

Navajo County Community College District Governing Board Meeting Minutes

August 19, 2014 – 10:00 a.m.
Painted Desert Campus, Tiponi Community Center
2251 East Navajo Boulevard, Holbrook, Arizona

Governing Board Member Present: Ms. Ginny Handorf, Mr. Daniel Peaches, Mr. James Matteson, Mr. Prescott Winslow.

Absent: Mr. Frank Lucero

Staff Present: President Jeanne Swarhout; Vice President Blaine Hatch; Vice President Mark Vest; Information Services Director Eric Bishop; Institutional Effectiveness Director Dr. Leslie Wasson; Recording Secretary to the Board Lisa Jayne.

Others Present: Everett Robinson, Stuart Bishop, Tamara Martin, Sharon Hokanson, Betsyann Wilson, Peggy Belknap, Maderia Ellison, Linda Kor.

Agenda Item 1: Call to Order and Pledge of Allegiance

Chair Handorf called the meeting to order at 10:00 a.m. Mr. Winslow led the Pledge of Allegiance.

Agenda Item 2: Adoption of Agenda

Mr. Peaches moved to adopt the agenda as presented. Mr. Matteson seconded the motion. The vote was unanimous in the affirmative.

Agenda Item 3: Call for Public Comment

None

Agenda Item 4: Reports

4.A. Financial Position – Vice President Hatch

Vice President Hatch summarized the financial position report to the Board.

Chair Handorf asked since grants and contracts revenue is at 180% of budget, if the College will rollover the extra 80% not budgeted for the year. Vice President Hatch stated the excess will roll over into reserve funds.

Mr. Winslow asked Vice President Hatch if he knew what the maintenance and operational state aid and equalization state aid was in the recent past. Vice President Hatch stated the Joint Legislative Budget Committee recently did a “then and now” look at Fiscal Year 2005 versus 2015. Community colleges received, in general, \$144 million in 2005. In 2015, the community colleges received \$71.9 million, which was about half of what they received in 2005. Mr. Winslow asked if that included equalization. Vice President Hatch stated it did. Vice President



Hatch stated that NPC's impact has not been as great, primarily because the College's equalization aid has increased. In 2005, equalization was less than \$2 million, in 2015 equalization is \$5.5 million. 2015 state aid of \$1.6 million was roughly \$3.2 million in 2005. Statewide there is no other state funded entity that has received as large a cut since 2005 than community colleges. Although NPC has managed to maintain incoming revenues, the revenue sources have shifted from state aid to equalization. Mr. Matteson asked if the report took inflation into consideration in like-dollars. Vice President Hatch stated that it didn't and from an inflation perspective the College has lost some ground.

Mr. Matteson asked about Pell Grant reduction. Vice President Vest stated Pell Grants had a step down due to changes in Department of Education regulations related to Pell that led to an increase in the Pell Grant denial rate. The denial rate shouldn't have any more changes unless the regulations change, so the initial decrease should now flatten out. At the same time enrollment decline at the College has been faster than the erosion of Pell students so if enrollment flattens out these numbers will flatten out. President Swarthout stated there are some potential changes to Pell regulations but they are only at a proposed level right now.

Vice President Hatch stated that a property valuation tax case between Transwestern Pipeline, a natural gas distribution company, and the Arizona Department of Revenue and seven Arizona counties was settled at \$15 million statewide. The case has to do with the years 2010 through the current year. Transwestern Pipeline made an expansion in 2009, and the Department of Revenue based their tax rate on the cost of construction rather than the income method. Transwestern filed an appeal to get a refund for all the extra taxes paid from 2010-2013 and a settlement was reached.

The impact to the College is about \$120,000, and for the most part was withheld in the most recent tax distribution by Navajo County. Another \$40,000 from 2014 will probably be withheld, and an additional \$44,000 from 2015, based on this settlement. Vice President Hatch noted that it's possible other companies may also sue over this valuation issue, and there may be further impact to the College.

Mr. Matteson asked if there were any large facilities in Navajo County. Vice President Hatch stated he didn't believe so, but stated there could be some property in Navajo County that could be distribution based.

4.B. NPC CASO

President Swarthout stated CASO had asked her to convey to the Board that CASO raised about \$1,100 worth of non-perishable contributions at convocation for local charities.

4.C. Faculty Association

None.

4.D. NPC Student Government Association

None.



4.E. NPC Friends and Family – Betsyann Wilson

Betsyann Wilson introduced herself to the Board and stated the reorganization of NPC Friends and Family (formerly the NPC Foundation) has begun. Ms. Wilson has revised the bylaws to make sure that their mission clearly advances Northland Pioneer College, promotes it in a positive way, and serves students. Her draft of the new bylaws is before the Friends and Family board and will be voted on at the next meeting.

Ms. Wilson also stated her policy of serving as an “open book” director, with financial records and documentation of all her activities related to the directorship (she keeps a daily log, which she sends to Dr. Swarthout each month) available to whomever wishes to review them. Friends and Family exists to advance the mission of Northland Pioneer College through volunteerism, advocacy, and fund raising in the form of scholarships and grants to provide for college programs. Ms. Wilson continues to pursue Federal and State grants on a consulting basis, separate from her duties as Director of NPC Friends and Family.

Ms. Wilson stated that the representation of NPC Friends and Family should come from each community the College serves. Board members that remain beyond the dissolution of the foundation consist of Bonnie Adams, Board President from Snowflake/Taylor, and Jason Whiting, Vice President, from Snowflake/Taylor, and Jane Lee, Secretary, from Taylor. Other board members who remain (it’s actually the old executive committee that wants out – the following people are still pretty enthusiastic) on the Board are Pat Ceballos, a retired educator from Winslow, and Connie Kakavas with Summit Healthcare Regional Medical Center, from Show Low. Von Stradling from Apache County attended the meeting to explore participation on the board. Winslow McNeil, who is an adjunct at the College and also works at White Mountain Regional Medical Center in Springerville, has served on the former foundation, and continues to serve the Friends and Family group, but was unable to attend the meeting. Also, Dr. Ngo, a business teacher from Alchesay High School in Whiteriver, will hopefully be at the next meeting. However, further representation from other areas in the county is needed. Ms. Wilson invited the Board to attend the next NPC Friends and Family meeting on Wednesday September 17, at 1:00 p.m. The meeting will be held in the smart classroom so that those interested in serving in outlying areas can attend more easily.

Friends and Family owns the old district office building in Holbrook on 1st Avenue and Hopi Drive. The property will become a liability in 2015 and the board has agreed building should be sold. The building will be listed for \$250,000.

Ms. Wilson stated that the budget of NPC Friends and Family has four bank accounts. The first is an operational checking account with a balance of \$22,059.95. There are also three scholarship funds. Two scholarship funds are held in National Bank of Arizona money markets. The first is a restricted scholarship fund that serves as a pass through for an endowment. The unrestricted scholarship fund has been used in the past for multiple things such as a student emergency fund, to provide a completer scholarship, and other things. Currently there is \$13,141 in it. The restricted scholarships have a balance of \$2300, but the third scholarship account is an endowed fund and that’s held at Edward Jones Investing and currently has \$128,127. It’s divided between two bequests. The first is the Martia A. Smith scholarship for the arts.



Unfortunately, this scholarship has not been awarded in the past three years. That will be awarded again in spring semester. The second endowed scholarship is called the Charles Lisitzky scholarship established in 1991. It is primarily for Native American students to receive assistance. The two endowed scholarships are funded from interest earned on the account only. In the past year, the NPC Foundation, under the leadership of Board President Bonnie Adams, who has acted wholly in a volunteer capacity, has awarded four complete scholarships from the unrestricted scholarships for \$3,250, eight Lisitzky scholarships for \$4,209. Last spring semester three more Lisitzky scholarships were given out in order to ensure that three of those students who were continuing would still get their awards. There were also two scholarships given through pass through sources: One was a Blue Cross/Blue Shield scholarship, and the second was from the Arizona Community Foundation. The Arizona Community Foundation is a scholarship that will be marketed to the students as something they can apply for.

Mr. Winslow asked about marketing NPC Scholarship ideas to high schools. Ms. Wilson stated they will be marketed to high school students.

Chair Handorf commended Ms. Wilson on the thoroughness and transparency of her report.

Agenda Item 5: Consent Agenda

- A. June 17, 2014 DGB Minutes; June 17, 2014 Executive Session Minutes; July 22, 2014 DGB Teleconference Minutes
- B. IGA for St. John's USD; Red Mountain USD; Chinle USD; Joseph City USD; Whiteriver USD; Holbrook USD; Winslow USD; Ganado USD; Snowflake USD

Mr. Matteson moved to approve the consent agenda. Mr. Peaches seconded the motion. The vote was unanimous in the affirmative.

Agenda Item 6: Old Business

6.A. None

Agenda Item 7: New Business

7.A. Request to Approve Overage for NATC Crack Seal

Vice President Hatch stated that in June the Board approved asphalt improvements at the NATC Facility in Taylor at a price not to exceed \$35,000. In the original quote for crack sealing, there was an estimate of 65 units of material required, but the actual number of units needed was 172. The original price quote was \$78 per unit; the contractor has adjusted the price to \$45 a unit. The total cost for material does include transaction privilege tax. The funds for this project are drawn from the appropriation from the State and requires approval by the NPC Board. Staff recommends approval of \$2,851.78 to be added to the payment to Hatch Industries to complete this project.

Mr. Matteson stated he went and looked at the project and in his opinion Hatch Industries did an excellent job.



*Mr. Matteson moved to approve the overage of \$2,851.78 to Hatch Industries for the NATC crack seal project. Mr. Winslow seconded the motion. **The vote was unanimous in the affirmative.***

7.B. Request to Approve Exterior Building Improvements

Vice President Hatch stated the exterior improvements were designed several years ago and actually completed on several buildings throughout the district. Because of anticipated plan changes for the Cosmetology building at White Mountain Campus and the Performing Arts Center Annex at Silver Creek Campus, both projects were not completed back in 2008, and are being recommended for approval by the Board for deferred maintenance now. The exterior improvements will extend the life of the buildings and make improvements to the roofs of both of these older buildings. Five bids were received and Lake Powell Construction was low bid coming in at \$604,000.

Mr. Matteson asked who would be inspecting the project. Vice President Hatch stated SPS Plus would do the inspection. Mr. Matteson asked if it was a money saving move. Vice President Hatch stated it will allow the college to maintain the buildings for a longer term.

Mr. Winslow asked if the amount needed for the project has been carried forward in the three year capital budget. Vice President Hatch stated it has not been carried forward but is budgeted in current year's budget for deferred maintenance which has sufficient funds for the project. Mr. Winslow asked if by undertaking this project the college was postponing any other projects. Vice President Hatch replied in the negative.

*Mr. Matteson moved to approve the Exterior Building Improvements bid to Lake Powell Construction in the amount of \$604,000. Mr. Winslow seconded the motion. **The vote was unanimous in the affirmative.***

7.C. Request to Approve Pre-purchase of Mechanical Equipment

Vice President Hatch stated staff is recommending pre-purchase of the HVAC equipment for a roof project which reduces overall cost of the project. The current 3-year capital budget does include a deferred maintenance line item for this. There was only one bid received from the same provider from another roofing project done a couple of years ago. Staff recommends purchase of this equipment from Mechanical Products Southwest for a total cost of \$125,509.97.

Mr. Winslow asked if there was a written agreement with the installation contractor to get the HVAC installed. Vice President Hatch stated it is already in the bid documents detailing what their responsibility is for installation.

*Mr. Matteson moved to approve the pre-purchase of HVAC equipment from Mechanical Products Southwest for a total cost of \$125,509.97. Mr. Winslow seconded the motion. **The vote was unanimous in the affirmative.***



7.D. First Read: Revision of Policy 1000; Procedure 2000

President Swarthout stated the Board is beginning a review of DGB policies. Some policies will only require review, but some will require extensive revision. She noted that Board Policy 1030 adopted in April of 1992, requires the president to establish a procedure for the review and revision of board policies. Since this has never been done she will be working on presenting a procedure where the Board can routinely review their policy and procedures.

Policy 1000, and Procedure 2000 were presented for first read and the Board was asked to look each over and provide any revision suggestions to the President's Office.

7.E. First Read: Revision of Policy 1085: Procedure 2010, 2015, 2020, 2025, 2030, 2035

President Swarthout stated that the Board had requested a procedure on development of the board agenda and Procedure 2030 covers establishing a board agenda. Any changes to this or the other procedures can be submitted to the President's Office. President Swarthout asked for direction from the Board to continue with Procedure 2030 until a new procedure is developed.

Mr. Matteson stated that the procedure seems fine but the aspect that doesn't seem to be practiced is having potential agenda items reviewed by anyone outside of the President's Office. Although this doesn't seem to be practiced, Mr. Matteson stated he didn't feel that any changes were needed to the current practice and he felt the review by the chair could be struck.

Chair Handorf stated the procedure states "to be reviewed by the Chair of the Board as necessary," but questioned how "necessary" is decided. Chair Handorf suggested taking "necessary" out or to take the complete line out, either agenda items would be run by the chair or not. Chair Handorf also stated that "approximately a week before the next meeting" puts pressure on staff to get everything in by a week before.

Mr. Winslow stated the line, "All items submitted for Board consideration will be brought to the attention of the Chair of the Board" is vague as it doesn't specify who might be submitting. There should be a process delineated about how items come to the attention of the Board Chair.

President Swarthout stated that the process whereby shared governance recommendations are made to the executive team could be delineated in this procedure.

President Swarthout stated that Item 8D on the agenda, "DGB Agenda Items and Informational needs for next meeting" was added in order to allow board members to make suggestions for possible future agenda items.

7.F. Review of Health Insurance Pool

Vice President Hatch stated the College belongs to the Navajo County Schools Employee Benefit Trust for health insurance coverage for employees. The Trust was organized in 1975, and initially was K-12 school districts in Navajo County. NPC joined the Trust in January of 2002. The Trust is a partially self-funded health insurance plan. The schools that participate contribute premiums, but if an individual has an expense that exceeds a certain threshold then



reinsurance is purchased and the Trust isn't liable beyond an initial \$175,000, which is different than traditional health insurance.

Prior to 2002, the College purchased insurance from an insurance company where a premium was paid and if claims exceeded a certain amount than premiums were increased for the next year. When claims were below the premiums paid, however, there was still a slight increase the next year. So there is protection against large expenses under traditional health insurance policy but the insured do not benefit if there is a lower use year by employees. The College covers approximately 200 employees in the Trust, but the Trust itself covers over 1,000 employees. The larger numbers in the Trust helps insulate against shocks in years when there are large expenses. Dependent coverage is available through the Trust but is paid for exclusively by the employee.

In 2008-2009, the Trust moved into a more traditional health insurance option as a group. It was purchased directly from the Arizona School Board Association Insurance Trust. This was done because the price quote was very reasonable, and better than the Trust could do itself. However, it only lasted a year because in year two the premium went up significantly. One of the benefits of being in the Trust is the College is able to manage the benefit structure, make changes in deductible, make changes in programs, but also it allows the group to stabilize the price. Over the last 13 years, the College has had a positive experience with the Trust with slow and steady price increases. The last three years the Trust subsidized the premium cost.

Premium payments last year were about \$8.1million, and there were about \$7 million in claims. A third party administrator is paid to manage the activities of the Trust at a price of 2.5% of the total premium costs. Presently there is about \$5.8 million in total equity in the Trust. Of that total equity, about \$1.2 million is reserves for incurred but not reported costs. Total available equity is about \$4 million. Compared to contributions of \$8.1 million a year there is a 50% ratio which is a healthy ratio. The Trust will continue to be healthy, well-managed, and the trustees of the Navajo County Schools Employee Benefit Trust include by appointment of the District Governing Board, Vice President Hatch. The other school districts are represented by the school district superintendent.

Mr. Winslow asked if the equity level is maintained for claims that exceed the balance of the paid premiums. Vice President Hatch stated yes, the equity balance allows the system to survive a shock.

Mr. Winslow asked if there is staff for the Trust. Vice President Hatch stated the third party administrator group handles all claims. Their role is to provide services to help manage the Trust, but also play a significant role for an employee who has a claim. The trustee's primary role is setting policy, future plans, figuring out future goals. Trustees have hired an employee, who is a former Segal consultant, who manages the activities of the trustees. Vice President Hatch stated the Trust has a monthly meeting that he attends which is a 4-5 hour commitment for him.

Mr. Winslow asked about compliance with the Affordable Care Act. Vice President Hatch stated Segal provides most of the instructions to the Trust for ACA compliance. Segal is compensated



by employees who choose additional insurance options.

7.G. Review of Initial Salary Placement Guidelines

Vice President Hatch stated that although there are three separate employee groups; faculty, non-exempt staff, and exempt staff, they are inter-related and have similar patterns in their placement guidelines. The difference between faculty and non-exempt, even though they're both step and grade, is faculty's differential between step and grade is always equal percentage. Step was just recently moved to 1.5% between steps, and between grade 1.8%. The non-exempt there's an amount differential of .36 cents between steps, .36 cents between grade. This allows the employees to stay in the appropriate category, but also recognizes there needs to be some adjustments for premium certifications, market conditions and other factors. An example of this is nursing faculty will get placed on the salary placement guidelines but will then get a nursing faculty adjustment of some percentage and a market condition adjustment of some percentage. This is also true for technically certified employees on staff. There's a technical schedule as well.

Agenda Item 8: Standing Business

8.A. Strategic Planning and Accreditation Steering Committee (SPASC) Report – Vice President Vest

Vice President Vest stated Faculty Randy Hoskins is co-chair of SPASC but his teaching schedule makes it difficult for him to be at the board meeting. Hopefully sometime in the future he will be able to introduce himself to the Board. The new strategic planning process was introduced to the College at convocation. The Quality Initiative, the College's accreditation project, was also discussed with employees. At the Strategic Planning meeting on Friday SPASC recommended a QI writing team to the President. A survey will be sent out to the College to help gather information for the writing team. The QI basis is heavily focused on improving the advising model at the College and improving student retention through a series of activities. At the convocation in January SPASC will be asking for input from the College as well as the President and the Board.

Mr. Matteson asked what employee response was to the new strategic planning process. Vice President Vest stated there was overall agreement with it but also a sense of, "show us that it works."

8.B. Human Resources Update – Sharon Hokanson

Director Sharon Hokanson reviewed the Human Resources Update with the Board.

Mr. Winslow stated he is pleased to see the internal posting policy is resulting in upward mobility for employees and also expects that it promotes morale.

8.C. President's Report – President Swarthout

President Swarthout stated the new NPC Leadership Academy will begin September 19. The Leadership Academy is a way to grow and advance employees. Mr. Matteson stated he was pleased to see the college forming the leadership academy. President Swarthout stated she had received the Apache County IGA yesterday. Blaine Hatch stated he is going to the Community College Business Officers annual meeting in Texas.



8.D. Agenda Items

Mr. Winslow asked for a report on the College Bound scholarship statistics at the next Board meeting.

Agenda Item 9: Board Report/Summary of Current Event

Chair Handorf stated Friday Aug 22 at 6:30 at Blue Ridge High School is the second annual White Mountain Music Festival, which is program put together to help the Meals on Wheels program. Saturday, August 23 at the Orchard there is an outdoor event called Pet Tales, which includes luncheon, and is a fundraiser for The Humane Society.

Agenda Item 10: Announcement of Next Regular Meeting: September 16, 2014.

Agenda Item 11: Adjournment

The meeting was adjourned at 12:10 p.m. upon a motion by Mr. Matteson., a second by Mr. Winslow and a unanimous affirmative vote.

Respectfully submitted,



Lisa Jayne
Recording Secretary to the Board

