding revenue/resource opportunities that are projected in the overall budget but are not necessarily reflected in the November financial statement:

- In order to utilize CARES Act dollars, funds have to be spent first before revenue can be brought in (i.e. drawn down). There is between \$700,000 and \$1 million in CARES act dollars to be drawn down; the difference is in the cleaning contract which is four times the normal amount due to in-depth cleaning for COVID-19;
- Housing with a goal of 1250 for the year took a hit this fall. Currently it is at 90% of meeting its goal. More students than can be housed due to COVID restrictions have indicated interest; and
- A contingency of \$1.2 million was built into the budget.

Dr. Fegan concluded his remarks.

Quarterly Investment Report for the Quarter Ended November 30, 2020

Vice President Thomas presented the Quarterly Investment Report for the quarter ended November 2020. She stated four Certificate of Deposits totaling \$995,000 matured during the quarter and were reinvested. Requests for interest rates were sent to area banks to ensure the college received the highest earnings possible on these CD's. She stated COVID has had an effect on interest rates obtained which ranged from 1.150% to as low as .750%. The book value of investments as of November 30, 2020 was \$2,475,000 and the market value, reflecting accrued interest, was \$2,491,546.40. In compliance with the Public Funds Investment Act, total cash deposits of \$21,759,341.11 are adequately secured with FDIC insurance and pledged collateral totaling \$31,691,988.81.

Following a review of the CD maturity dates, Vice President Thomas concluded and offered to answer any questions.

Trustee Wyatt moved to approve the Quarterly Investment Report for the Quarter Ended November 30, 2020. The motion was seconded by Trustee Atkeisson and was passed by a unanimous vote.

Personnel Update

Vice President Ballew presented an update on personnel activity. The following appointments were made from November 13, 2020 through December 17, 2020:

- Christina Miller – Contact Center Manager
- Serena Reston – Administrative Assistant/Cashier
- Kathryn Thomas – Assistant Director of Residence Life (01/01/2021)
- Brooke Alverson – Assistant Volleyball Coach (01/04/2020)

She continued with announcing the following exits and retirements before concluding her report.

- Chandra Roberson – Administrative Assistant to the Dean of Dual Credit (01/22/2021)
- Evelyn Glass – Professor of Medical Lab Technology (05/31/2020)
- Jeff Harris – P.M. Cook
- Mae Walker – Grill Cook

Vice Chairman McGraw thanked Vice President Ballew for her report.

District President's Report

Dr. Fegan shared highlights of upcoming events: The College will close at 5 p.m. on Friday, December 18th for Winter Break and reopen January 4th; Faculty convocation will be held January 12th and the 87th Texas State Legislative session opening will also take place. Dr. Fegan stated a decision on the MLK Breakfast scheduled January 19th will be another opportunity depending on protocol in place due to COVID limitations. More information as the date gets closer. The first athletic competition of the year will be held on January 20th when basketball will host Coastal Bend.

Dr. Fegan stated it was exactly 9 months and 1 day ago when he called a special Leadership Team meeting March 16th to address extending spring break one week to begin preparing on how to work through the COVID-19 opportunity. He stated leadership met daily for over a month. To think about “where we began” and the different opportunities experienced that tested the resolve of everyone including the community educational partners, faculty, staff, students and Trustees, he stated “we couldn’t be more blessed to be where we are at today. Together we have continued to strive for and achieve the vision, mission, purpose and values of Navarro College which you, as a Board, and he as their employee are responsible to do.”

In closing, Dr. Fegan stated he could not thank Trustees enough for their confidence and trust in him and the Leadership Team during this time. “We were certainly in uncharted waters and your support allowed us to be timely in decisions and effective in our analysis and most importantly, ensuring we were continuing to empower students to change their lives by preparing for a career.” On behalf of the Leadership Team, the entire faculty, staff and students, Dr. Fegan again thanked the Trustees for their support, empowerment and most importantly, their trust.

Next Meeting Announcement and Adjournment

Vice Chair McGraw thanked Dr. Fegan and announced the Board’s next meeting will be held on January 28, 2021 at 7 p.m. in the Cook Education Center.

Trustee Holt made a motion to adjourn the meeting at 11:06 a.m. and Trustee Aldama seconded the motion. The decision was unanimous.

Respectfully submitted,

A handwritten signature in black ink that reads "Richard L. Aldama". The signature is written in a cursive style with a long, sweeping tail on the final letter.

Richard L. Aldama, Secretary-Treasurer
Navarro College Board of Trustees